OFFICIAL STATEMENT
Dated February 10, 2025

NEW ISSUE – Book-Entry-Only

Rating: S&P: "AA" (Stable Outlook)/Insured
S&P: "A+"/Uninsured
Insurance: Assured Guaranty Inc.
(See "BOND INSURANCE"
"BOND INSURANCE GENERAL RISKS"
"OTHER INFORMATION – Rating" herein)

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

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

$3,325,000
MASON COUNTY, TEXAS
(A political subdivision of the State of Texas)
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2025

Dated Date: February 1, 2025 **Due: February 15, as shown on page 2 hereof**
Interest accrues from the Date of Initial Delivery (defined below)

PAYMENT TERMS . . . Interest on the $3,325,000 Mason County, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025 (the "Certificates") will accrue from the Date of Initial Delivery, defined below, of the Certificates and will be payable February 15 and August 15 of each year until maturity or prior redemption commencing February 15, 2026, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the book-entry-only system described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, 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 "THE CERTIFICATES – Book-Entry-Only System"). The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "THE CERTIFICATES – Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 271, Texas Local Government Code, as amended, Chapter 323, Texas Local Government Code, as amended, and an order adopted by the Commissioners Court of Mason County, Texas (the "County") on February 10, 2025, the date of sale (the "Order"). The Certificates are direct obligations of the County payable from the levy and collection of an ad valorem tax levied, within the limits prescribed by law, on all taxable property within the County, as provided in the Order (see "THE CERTIFICATES – Authority for Issuance" and "THE CERTIFICATES – Security and Source of Payment").

Additionally, the Certificates also are 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 library system (the "System"), not to exceed $1,000 during the entire period the Certificates or interest thereon remain outstanding, 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 payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the County (see "THE CERTIFICATES – Authority for Issuance of the Certificates" and "Security and Source of Payment")

PURPOSE . . . Proceeds from the sale of the Certificates will be used for the purposes of (1) constructing street and bridge improvements (including utilities repair, replacement, and improvements and landscaping incidental thereto, (2) purchasing real property, land, and rights of way for a public safety (jail) facility, an administrative office building housing the governmental functions of the County, and a public works department administrative office, (3) purchasing real property, materials, supplies, equipment, information technology, machinery, landscaping, land, and rights of way for authorized needs and purposes related to the aforementioned capital improvements, and (4) the payment of professional services related to the acquisition, design, construction, project management, and financing of the aforementioned projects (collectively, the "Projects"), and for paying all or a portion of the legal, financial, and engineering fees in connection with the Projects and the costs of issuance related to such Certificates.

The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Certificates by **ASSURED GUARANTY INC**. See "BOND INSURANCE" herein.

CUSIP PREFIX: 575129
MATURITY SCHEDULE & CUSIP SUFFIX
See Schedule on Page 2

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the initial purchasers (the "Underwriter") and subject to the approving opinions of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, San Antonio, Texas (see "APPENDIX C – Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriter by its counsel, Kassahn & Ortiz, P.C., San Antonio, Texas.

DELIVERY . . . It is expected that the Certificates will be available for delivery through DTC on March 5, 2025 (the "Date of Initial Delivery").

SAMCO CAPITAL

$3,325,000
MASON COUNTY, TEXAS
(A political subdivision of the State of Texas)
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2025

MATURITY SCHEDULE

CUSIP Prefix: 575129[(1)]

$2,860,000 Serial Certificates

Maturity (February 15)	Principal Amount	Interest Rate	Initial Yield		CUSIP Suffix[(1)]
2026	$ 135,000	5.000%	3.000%		AA9
2027	225,000	5.000%	3.050%		AB7
2028	245,000	5.000%	3.090%		AC5
2029	265,000	5.000%	3.120%		AD3
2030	285,000	5.000%	3.160%		AE1
2031	295,000	5.000%	3.180%		AF8
2032	315,000	5.000%	3.230%		AG6
2033	335,000	5.000%	3.300%		AH4
2034	370,000	5.000%	3.350%		AJ0
2035	390,000	5.000%	3.410%	(2)	AK7

$465,000 Term Certificates

$265,000 5.000% Term Certificates due February 15, 2038 Priced to Initial Yield 3.560%[(2)] – AN1
$200,000 5.000% Term Certificates due February 15, 2040 Priced to Initial Yield 3.730%[(2)] – AQ4

(Interest accrues from the Date of Initial Delivery)

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(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems, Inc., on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Services. CUSIP numbers are included herein solely for the convenience of the owners of the Certificates. None of the County, the Financial Advisor or the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers shown herein.
(2) Yield calculated based on the assumption that the Certificates denoted and sold at a premium will be redeemed on February 15, 2034, the first optional call date for such Certificates, at a redemption price of par, plus accrued interest to the redemption date.

REDEMPTION . . . The County reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2035, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE CERTIFICATES – Redemption”). Additionally, the Certificates maturing on February 15 in the years 2038 and 2040 (the “Term Certificates”) are subject to mandatory sinking fund redemption (see “THE CERTIFICATES – Mandatory Sinking Fund Redemption”).

COUNTY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Name	Years Served	Term Expires
Judge Sheree Hardin County Judge	2	December 31, 2026
Commissioner Reggie Loeffler Precinct 1	8	December 31, 2028
Commissioner Fred Estes Precinct 2	2	December 31, 2026
Commissioner Buddy Schuessler Precinct 3	8	December 31, 2028
Commissioner Dave Underwood Precinct 4	2	December 31, 2026

SELECTED ELECTED OFFICIALS

Name	Position	Years of Service with the County
Ms. Ally Yonker	County Treasurer	2
Ms. Rebekah Whitworth	County Attorney	10
Ms. Pam Beam	County Clerk	18

CONSULTANTS AND ADVISORS

Bond Counsel .... McCall, Parkhurst & Horton L.L.P.
San Antonio, Texas

Auditors .... Neffendorf & Blocker, P.C.
Fredericksburg, Texas

Financial Advisor .... Specialized Public Finance Inc.
San Antonio, Texas

For additional information regarding the County, please contact:

Honorable Judge Sheree Hardin County Judge **Mason County** 210 Ft. McKavitt Street Mason, Texas 76856 Phone (325) 347-5556 sheree.hardin@co.mason.tx.us	or	Mr. Victor Quiroga, Jr. Managing Director **Specialized Public Finance Inc.** 17721 Rogers Ranch Parkway, Suite 140 San Antonio, Texas 78258 Phone: (210) 239-0204 victor@spfmuni.com

USE OF INFORMATION IN THE OFFICIAL STATEMENT

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

The information set forth or included in this Official Statement has been provided by the County or obtained from other sources believed by the County to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the County described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinion or that they will be realized. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the County's undertaking to provide certain information on a continuing basis.

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

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 Underwriter of the Certificates. INVESTORS SHOULD READ THE ENTIRE OFFICAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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

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 JURISDICTION IN WHICH THE CERTIFICATES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NEITHER THE ISSUER, THE UNDERWRITER, NOR THE FINANCIAL ADVISOR 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 OR THE MUNICIPAL BOND INSURER WITH RESPECT TO ITS POLICY OF MUNICIPAL BOND INSURANCE, AS SUCH INFORMATION WAS PROVIDED BY DTC AND THE MUNICIPAL BOND INSURER, RESPECTIVELY.

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

TABLE OF CONTENTS

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

OFFICIAL STATEMENT SUMMARY

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

THE COUNTY .... Mason County, Texas (the "County" or "Issuer") is a central Texas county, traversed by U.S. Highways 87 and 377, State Highway 29 and four farm-to-market roads (see "APPENDIX B – General Information Regarding the County" and "INTRODUCTION – Description of the County").

THE CERTIFICATES .... The $3,325,000 Mason County, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025 (the "Certificates") are issued as serial Certificates maturing February 15 in the years 2026 through 2035 and as Term Certificates maturing on February 15 in the years 2038 and 2040 (the "Term Certificates").

AUTHORITY FOR ISSUANCE .... The Certificates are being issued pursuant to the provisions of the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code Section 271.041 through Section 271.064, and Chapter 323, Texas Local Government Code, as amended and an order adopted by the Commissioners Court of the County on February 10, 2025 (the "Order") authorizing the issuance of the Certificates.

PAYMENT OF INTEREST .... Interest on the Certificates will accrue from the Date of the Initial Delivery and is payable on February 15, 2026, and each August 15 and February 15 thereafter until stated maturity or prior redemption (see "THE CERTIFICATES – Description of the Certificates").

SECURITY FOR THE CERTIFICATES .... Additionally, the Certificates 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 library system (the "System"), not to exceed $1,000 during the entire period the Certificates or interest thereon remain outstanding (see "THE CERTIFICATES – Security and Source of Payment").

REDEMPTION .... The County reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2035, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES – Redemption"). Additionally, the Term Certificates maturing on February 15 in the years 2038 and 2040 are subject to mandatory sinking fund redemption (see "THE CERTIFICATES – Mandatory Sinking fund Redemption").

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

QUALIFIED TAX-EXEMPT CERTIFICATES .... The Certificates have been designated as "qualified tax-exempt obligations" for financial institutions (see "TAX MATTERS – Qualified Tax-Exempt Certificates for Financial Institutions" herein).

Use of Proceeds ....Proceeds from the sale of the Certificates will be used for the purposes of (1) constructing street and bridge improvements (including utilities repair, replacement, and improvements and landscaping incidental thereto, (2) purchasing real property, land, and rights of way for a public safety (jail) facility, an administrative office building housing the governmental functions of the County, and a public works department administrative office, (3) purchasing real property, materials, supplies, equipment, information technology, machinery, landscaping, land, and rights of way for authorized needs and purposes related to the aforementioned capital improvements, and (4) the payment of professional services related to the acquisition, design, construction, project management, and financing of the aforementioned projects (collectively, the "Projects"), and for paying all or a portion of the legal, financial, and engineering fees in connection with the Projects and the costs of issuance related to such Certificates.

Municipal Bond Rating and Insurance....The Certificates are expected to receive an insured rating of "AA" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") by virtue of a municipal bond insurance policy to be issued and delivered by Assured Guaranty Inc. at the time of delivery of the Certificates. See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS." The Certificates are rated "A+" by S&P without regard to credit enhancement (see "OTHER INFORMATION – Rating").

Book-Entry-Only System...........................The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, 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").

Payment Record ....The County has never defaulted in payment of its general obligation tax debt.

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OFFICIAL STATEMENT
RELATING TO

$3,325,000
MASON COUNTY, TEXAS
(A political subdivision of the State of Texas)
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2025

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance by Mason County, Texas (the "County" or "Issuer") of $3,325,000 Mason County, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025 (the "Certificates"). The Certificates are being issued pursuant to an order adopted by the Commissioners Court of the County (the "Order") on February 10, 2025. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Order, except as otherwise indicated herein.

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

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

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

DESCRIPTION OF THE COUNTY . . . The County is a central Texas county, traversed by U.S. Highways 87 and 377, State Highway 29 and four farm-to-market roads (see "APPENDIX B – General Information Regarding the County").

THE CERTIFICATES

DESCRIPTION OF THE CERTIFICATES . . . The Certificates are dated February 1, 2025, and mature on February 15 in each of the years and in the amounts shown on page 2. Interest on the Certificates will accrue from the date of their initial delivery to the Underwriter, will be computed on the basis of a 360-day year of twelve 30-day months, and will be initially payable on February 15, 2026, and on each August 15 and February 15 thereafter until stated maturity or prior redemption. The definitive Certificates will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of premium, if any, 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 "THE CERTIFICATES – Book-Entry-Only System" herein).

PURPOSE . . . Proceeds from the sale of the Certificates will be used for the purposes of (1) constructing street and bridge improvements (including utilities repair, replacement, and improvements and landscaping incidental thereto, (2) purchasing real property, land, and rights of way for a public safety (jail) facility, an administrative office building housing the governmental functions of the County, and a public works department administrative office, (3) purchasing real property, materials, supplies, equipment, information technology, machinery, landscaping, land, and rights of way for authorized needs and purposes related to the aforementioned capital improvements, and (4) the payment of professional services related to the acquisition, design, construction, project management, and financing of the aforementioned projects (collectively, the "Projects"), and for paying all or a portion of the legal, financial, and engineering fees in connection with the Projects and the costs of issuance related to such Certificates.

AUTHORITY FOR ISSUANCE OF THE CERTIFICATES . . . The Certificates are being issued pursuant to the provisions of the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code Section 271.041 through Section 271.064, Chapter 323, Texas Local Government Code, as amended and the Order.

Security and Source of Payment . . . The Certificates are direct obligations of the County payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property within the County, as provided in the Order. The Certificates constitute direct and general obligations of the County payable primarily from the proceeds of an annual ad valorem tax levied upon all taxable property within the County, within the limitations prescribed by law (In addition, and solely to comply with State law allowing the Certificates to be sold for cash, the Certificates 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 library System (the "System"), not to exceed $1,000 during the entire period the Certificates or interest thereon remain outstanding, 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 payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the County. In the Order, the County reserves and retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge 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. Even though the County has pledged the Pledged Revenues of the System to further secure the Certificates, the County does not expect that any Net Revenues from such System will actually be utilized to pay the debt service requirements on the Certificates (see "THE CERTIFICATES – Authority for Issuance of the Certificates").

Redemption . . . The County reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2035, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption . . . The Certificates maturing on February 15 in the years 2038 and 2040 (the "Term Certificates") are subject to mandatory sinking fund redemption in part prior to maturity on the dates and in the amounts as follows:

Term Certificates Maturing February 15, 2038

Redemption Date	Principal Amount
February 15, 2036	$ 85,000
February 15, 2037	90,000
February 15, 2038*	90,000

Term Certificates Maturing February 15, 2040

Redemption Date	Principal Amount
February 15, 2039	$ 95,000
February 15, 2040*	105,000

*Stated Maturity.

The particular Term Certificates to be redeemed shall be chosen by the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) at random by lot or other customary method; provided, however, that the principal amount of the Term Certificates of a stated maturity required to be redeemed pursuant to the operation of the mandatory redemption provisions shall be reduced, at the option of the County, by the principal amount of said Term Certificates of like maturity which, at least 45 days prior to mandatory redemption date, (1) shall have been acquired by the County at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the County at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not therefore credited against a mandatory redemption requirement.

Selection of Certificates For Redemption . . . If less than all of the Certificates are to be redeemed, the District may select the maturities of Certificates to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal amount thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

Notice of Redemption . . . Not less than 30 days prior to an optional redemption date for the Certificates, the County shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the 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 SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE CERTIFICATES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY CERTIFICATE OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH PORTION THEREOF SHALL CEASE TO ACCRUE.

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 proposed amendment to the Order or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Certificate 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 Certificate held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificate from the beneficial owners. Any such selection of Certificates to be redeemed will not be governed by the Order and will not be conducted by the County or the Paying Agent/Registrar. Neither the County nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the 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 "THE CERTIFICATES – Book-Entry-Only System").

TAX RATE LIMITATIONS . . . The Texas Constitution provides various taxing authority for counties, as described below.

Limited Tax Bonds Payable From the $0.80 Constitutional Tax Rate . . . Limited tax obligations of counties issued pursuant to authority granted under V.T.C.A., Government Code, Section 1301.003, as amended, limits the amount of such debt issued for certain purposes as follows:

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

However, the County may issue courthouse, jail and certain other types of bonds under the authority of Texas Government Code Section 1473.101 and Chapter 292, Texas Local Government Code, without the above limitations. The Texas Constitution (Article VIII, Section 9) imposes a limit of $0.80 per $100 of assessed valuation for general fund, permanent improvement fund, road and bridge fund, and jury fund purposes, including debt service of bonds, time warrants, tax notes and certificates of obligation issued against such funds. By administrative policy, the Attorney General of Texas will permit allocation of $0.40 of the constitutional $0.80 tax rate for the payment of the debt service requirements on the County's limited tax general obligation indebtedness, as calculated at the time of issuance and based on a 90% collection rate. The Certificates are limited tax obligations payable from the constitutionally limited tax rate.

Unlimited Tax Road Bonds . . . Article III, Section 52, Texas Constitution, authorizes the County to levy a separate tax, without legal limit as to rate, to pay debt service on County road bonds issued pursuant to such authority upon approval by a majority of participating voters in an election held to approve the issuance of such bonds. Article III, Section 52 of the Texas Constitution also provides that unlimited tax road bond debt may not exceed 25% of the County's assessed valuation of real estate.

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

Farm-to-Market Roads or Flood Control . . . Under Section 256.054, Texas Transportation Code, a county may adopt an additional ad valorem tax not to exceed $0.30 (the "Farm-to-Market and Flood Control Tax") on the $100 assessed valuation, after exemption of homesteads up to $3,000, provided by Article VIII, Section 9 of the Texas Constitution, for the construction and maintenance of farm-to-market and lateral roads or for flood control. This additional tax may be established by the Commissioners Court only upon approval by a majority of participating voters in an election held to approve such additional tax. No allocation is prescribed by statute between debt service and maintenance. Therefore, all or part may be used for either purpose. The voters of the County have not approved the adoption of the Farm-to-Market and Flood Control Tax.

DEFEASANCE . . . The Order provides for the defeasance of the Certificates when payment of the principal of and premium, if any, on the Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent (or other financial institution permitted by applicable state law), in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates, and thereafter the County will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Certificates, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The

Order provides that “Defeasance Securities” means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a State that have been returned and that are rated as to investment quality by a nationally recognized investment rating not less than “AAA” of its equivalent, and (d) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Certificates. The County has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the County moneys in excess of the amount required for such defeasance.

Upon such a deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. Provided, however, 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.

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

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by The Depository Trust Company (“DTC”), New York, New York, 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 Underwriter believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.*

The County cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the 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 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 Certificates registered in the name of Cede & Co. (DTC’s partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered Certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of 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 the 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 system for the Certificates is discontinued.

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

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

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

All 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 detailed 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 Certificates held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend 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, certificates are required to be printed and delivered.

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

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

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 holders and the Certificates will be subject to transfer, exchange and registration provisions as set forth in the Order and summarized under "THE CERTIFICATES – Transfer, Exchange and Registration" below.

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.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the County, the Financial Advisor, nor the Underwriter.

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

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange, and transfer.

Certificates may be assigned by the execution of an assignment form on the Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New 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 mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, 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, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the 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. Neither the County nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Certificate.

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

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

CERTIFICATE HOLDERS' 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 certificate holders upon any failure of the County to perform in accordance with the terms of the Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court (the "Court") ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) ("*Tooke*") that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language.

Because it is unclear whether the Texas legislature has effectively waived the County's sovereign immunity from a suit for money damages, Certificateholders may not be able to bring such a suit against the County for breach of the Certificates or Order covenants. Even if a judgment against the County could be obtained, it could not be enforced by direct levy and execution against the County's property. Further, the registered owners cannot 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. As noted above, the Order provides that Certificate holders may exercise the remedy of mandamus to enforce the obligations of the County under the Order. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract, to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract). Furthermore, the County is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or certificateholders of an entity which has sought protection under Chapter 9. Therefore, should the County avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Order and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

AMENDMENTS TO THE ORDER . . . In the Order, the County has reserved the right to amend the Order without the consent of any owners for the purpose of amending or supplementing such Order as may be required (i) by the provisions of such Order, (ii) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission, or (iii) in connection with any other change which is not to the prejudice of the Registered Owners.

The Order further provides that the owners of the Certificates aggregating in principal amount 51% of such outstanding Certificates shall have the right from time to time to approve any amendment not described above to the Order if it is deemed necessary or desirable by the County; provided, however, that without the consent of 100% of the applicable owners in original principal amount of the then outstanding Certificates no amendment may be made for the purpose of (i) extending the time or times of payment of the principal of and interest on the Certificates, reduce the principal amount thereof or the rate of interest thereon, (ii) giving any preference to any Certificate over any other Certificate, (iii) extending any waiver of default to subsequent defaults, or (iv) reducing the aggregate principal amount of Certificates required for consent to any such amendment, change, modification, or rescission. Reference is made to the Order for further provisions relating to the amendment thereof.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Certificates will be applied approximately as follows:

SOURCES OF FUNDS:	
Par Amount	$3,325,000.00
Reoffering Premium	311,205.55
Total Sources of Funds	$3,636,205.55
USES OF FUNDS:	
Construction Fund Deposit	$3,500,000.00
Debt Service Fund	3,110.03
Underwriter's Discount	29,556.94
Cost of Issuance (including bond insurance premium)	103,538.58
Total Uses of Funds	$3,636,205.55

BOND INSURANCE

BOND INSURANCE POLICY . . . Concurrently with the issuance of the Certificates, Assured Guaranty Inc. ("AG") will issue its Municipal Bond Insurance Policy (the "Policy") for the Certificates. The Policy guarantees the scheduled payment of principal of and interest on the Certificates when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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

ASSURED GUARANTY INC. . . . AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

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

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.: On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG ("AGM"), merged with and into AG, with AG as the surviving company (such transaction, the "Merger"). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings: On October 18, 2024, KBRA announced it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 10, 2024, Moody's, following Assured Guaranty's announcement of the Merger, announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG's financial strength rating of "AA" (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG's financial strength rating of "AA" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AG: At September 30, 2024:

- The policyholders' surplus of AG was approximately $3,644 million.

- The contingency reserve of AG was approximately $1,374 million.

- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,438 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG, and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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

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

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);
(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024);
(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024); and
(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 (filed by AGL with the SEC on November 12, 2024).

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

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

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

BOND INSURANCE GENERAL RISKS

In the event of default of the scheduled payment of principal of or interest on the Certificates when all or a portion thereof becomes due, any owner of the Certificates shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Certificates by the City which is recovered by the City from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by AG at such time and in such amounts as would have been due absent such prepayment by the City (unless AG chooses to pay such amounts at an earlier date).

Payment of principal of and interest on the Certificates will not be subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see "THE CERTIFICATES – Certificateholders' Remedies"). AG has reserved the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the Certificateholders.

In the event AG is unable to make payment of principal and interest as such payments become due under the Policy, the Certificates are payable solely from the money received pursuant to the applicable Certificate documents. In the event AG becomes obligated to make payments with respect to the Certificates, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Certificates (see "OTHER INFORMATION – Rating").

The long-term ratings on the Certificates will be dependent in part on the financial strength of AG and its claims-paying ability. AG's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of AG and of the ratings on the Certificates, whether or not subject to a Policy, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Certificates.

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

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers . . . Moody's Investor Services, Inc., Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and Fitch Ratings, Inc. (the "Rating Agencies") have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible. In addition, previous events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including AG. Thus, when making an investment decision, potential investors should carefully consider the ability of AG to pay principal and interest on the Certificates and the claims-paying ability AG, particularly over the life of the Certificates.

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. Reference is made to Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

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

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised. See APPENDIX A, Table 1, for the reduction in taxable valuation attributable to the 10% Homestead Cap. Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2024 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than $5 million dollars (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After the 2024 tax year, through December 31, 2026, unless extended by the State legislature, the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land. See APPENDIX A, Table 1, for the reduction in taxable valuation attributable to valuation by Productivity Value.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal roles, 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 – Issuer 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. See APPENDIX A, Table 1, for the reduction in taxable valuation attributable to state-mandated homestead exemptions.

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 market value of all homesteads (but not less than $5,000) and (2) an additional exemption of the market value of the homesteads of persons 65 years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. 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. Cities, counties and school districts are prohibited from repealing or reducing an optional homestead exemption that was granted in tax year 2022 through December 31, 2027. See APPENDIX, Table 1, for the reduction in taxable valuation, if any, attributable to local option homestead exemptions.

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 one hundred seventy-five days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a axing 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 one hundred seventy-five 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 benefiting 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 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. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, 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. For more information on the exemption, reference is made to Section 11.35 of the Tax Code, as amended. The Texas Legislature amended Section 11.35, Tax Code, to clarify that "damage" for purposes of such statute is limited to "physical damage."

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.

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

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See "AD VALOREM PROPERTY TAXATION – County Application of Property Tax Code" for descriptions of any of the County's tax abatement agreements. See "County Application of Tax Code;" see also, APPENDIX A, Table 1, for the reduction in taxable valuation, if any, attributable to tax abatement agreements.

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. Taxpayers 65 years old or older, disabled veterans or an unmarried surviving spouse of a disabled veteran, are permitted by State law to pay taxes on homesteads in four installments with the first installment due before February 1 of each year and the final installment due before August 1. 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%) of the delinquent tax, penalty, and interest collected 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, 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 as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the County, having power to tax the property. 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. At any time after taxes on property become delinquent, the County may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the County must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, which 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 OPERATION TAX RATE LIMITATIONS . . . The following terms as used in this section have the meanings provided below:

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

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

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"special taxing unit" means a county for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value.

"unused increment rate" means the cumulative difference between a county's voter-approval tax rate and its actual tax rate for each of the tax years 2021 through 2023, which may be applied to a county's tax rate in tax years 2022 through 2024 without impacting the voter-approval tax rate.

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

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

A county must annually calculate its "voter-approval tax rate" and "no-new-revenue tax rate" (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the County and the county tax assessor-collector for each county in which all or part of the county is located. 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.

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

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

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

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

COUNTY APPLICATION OF TAX CODE . . . The County has adopted an exemption of $25,000 for citizens who are 65 years of age or older.

The County does not tax nonbusiness personal property.

Mason County Appraisal District collects taxes for the County.

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

The County does not tax Freeport Property.

The County does not tax Goods in Transit.

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INVESTMENTS

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

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

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

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

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

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

CURRENT INVESTMENTS* **TABLE 1**

As of December 31, 2024, the County's investable funds in the amount of $2,661,077.73 were invested in the following categories:

Type of Investment	Amount
Certificates of deposit	$ 500,000.00
Investment accounts	2,161,077.73
Total	$ 2,661,077.73

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.

**Unaudited.*

TAX MATTERS

OPINION . . . On the Date of Initial Delivery of the Certificates, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel to the Issuer, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Certificates for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Certificates will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code"). Except as stated above, Bond Counsel to the Issuer will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Certificates. See "APPENDIX C – Form of Bond Counsel's Opinion."

In rendering its opinion, Bond Counsel to the County will rely upon (a) the County's federal tax certificate, and (b) covenants of the County with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Certificates and certain other matters. Failure by the County to observe the aforementioned representations or covenants could cause the interest on the Certificates to become taxable retroactively to the date of issuance of the Certificates.

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

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

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

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

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

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Certificate prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue 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 Original Issue Discount Certificate was held by such initial owner) is includable in gross income.

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

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

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

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

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

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

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

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

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

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

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

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

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

2025 LEGISLATIVE SESSION . . . The 89th Texas legislative session commenced on January 14, 2025 and will continue to June 2, 2025. During this time, the Texas Legislature may enact laws that materially affect the County and its finances. The County can make no prediction as to the outcome of this legislative session but intends to monitor applicable legislation related thereto.

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Certificates qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) regarding the Issuer's continuing disclosure obligation, because the Issuer does not currently have outstanding more than $10,000,000 in aggregate amount of outstanding municipal securities (excluding securities offered in transactions that were exempt from the Rule 15c2-12) and no person is committed by contract or other arrangement with respect to payment of the Certificates. Pursuant to the exemption, in the Resolution, the Issuer has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The Issuer is required to observe the agreement for so long as it remains an "obligated person" with respect to the Certificates, within the meaning of the Securities and Exchange Commission's Rule 15c2-12 (the "Rule"). Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB").

ANNUAL REPORTS . . . The Issuer will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the Issuer of the general type included in this Official Statement that is customarily prepared by the Issuer and publicly available, which currently consists of an annual audited financial statement. The Issuer will update and provide this information within twelve months after the end of each fiscal year ending in and after 2025. The Issuer will provide the updated information to the MSRB in electronic format, which will be available to the public free of charge via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by the Rule. The updated information will include audited financial statements, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Issuer will provide audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX D or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation. The Issuer's current fiscal year end is December 31. Accordingly, it must provide financial statements by December 31 each year, unless the Issuer changes its fiscal year. If the Issuer changes its fiscal year, it will notify the MSRB of the change.

EVENT NOTICES . . . The County will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The County will provide notice of any of the following events with respect to the Certificates: (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 Beneficial Owners 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 or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the County or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the County or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a debt obligation or derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the County, or a guarantee of any such debt obligation or derivative instrument, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the County, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the County, any of which reflect financial difficulties. In the Order, the County adopted policies and procedures to ensure timely compliance with its continuing disclosure understandings. Neither the Certificates nor the Order makes any provision for debt service reserves.

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

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

The foregoing information to be provided as described under "Annual Reports" and "Notice of Certain Events" may also be obtained from: Sheree Hardin, County Judge, Mason County, Texas, 210 Ft. McKavitt St., Mason, Texas, 76856, and its telephone number is (325) 347-5556.

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

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

LIMITATIONS AND AMENDMENTS . . . The County has agreed to update information and to provide notices of certain events only as described above. The County has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, conditions, 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 of Certificates may seek a writ of mandamus to compel the County to comply with its agreement.

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

OTHER INFORMATION

RATING . . . The Certificates are expected to receive an insured rating of "AA" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") by virtue the policy to be issued and delivered by AG at the time of delivery of the Certificates. See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS." The Certificates are rated "A+" by S&P without regard to credit enhancement. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. An explanation of the significance of such rating may be obtained from S&P. The rating reflects only the views of S&P, and the County makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates. Periodically, rating agencies will evaluate and, on occasion as a result of these evaluations, revise their rating methodologies and criteria for municipal issuers such as the County. A revision in a rating agency's rating methodology could result in a positive or negative change in a rating assigned by that agency, even if the rated entity has experienced no material change in financial condition or operation. Any of the rating agencies at any time while the Certificates remain outstanding could undertake such an evaluation process.

LITIGATION . . . It is the opinion of the County Attorney and County staff that there is no pending, or to their knowledge, threatened litigation or other proceedings against the County that would have a material adverse financial impact upon the County or its operations.

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

It is the obligation of the Underwriter 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 Underwriter'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 consent to service of process in any jurisdiction.

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

NO-LITIGATION CERTIFICATE . . . The County will furnish to the Underwriter a certificate, dated as of the date of delivery of the Certificates, executed by authorized County Officials, to the effect that no litigation of any nature has been filed or is then pending or threatened, either in state or federal courts, contesting or attacking the Certificates; restraining or enjoining the issuance, execution or delivery of the Certificates; affecting the provisions made for the payment of or security for the Certificates; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Certificates; or affecting the validity of the Certificates.

NO MATERIAL ADVERSE CHANGE . . . The obligation of the Underwriter to take and pay for the Certificates, and of the County to deliver the Certificates, are subject to the condition that, up to the time of delivery of and receipt of payment for the Certificates, there shall have been no material adverse change in the condition (financial or otherwise) of the County from that set forth or contemplated in the Official Statement.

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as 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. Specialized Public Finance Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

UNDERWRITING . . . The Underwriter has agreed, subject to certain conditions, to purchase the Certificates from the County at the initial offering prices set forth on page 2 of this Official Statement, less an underwriting discount of $29,556.94 and no accrued interest. The Underwriter will be obligated to purchase all of the Certificates if any Certificates are purchased. The Certificates to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Certificates into investment trusts) at prices lower than the public offering prices of such Certificates, and such public offering prices may be changed, from time to time, by the Underwriter.

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

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates may in the future perform various investment banking services for the County for which they received or will receive customary fees and expenses.

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

SAMCO Capital Markets Inc., the Underwriter of the Certificates, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, SAMCO Capital Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, SAMCO Capital Markets Inc. will compensate Fidelity for its selling efforts.

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

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

MISCELLANEOUS . . . The financial data and other information contained herein have been obtained from the County’s records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and 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. The Order authorizing the issuance of the Certificates approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Certificates by the Underwriter.

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

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

/s/ Judge Sheree Hardin
County Judge
Mason County, Texas

ATTEST:

/s/ Ms. Pam Beam
County Clerk
Mason County, Texas

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APPENDIX A

FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION — TABLE 1

2024 Total Appraised Value	$4,182,796,329
Less:	
Disabled Veteran	$ 483,427
Optional Over-65	18,034,659
Surviving Spouse of Service Member	5,722,863
Solar	15,000
TCEQ/Pollution Control	275,840
Miscellaneous	8,560,954
Productivity Loss	3,288,273,374
10% Cap Loss	98,890,031
2024 Net Taxable Assessed Valuation	$ 762,540,181

Note: The above figures were taken from the Mason County Appraisal District Office which is compiled during the initial phase of the tax year and are subject to change.

GENERAL OBLIGATION BONDED DEBT

(As of December 31, 2024)

General Obligation Debt Outstanding[1]:	
The Certificates	$ 3,325,000
Total General Obligation Debt Outstanding	$ 3,325,000
2024 Net Taxable Assessed Valuation	$762,540,181
Ratio of Total General Obligation Debt to 2024 Net Taxable Assessed Valuation[1]	0.44%

Area of County:	935	Square Miles
Estimated Population:	3,953	in Year 2024
Per Capita Net Taxable Assessed Valuation:	$192,902	
Per Capita General Obligation Debt:	$ 841	

(1) See "AD VALOREM TAX PROCEDURES" in this Official Statement for a description of the Issuer's taxation procedures.

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***Capital Leases*:**

On January 1, 2022, the County had a 42-month lease with Pitney Bowes for a postage machine. An initial lease liability was recorded in the amount of $3,051. As of December 31, 2023, the value of the Lease liability was $1,466. The County is required to make monthly fixed payments of $67. The lease has an interest rate of 0.51%.

On January 1, 2022, the County had a 35-month lease with Xerox for a copier in the County and District Clerk's Office. An initial lease liability was recorded in the amount of $3,009. As of December 31, 2023, the value of the lease liability was $0. The County was required to make monthly fixed payments of $181. The lease had an interest rate of 2.24%.

On January 1, 2022, the County had a 39-month lease with Xerox for a copier in the County Extension Office. An initial lease liability was recorded in the amount of $5,003. As of December 31, 2023, the value of the lease liability was $2,228. The County is required to make monthly fixed payment of $118. The lease has an interest rate of 0.77%.

On January 1, 2022, the County had a 27-month lease with Guardian for Sheriff Department devices. An initial lease liability was recorded in the amount of $37,306. As of December 31, 2023, the value of the lease liability was $24,952. The County is required to make annual payments of $6,500. The lease has an interest rate of 1.04%

In June of 2022, the County entered into a 60-month lease with Axon Enterprise for body cameras. An initial lease liability was recorded in the amount of $22,314. As of December 31, 2023, the value of the lease liability was $16,644. The county is required to make annual payments of $4,766. The lease has an interest rate of 2.60%.

In July of 2022, the County entered into a 36-month lease with Broadvoice for a phone system. An initial lease liability was recorded in the amount of $5,113. As of December 31, 2023, the value of the lease liability was $3,032. The County is required to make monthly payments of $148. the lease has an interest rate of 2.69%.

In August of 2022, the County entered into a 60-month lease with Axon Enterprise for law enforcement equipment. An initial lease liability was recorded in the amount of $11,889. As of December 31, 2023, the value of the lease liability was $9,257. The County is required to make annual payments of $2,548. the lease has an interest rate of 2.69%.

In December of 2022, the County entered into a 60-month lease with Xerox for a copier in the Sheriff's office. An initial lease liability was recorded in the amount of $6,219. as of December 31, 2023, the value of the lease liability was $5,041. The County is required to make monthly payments of $111. The lease has an interest rate of 2.69%.

In March of 2023, the County entered into a 48-month lease with Xerox for a copier in the County and District Clerk's Office. An initial lease liability was recorded in the amount of $7,740. As of December 31, 2023, the value of the lease liability was $6,196. The County is required to make monthly payments of $170. the lease has an interest rate of 2.69%.

In May of 2023, the County entered into a 60-month lease agreement with Axon Enterprise for a camera system. An initial lease liability was recorded in the amount of $69,996. as of December 31, 2023, the value of the lease liability was $61,197. The County is required to make annual payments of $14,976. The lease has an interest rate of 2.69%.

Annual requirements to amortize leases payable and related interest are as follows:

Year Ended 31-Dec	Principal	Interest	Total
2024	$ 33,506	$ 2,652	$ 36,158
2025	33,095	1,894	34,989
2026	30,999	1,163	32,162
2027	27,450	455	27,905
2028	4,963	29	4,992
	$ 130,013	$ 6,193	$ 136,206

Note: The above information was taken from the Issuer’s 2023 Annual Financial Report.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 12/31	Current Total Debt Service	The Certificates Principal	The Certificates Interest	The Certificates Principal & Interest	Total Net Combined Debt Service
2026	$ -	$ 135,000	$ 236,764	$ 371,764	$ 371,764
2027	-	225,000	153,875	378,875	378,875
2028	-	245,000	142,125	387,125	387,125
2029	-	265,000	129,375	394,375	394,375
2030	-	285,000	115,625	400,625	400,625
2031	-	295,000	101,125	396,125	396,125
2032	-	315,000	85,875	400,875	400,875
2033	-	335,000	69,625	404,625	404,625
2034	-	370,000	52,000	422,000	422,000
2035	-	390,000	33,000	423,000	423,000
2036	-	85,000	21,125	106,125	106,125
2037	-	90,000	16,750	106,750	106,750
2038	-	90,000	12,250	102,250	102,250
2039	-	95,000	7,625	102,625	102,625
2040	-	105,000	2,625	107,625	107,625
	$ -	$ 3,325,000	$ 1,179,764	$ 4,504,764	$4,504,764

TAXABLE ASSESSED VALUATION FOR YEARS 2020-2024 TABLE 3

Tax Year	Net Taxable Assessed Valuation	Change From Preceding Year Amount ($)	Change From Preceding Year Percent (%)
2020	$ 499,435,262	$ (21,828,308)	-4.19%
2021	541,631,731	42,196,469	8.45%
2022	624,043,859	82,412,128	15.22%
2023	735,446,169	111,402,310	17.85%
2024	762,540,181	27,094,012	3.68%

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PRINCIPAL TAXPAYERS **TABLE 4**

	2024 Net Taxable Assessed Valuation	% of Total 2024 Assessed Valuation
BAT Cave Energy Storage, LLC	$ 37,800,000	4.96%
AEP Texas Inc	15,911,520	2.09%
LCRA Transmission Services Corp	11,117,580	1.46%
WTG Gas Transmission CO	6,176,030	0.81%
Kinder Morgan Texas Pipeline	3,860,490	0.51%
Star S Ranch Inc.	3,576,228	0.47%
Central Texas Electric Coop	3,513,090	0.46%
Stallings Ranch LTD	3,363,062	0.44%
Mchale Ranch Properties LP	3,243,925	0.43%
SouthTex 66 Pipeline Co LTC	32,506,140	4.26%
	$121,068,065	15.88%

Note: The above information was taken from the Mason County Tax Assessor-Collector's Office.

As shown in the table above, the total combined top ten taxpayers in the County currently account for over 15% of the County's tax base. Any adverse developments related to the above-listed industries, affecting certain of these taxpayers' ability to continue to conduct business at their respective locations within the County's boundaries, may result in significantly less local tax revenue, thereby severely affecting the County's finances and its ability to repay its outstanding indebtedness. Accordingly, the County makes no representation regarding the continued valuation of any of the property listed in the above table or the generation of future tax revenues therefrom. If any major taxpayer (or a combination of taxpayers) were to default in the payment of taxes due to economic conditions resulting difficulty, the ability of the County to timely pay debt service on the Certificates will be dependent on its ability to enforce and liquidate its tax lien (which, in the event of bankruptcy, certain laws may preclude until the automatic stay is lifted).

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CLASSIFICATION OF ASSESSED VALUATION **TABLE 5**

	2024	% of Total	2023	% of Total	2022	% of Total
Real, Residential, Single-Family	$ 274,864,151	6.57%	$ 283,610,912	7.01%	$ 231,189,658	7.68%
Real, Residential, Multi-Family	1,746,438	0.04%	1,646,443	0.04%	1,594,572	0.05%
Vacant Lots/Tracts & Colonia Lots/Tracts	10,200,897	0.24%	13,437,391	0.33%	7,772,972	0.26%
Qualified Open-Space Land	3,337,753,198	79.80%	3,223,495,966	79.72%	2,360,544,550	78.41%
Real, Farm and Ranch Improvements	17,664,059	0.42%	15,162,795	0.38%	15,313,669	0.51%
Rural Land (Non Qualified)/Residential Improvements	385,636,042	9.22%	359,774,668	8.90%	251,164,443	8.34%
Real, Commercial	48,648,818	1.16%	39,461,606	0.98%	37,208,826	1.24%
Real, Industrial	2,019,212	0.05%	762,584	0.02%	809,346	0.03%
Real & Tangible, Personal Utilities	51,936,747	1.24%	50,222,342	1.24%	48,322,439	1.61%
Tangible Personal, Commercial	9,111,533	0.22%	8,574,465	0.21%	7,662,110	0.25%
Tangible Personal, Industrial	41,154,954	0.98%	44,543,750	1.10%	46,319,840	1.54%
Other	-	0.00%	259,219	0.01%	-	0.00%
Tangible Personal, Mobile Homes	2,060,280	0.05%	2,433,178	0.06%	2,534,948	0.08%
Total Appraised Value	$4,182,796,329	100.00%	$ 4,043,385,319	100.00%	$ 3,010,437,373	100.00%
Less:						
Disabled Veteran	$ 483,427		$ 509,120		$ 452,282	
Optional Over-65	18,034,659		17,879,286		17,264,224	
Surviving Spouse of Service Member	5,722,863		4,661,013		4,136,790	
Solar	15,000		15,000		15,000	
TCEQ/Pollution Control	275,840		275,840		275,840	
Miscellaneous	8,560,954		-		-	
Productivity Loss	3,288,273,374		3,171,644,378		2,307,539,159	
10% Cap Loss	98,890,031		112,954,513		56,710,219	
Net Taxable Assessed Valuation	$ 762,540,181		$ 735,446,169		$ 624,043,859	

Note: The above figures were taken from the Mason County Appraisal District which is compiled during the initial phase of the tax year and are subject to change.

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Taxes are due October 1 and become delinquent after January 31. No split payments or discounts are allowed. Penalties and Interest: (a) a delinquent tax incurs a penalty of six percent of the amount of the tax for the first calendar month it is delinquent plus one percent 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. However, a tax delinquent on July 1 incurs a total penalty of twelve percent of the amount of the delinquent tax without regard to the number of months the tax has been delinquent; (b) a delinquent tax accrues interest at a rate of one percent for each month or portion of a month the tax remains unpaid; and an additional penalty up to a maximum of 15% of taxes, penalty and interest may be imposed to defray costs of collection for taxes delinquent after July 1. All percentage of collections set forth below exclude penalties and interest.

Tax Year	Net Taxable Assessed Valuation	Tax Rate*	Tax Levy	% Collections Current	Total	Year Ended	
2020	$ 499,435,262	$ 0.5902	$ 2,859,183	94.53%	96.98%	12/31/2020	
2021	543,748,223	0.6102	3,214,875	89.97%	91.31%	12/31/2021	
2022	624,043,859	0.6102	3,672,569	88.04%	89.86%	12/31/2022	
2023	735,446,169	0.6007	4,314,206	86.78%	87.22%	12/31/2023	
2024	762,540,181	0.6427	4,900,846	(In Process)		12/31/2024	(Unaudited)

Note: The above figures were taken from the Issuer's Annual Financial Reports, the Mason County Tax Assessor-Collector's Office, and the Mason County Appraisal District.

** The tax rates are rounded to the fourth decimal point.*

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OVERLAPPING DEBT DATA AND INFORMATION

(As of December 31, 2024)

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the County and the estimated percentages and amounts of such indebtedness attributable to property within the County. Expenditures of the various taxing bodies overlapping the territory of the Issuer are paid out of ad valorem taxes levied by these taxing bodies on properties overlapping the Issuer. These political taxing bodies are independent of the Issuer and may incur borrowings to finance their expenditures.

The following statements of direct and estimated overlapping ad valorem bonds were developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the Issuer, the Issuer 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 below may have authorized or issued additional bonds since the date stated below, and such entities may have programs requiring the authorization and/or issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

Taxing Body	Gross Debt	% Overlapping	Amount Overlapping
Doss County School District	$ -	10.80%	$ -
Mason ISD	2,160,000	95.97%	2,072,952
Mason, City of	2,825,000	100.00%	2,825,000
Total Gross Overlapping Debt			$ 4,897,952
Mason County	$ 3,325,000	100.00%	$ 3,325,000
Total Direct and Overlapping Debt			$ 8,222,952
Ratio of Direct and Overlapping Debt to the 2024 Assessed Valuation			1.08%
Per Capita Direct and Overlapping Debt			$2,080

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Issuer	Date of Authorization	Purpose	Amount Authorized	Issued To-Date	Unissued
Mason County	None	-	-	-	-

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

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TAX RATE DISTRIBUTION **TABLE 7**

Tax Year	2024	2023	2022	2021	2020
General Fund	$0.6427	$0.6007	$0.6102	$0.6102	$0.5902
I & S Fund	0.0000	0.0000	0.0000	0.0000	0.0000
Total Tax Rate	$0.6427	$0.6007	$0.6102	$0.6102	$0.5902

Note: The above information was taken from the Mason County Appraisal District and the tax rates are rounded to the fourth decimal point.

GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES AND ANALYSIS OF CHANGES IN FUND BALANCES **TABLE 8**

	Fiscal Year Ended December 31,				
	2023	2022	2021	2020	2019
Revenues	$4,104,305	$3,650,023	$3,309,984	$3,199,487	$3,076,746
Expenditures	3,956,067	3,491,482	3,039,758	3,232,937	2,883,134
Excess (Deficit) of Revenues Over (Under) Expenditures	$ 148,238	$ 158,541	$ 270,226	$ (33,450)	$ 193,612
Other Financing Sources (Uses):					
Capital Leases	$ 77,736	$ -	$ -	$ -	$ -
Sale of Real and Personal Property		$2,682	$1,517	$15,600	$0
Operating Transfers In	-	39,316	-	40,125	-
Operating Transfers Out	(400)	-	(499,412)	(30,663)	(10,583)
Total Other Financing Sources (Uses):	$ 77,336	$ 41,998	$ (497,895)	$ 25,062	$ (10,583)
Net Change in Fund Balance	$ 225,974	$ 200,539	$ (227,669)	$ (8,388)	$ 183,029
Fund Balance - Beginning of Year	$1,068,366	$ 867,827	$1,121,144	$1,129,532	$ 946,503
Prior Period Adjustment	-	-	(25,648)	-	
Fund Balance - End of Year(1)	$1,294,340	$1,068,366	$ 867,827	$1,121,144	$1,129,532

Note: The above information was taken from the Issuer's Annual Reports dated December 31, 2019– 2023; for fiscal year ending December 31, 2024, the County estimates that its General Fund balance will be $1,300,000.

(1) For the current fiscal year, the County adopted a deficit budget of $671,912.95, (but such deficit budgeting is a common practice in the County which has historically ended the year with a balance of surplus of actual results).

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APPENDIX B

GENERAL INFORMATION REGARDING THE COUNTY

GENERAL INFORMATION REGARDING MASON COUNTY, TEXAS

Location: The Mason County, Texas (the "County") is located by U.S. Highways 87 and 377 State Highway 29 and four farm-to-market roads. The County's 2024 population was 3,953.

Mason County Characteristics: Mason County, Texas (the "County") was created in 1851 and is a central Texas county. The County's seat is Mason, Texas.

Economic Base:
Mineral: Topaz and sand.

Industry: Tourism, hunting and agriculture.

Agricultural: Sheep, peanuts, hay, goats, and cattle.

	Mason County		Texas		United States	
	Nov. 2024	Nov. 2023	Nov. 2024	Nov. 2023	Nov. 2024	Nov. 2023
Total Civilian Labor Force	1,928	1,857	15,621,025	15,207,323	168,164,000	167,977,000
Total Employment	1,848	1,799	14,965,515	14,670,562	161,456,000	162,149,000
Total Unemployment	80	58	655,510	536,761	6,708,000	5,827,000
% Unemployed	4.1	3.1	4.2	3.5	4.0	3.5

Sources: Texas Municipal Reports published by the Municipal Advisory Council of Texas and DemographicsUSA County Edition, any data on population, value added by manufacturing or production of minerals or agricultural products are from US Census or other official sources and the Texas Labor Market Review.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

March 5, 2025

MASON COUNTY, TEXAS
COMBINATION TAX AND LIMITED PLEDGE
REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025
DATED AS OF FEBRUARY 1, 2025
IN THE AGGREGATE PRINCIPAL AMOUNT OF $3,250,000

AS BOND COUNSEL FOR MASON COUNTY, TEXAS (the *County*) in connection with the issuance of the certificates of obligation described above (the *Certificates*), we have examined into the legality and validity of the Certificates, which bear interest from the dates specified in the text of the Certificates until maturity or prior redemption at the rates and payable on the dates as stated in the text of the Certificates, and which are subject to redemption, all in accordance with the terms and conditions stated in the text of the Certificates.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and general laws of the State of Texas and a transcript of certified proceedings of the County, and other pertinent instruments authorizing and relating to the issuance of the Certificates including (i) the order authorizing the issuance of the Certificates (the *Order*), (ii) one of the executed Certificates (*Certificate No. T-1*), and (iii) the County's Federal Tax Certificate of even date herewith.

BASED ON SAID 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 County 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 levy of an ad valorem tax, within the limitations prescribed by law, upon all taxable property in the County 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 County's library system (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 Obligations, Junior Lien Obligations, and Subordinate Lien Obligations hereafter issued by the County. In the Order, the County reserves and retains the right to issue Prior Lien Obligations, Junior Lien Obligations, and Additional Limited Pledged Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Certificates is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We are further of the opinion that the Certificates are not "specified private activity bonds" and that, accordingly, interest on the Certificates will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986. In expressing the aforementioned opinions, we have relied on certain representations of the County, the accuracy of which we have not independently verified, and have assumed compliance by the County with certain covenants regarding the use and investment of the proceeds of the Certificates and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the County fails to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

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

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

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further given, and are based on our knowledge of facts, as of the date hereof. We assume no duty or obligation to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the *Service*); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the County as the taxpayer. We observe that the County has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

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

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

Respectfully,

APPENDIX D

EXCERPTS FROM THE MASON COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2023

The information contained in this APPENDIX consists of excerpts from the Mason County, Texas Annual Financial Report for the Year Ended December 31, 2023, and is not intended to be a complete statement of the County's financial condition. Reference is made to the complete Report for further information.

N|B NEFFENDORF & BLOCKER, P.C.

Independent Auditor's Report

Honorable Judge and County Commissioners
County of Mason
Mason, TX 76856

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mason, Texas, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Mason, Texas, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Mason, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Mason, 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the 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 judgement made by a reasonable user based on the financial statements.

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MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS & TEXAS SOCIETY OF CPAs

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 the County of Mason, 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 the County of Mason, 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, the schedule of changes in net pension liability and related ratios and the schedule of employer contributions on pages 3–8 and 42-49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Mason, Texas' basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditure of state awards, as required by the State of Texas Audit Circular, 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 state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our reported dated July 29, 2024, on our consideration of the County of Mason, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Mason's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Mason's internal control of financial reporting and compliance.

Neffendorf + Blocker, P.C.

NEFFENDORF & BLOCKER, P.C.
Fredericksburg, Texas
July 29, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Mason County, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial statements of the County for the year ended December 31, 2023. Please read it in conjunction with the independent auditors' report on page 1, and the County's Basic Financial Statements which begin on page 9.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by $29,681,417 (net position). Of this amount, $2,742,432 (unrestricted net position) may be used to meet the County's ongoing obligations to citizen's and creditors.

- The County's net position increased by $8,329,623 as a result of this year's operations.

- At December 31, 2023, the County's governmental funds reported combined ending fund balances of $6,102,094, a decrease of $3,452,814 in comparison with the prior year.

- At December 31, 2023, the unreserved fund balance of the general fund was $1,237,779, or 31 percent of total general fund expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 9 and 10). These provide information about the activities of the County as a whole and present a longer-term view of the County's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (on pages 13 & 16) report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget.

The notes to the financial statements (starting on page 23) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Budgetary Comparison Schedules (General Fund, Ambulance Fund and Road and Bridge Fund), the Schedule of Changes in Net Pension Liability and Related Ratios and the Schedule of Employer Contributions are presented as required supplementary information on pages 42, 43, 44, 45 and 47 respectively.

Reporting the County as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the County's overall financial condition and operations begins on page 9. Its primary purpose is to show whether the County is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the County's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All the County's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the County's net position and changes in them. The County's net position (the difference between assets and liabilities) provides one measure of the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the County, however, you should consider other factors as well, such as changes in the County's customers or its property tax base and the condition of the County's facilities.

In the Statement of Net Position and the Statement of Activities, the County has one kind of activity:

- Governmental activity - Most of the County's basic services are reported here, including public safety, public works, health and human services, culture and recreation, county courts and general administration. Property taxes, user charges, sales tax and grants finance most of these activities.

Reporting the County's Most Significant Funds

Fund Financial Statements

The fund financial statements on pages 13 & 16 provide detailed information about the most significant funds - not the County as a whole.

- Governmental funds - All of the County's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the County's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in Note II to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the County's governmental activities.

Net position of the County's governmental activities increased from $20,629,012 to $29,681,417. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was $2,742,432 at December 31, 2023. This increase in governmental net position was the result of four factors. First, the County's expenditures exceeded the revenues by $3,452,814. Second, the County acquired capital assets of $12,405,095. Third, the County recorded depreciation and amortization in the amount of $432,548 and fourth, due to GASB Statement No. 68 a decrease in expenses in the amount of $145,911 was necessary.

Table I
Mason County, Texas

NET POSITION
in thousands

	Governmental Activities	
	2023	2022
Current and Other Assets	$ 12,942	$ 14,982
Capital Assets	23,469	10,780
Net Pension Asset	368	-
Total Assets	$ 36,779	$ 25,762
Deferred Outflow Related to Pension Plan	$ 123	$ 387
Total Deferred Outflow	$ 123	$ 387
Current Liabilities	$ 4,257	$ 3,137
Noncurrent Liabilities	307	63
Net Pension Liability	-	60
Total Liabilities	$ 4,564	$ 3,200
Deferred Inflow of Resources		
Unavailable Revenue - Property Taxes	$ 2,575	$ 2,197
Deferred Inflow Related to Pension Plan	82	63
Total Deferred Inflows of Resources	$ 2,657	$ 2,260
Net Assets:		
Invested in Capital Assets		
Net of Related Debt	$ 23,112	$ 10,705
Restricted	3,827	7,572
Unrestricted	2,742	2,352
Total Net Assets	$ 29,681	$ 20,629

Table II
Mason County, Texas

CHANGES IN NET POSITION
in thousands

	Governmental Activities	
	2023	2022
Revenues:		
Charges for Services	$ 1,371	$ 1,336
Property Tax	3,767	3,285
Sales Tax	564	643
Investment Earnings	54	12
Miscellaneous	646	1,074
Grants	8,066	6,388
Total Revenue	$ 14,468	$ 12,738
Expenses:		
County Judge	$ 171	$ 179
County & District Clerk	243	248
Non-Departmental Expenses	790	522
PFCC	99	
Jury & Court Expenses	153	119
Justice of the Peace	148	139
Law Library	-	58
County Attorney	158	153
County Treasurer	221	179
Tax Assessor-Collector	157	136
Courthouse Expenses	279	205
County Jail	443	430
Airport	30	32
Historical Building	18	20
Ambulance	786	742
County Sheriff	761	735
Conservation	15	
Road and Bridge	1,042	824
Nutrition	318	261
County Library	187	184
Co Agri Extenstion Agency	110	82
Interest on Debt	10	1
Total Expenses	$ 6,139	$ 5,249
Increase (Decrease) in Net Position	$ 8,329	$ 7,489
Net Position, Beginning	20,629	13,140
Prior Period Adjustment	723	-
Net Position, Ending	$ 29,681	$ 20,629

The cost of all governmental activities this year was $6,138,652. However, as shown in the Statement of Activities on page 11, the amount that our taxpayers ultimately financed for these activities through County taxes was only $3,766,716 because the other costs were paid by sales tax ($564,131), grants ($8,066,363), user charges ($1,370,741) and other miscellaneous ($700,324).

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet on page 13) reported a combined fund balance of $6,102,094, which is less than last year's total of $9,548,657. Included in this year's total change in fund balance is an increase of $225,974 in the County's General Fund.

The Commissioner's Court adopted the General Fund, Ambulance Fund and Road and Bridge Fund Budgets. In the General Fund actual revenues were more than budgeted amounts and expenditures were less than budgeted amounts. In the Ambulance Fund actual revenues were more than budgeted amounts and expenditures were less than budgeted amounts. In the Road and Bridge Fund actual revenues were less than budgeted amounts and expenditures were less than budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2023, the County had $23,468,944 invested in a broad range of capital assets, including land, buildings, vehicles and equipment and other improvements. The net increase is $12,689,078, or 118 percent, more than last year.

CAPITAL ASSETS
in thousands

	Governmental Activities	
	2023	2022
Land	$ 321	$ 321
Buildings	858	858
Improvements	2,038	1,210
Machinery & Equipment	5,656	5,173
Construction in Progress	19,764	8,280
Right-to-Use Lease Assets	172	88
SBITA Assets	242	
Total Capital Assets	$ 29,051	$ 15,930
Less: Accumulated Depreciation/Amortization	(5,583)	(5,150)
Capital Assets, Net	$ 23,468	$ 10,780

This year's major additions included:

Courthouse Restoration CIP	$11,016,588
Airport Project	557,627
Miscellaneous Machinery and Equipment	504,461
Leased Assets	77,736
SBITA Assets	242,463
Totaling	$ 12,398,875

More detailed information about the County's capital assets is presented in Note 3.E. to the financial statements.

Debt

At December 31, 2023, the County had the following outstanding debt:

	Governmental Activities	
	2023	2022
Leases Payable	$ 130,013	$ 75,073
SBITA Payable	226,533	-
	$ 356,546	$ 75,073

More detailed information about the County's debt is presented in Note 3.G. and Note 3.H. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2024 budget and tax rates. Factors considered in establishing a budget are the funding needs of the County for operations and programs necessary to provide services to the citizens of Mason County. These indicators were taken into account when adopting the General Fund budget for 2024. Amounts available for appropriation in the General Fund budget are $4,466,043 and expenditures are estimated to be $5,715,413.

If these estimates are realized, the County's budgetary General fund balance is expected to decrease $1,249,369 by the close of 2024.

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 show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County treasurer's office, at Mason County, Texas.

BASIC FINANCIAL STATEMENTS

MASON COUNTY, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2023

EXHIBIT A-1 (Cont'd)

Data Control Codes		Primary Government Governmental Activities	Component Unit Child Welfare Board	Component Unit Friends of the Mason County Courthouse
	ASSETS			
1010	Cash and Cash Equivalents	$ 6,987,037	$ 1,927	$ -
1030	Investments - Current	500,000	-	-
1150	Accounts Receivable, Net	5,285,900	-	-
1260	Due from Other Governments	51,575	-	-
1300	Due from Other Funds	44,565	-	-
1430	Prepaid Items	73,420	-	-
	Capital Assets:			
1710	Land Purchase and Improvements	320,825	-	-
1720	Infrastructure, Net	687,014	-	-
1730	Buildings, Net	598,071	-	-
1740	Improvements other than Buildings, Net	293,582	-	-
1750	Furniture and Equipment, Net	1,292,433	-	-
1770	Right-to-Use Lease Assets	130,121	-	-
1772	SBITA Assets	223,446	-	-
1780	Construction in Progress	19,923,452	-	-
1800	Net Pension Asset	368,301	-	-
1000	Total Assets	36,779,742	1,927	
	DEFERRED OUTFLOWS OF RESOURCES			
1997	Deferred Outflow Related to Pension Plan	123,152	-	-
1500	Total Deferred Outflows of Resources	123,152	-	-

EXHIBIT A-1

MASON COUNTY, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2023

Data Control Codes		Primary Government: Governmental Activities	Component Unit: Child Welfare Board	Component Unit: Friends of the Mason County Courthouse
	LIABILITIES			
2010	Accounts Payable	2,189,670	-	-
2020	Wages and Salaries Payable	941	-	-
2030	Compensated Absences Payable	54,594	-	-
2090	Due to Others	4,348	-	-
2230	Unearned Revenues	1,945,146	-	-
2270	Other Current Liabilities	13,431	-	-
	Noncurrent Liabilities:			
2501	Due Within One Year	49,907	-	-
	Due in More Than One Year:			
2502	Right-to-Use Lease Liabilities - Noncurrent	96,507	-	-
	SBITA Liabilities - Noncurrent	210,132		
2000	Total Liabilities	4,564,676	-	-
	DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes	2,575,171	-	-
2602	Deferred Inflow Related to Pension Plan	81,630	-	-
2500	Total Deferred Inflows of Resources	2,656,801	-	-
	NET POSITION			
3200	Net Investment in Capital Assets and Lease Assets	23,112,398	-	-
	Restricted For:			
3850	Restricted for Capital Acquisition	2,894,671	-	-
3870	Restricted for Other Purposes	931,916	1,927	-
3900	Unrestricted	2,742,432	-	-
3000	Total Net Position	$ 29,681,417	$ 1,927	$ -

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

MASON COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
County Judge	$ 170,893	$ 25,422	$ -	$ -
County & District Clerk	242,985	71,431	-	-
Non-Departmental Expenses	789,536	-	-	306,022
PFCC	99,218	-	-	-
Jury & Court Expenses	153,293	41,178	-	-
Justice of Peace	147,772	117,625	-	-
County Attorney	158,303	28,971	13,411	-
County Treasurer	220,778	13,651	-	-
Tax Assessor-Collector	156,577	-	-	-
Courthouse Expenses	279,379	-	-	6,222,087
County Jail	442,916	-	-	-
Airport	30,224	-	521,646	-
Historical Building	17,736	-	-	-
Ambulance	785,865	395,176	-	-
County Sheriff	761,225	398,943	3,500	18,000
Conservation	14,810	-	-	-
Road and Bridge	1,041,564	275,343	-	-
Nutrition	318,423	-	4,322	-
County Library	187,268	3,001	-	-
Co Agri Extension Agency	110,307	-	-	-
Interest on Right-to-Use Leases	2,710	-	-	-
Interest on SBITAs	6,870	-	-	-
TOTAL PRIMARY GOVERNMENT	$ 6,138,652	$ 1,370,741	$ 542,879	$ 6,546,109
Primary Government:				
Child Welfare Board	62,368	-	-	-
Friends of the Mason County Courthouse	2,094,019	-	-	-
TOTAL PRIMARY GOVERNMENT	$ 2,156,387	$ -	$ -	$ -

General Revenues:
Taxes:
Property Taxes, Levied for General Purposes
General Sales and Use Taxes
Penalty and Interest on Taxes
Grants and Contributions
Miscellaneous Revenue
Investment Earnings
Total General Revenues
Change in Net Position
Net Position - Beginning
Prior Period Adjustment
Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government	Component Units	
Governmental Activities	Child Welfare Board	Friends of the Mason County Courthouse
(144,471)		
(171,554)		
(483,514)		
(99,218)		
(112,115)		
(30,147)		
(115,921)		
(207,127)		
(156,577)		
5,942,708		
(442,916)		
491,422		
(17,736)		
(390,689)		
(340,782)		
(14,810)		
(766,221)		
(314,101)		
(184,267)		
(110,307)		
(2,710)		
(6,870)		
2,321,077		
-	(62,368)	-
-	-	(2,094,019)
-	(62,368)	(2,094,019)
3,766,716	-	-
564,131	-	-
50,902	-	-
977,375	-	33,206
595,341	2,822	-
54,081	281	13,443
6,008,546	3,103	46,649
8,329,623	(59,265)	(2,047,370)
20,629,012	61,192	2,047,370
722,782	-	-
$ 29,681,417	$ 1,927	$ -

MASON COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Ambulance Fund	Road & Bridge Fund
ASSETS			
Cash and Cash Equivalents	$ 1,464,793	$ 669,742	$ 308,105
Investments - Current	500,000	-	-
Taxes Receivable	2,231,921	-	378,582
Accounts Receivable, Net	1,134,737	23,251	198,366
Due from Other Governments	-	51,575	-
Due from Other Funds	30,261	-	8,924
Prepaid Items	56,561	-	-
Total Assets	$ 5,418,273	$ 744,568	$ 893,977
LIABILITIES			
Accounts Payable	$ 90,378	$ 3,755	$ 54,634
Wages and Salaries Payable	700	89	152
Due to Other Funds	204,733	-	-
Due to Others	4,348	-	-
Unearned Revenues	1,578,422	-	271,534
Other Current Liabilities	13,431	-	-
Total Liabilities	1,892,012	3,844	326,320
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	2,231,921	-	378,582
Total Deferred Inflows of Resources	2,231,921	-	378,582
FUND BALANCES			
Prepaid Items	56,561	-	-
Federal or State Funds Grant Restriction	-	-	-
Other Restricted Fund Balance	-	-	189,075
Construction	-	-	-
Other Assigned Fund Balance	-	740,724	-
Unassigned Fund Balance	1,237,779	-	-
Total Fund Balances	1,294,340	740,724	189,075
Total Liabilities, Deferred Inflows & Fund Balances	$ 5,418,273	$ 744,568	$ 893,977

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

Capital Projects	Other Funds	Total Governmental Funds
$ 3,700,186	$ 844,211	$ 6,987,037
-	-	500,000
-	23,130	2,633,633
1,225,558	17,121	2,599,033
-	-	51,575
-	214,168	253,353
-	16,859	73,420
$ 4,925,744	$ 1,115,489	$ 13,098,051
$ 2,031,073	$ 9,830	$ 2,189,670
-	-	941
-	4,055	208,788
-	-	4,348
-	95,190	1,945,146
-	-	13,431
2,031,073	109,075	4,362,324
-	23,130	2,633,633
-	23,130	2,633,633
-	16,859	73,420
-	187,653	187,653
-	521,470	710,545
2,894,671	-	2,894,671
-	257,302	998,026
-	-	1,237,779
2,894,671	983,284	6,102,094
$ 4,925,744	$ 1,115,489	$ 13,098,051

MASON COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

Total Fund Balances - Governmental Funds	$	6,102,094
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		10,704,793
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements,but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2023 capital outlays and debt principal payments is to increase net position.		12,123,622
The County reported their net pension asset in the Government Wide Statement of Net Position in accordance with GASB Statement No. 68. The items reported as a result of this implementation included a Deferred Resource Outflow of $123,152, a Net Pension Asset of $368,301 and a Deferred Resource Inflow of $81,630. The net effect of these was to increase net position by $427,823.		409,823
The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position. Please note this includes the amortization on the right-to-use lease and SBITA assets.		(432,548)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund balances, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		773,633
Net Position of Governmental Activities	$	29,681,417

MASON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Ambulance Fund	Road & Bridge Fund
REVENUES:			
Taxes:			
Property Taxes	$ 3,160,371	$ -	$ 564,700
General Sales and Use Taxes	8,042	556,089	-
Penalty and Interest on Taxes	42,758	-	7,635
Licenses and Permits	1,104	-	225,379
Intergovernmental Revenue and Grants	17,733	-	-
Charges for Services	594,417	395,176	102,517
Investment Earnings	54,081	-	-
Contributions & Donations from Private Sources	49,311	5,510	-
Other Revenue	176,488	18,301	33,104
Total Revenues	4,104,305	975,076	933,335
EXPENDITURES:			
County Judge	165,733	-	-
County & District Clerk	238,446	-	-
Non-Departmental Expenses	567,905	-	-
Jury & Court Expenses	143,827	-	-
Justice of Peace	142,622	-	-
PFCC	-	-	-
County Attorney	152,777	-	-
County Treasurer	194,958	-	-
Tax Assessor-Collector	148,109	-	-
Courthouse Expenses	269,373	-	-
County Jail	421,940	-	-
Airport	-	-	-
Historical Building	16,641	-	-
Ambulance	-	742,762	-
County Sheriff	896,554	-	-
Road and Bridge	-	-	986,412
Nutrition	301,752	-	-
County Library	137,582	-	-
Co Agri Extension Agency	103,323	-	-
Debt Service:			
Principal on Right-to-Use Leases	29,015	-	-
Principal on SBITAs	15,930	-	-
Interest on Right-to-Use Leases	2,710	-	-
Interest on SBITAs	6,870	-	-
Capital Outlay:			
Capital Outlay	-	-	201,963
Total Expenditures	3,956,067	742,762	1,188,375
Excess (Deficiency) of Revenues Over (Under) Expenditures	148,238	232,314	(255,040)
OTHER FINANCING SOURCES (USES):			
Sale of Real and Personal Property	-	1,500	1,246
Proceeds from Right-to-Use Leases	77,736	-	-
Total Other Financing Sources (Uses)	77,736	1,500	1,246

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

Capital Projects	Other Funds	Total Governmental Funds
$ -	$ 37,647	$ 3,762,718
-	-	564,131
-	509	50,902
-	-	226,483
6,222,087	849,168	7,088,988
-	52,149	1,144,259
-	-	54,081
867,174	55,380	977,375
226,543	141,866	596,302
7,315,804	1,136,719	14,465,239
-	-	165,733
-	-	238,446
-	180,869	748,774
-	-	143,827
-	-	142,622
-	105,099	105,099
-	-	152,777
-	-	194,958
-	-	148,109
-	-	269,373
-	-	421,940
-	28,358	28,358
-	-	16,641
-	13,581	756,343
-	18,660	915,214
-	12,937	999,349
-	-	301,752
-	40,525	178,107
-	-	103,323
-	-	29,015
-	-	15,930
-	-	2,710
-	-	6,870
11,016,588	694,958	11,913,509
11,016,588	1,094,987	17,998,779
(3,700,784)	41,732	(3,533,540)
-	244	2,990
-	-	77,736
-	244	80,726

MASON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Ambulance Fund	Road & Bridge Fund
Net Change in Fund Balances	225,974	233,814	(253,794)
Fund Balance - January 1 (Beginning)	1,068,366	506,910	442,869
Prior Period Adjustment	-	-	-
Fund Balance - December 31 (Ending)	$ 1,294,340	$ 740,724	$ 189,075

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

Capital Projects	Other Funds	Total Governmental Funds
(3,700,784)	41,976	(3,452,814)
6,595,455	935,057	9,548,657
-	6,251	6,251
$ 2,894,671	$ 983,284	$ 6,102,094

MASON COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Total Net Change in Fund Balances - Governmental Funds	$	(3,452,814)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2023 capital outlays and debt principal payments is to increase the change in net position.		12,123,622
The entries required by GASB Statement No. 68 did required that some expenses on Exhibit B-1 be adjusted. Total credits to expenses were $762,821 and total debits to expenses were $616,910. The net effect on the change in net position on Exhibit B-1 is an increase of $163,911.		145,911
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position. Please note this includes the amortization on the right-to-use lease and SBITA assets.		(432,548)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position.		(54,548)
Change in Net Position of Governmental Activities	$	8,329,623

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

MASON COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023

	Private Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and Cash Equivalents	$ 11,152	$ 594,189
Total Assets	11,152	594,189
LIABILITIES		
Wages and Salaries Payable	-	437
Due to Other Funds	-	44,565
Total Liabilities	-	45,002
NET POSITION		
Restricted for Other Purposes	11,152	549,187
Total Net Position	$ 11,152	$ 549,187

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

MASON COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Private Purpose Trust Fund	Custodial Funds
ADDITIONS:		
Intergovernmental Revenue and Grants	$ -	$ 1,455,877
Contributions & Donations from Private Sources	2,220	-
Other Revenue	1,244	1,685,291
Total Additions	3,464	3,141,168
DEDUCTIONS:		
Personnel Services - Salaries and Wages	-	763,729
Group Medical & Dental	-	112,748
FICA	-	58,426
Retirement	-	64,917
Purchased Professional & Technical Services	-	356,808
Purchased Property Services	-	9,366
Other Operating Costs	153	1,532,946
Supplies	1,103	20,503
Total Deductions	1,256	2,919,443
Net Change in Fiduciary Net Position	2,208	221,725
Total Net Position - January 1 (Beginning)	8,944	139,011
Prior Period Adjustment	-	188,451
Total Net Position - December 31 (Ending)	$ 11,152	$ 549,187

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Mason County (County) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The *Governmental Accounting Standards Board* (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting and reporting policies of the County are described in the following notes to the basic financial statements.

1.A. FINANCIAL REPORTING ENTITY

The County is an independent unit and is managed by a governing body of elected officials. The accompanying financial statements present the County's primary government.

In evaluating how to define the government, for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organization if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific burdens on the primary government. Based on the foregoing criteria, there were two component units identified that would require inclusion in this report.

DISCRETELY PRESENTED COMPONENT UNITS
Child Welfare Board

Child Welfare Board (the "Board") has been included in the reporting entity as a discretely presented component unit. The Board was created by a contract between the Texas Department of Human Resources and the County in 1984. The Board was created to establish a county-wide, jointly financed, state administered, and regionally operated child welfare program to meet the needs of children in the county who are in need of protection. The Board of Directors is appointed by and serves at the discretion of the Commissioners' Court of the County. The operations of the Board are presented in the Government-Wide Financial Statements.

Friends of the Mason County Courthouse

Friends of the Mason County Courthouse (the "corporation") has been included in the reporting entity as a discretely presented component unit. The nonprofit corporation was created April 28, 2021 to collect monies donated to rebuild the Mason County Courthouse after a fire burned the courthouse on February 4, 2021. The Board of Directors was appointed by the Commissioners' Court of the County and the sole purpose of the corporation is to provide specific financial benefits to the County. The operations of the nonprofit corporation are presented in the Government-Wide Financial Statements.

1.B. BASIS OF PRESENTATION

Government-Wide Financial Statements:

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide financial statements display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria.

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

b. Total assets, liabilities, revenues, or expenditure/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund
The General Fund, the primary operating fund of the County, is always classified as a major fund. It is the basic fund of the County and covers all activities for which a separate fund has not been established.

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

Capital Projects Fund
The Capital Projects Fund accounts for financial resources that are restricted, committed or assigned to expenditures for the acquisition and construction of major capital facilities and other capital assets.

Fiduciary Funds (Not included in government-wide statements)
Custodial Funds
Custodial funds 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 a trustee capacity for other governments.

Private Purpose Trust Funds
Private Purpose Trust funds account for assets held by the County in a purely trustee capacity. The reporting entity includes one trust fund, the Historical Commission Fund. Private Purpose Trust Funds report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Major and Nonmajor Funds

The funds are further classified as major or nonmajor. The major funds are as follows:

Major Fund	**Brief Description**
General	See above for description.
Special Revenue Funds:	
Ambulance Fund	Accounts for the operations of the EMS.

Road & Bridge Fund	Accounts for all road and bridge construction and maintenance activity.
Capital Projects Fund	Accounts for all financial resources that are restricted to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Nonmajor funds consist of special revenue funds and are detailed in the Combining and Individual Fund Statements - Nonmajor Funds.

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

Amount reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. Custodial and Private Purpose Trust Funds utilize the economic resource measurement focus.

Basis of Accounting

In the government-wide statement of net position and statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and fiduciary funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized revenues when both "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectable within the current period or within 60 days after year end. Also under the modified accrual basis of accounting, expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

1.D. ASSETS, LIABILITIES AND EQUITY

Cash, Cash Equivalents and Investments

For the purpose of the statement of net position, "Cash and Cash Equivalents" includes demand deposit accounts, certificates of deposit and government investment pools. All amounts are considered available upon demand and are considered to be "cash equivalents."

Several funds may be invested in an investment account and each fund has an equity interest therein. Interest earned on the Investment of these monies is allocated based upon relative equity at month end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances of uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The major receivable balances for the governmental activities relate to property taxes and court fines and fees.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, grants, and other intergovernmental revenues since they are usually both measurable and available. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Fixed Assets

Government-Wide Statements

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than $1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	25 - 50 years
Improvements	10 - 50 years
Machinery and Equipment	3 - 20 years
Infrastructure	25 - 50 years

Fund Financial Statements

In the fund financial statements, capital assets are used in governmental fund operations and are account for as capital outlay expenditures of the governmental fund upon acquisition.

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Compensated Absences

The County allows employees to accumulate vacation leave with certain limitations. Vacation leave can accumulate up to ten (10) days per year with a maximum accrual of fifteen (15) days. If an employee has worked for the County more than fifteen (15) years, vacation leave can accumulate up to fifteen (15) days per year with a maximum accrual of twenty (20) days. Vacation leave is paid in full upon termination with at least six months of employment with the County. At December 31, 2023, the accumulated vacation leave amounted to $54,594. This amount will be liquidated in future years and is reported as a liability in the government-wide statement of net position.

Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance – amounts that are not in non-spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e. Commissioners' Court). To be reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the County intends to use for a specific purpose. Intent can be expressed by the Commissioners' Court or by an official or body to which the Commissioners' Court delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Commissioners' Court establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Commissioners' Court through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

The County's fund balance policy indicates that the County will typically use restricted, committed, and/or assigned fund balances, in that order, prior to using unassigned resources, but the County reserves the right to deviate from this general strategy.

Net Position

Net Position represent the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

Deferred Inflows of Resources and Deferred Outflows of Resources

A deferred outflow of resources is a consumption of net position that is applicable to a future spending period while a deferred inflows of resources is an acquisition of net position. These items are presented in a separate section following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

Revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be sued to pay liabilities of the current period. Revenues not expected to be available for current period are reflected as deferred revenue. Unavailable revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

GASB Statement No. 87, *Leases*

As of January 1, 2022, the County adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Disclosures required by this standard are included in Note 3.G.

Implementation of GASB Statement No. 96

As of January 1, 2023, the County adopted GASB Statement No. 96, *Subscription- Based Information Technology Arrangements*. The implementation of this standard establishes a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The standards requires recognition of right-to-use subscription assets and liabilities for SBITAs that previously were classified as operating expenditures based on the payment provisions of the contract. The disclosures required by this standard are included in Note 3.H.

1.E. REVENUES, EXPENDITURES AND EXPENSES

Revenues
In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. Due to the immaterial amount of additional property taxes receivable after the 60-day period, no additional accrual is made in the government-wide financial statements.

Expenditures/Expenses
In the government-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - by Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the County is subject to various federal, state and local laws and contractual regulations. An analysis of the County's compliance with significant laws and regulations and demonstration of its stewardship over County resources follows.

2.A. BUDGETARY INFORMATION

Annual budgets, as required by state statue, are adopted on a basis consistent with generally accepted accounting principle for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year-end.

The County Judge and staff prepare the proposed budget, the County Judge does all of the revenue estimates with input from each office that generates revenue and submits the data to Commissioners Court. A public hearing is held on the budget by Commissioners Court. Before determining the final budget, Commissioners Court may increase or decrease the amounts requested by the various departments. In the final budget, which is usually adopted in September, expenditures for current operating funds cannot exceed the estimated available cash balances in such funds on January 1, plus the estimate of revenues for the ensuing year. At any time during the year, Commissioners Court may increase the budget for unexpected revenues. Commissioners Court may transfer amounts among individual budget line items within major expenditure categories during the year, but no such transfer may increase the overall total of the budget. Formal budgetary integration is employed for the General, Special Revenue, Debt Service and Capital Projects operations. Budgets for these funds are prepared on a cash basis. Unused appropriations lapse at the end of each year.

NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

3.A. CASH AND CASH INVESTMENTS

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At December 31, 2023, the carrying amount of the County's deposits was $7,593,646 and the bank balance was $7,731,999. The County's cash deposits held at The Commercial Bank at December 31, 2023 and during the year ended December 31, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

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

Name	Carrying Amount	Market Value	FDIC Coverage	Pledged Securities
Certificates of Deposit-				
The Commercial Bank	$ 500,000	$ 500,000	$ -	$ 500,000

Policies Governing Deposits and Investments

In compliance with the **Public Funds Investment Act**, the County has adopted a deposit and investment policy. That policy does address the following risks:
Custodial Credit Risk - Deposits: This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County was not exposed to custodial credit risk since its deposits at year-end were covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

Custodial Credit Risk - 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. The County's investments (certificates of deposit) were secured by FDIC insurance and pledged securities.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2023, the County was not exposed to concentration of credit risk, interest rate risk or foreign currency risk.

3.B. RECEIVABLES

Ad Valorem taxes have been reported in the financial statements net of the allowance for uncollectible taxes. Ad Valorem taxes are prorated between maintenance and special revenues based on rates adopted for the year of the levy. The County is prohibited from writing off real property taxes without specific authority from the Texas Legislature.Ad Valorem tax payments, received throughout the year, are recognized as revenue in the year received, except for those received within 60 days after year-end, which are recognized as revenue as of December 31, 2023.

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

	General	Ambulance	Road and Bridge	Capital Projects	Other Governmental Funds	TOTAL
Receivables:						
Property Taxes	$ 2,231,921	$ -	$ 378,582	$	$ 23,130	$ 2,633,633
Other	1,134,737	23,251	198,366	1,225,558	17,121	2,599,033
Intergovernmental	-	51,575	-		-	51,575
Gross Receivables	$ 3,366,658	$ 74,826	$ 576,948	$ 1,225,558	$ 40,251	$ 5,284,241
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Net Total Receivables	$ 3,366,658	$ 74,826	$ 576,948	$ 1,225,558	$ 40,251	$ 5,284,241

Court Fines and Fees Receivable

With the implementation of GASB Statement Number 34, the County has determined the amount of court fines and fees receivable to be $212,937 which represents amounts owed and outstanding for several years. Based on historical collection rates for the various courts, the County has booked an allowance for uncollectible court fines and fees of $159,703, resulting in a net receivable of $53,234.

3.C. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The financial statements report separate sections for deferred outflows and inflows of resources. Deferred outflows represent an acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows represent an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time.
Deferred outflows on the Statement of Net Position consists of the TCDRS pension deferred outflow of $123,152 (see note 4.B.).

Deferred inflows on the Statement of Net Position consists of the TCDRS pension deferred inflow of $81,630 (see note 4.B).

Governmental funds reported Deferred Inflows of Resources- Unavailable Revenues in connection with receivable for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also reported Unearned Revenue of deferred revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current year, unavailable revenue and unearned revenues reported in the governmental funds were as follows:

	Unearned Revenue	Unavailable Revenue
General Fund -		
Unavailable Revenue - Property Taxes	$ -	$ 2,231,921
Unearned Revenue	1,578,422	
Special Revenue Road and Bridge Fund -		
Unavailable Revenue - Property Taxes	-	378,582
Unearned Revenue	271,534	
Other Governmental Funds -		
Unavailable Revenue - Property Taxes	-	23,130
Unearned Revenue	95,190	
TOTAL UNAVAILABLE AND UNEARNED REVENUES	$ 1,945,146	$ 2,633,633

Unspent U.S. Department of Treasury State and Local Fiscal Recovery funds in the amount of $77,078 are classified as unearned revenue in the Grants Fund. The funds are for response to the COVID-19 public health emergency.

3.D. PROPERTY TAXES

The County levies taxes on real property within the County on October 1 each year, which is the lien date. Such taxes become delinquent the following February 1. The County contracted with the Mason County Appraisal District for the appraisal and collection of taxes. For the 2022 tax roll, the tax rate was $.610189. per $100 valuation and the total property valuation was $617,590,613. County ad valorem taxes assessed on the 2022 roll amounted to $3,768,470. The tax rate of $.610189 per $100 valuation was allocated to the general fund for $.517116, the Airport Maintenance Fund for $.005359 and the road and bridge special fund for $.087714. The maximum levy allowed by State law for the above purposes is $0.80 per $100 valuation. Ad valorem taxes have been reported in the financial statements net of the allowance for uncollectible taxes. The County is prohibited from writing off real property taxes without specific authority from the Texas Legislature.

In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. Due to the immaterial amount of additional property taxes receivable after the 60-day period, no additional accrual is made in the government-wide financial statements.

3.E. CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended December 31, 2023.

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Land	$ 320,825	$	$	$ 320,825
Buildings	858,333			858,333
Improvements	1,210,329	827,896		2,038,225
Machinery & Equipment	5,183,226	472,711		5,655,937
Construction Work in Progress	8,269,621	11,574,216	(79,615)	19,764,222
Totals at Historic Cost	$ 15,842,334	$ 12,874,823	$ (79,615)	$ 28,637,542
Less Accumulated				
Less Accumulated Depreciation for:				
Buildings	(237,685)	(22,577)		(260,262)
Improvements	(848,688)	(49,711)		(898,399)
Machinery & Equipment	(4,051,187)	(312,317)		(4,363,504)
Total Accumulated Depreciation	$ (5,137,560)	$ (384,605)	$ -	$ (5,522,165)
Total Capital Assets being Depreciated, Net	$ 10,704,774	$ 12,490,218	$ (79,615)	$ 23,115,377
Right-to-Use Lease Assets being Amortized				
Equipment	$ 93,905	$ 77,736	$ -	$ 171,641
SBITAs	242,463	-	-	242,463
Total Right-to-Use Lease Assets	$ 336,368	$ 77,736	$ -	$ 414,104
Less Accumulated Amortization:				
Equipment	$ (12,594)	$ (28,926)	$ -	$ (41,520)
SBITAs	-	(19,017)	-	(19,017)
Total Accumulated Amortization	$ (12,594)	$ (47,943)	$ -	$ (60,537)
Total Right-to-Use Assets being Amortized, Net	$ 323,774	$ 29,793	$ -	$ 353,567
Governmental Activities Capital Assets, Net	$ 11,028,548	$ 12,520,011	$ (79,615)	$ 23,468,944

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

County Judge	$	10,907
County & District Clerk		15,728
Non-Departmental		49,275
PFCC		6,917
Jury & Court Expenses		9,466
Justice of the Peace		9,386
County Attorney		10,055
County Treasurer		12,831
Tax Assessor-Collector		9,749
Courthouse Expenses		17,728
County Jail		27,769
Airport		1,866
Historical Building		1,095
Ambulance		49,773
County Sheriff		47,910
Road and Bridge		65,770
Nutrition		19,859
County Library		11,722
Co Agri Extension Agency		6,799
	$	384,605

Amortization expense was charged to functions/programs of the County as follows:

County & District Clerk		2,441
Non-Departmental		8,625
County Treasurer		19,017
Tax Assessor-Collector		1,178
County Sheriff		15,289
Co Agri Extension Agency		1,393
	$	47,943

3.F. LONG-TERM LIABILITIES

Governmental Activities

As of December 31, 2023, the governmental long-term debt consisted of the following:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Right-to-Use Lease Liability	81,292	77,736	(29,015)	130,013	33,506
SBITA Liability	242,463	-	(15,930)	226,533	16,401
Compensated Absences Payable	-	54,594	-	54,594	-
Net Pension Liability	60,043	-	(60,043)	-	-
TOTAL	$ 383,798	$ 132,330	$ (104,988)	$ 411,140	$ 49,907

For governmental activities, right-to-use leases, SBITAs and compensated absences are liquidated by the general fund.

3.G. LEASE PAYABLE

On January 1, 2022, the County had a 42-month lease with Pitney Bowes for a postage machine. An initial lease liability was recorded in the amount of $3,051. As of December 31, 2023, the value of the lease liability was $1,466. The County is required to make monthly fixed payments of $67. The lease has an interest rate of 0.51%.

On January 1, 2022, the County had a 35-month lease with Xerox for a copier in the County & District Clerk's office. An initial lease liability was recorded in the amount of $3,009. As of December 31, 2023, the value of the lease liability was $0. The County was required to make monthly fixed payments of $181. The lease had an interest rate of 2.24%.

On January 1, 2022, the County had a 39-month lease with Xerox for a copier in the County Extension Office. An initial lease liability was recorded in the amount of $5,003. As of December 31, 2023, the value of the lease liability was $2,228. The County is required to make monthly fixed payment of $118. The lease has an interest rate of 0.77%.

On January 1, 2022, the County had a 27-month lease with Guardian for Sheriff Department devices. An initial lease liability was recorded in the amount of $37,306. As of December 31, 2023, the value of the lease liability was $24,952. The County is required to make annual payments of $6,500. The lease has an interest rate of 1.04%.

In June of 2022, the County entered into a 60-month lease with Axon Enterprise for body cameras. An initial lease liability was recorded in the amount of $22,314. As of December 31, 2023, the value of the lease liability was $16,644. The County is required to make annual payments of $4,766. The lease has an interest rate of 2.60%.

In July of 2022, the County entered into a 36-month lease with Broadvoice for a phone system. An initial lease liability was recorded in the amount of $5,113. As of December 31, 2023, the value of the lease liability was $3,032. The County is required to make monthly payments of $148. The lease has an interest rate of 2.69%.

In August of 2022, the County entered into a 60-month lease with Axon Enterprise for law enforcement equipment. An initial lease liability was recorded in the amount of $11,889. As of December 31, 2023, the value of the lease liability was $9,257. The County is required to make annual payments of $2,548. The lease has an interest rate of 2.69%.

In December of 2022, the County entered into a 60-month lease with Xerox for a copier in the Sheriff's office. An initial lease liability was recorded in the amount of $6,219. As of December 31, 2023, the value of the lease liability was $5,041. The County is required to make monthly payments of $111. The lease has an interest rate of 2.69%.

In March of 2023, the County entered into a 48-month lease with Xerox for a copier in the County & District Clerk's Office. An initial lease liability was recorded in the amount of $7,740. As of December 31, 2023, the value of the lease liability was $6,196. The County is required to make monthly payments of $170. The lease has an interest rate of 2.69%.

In May of 2023, the County entered into a 60-month lease agreement with Axon Enterprise for a camera system. An initial lease liability was recorded in the amount of $69,996. As of December 31, 2023, the value of the lease liability was $61,197. The County is required to make annual payments of $14,976. The lease has an interest rate of 2.69%.

Annual requirements to amortize leases payable and related interest are as follows:

Year Ended December 31	Principal	Interest	Total
2024	$ 33,506	$ 2,652	$ 36,158
2025	33,095	1,894	34,989
2026	30,999	1,163	32,162
2027	27,450	455	27,905
2028	4,963	29	4,992
	$ 130,013	$ 6,193	$ 136,206

3.H. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS PAYABLE

On January 1, 2023, the County had a 33-month subscription with Financial Intelligence for financial accounting software. An initial subscription liability was recorded in the amount of $242,463. As of December 31, 2023, the value of the lease liability was $226,533. The County is required to make monthly payments of $1,900. The subscription has an interest rate of 2.92%.

Annual requirements to amortize SBITAs payable and related interest are as follows:

Year Ended December 31	Principal	Interest	Total
2024	$ 16,401	$ 6,399	$ 22,800
2025	16,887	5,913	22,800
2026	17,387	5,413	22,800
2027	17,902	4,898	22,800
2028	18,432	4,368	22,800
2029-2033	100,672	13,328	114,000
2034-2035	38,852	1,048	39,900
	$ 226,533	$ 41,367	$ 91,200

3.I. INTERFUND BALANCES

The composition of interfund balances as of December 31, 2023, is as follows:

	Receivable	Payable
General Fund	$ 30,261	$ 204,733
Road & Bridge Fund	8,924	-
Nonmajor Governmental Funds	214,168	4,055
Fiduciary Funds	-	44,565
	$ 253,353	$ 253,353

These balances result from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

NOTE 4 - OTHER NOTES

4.A. RISK MANAGEMENT

The County is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, error and omissions and personnel risks which relate to workers compensation. The county carries commercial insurance through the Texas Association of Counties for workers compensation and other coverages in order to manage the above listed risks.

4.B. RETIREMENT PLAN

A description of the pension plan pursuant to Paragraph 40 of GASB Statement No. 68 is as follows:

a. Mason County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
b. A brief description of benefit terms:
   1) All full-and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
   2) The plan provides retirement, disability and survivor benefits.
   3) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 150%) and is then converted to an annuity.
   4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
   5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.
c. Membership information is shown in the chart below.
d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Mason County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The

employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2023 are shown in the Schedule of Employer Contributions.

e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, TCDRS.org/Employer.

Members covered by benefit terms.

At the December 31, 2023, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	57
Inactive employees entitled to but not yet receiving benefits	80
Active employees	82
	219

Contributions

A combination of three elements funds each employer's plan: employee deposits, employer contributions and investment income.

- The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, 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.
- Investment income funds a large part of the benefits employees earn.

Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.

Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience.

In addition, employers annually review their plans and may adjust benefits and costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs.

The contribution rate payable by the employee members for calendar year 2023 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. The County's contributions to TCDRS for the year ended December 31, 2023 were $289,300.

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Timing	Actuarially determined contribution rates are calculated as of

	December 31, two years prior to the end of the fiscal year in which the contributions are reported
Actuarial Cost Method	Entry Age (level percent of pay)(1)
Amortization Method	
Recognition of economic/ demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smooth period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	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.
Investment Rate of Return	7.60% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Mason County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Tables for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Adjustment for Plans with the Partial-Lump Sum Payment Option (Liability and Normal Cost)	For employers who have elected this option, a 0.75% increase is applied to the TPL related to the member deposit portion of the estimated monthly benefit for future retirees.

(1) *Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation*

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2024 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a long-term horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

Asset Class	Benchmark	Target Allocation [1]	Geometric Real Rate of Return [2]
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.75%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment - Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index [3]	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index [4]	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index [5]	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.60%

(1) *Target asset allocation adopted at the March 2024 TCDRS Board meeting.*

(2) *Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.2%, per Cliffwater's 2024 capital market assumptions.*

(3) *Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.*

(4) *Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.*

(5) *Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.*

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

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

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments.

Changes in Net Pension Liability/ (Asset)

	Increase/(Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances as of December 31, 2022	$ 8,827,566	$ 8,767,523	$ 60,043
Changes for the year:			
Service cost	461,026		461,026
Interest on total pension liability [1]	684,978		684,978
Effect of plan changes [2]	-		-
Effects of economic/demographic gains or losses	(86,830)		(86,830)
Effect of assumptions changes or inputs	-		-
Refund of contributions	(14,849)	(14,849)	-
Benefit payments	(546,895)	(546,895)	-
Administrative expenses		(5,062)	5,062
Member contributions		238,248	(238,248)
Net investment income		963,222	(963,222)
Employer contributions		289,304	(289,304)
Other [3]		1,805	(1,805)
Balances as of December 31, 2023	$ 9,324,995	$ 9,693,296	$ (368,301)

[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 Analysis

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	$ 10,402,880	$ 9,324,995	$ 8,407,832
Fiduciary net position	9,693,296	9,693,296	9,693,296
Net pension liability/(asset)	$ 709,584	$ (368,301)	$ (1,285,464)

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

For the year ended December 31, 2023 the County recognized pension expense of $143,393.

Prepaid Expense / (Income)		January 1, 2023 to December 31, 2023
Service cost	$	461,026
Interest on total pension liability [1]		684,978
Effect of plan changes		-
Administrative expenses		5,062
Member contributions		(238,248)
Expected investment return net of investment expenses		(664,935)
Recognition of deferred inflows/outflows of resources		
Recognition of economic/demographic gains or losses		(20,194)
Recognition of assumption changes or inputs		72,528
Recognition of investment gains or losses		(155,018)
Other [2]		(1,805)
Pension expense/ (income)	$	143,393

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

(2) *Relates to allocation of system-wide items.*

As of December 31, 2023, the deferred inflows and outflows of resources are as follows:

		Deferred Inflows of Resources		Deferred Outflows of Resources
Differences between expected and actual experience	$	65,122	$	75,845
Changes of assumptions		16,508		-
Net difference between projected and actual earnings				47,307
Contributions made subsequent to measurement date		N/A		-

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

Year ended December 31:	
2024	$ (65,937)
2025	(25,163)
2026	192,281
2027	(59,659)
2028	-
Thereafter [3]	-

(3) *Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.*

Payables to the pension plan. None as of December 31, 2023.

4.C. HEALTH INSURANCE

All regular full-time employees of the County are eligible for coverage under the group hospitalization, medical, dental and life insurance program provided by the County. The County pays the premium for eligible employees. Employees, at their option, may authorize payroll withholdings to pay premiums for eligible family members.

4.D. CONTINGENCIES AND CONTRACTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. 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 agency cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County contracted with Stoddard Enterprises, LLC for the courthouse restoration project. The total contract including change orders is for $16,947,809. The balance as of December 31, 2023 was $1,226,507.

4.E. RELATED PARTY

In the ordinary course of business, the County has and expects to continue to have transactions with its employees and elected officials. In the opinion of management, such transactions were on substantially the same terms, including interest rates and collateral, as those prevailing at the time of comparable transactions with other persons and did not involve more than a normal risk of collectability or present any other unfavorable features to the County.

4.F. PRIOR PERIOD ADJUSTMENT

The County implemented the provision 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.

GASB Statement No. 84 required a restatement of net position for the fiduciary funds of $188,451. This adjustment was needed to record the County Clerk's E-file account and the 452nd District's accounts. This prior period adjustment restated the beginning net position of the custodial funds from $139,011 to $327,462.

A prior period adjustment was required in the special revenue funds of $6,251 to correctly record the collection of restricted court fees in accordance with GASB Statement No. 84, *Fiduciary Activities*. This prior period adjustment restated the beginning fund balance of the nonmajor governmental funds from $935,057 to $941,308.

A prior period adjustment in the amount of $716,531 was required in the governmental activities for TXDOT airport project improvements that were completed and paid for by TXDOT in prior years. The prior period adjustment restated the governmental activities beginning net position from $20,629,012 to $21,345,543.

4.G. DEFICIT FUND BALANCE

The Justice of the Peace Custodial fund had a deficit fund balances at December 31, 2023 of $54. This deficit will be financed through future revenues of the fund.

4.H. SUBSEQUENT EVENTS

The County has evaluated subsequent events through July 29, 2024, the date which the financial statements were available to be issued. The County is not aware of any subsequent events that materially impact the financial statements.

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APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

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

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

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

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

ASSURED GUARANTY INC.

By ___________________________________
Authorized Officer

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SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES