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| **NEW ISSUE** | **OFFICIAL STATEMENT** | Rating: |
| **BOOK-ENTRY-ONLY** | **August 19, 2025** | S&P: "AA" |
| | | (See "OTHER PERTINENT INFORMATION – Rating" herein.) |

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

# $15,275,000
# TOM GREEN COUNTY, TEXAS
# GENERAL OBLIGATION REFUNDING BONDS, SERIES 2025

**Dated Date: August 15, 2025 (Interest to accrue from the Delivery Date) Due: February 1, as shown on page ii**

Principal on the Tom Green County, Texas (the "County") $15,275,000 General Obligation Refunding Bonds, Series 2025 (the "Bonds") is payable to the registered owner upon presentation at maturity at the designated office of the paying agent/registrar (the "Paying Agent/Registrar"), initially BOKF, NA, Dallas, Texas. The Bonds will be issued in denominations of $5,000 or integral multiples thereof within a maturity. Interest on the Bonds will accrue from the Delivery Date (defined below) and will be payable February 1 and August 1 of each year, commencing February 1, 2026, until maturity, calculated on the basis of a 360-day year consisting of twelve 30-day months, to the registered owner appearing on the registration records of the Paying Agent/Registrar on the "Record Date" (hereinafter defined). The County intends to utilize the Book-Entry-Only System of The Depository Trust Company ("DTC") but reserves the right on its behalf or on behalf of DTC to discontinue such system. Such Book-Entry-Only System will affect the method and timing of payment and the method of transfer of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."

**AUTHORITY FOR ISSUANCE:** The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Chapter 1207, Texas Government Code, as amended and pursuant to an order adopted by the Commissioners Court of the County on May 6, 2025, authorizing the issuance of the Bonds (the "Bond Order"), in which the Commissioners Court delegated authority to certain officials of the County (each a "Pricing Officer") to execute a certificate establishing the final pricing terms for the Bonds (the "Pricing Certificate", and together with the Bond Order, the "Order") The Pricing Certificate was executed by a Pricing Officer on August 19, 2025. See "THE BONDS – Authority for Issuance".

**SECURITY FOR PAYMENT:** The Bonds are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the County. See "THE BONDS – Security and Source of Payment."

**PURPOSE:** Proceeds of the Bonds will be used to (i) refund the County's currently outstanding obligations, described in Schedule I attached hereto (the "Refunded Obligations"), and (ii) pay the costs of issuance of the Bonds. See "THE BONDS – Purpose".

**OPTIONAL REDEMPTION:** The Bonds are not subject to optional redemption prior to stated maturity.

**SEE MATURITY SCHEDULE ON PAGE ii**

*The Bonds are offered when, as and if issued and subject to the approval of legality by the Attorney General of the State of Texas and McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriter of the Bonds named below (the "Underwriter") by its counsel, Norton Rose Fulbright US LLP, Austin, Texas. The Bonds are expected to be available for initial delivery to the Underwriter through the facilities of DTC on or about September 18, 2025 (the "Delivery Date").*

**SAMCO CAPITAL**

## MATURITY SCHEDULE FOR THE BONDS

**$15,275,000**
**TOM GREEN COUNTY, TEXAS**
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2025**
**CUSIP No. Prefix(1): 889642**

| Maturity Date (02/01) | Principal Amount | Interest Rate | Initial Yield(2) | CUSIP No. Suffix(1) |
|---|---|---|---|---|
| 2026 | $ 970,000 | 5.00% | 2.53% | HN7 |
| 2027 | 3,160,000 | 5.00 | 2.56 | HP2 |
| **** | ******** | **** | **** | **** |
| 2029 | 2,215,000 | 5.00 | 2.65 | HQ0 |
| **** | ******** | **** | **** | **** |
| 2031 | 2,020,000 | 5.00 | 2.94 | HR8 |
| 2032 | 2,125,000 | 5.00 | 3.13 | HS6 |
| **** | ******** | **** | **** | **** |
| 2034 | 2,335,000 | 5.00 | 3.49 | HT4 |
| 2035 | 2,450,000 | 5.00 | 3.62 | HU1 |

**(Interest to accrue from the Delivery Date)**

The Bonds are not subject to optional redemption prior to stated maturity.

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(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the County, the Underwriter, or the Municipal Advisor shall be responsible for the selection or correctness of the CUSIP numbers shown herein.
(2) The initial yield represents the initial offering yield to the public which has been established by the Underwriter for offers to the public and which may be subsequently changed by the Underwriter and is the sole responsibility of the Underwriter.

## TOM GREEN COUNTY

**112 W. Beauregard**
**San Angelo, Texas 76903**

### COMMISSIONERS COURT

Hon. Lane Carter
County Judge

| | |
|---|---|
| Ralph Hoelscher<br>Commissioner, Precinct 1 | Sammy Farmer<br>Commissioner, Precinct 2 |
| Rick Bacon<br>Commissioner, Precinct 3 | Shawn Nanny<br>Commissioner, Precinct 4 |

### ADMINISTRATION

| | |
|---|---|
| Nathan Cradduck | County Auditor |
| Dianna Spieker | County Treasurer |
| Christina Ubando | County Clerk |
| Becky Robles | Tax Assessor-Collector |

### CONSULTANTS AND ADVISORS

| | |
|---|---|
| Certified Public Accountants | Patillo, Brown & Hill, L.L.P.<br>Waco, Texas |
| Bond Counsel | McCall, Parkhurst & Horton L.L.P.<br>Dallas, Texas |
| Municipal Advisor | RBC Capital Markets, LLC<br>San Antonio, Texas |

### FOR MORE INFORMATION CONTACT:

Nathan Cradduck
County Auditor
Tom Green, Texas
113 W. Beauregard
San Angelo, Texas 76093
(325) 659-6521

R. Dustin Traylor
Robert V. Henderson
RBC Capital Markets, LLC
303 Pearl Parkway, Suite 220
San Antonio, Texas 78215
(210) 805-1117

## USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or other matters described. See “CONTINUING DISCLOSURE OF INFORMATION” herein for a description of the County’s undertaking to provide certain information on a continuing basis.

THIS OFFICIAL STATEMENT IS INTENDED TO REFLECT FACTS AND CIRCUMSTANCES ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION MAY NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE BONDS DESCRIBED HEREIN SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.

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

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NONE OF THE COUNTY, THE MUNICIPAL ADVISOR, OR THE UNDERWRITER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM.

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

References to website 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 websites 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 Rule 15c2-12.

# TABLE OF CONTENTS

# OFFICIAL STATEMENT

***relating to***

## $15,275,000
## TOM GREEN COUNTY, TEXAS
## GENERAL OBLIGATION REFUNDING BONDS, SERIES 2025

## INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Tom Green County, Texas (the "County") of its $15,275,000 General Obligation Refunding Bonds, Series 2025 (the "Bonds"). The Bonds are being issued pursuant to an order (the "Bond Order") approved by the Commissioner's Court (the "Court") of the County on May 6, 2025, in which the Court delegated authority to certain officials of the County (each a "Pricing Officer") to execute a certificate establishing the final pricing terms for the Bonds (the "Pricing Certificate", and together with the Bond Order, the "Order"). The Pricing Certificate was executed by a Pricing Officer on August 19, 2025. Capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Order, except as otherwise indicated herein. The County is a political subdivision of the State of Texas and operates under the statutes and the Constitution of the State of Texas.

Included in this Official Statement are descriptions of the Bonds, and certain information about the County and its finances. 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, is intended to show recent historic 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.

ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the County or the Municipal Advisor.

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

## THE BONDS

### General Description

The Bonds will be dated August 15, 2025 (the "Dated Date"), and will be issued in fully-registered form, in denominations of $5,000 or any integral multiple thereof within a maturity. Interest on the Bonds will accrue from the Delivery Date (as defined on the front cover hereof) and interest will be paid semiannually on February 1 and August 1 of each year, commencing February 1, 2026, until stated maturity. Interest on the Bonds will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will mature on the dates and in the amounts as set forth on page ii.

Principal and interest will be paid by BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). Subject to the requirements associated with the use of the Book-Entry-Only System (see "BOOK-ENTRY-ONLY SYSTEM" herein), interest will be paid by check dated as of the interest payment date and mailed first class, postage paid, on or before each interest payment date by the Paying Agent/Registrar to the registered owners (the "Owners") appearing on the registration books of the Paying Agent/Registrar on the Record Date (herein defined), or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense, of such Owner. Principal will be paid to the Owners at maturity upon presentation and surrender of the Bonds to the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the County where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorize to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. The County will initially use the Book-Entry Only System of The Depository Trust Company ("DTC"), New York, New York, in regard to the issuance, payment and transfer of the Bonds. Such system will affect the timing and method of payment of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

### Authority for Issuance

The Bonds are being issued pursuant to the Constitution and general laws of the State, particularly Chapter 1207, Texas Government Code, as amended, and pursuant to the Order.

### Purpose

Proceeds of the Bonds will be used to (i) refund the County's currently outstanding obligations, described in Schedule I attached hereto (the "Refunded Obligations"), and (ii) pay the costs of issuance of the Bonds.

**Refunded Obligations**

The principal of and interest due on the Refunded Obligations are to be paid on the redemption date of such Refunded Obligations from funds to be deposited pursuant to a certain Escrow Agreement (the "Escrow Agreement") between the County and BOKF, NA, Dallas, Texas (the "Escrow Agent"). The Order provides that from the proceeds of the sale of the Bonds received from the Underwriter, together with other funds of the County, if any, the County will deposit with the Escrow Agent cash and Escrow Securities (defined below) in amounts necessary to accomplish the discharge and final payment of the Refunded Obligations on their redemption date.

Robert Thomas CPA, LLC (the "Verification Agent"), will verify that the cash and Escrow Securities in the Escrow Fund will mature and pay interest at the times andin the amounts that will be sufficient to pay principal of and interest on the Refunded Obligations when due (see "VERIFICATION OF ARITHMETICAL COMPUTATIONS"). Such funds and Escrow Securities will be held by the Escrow Agent in a special escrow account (the "Escrow Fund"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations. Amounts on deposit in the Escrow Fund may be invested in certain direct, noncallable obligations of the United States of America (including obligations unconditionally guaranteed by the United States of America) (the "Escrowed Securities"). The money and investments (if any) on deposit in the Escrow Fund will not be available to pay the Bonds.

Prior to, or simultaneously with the issuance of the Bonds, the County will give irrevocable instructions to provide notice to the owners of the Refunded Obligations that the Refunded Obligations will be redeemed prior to stated maturity on the redemption date shown on Schedule I attached hereto, on which date money will be made available to redeem the Refunded Obligations from funds held under the Escrow Agreement.

By the deposit of such cash and Escrow Securities with the Escrow Agent pursuant to the Escrow Agreement, the County will have effected the defeasance of all the Refunded Obligations in accordance with applicable law, and the County will have no further responsibility with respect to amounts available in the Escrow Fund for the payment of the Refunded Obligations from time to time, including any insufficiency therein caused by the failure to receive payment when due on the Escrow Securities. It is the opinion of Bond Counsel that as a result of such defeasance and in reliance on the report of the Verification Agent, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the cash and investments held for such purpose by the Escrow Agent and such Refunded Obligations will not be deemed as being outstanding obligations of the County payable from taxes or any other funds of the County or for the purpose of applying any limitation on the issuance of debt.

**Security and Source of Payment**

The Bonds are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the County.

**Legality**

The Bonds are offered when, as and if issued, subject to the approval of legality by the Attorney General of the State of Texas and McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. See "LEGAL MATTERS" herein.

**Redemption Provisions**

The Bonds are not subject to optional redemption prior to stated maturity.

**Defeasance of Bonds**

The Order provides for the defeasance of the Bonds when payment of the principal of and premium, if any, on Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or otherwise), is provided by irrevocably depositing with a paying agent, in trust (A) money sufficient to make such payment or (B) Defeasance Securities that mature as to principal and interest in such amounts and at such times to ensure 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 Bonds, or (C) combination of money and Defeasance Securities together so certified sufficient to make such payments. The Order provides that "Defeasance Securities" means any securities or obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. Current State law permits defeasance with the following types of securities: (1) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (2) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Court authorizes the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (3) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Court authorizes the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent. County officials may restrict such eligible securities in connection with the sale of the Bonds. The County has additionally reserved the right, subject to satisfying the requirements of (A) and (B) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the County moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the County to take any other action amending the terms of the Bonds are extinguished.

**Amendments**

The County may from time to time, without the consent of any owner, except as otherwise described below, amend or supplement the Order to (i) cure any ambiguity, defect or omission in the Order that does not materially adversely affect the interests of the owners, (ii) grant additional rights or security for the benefit of the registered owners, (iii) add events of default as shall not be inconsistent with the provisions of the Order and that shall not materially adversely affect the interests of the registered owners, (iv) qualify the Order under the Trust Indenture Act of 1939 or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under the Order as shall not be materially inconsistent with the provisions of the Order and that shall not, in the opinion of bond counsel, materially adversely affect the interests of the registered owners.

Except as described above, a majority of the registered owners of Bonds then outstanding that are the subject of a proposed amendment shall have the right from time to time to approve any amendment to the Order that may be deemed necessary or desirable by the County; provided, however, that without the consent of 100% of the registered owners in aggregate principal amount of the then outstanding Bonds, the County may not amend the terms and conditions of the Order or in any of the Bonds so as to (i) make any change in the maturity of any of the outstanding Obligations; (ii) reduce the rate of interest borne by any of the outstanding Obligations; (iii) reduce the amount of the principal payable on any outstanding Obligations; (iv) modify the terms of payment of principal or of interest on outstanding Obligations or any of them or impose any condition with respect to such payment; or (v) change the minimum percentage of the principal amount of the Obligations necessary for consent to such amendment.

If at any time the County shall desire to amend the Orders, the County shall send by U.S. mail to each registered owner of the affected Obligations a copy of the proposed amendment.

**Defaults and Remedies**

The Order does not provide for specific "events of default." If the County defaults in the payment of principal or interest on the Bonds when due, 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 such Bonds, if there is no other available remedy at law to compel performance of such Bonds or such obligations 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 Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Order does not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the County to perform in accordance with the terms of the Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. Texas counties are generally immune from suits for money damages for breach of contracts under the doctrine of sovereign immunity. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the County's sovereign immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the County for breach of such Bonds or such Order. Even if a judgment against the County could be obtained, it could not be enforced by direct levy and execution against the County's property. Further, the registered owners cannot themselves foreclose on property within the County or sell property within the County to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. 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 Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the County avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, by principles of governmental immunity, and by general principles of equity which permit the exercise of judicial discretion.

**Record Date**

The record date ("Record Date") for determining the person to whom the interest is payable on the Bonds on any interest payment date means the close of business on the fifteenth calendar day of the month next preceding the date that each interest payment is due. 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 (the "Special Payment Date" which must be 15 days after the Special Record Date) will be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each registered owner of an Bond 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.

**Paying Agent/Registrar**

The initial Paying Agent/Registrar for the Bonds is BOKF, NA, Dallas, Texas. In the Order, the County retains the right to replace the Paying Agent/Registrar for the Bonds. If the Paying Agent/Registrar is replaced by the County, the Paying Agent/Registrar, promptly upon the appointment of its successor, is required to deliver the registration records to the successor Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the County shall be a commercial bank, 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 of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the County shall promptly cause a written notice of such change to be sent to each registered owner of the Bonds affected by the change, by United States mail, first class, postage prepaid, which notice shall give the address for the new Paying Agent/Registrar.

**Future Registration**

In the event the use of the "Book-Entry-Only System" for the Bonds should be discontinued, printed Bonds will be delivered to the registered owners of the Bonds and thereafter such Bonds may be transferred, registered and assigned on the registration books only upon their presentation and surrender to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner except for any tax or other governmental charges required to be paid with respect to such registration and transfer. The Bonds may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar in lieu of the Bonds being transferred or exchanged at the designated office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the owner's request, risk and expense. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the owner in not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in denominations of $5,000 of principal amount for any one maturity or any integral multiple thereof and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer (see "BOOK-ENTRY-ONLY SYSTEM" herein).

**Limitation on Transfer of Bonds**

Neither the County nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

**Mutilated, Destroyed, Lost, or Stolen Bonds**

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

**Payment Record**

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

## SOURCES AND USES OF PROCEEDS

The following table shows the estimated sources and uses of the proceeds of the Bonds:

| | | |
|---|---|---|
| **Sources:** | | |
| | Principal Amount of the Bonds | $15,275,000.00 |
| | Reoffering Premium | 1,231,769.30 |
| | **Total Sources of Funds** | **$16,506,769.30** |
| **Uses:** | | |
| | Deposit to Escrow Fund | $16,282,912.15 |
| | Costs of Issuance, Underwriter's Discount and excess proceeds | 223,857.15 |
| | **Total Uses of Funds** | **$16,506,769.30** |

## BOOK-ENTRY-ONLY SYSTEM

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

*The County cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Direct Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the 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 Bonds. The Bonds will be issued as fully-registered Bonds 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 stated maturity of the Bonds, 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent/Registrar, on 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 Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the County or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

### Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in Book-Entry-Only form, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, payment or 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 Municipal Advisor or the Underwriter.

## 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.*

### Potential Future Changes in State Law Regarding Debt and Tax Rate Limitations

During Texas legislative sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to Subchapter C of Chapter 271, Texas Local Government Code (the Certificate of Obligation Act), Chapter 1431, Texas Government Code, and the Texas Property Tax Code relating to the ability of political subdivisions to impose taxes for purposes of ongoing maintenance and operations and to incur long-term debt. The 89th Legislative Session of the State (the "89th Regular Session") convened on January 14, 2025, and concluded on June 2, 2025. The Governor called for a special session on June 23, 2025, which commenced on July 21, 2025 and adjourned sine die on August 15, 2025 (the "Frist Special Session"). The Governor had identified eighteen (18) agenda items to be considered during the First Special Session. The Governor called for a second special session on August 12, 2025, which commenced on August 15, 2025, and may last no longer than 30 days (the "Second Special Session"), and has identified the exact same eighteen (18) agenda items that were the subject of the First Special Session. Among the items being considered is "legislation reducing the property tax burden on Texans and legislation imposing spending limits on entities authorized to impose property taxes." Additional special sessions may be called by the Governor. During this time, the State Legislature may enact laws that materially change current law as it relates to ad valorem taxation, including the security for the Bonds. The County can make no representations or predictions regarding the scope of legislation that may be considered in any special session or future session of the Legislature or the potential impact of such legislation at this time, but it intends to monitor applicable legislation related thereto.

### 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 Tom Green Central 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.

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 "Subject 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 (collectively, the "Appraisal Cap"). After the 2024 tax year, through December 31, 2026 unless extended by the 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. For the 2025 tax year, the maximum property value was increased to $5,160,000.

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

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

**State Mandated Homestead Exemptions**

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

**Local Option Homestead Exemptions**

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the market value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons 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 in tax year 2022 through December 31, 2027.

**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. Subject to voter approval at a Statewide election to be held on November 4, 2025, legislation passed by the State legislature and signed by the Governor during the 89th Regular Session (as defined herein) would provide a person with an exemption from taxation by a taxing unit of $125,000 of the appraised value of tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit (or, if the person leases such property, regardless of where the property is located in the taxing unit).

**Freeport and Goods-in-Transit Exemptions**

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

Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days ("Goods-in-Transit"), are exempt from ad valorem taxation unless a taxing unit takes official action, 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 special inventories such as motor vehicles or boats in a dealer's retail inventory.

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

**Other Exempt Property**

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

**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. The Texas Legislature amended Section 11.35, Tax Code to clarify that "damage" for purposes of such statute is limited to "physical damage." For more information on the exemption, reference is made to Section 11.35 of the Property Tax Code, as amended.

**Tax Increment Reinvestment Zones**

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing 19 units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

**Tax Abatement Agreements**

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

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

**Chapter 381 Agreements**

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

**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). Certain counties for which certain expenditures for indigent legal defense or certain hospital expenditures exceed the amount for such expenditures for the preceding tax year, may increase their no-new-revenue tax rate proportionately with such expenditures in the manner provided by the Property Tax Code.

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

"unused increment rate" means the cumulative difference between a county's voter-approval tax rate and its actual tax rate for each of the tax years 2022 through 2024, which may be applied to a county's tax rate in tax years 2023 through 2025 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 maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the "unused increment rate".

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

The County must annually calculate and prominently post on its internet website, and submit to the County tax assessor-collector its voter-approval tax rate and no-new-revenue tax rate in accordance with forms prescribed by the State Comptroller. The Commissioners Court must adopt a tax rate before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the County, 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 the 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 the voter-approval tax rate or, in certain cases, the 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 currently limit or impact the County's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the County's tax-supported debt obligations, including the Bonds. See "AD VALOREM PROPERTY TAXATION - Potential Future Changes in State Law Regarding Debt and Tax Rate Limitations" above.**

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

**Debt Tax Rate Limitations**

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

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

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

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

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

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

**County 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 was set at $61,349,201 for the 2025 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 "AD VALOREM PROPERTY TAXATION – 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.

**Levy and Collection of Taxes**

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

**County's Rights in the Event of Tax Delinquencies**

Taxes levied by the County are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the County, having power to tax the property. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes.

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

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts.

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

See "AD VALOREM TAX PROCEDURES – Temporary Exemption for Qualified Property Damaged by a Disaster" for further information related to a discussion of the applicability of this section of the Property Tax Code.

**County Application of the Property Tax Code**

See "Appendix A – Table 1" for the total amounts of the exemptions described below.

The County grants an exemption to the market value of the residence homestead of 20%.

The County grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $25,000.

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

The County has adopted a tax abatement policy, and currently has several active abatement agreements (see "APPENDIX C - Excerpts from the Tom Green County, Texas Annual Financial Report for the Year Ended September 30, 2024 – NOTE III – Detailed Notes on All Funds – Tax Abatement" for more information).

## INVESTMENT POLICIES

### Investments

The County invests funds in instruments authorized by the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) (the "PFIA"), in accordance with investment policies approved by the Commissioners Court. Both state 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 of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly 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 is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors; (8) interest-bearing banking deposits, other than those described by clause (7), if (A) the funds invested in the banking deposits are invested through (i) a broker with a main office or branch office in this State that the County selects from a list the governing body or designated investment committee of the County adopts as required by Section 2256.025 of the Texas Government Code; or (ii) a depository institution with a main office or branch office in this state that the County selects; (B) the broker or depository institution as described in clause (8)(A), above, arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the County's account; (C) 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 (D) the investing County appoints as the County's custodian of the banking deposits issued for the County's account: (i) the depository institution selected as described by Paragraph (A); (ii) an entity described by Section 2257.041(d) of the Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3), (9) certificates of deposit or share certificates (i) meeting the requirements of the PFIA that are issued by or through an institution that either has its main office or a branch in Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund (or their respective successors), or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and amount provided by law for County deposits or, (ii) where the funds are invested by the County through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the County as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the County; (iii) the broker or the depository institution selected by the County arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the County; (iv) 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 (v) the County appoints the depository institution selected under (ii) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3- 3) as custodian for the County with respect to the certificates of deposit issued for the account of the County; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations permitted under the PFIA, and require the securities being purchased by the County or cash held by the County to 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 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) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that are 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 (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the County, held in the County's name and deposited at the time the investment is made with the County or a third party designated by the County; (iii) a loan made under the program is placed through either a primary government securities dealer (as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003) or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less; (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (13) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (14) no-load money market mutual funds registered with and regulated by the SEC that provide the County with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940, and that comply with SEC Rule 2a-7; and (15) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations described in this paragraph or (ii) have a duration of less than one year and an investment portfolio limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

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 PFIA. 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 detailing: (1) the investment position of the County, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the 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.

**Additional Provisions**

Under State law, the County is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt by written instrument a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Commissioners Court; (4) require the qualified representative of firms offering to engage in an investment transaction with the County to: (a) receive and review the County's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the County and the business organization that are not authorized by the County's investment policy (except to the extent that this authorization (i) is dependent on an analysis of the makeup of the County's entire portfolio, (ii) requires an interpretation of subjective investment standards, or (iii) relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement in a form acceptable to the County and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the County's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) 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 purchase agreement; (8) restrict the investment in no-load 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; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the County.

**Current Investments**

See Table 12 in Appendix A for a description of the County's investments.

## EMPLOYEES' BENEFITS

The County has a contributory retirement plan with the Texas County and District Retirement System covering substantially all of its qualifying employees. Such employees, in 2024, contributed 7.00% of their gross wages. The County's contribution is actuarially determined each year, and in 2024 it was 10.42%.

The County's covered payroll for the year ended September 30, 2024 was $33,757,383. For additional information, see "Note III – Detailed Note on all Funds - Defined Benefit Pension Plan" in the audited financial statements attached hereto as Appendix C.

## LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the PFIA requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER PERTINENT INFORMATION - Rating" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value.

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

## LEGAL MATTERS

The delivery of the Bonds is subject to the approval of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the County payable from the proceeds of an annual ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the County, and the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. The form of Bond Counsel's opinion is attached hereto as Appendix D. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is expected to be paid from proceeds of the Bonds. The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive Bonds in the event of the discontinuance of the Book-Entry-Only System.

Though it represents the Municipal Advisor from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel was engaged by, and only represents, the County in connection with issuance of the Bonds. Except as noted below, Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under captions "THE BONDS" (except for the information under the subcaptions "Payment Record" and "Defaults and Remedies"), "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS", "LEGAL MATTERS" (except for the last sentence of the second paragraph thereof), "TAX MATTERS," "OTHER PERTINENT INFORMATION - Registration and Qualification of Bonds of Sale" and "CONTINUING DISCLOSURE OF INFORMATION" (except under the subcaption "Compliance With Prior Undertakings"), and such firm is of the opinion that the information relating to the Bonds and legal matters contained under such captions is an accurate and fair description of the laws and legal issues addressed therein, and with respect to the Bonds, such information conforms to the Order. Certain legal matters will be passed upon for the Underwriter by Norton Rose Fulbright US LLP, Austin, Texas, counsel for the Underwriter, whose compensation is contingent on the delivery of the Bonds.

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

## TAX MATTERS

**Opinion**

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Bond Counsel to the County, 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 Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds 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 (the "Code"). Except as stated above, Bond Counsel to the County will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See Appendix D - Form of Opinion of Bond Counsel.

In rendering its opinion, Bond Counsel to the County will rely upon (a) the County's federal tax certificate, and the verification report prepared by Robert Thomas CPA, LLC 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 Bonds and certain other matters. Failure of the County to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds 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 Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the County is conditioned on compliance by the County with the covenants and the requirements described in the preceding paragraph, and Bond Counsel to the County has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

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. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such 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 Bonds.

A ruling was not sought from the Internal Revenue Service by the County with respect to the Bonds or the facilities financed or refinanced with the proceeds of the Bonds. 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 Bonds, 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 Bondholders 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 Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds 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 Bond 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 Bond 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 Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond 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 Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds 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 Bond 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 Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds 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 Bonds 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 Bonds 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 Bonds.

**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 Bonds. 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 BONDS.

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

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

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, 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 Bonds 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 Bonds 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 Bonds under Federal or state law and could affect the market price or marketability of the Bonds. 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 Bonds should consult their own tax advisors regarding the foregoing matters.

## CONTINUING DISCLOSURE OF INFORMATION

In the Order, the County has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The County is required to observe the agreement for so long as it remains an "obligated person" with respect to the Bonds, within the meaning of the Securities and Exchange Commission's Rule 15c2-12 (the "Rule"). Under the agreement, the County will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, where it will be available to the general public, free of charge, at www.emma.msrb.org.

**Annual Reports**

The County will provide annually to the MSRB, in an electronic format as prescribed by the MSRB, within 6 months after the end of each fiscal year, the quantitative financial information and operating data with respect to the County of the general type included in this Official

Statement in Appendix A under Tables numbered 1 through 7 and 9 through 12. The County will additionally provide audited financial statements within 12 months after the end of each fiscal year ending in or after 2025. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the County will file unaudited financial information of the type described in the numbered tables above by the required time and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any financial statements provided will be prepared in accordance with the accounting principles described in the County's annual audited financial statements, or such other accounting principles as the County may be required to employ from time to time pursuant to State law or regulation. 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 documents available to the public on the MSRB's internet website or filed with the Securities and Exchange Commission.

The County may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule.

The County's current fiscal year end is September 30. Accordingly, the Annual Financial Information must be provided by March 31 in each year, and the Financial Statements must be provided by September 30 of each year, unless the County changes its fiscal year. If the County changes its fiscal year, it will notify the MSRB of the change.

**Notice of Occurrence of Certain Events**

The County will also provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten (10) business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the County; (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) the appointment of a successor or additional trustee or change of name of the trustee, if material; (15) incurrence of a "Financial Obligation" of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a 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 a Financial Obligation of the County, any of which reflect financial difficulties. Neither the Bonds nor the Order make any provision for liquidity enhancement, credit enhancement, or require the funding of debt service reserves.

For these purposes, (a) any event described in clause (12) of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other proceeding under the 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) for the purposes of clauses (15) and (16) in the immediately preceding paragraph, the term "Financial Obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided, however, that a "Financial Obligation" does not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule..

**Notice of Failure to Timely File**

The County also will notify the MSRB through EMMA, in a timely manner, of any failure by the County to provide financial information or operating data in accordance with the provisions described above.

**Availability of Information**

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

**Limitations and Amendments**

The County has agreed to update information and to provide notices of certain events only as described above. The County has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The County makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The County disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of the Bonds may seek a writ of mandamus to compel the County to comply with its agreement. No default by the County with respect to its continuing disclosure agreement shall constitute a breach of or default under the Order for purposes of any other provision of the Order. Nothing in this paragraph is intended or shall act to disclaim, waive, or otherwise limit the duties of the County under federal and state securities laws. The County's undertakings and agreements are subject to appropriation of necessary funds and to applicable legal restrictions.

The County's 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 so amended, would have permitted an underwriter to purchase or sell the Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners 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 Bonds 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 registered owners and beneficial owners of the Bonds. The County may also amend or repeal the provisions of the continuing disclosure agreement if the SEC amends or repeals the applicable provision 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 the Bonds in the primary offering of the Bonds. If the County amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

**Compliance with Prior Undertakings**

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

## UNDERWRITING

The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the County at the initial offering prices to the public as shown on page ii of this Official Statement, less an underwriting discount of $89,924.04. The Underwriter's obligation is subject to certain conditions precedent. The Underwriter will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriter.

SAMCO Capital Markets Inc., as the Underwriter of the Bonds, 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.

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

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

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

## VERIFICATION OF ARITHMETICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by RBC Capital Markets, LLC on behalf of the County relating to (a) computation of the sufficiency of the anticipated receipts from the Escrow Securities, together with the initial cash deposit, if any, to pay, when due, the principal, interest and early redemption premium requirements, if any, of the Refunded Obligations, and (b) computation of the yields on Escrow Securities and the Bonds were verified by Robert Thomas CPA, LLC (the "Verification Agent"). Such computations were completed using certain assumptions and information provided by RBC Capital Markets, LLC on behalf of the County. The Verification Agent has restricted its procedures to recalculating the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information on which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

The report will be relied upon by Bond Counsel in rendering its opinion with respect to the excludability from federal income taxation of interest on the Bonds and with respect to the defeasance of the Refunded Obligations.

## OTHER PERTINENT INFORMATION

### Rating

The Bonds have been assigned a rating of "AA" by S&P Global Ratings ("S&P"). An explanation of the significance of such rating may be obtained from S&P. The rating of the Bonds reflects only the view of S&P at the time the rating is given, and the County makes no representations as to the appropriateness of any rating. A rating is not a recommendation to buy, hold, or sell securities. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

### Registration and Qualification of Bonds for Sale

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

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

### Litigation

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

### Authenticity of Financial Information

All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates, and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

### Municipal Advisor

RBC Capital Markets, LLC (the "Municipal Advisor") is employed as Municipal Advisor to the County. The fees paid the Municipal Advisor for services rendered in connection with the issuance and sale of the Bonds are based on the amount of Bonds actually issued, sold and delivered, and therefore such fees are contingent on the sale and delivery of the Bonds.

The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

### Cybersecurity Risks

The County relies on its information systems to provide security for processing, transmission and storage of confidential personal, health-related, credit and other information. It is possible that the County's security measures will not prevent improper or unauthorized access or disclosure of personally identifiable information resulting from cyber-attacks. Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches can create disruptions or shutdowns of the County and the services it provides, or the unauthorized disclosure of confidential personal, health-related, credit and other information. If personal or otherwise protected information is improperly accessed, tampered with or distributed, the County may incur significant costs to remediate possible injury to the affected persons, and the County may be subject to sanctions and civil penalties if it is found to be in violation of federal or state laws or regulations. Any failure to maintain proper functionality and security of information systems could interrupt the County's operations, delay receipt of revenues, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations, financial condition and results of operations.

### Weather Events

If a future weather event significantly damages all or part of the properties comprising the tax base within the County, the assessed value of property within the County could be substantially reduced, which could result in a decrease in tax revenue and/or necessitate an increase in the County's tax rate. Under certain conditions, State law allows entities to increase property tax rates without voter approval upon the occurrence of certain disasters such as a tornado, flooding or extreme drought and upon gubernatorial or presidential declaration of disaster. There can be no assurance that a casualty loss to taxable property within the County will be covered by insurance, that any insurance company will fulfill its obligation to provide insurance proceeds or that insurance proceeds will be used to rebuild or repay any damaged improvements within the County or be sufficient for such purposes. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the County could be adversely affected.

**Use of Information in Official Statement**

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

**Forward-Looking Statements**

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

The forward-looking statements 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.

Neither the information on, nor accessed through, such website is incorporated by reference, either expressly or by implication, into this Official Statement.

**Concluding Statement**

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

The Order delegated to the Pricing Officer authority to approve the form and content of this Official Statement, and any addenda, supplement, or amendment thereto, and to authorize its further use in the reoffering of the Bonds by the Underwriter.

**TOM GREEN COUNTY, TEXAS**

*/s/ Nathan Cradduck*
Nathan Cradduck
County Auditor as Pricing Officer

**SCHEDULE I**

**SCHEDULE OF REFUNDED OBLIGATIONS**

| | Maturity Date | Interest Rate | Par Amount | Call Date | Call Price |
|---|---|---|---|---|---|
| Combination Tax and Limited Surplus Revenue | 02/01/2027 | 5.00% | $ 2,235,000 | 10/23/2025 | 100.00% |
| Certificates of Obligation, Series 2015 | 02/01/2029 | 5.00 | 2,420,000 | 10/23/2025 | 100.00% |
| | 02/01/2031 | 5.00 | 2,630,000 | 10/23/2025 | 100.00% |
| | 02/01/2032 | 5.00 | 2,765,000 | 10/23/2025 | 100.00% |
| | 02/01/2034 | 4.00 | 2,995,000 | 10/23/2025 | 100.00% |
| | 02/01/2035 | 5.00 | 3,130,000 | 10/23/2025 | 100.00% |
| | | | $16,175,000 | | |

## APPENDIX A

## FINANCIAL INFORMATION REGARDING TOM GREEN COUNTY, TEXAS

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## FINANCIAL INFORMATION REGARDING
## TOM GREEN COUNTY, TEXAS

**Table 1-Valuations, Exemptions and Tax Supported Debt**

| | | |
|---|---|---|
| 2024/25 Market Valuation Established by Tom Green County Appraisal District | $ | 16,264,666,480 |
| Less: Exemptions/Reductions at 100% Market Value | | |
| Optional Homestead Exemption Over 65 | $ | 284,176,948 |
| Local/Optional Exemptions | | 1,225,004,137 |
| Disabled/Deceased Veterans Exemptions | | 240,167,994 |
| Freeport Exemptions | | 4,630,037 |
| Pollution Control Exemptions | | 3,944,223 |
| Productivity Loss Exemption | | 2,076,550,875 |
| Tax Abatement Exemptions | | 527,847,280 |
| Homestead Cap Exemptions | | 777,680,268 |
| Non-Homestead Cap Exemptions | | 142,170,419 |
| Constitutionally Exempt | | 328,972,701 |
| Personal and Mineral Value under $500 | | 1,137,482 |
| Total | $ | 5,612,282,364 |
| 2024/25 Net Taxable Assessed Valuation | $ | 10,652,384,116 |

Note: The County's 2025/26 Taxable Assessed Valuation as of certification is $11,376,034,970.

**County Funded Debt Payable from Ad Valorem Taxes (As of August 1, 2025):**

| | | |
|---|---|---|
| Currently Outstanding General Obligation Debt | $ | 32,525,000 [1] |
| The Bonds | | 15,275,000 |
| | $ | 47,800,000 |

[1] Net of the Refunded Obligations. Reflects the County's cash redemption of $500,000 from the Refunded Obligations on August 1, 2025.

| | | |
|---|---|---|
| Interest and Sinking Fund Balance as of September 30, 2024 | $ | 420,510 |
| Ratio Total General Obligation Debt to 2024/25 Taxable Assessed Valuation | | 0.45% |
| Estimated Population | | 120,103 |
| Per Capita Total General Obligation Funded Debt | $ | 398 |
| Per Capita Taxable Assessed Valuation | $ | 88,694 |

**Table 2 - Other Obligations**

*Capital Leases*

As of September 30, 2024, the County is a lessee for 6 leases of infrastructure, equipment and buildings. Each of the leases requires payments at least annually and have interest rates of less than 1%. All of the County's current leases mature by fiscal year 2029. Annual debt service requirements to maturity for the leases payable are as follows:

| Fiscal Year Ending 09/30 | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 28,616 | $ 144 | $ 28,760 |
| 2026 | 13,089 | 56 | 13,145 |
| 2027 | 3,945 | 16 | 3,961 |
| 2028 | 2,439 | 5 | 2,444 |
| 2029 | 177 | - | 177 |
| Total | 48,266 | 221 | 48,487 |

Source: County's Annual Financial Report for the Fiscal Year Ended September 30, 2024.

**Table 3 - Taxable Assessed Valuation by Category [(1)]**

| | Taxable Appraised Value for Fiscal Year Ended September 30: | | | | | |
|---|---|---|---|---|---|---|
| | 2025 | | 2024 | | 2023 | |
| **Category** | **Value** | **% of Total** | **Value** | **% of Total** | **Value** | **% of Total** |
| Real, Residential, Single Family | $ 8,475,408,184 | 52.11% | $ 9,063,317,941 | 56.78% | $ 7,517,136,829 | 58.02% |
| Real Residential, Multi-Family | 586,233,880 | 3.60% | 559,117,159 | 3.50% | 476,252,290 | 3.68% |
| Real, Vacant Lots/Tracts | 167,671,039 | 1.03% | 207,000,923 | 1.30% | 121,315,467 | 0.94% |
| Real, Acreage (Land Only) | 2,159,529,174 | 13.28% | 2,480,113,933 | 15.54% | 1,660,048,498 | 12.81% |
| Real, Farm and Ranch Improvements | 732,012,563 | 4.50% | 51,051,890 | 0.32% | 56,527,340 | 0.44% |
| Real, Commercial and Industrial | 2,164,397,744 | 13.31% | 1,872,849,448 | 11.73% | 1,341,481,490 | 10.35% |
| Real, Oil, Gas & Other Mineral Reserves | 23,891,440 | 0.15% | 28,036,990 | 0.18% | 47,289,940 | 0.36% |
| Real, Tangible Personal, Utilities | 440,105,380 | 2.71% | 376,428,380 | 2.36% | 351,474,220 | 2.71% |
| Tangible Personal, Commercial and Industrial | 1,281,519,833 | 7.88% | 1,180,917,210 | 7.40% | 1,214,722,552 | 9.38% |
| Tangible Personal, Mobile Homes | 52,133,830 | 0.32% | 38,631,940 | 0.24% | 31,418,600 | 0.24% |
| Tangible Personal, Other | 66,620,830 | 0.41% | - | 0.00% | 62,898,817 | 0.49% |
| Real Property, Inventory | 18,426,641 | 0.11% | 21,882,926 | 0.14% | 16,565,674 | 0.13% |
| Exempt Properties | 96,715,942 | 0.59% | 81,932,072 | 0.51% | 59,616,110 | 0.46% |
| Total Appraised Value Before Exemptions | $ 16,264,666,480 | 100.00% | $ 15,961,280,812 | 100.00% | $ 12,956,747,827 | 100.00% |
| Less: Total Exemtions/ Reductions | 5,612,282,364 | | 5,685,845,343 | | 4,083,374,969 | |
| Taxable Assessed Value | $ 10,652,384,116 | | $ 10,275,435,469 | | $ 8,873,372,858 | |

| | Taxable Appraised Value for Year Ended September 30: | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| **Category** | **Value** | **% of Total** | **Value** | **% of Total** |
| Real, Residential, Single Family | $ 5,500,735,838 | 51.22% | $ 5,180,737,490 | 51.28% |
| Real Residential, Multi-Family | 220,614,340 | 2.05% | 219,465,870 | 2.17% |
| Real, Vacant Lots/Tracts | 116,194,985 | 1.08% | 110,795,332 | 1.10% |
| Real, Acreage (Land Only) | 1,622,261,480 | 15.11% | 1,589,089,290 | 15.73% |
| Real, Farm and Ranch Improvements | 430,307,690 | 4.01% | 362,702,340 | 3.59% |
| Real, Commercial and Industrial | 1,232,626,632 | 11.48% | 1,075,001,435 | 10.64% |
| Real, Oil, Gas & Other Mineral Reserves | 24,569,170 | 0.23% | 28,866,390 | 0.29% |
| Real, Tangible Personal, Utilities | 356,540,310 | 3.32% | 312,488,880 | 3.09% |
| Tangible Personal, Commercial and Industrial | 1,103,010,060 | 10.27% | 1,121,019,820 | 11.10% |
| Tangible Personal, Mobile Homes | 29,299,200 | 0.27% | 24,876,080 | 0.25% |
| Tangible Personal, Other | 51,478,320 | 0.48% | 53,420,410 | 0.53% |
| Real Property, Inventory | 19,021,435 | 0.18% | 23,947,495 | 0.24% |
| Exempt Properties | 32,361,454 | 0.30% | 1,268,268 | 0.01% |
| Total Appraised Value Before Exemptions | $ 10,739,020,914 | 100.00% | $ 10,103,679,100 | 100.00% |
| Less: Total Exemtions/ Reductions | 3,163,522,272 | | 2,743,076,314 | |
| Taxable Assessed Value | $ 7,575,498,642 | | $ 7,360,602,786 | |

[(1)] Obtained from property tax reports provided by the Tom Green County Appraisal District and the State of Texas Comptroller of Public Accounts.

**Table 4 - County Sales Tax History**

| Fiscal Year Ending 9/30 | Sales Tax Collections | % of Ad Valorem Tax Levy | Equivalent Ad Valorem Tax Rate |
|---|---|---|---|
| 2020 | $ 10,806,359 | 34.31% | $ 0.15198 |
| 2021 | 11,172,578 | 36.59% | 0.15179 |
| 2022 | 12,169,655 | 29.27% | 0.16064 |
| 2023 | 13,039,167 | 29.05% | 0.14695 |
| 2024 | 13,203,943 | 27.17% | 0.12850 |

Source: County's Annual Financial Reports.

**Table 5 - Valuation and Tax Supported Debt History**

| Fiscal Year Ended 9/30 | Taxable Assessed Valuation | Percent Increase Over Prior Year | Tax Suported Debt at End of Year | Ratio of Debt to Assessed Valuation |
|---|---|---|---|---|
| 2021 | $7,360,602,786 | 3.52% | 59,485,000 | 0.81% |
| 2022 | 7,575,498,642 | 2.92% | 57,080,000 | 0.75% |
| 2023 | 8,873,372,858 | 17.13% | 54,560,000 | 0.61% |
| 2024 | 10,275,435,469 | 15.80% | 51,935,000 | 0.51% |
| 2025 | 10,652,384,116 | 3.67% | 47,800,000 (1) | 0.45% |

(1) Net of the Refunded Obligations. Includes the Bonds.

**Table 6 - Tax Rate, Levy and Collection History**

| Fiscal Year Ending 9/30 | General Fund | Interest and Sinking Fund | Total Tax Rate | Total Tax Levy | % Current Collections | % Total Collections |
|---|---|---|---|---|---|---|
| 2020 | $ 0.48333 | $ 0.06784 | $ 0.55117 | $ 39,189,186 | 98.50% | 99.90% |
| 2021 | 0.48333 | 0.06647 | 0.54980 | 40,468,594 | 98.50% | 100.00% |
| 2022 | 0.49114 | 0.05766 | 0.54880 | 41,574,337 | 98.50% | 100.10% |
| 2023 | 0.45297 | 0.05282 | 0.50579 | 44,880,633 | 98.20% | 99.30% |
| 2024 | 0.42464 | 0.04826 | 0.47290 | 48,592,534 | 97.90% | 99.00% |
| 2025 | 0.42464 | 0.04826 | 0.47290 | 50,375,124 | 91.30%(1) | 92.10%(1) |

(1) Through February 28, 2025. Unaudited.

**Table 7 - Ten Largest Taxpayers**

| Name of Taxpayer | Nature of Property | 2024/25 Taxable Assessed Valuation | Percent of Total |
|---|---|---|---|
| AEP Texas North | Utility | $224,129,980 | 2.10% |
| LCRA Transmission Services Corporation | Utility | 93,670,270 | 0.88% |
| Walmart / Sam's | Retail | 79,012,899 | 0.74% |
| Atmos Energy | Utility | 55,796,914 | 0.52% |
| CN SA Blvd LP | Housing | 45,196,394 | 0.42% |
| Matterhorn Express | Utility/Pipeline | 44,111,250 | 0.41% |
| Pumpco Energy | Pipeline Construction | 42,604,240 | 0.40% |
| Tigris | Housing | 40,062,150 | 0.38% |
| Angelo Storage | Utility | 37,282,700 | 0.35% |
| Suddenlink | Utility | 31,149,850 | 0.29% |
| | | $ 693,016,647 | 6.51% |

Source: Tom Green County Appraisal District

**Table 8 - Estimated Overlapping Debt Statement**

| Taxing Body | Gross Amount | As of | % Overlap | $ Overlap |
|---|---|---|---|---|
| Christoval ISD | $ 19,993,122 | 06/30/25 | 100.00% | $ 19,993,122 |
| Grape Creek ISD | 8,987,108 | 06/30/25 | 100.00% | 8,987,108 |
| Miles ISD | 12,705,000 | 06/30/25 | 42.09% | 5,347,535 |
| San Angelo ISD | 61,714,994 | 06/30/25 | 100.00% | 61,714,994 |
| San Angelo, City of | 171,040,000 | 06/30/25 | 100.00% | 171,040,000 |
| Veribest ISD | 14,530,000 | 06/30/25 | 100.00% | 14,530,000 |
| Wall ISD | 11,775,000 | 06/30/25 | 100.00% | 11,775,000 |
| Water Valley ISD | 18,600,000 | 06/30/25 | 50.69% | 9,428,340 |
| Total Net Overlapping Debt | | | | $ 302,816,099 |
| **Tom Green County(1)** | **$ 47,800,000** | **08/01/25** | **100.00%** | **$ 47,800,000** |
| **Total Direct and Overlapping Debt** | | | | **$ 350,616,099** |
| Ratio of Direct and Overlapping Debt to 2024/25 Taxable Assessed Valuation | | | | 3.29% |
| Per Capita Direct and Overlapping Debt | | | | $ 2,919 |

(1) Includes the Bonds. Net of the Refunded Obligations.

**Table 9 - Outstanding Limited Tax Debt Service Requirements**

| Fiscal Year Ended 9/30 | Outstanding Debt Service Requirements[(1)(2)] | The Bonds Principal | The Bonds Interest | The Bonds Total | Total Outstanding Limited Tax Debt Service |
|---|---|---|---|---|---|
| 2025 | $ 5,235,313 | | | | $ 5,235,313 |
| 2026 | 3,946,438 | $ 970,000 | $ 639,788 | $ 1,609,788 | 5,556,226 |
| 2027 | 1,764,038 | 3,160,000 | 636,250 | 3,796,250 | 5,560,288 |
| 2028 | 4,056,750 | - | 557,250 | 557,250 | 4,614,000 |
| 2029 | 1,739,088 | 2,215,000 | 501,875 | 2,716,875 | 4,455,963 |
| 2030 | 4,212,148 | - | 446,500 | 446,500 | 4,658,648 |
| 2031 | 1,654,483 | 2,020,000 | 396,000 | 2,416,000 | 4,070,483 |
| 2032 | 1,651,707 | 2,125,000 | 292,375 | 2,417,375 | 4,069,082 |
| 2033 | 4,482,461 | - | 239,250 | 239,250 | 4,721,711 |
| 2034 | 1,552,327 | 2,335,000 | 180,875 | 2,515,875 | 4,068,202 |
| 2035 | 1,551,704 | 2,450,000 | 61,250 | 2,511,250 | 4,062,954 |
| 2036 | 4,758,879 | - | - | - | 4,758,879 |
| 2037 | 4,756,510 | - | - | - | 4,756,510 |
| 2038 | 4,231,166 | - | - | - | 4,231,166 |
| 2039 | 537,950 | - | - | - | 537,950 |
| **TOTAL** | **$ 46,130,959** | **$ 15,275,000** | **$ 3,951,413** | **$ 19,226,413** | **$ 65,357,372** |

(1) Net of the Refunded Obligations.

(2) Reflects the County's cash redemption of $500,000 from the Refunded Obligations on August 1, 2025.

**Authorized but Unissued Bonds**

The County has no authorized but unissued general obligation bonds.

**Table 10 - Tax Adequacy for Bonds**

| | |
|---|---|
| 2024/25 Estimated Taxable Assessed Valuation | $ 10,652,384,116 |
| Estimated Debt Service for the Fiscal Year Ending September 30, 2025 | 5,235,313 |
| Indicated Interest and Sinking Fund Tax Rate | 0.04826 |
| Indicated Interest and Sinking Fund Tax Levy | 5,140,841 |
| Estimated 98.5% Tax Collections | 5,063,728 |
| Interest and Sinking Fund Balance as of September 30, 2024 | $ 420,510 |
| Anticipated Interest and Sinking Fund Balance as of September 30, 2025 | $ 248,925 |

**Table 11 - General Fund Revenues and Expenditures**

| | Fiscal Years Ended September 30: | | | | |
|---|---|---|---|---|---|
| | **2024** | **2023** | **2022** | **2021** | **2020** |
| **Revenues:** | | | | | |
| Taxes | $ 57,065,668 | $ 53,675,522 | $ 50,277,592 | $ 47,552,238 | $ 45,839,341 |
| Fees of Office | 2,937,306 | 2,526,288 | 2,824,804 | 2,923,386 | 2,616,553 |
| Intergovernmental | 3,067,542 | 2,692,152 | 2,554,674 | 2,001,732 | 2,222,601 |
| Fines and Forfeitures | 1,071,356 | 1,009,244 | 1,101,124 | 1,363,661 | 1,350,180 |
| Licenses and Permits | 14,220 | 44,263 | 60,640 | 56,824 | 56,977 |
| Donations | - | - | - | - | - |
| Investment Earnings | 2,890,536 | 2,378,742 | 387,730 | 62,861 | 346,307 |
| Miscellaneous | 1,031,335 | 1,285,322 | 1,464,044 | 1,445,071 | 3,438,917 |
| **Total Revenues** | **$ 68,077,963** | **$ 63,611,533** | **$ 58,670,608** | **$ 55,405,773** | **$ 55,870,876** |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| General Government | $ 17,679,076 | $ 18,326,724 | $ 16,661,295 | $ 15,298,245 | $ 14,781,409 |
| Public Safety | 32,104,462 | 29,179,020 | 28,662,796 | 26,551,506 | 25,676,956 |
| Highways and Streets | 3,281,218 | 1,447,612 | 1,562,039 | 1,444,292 | 1,414,498 |
| Culture and Recreation | 3,140,788 | 2,968,082 | 2,869,618 | 2,756,147 | 2,695,317 |
| Health and Welfare | 2,076,857 | 2,038,224 | 2,053,488 | 2,074,405 | 2,103,752 |
| Conservation | 190,844 | 131,438 | 161,576 | 166,612 | 166,258 |
| Debt Service | 642,157 | 446,290 | 86,598 | - | - |
| Capital Outlay | 1,264,632 | 2,136,926 | 4,608,569 | 2,699,751 | 1,782,229 |
| **Total Expenditures** | **$ 60,380,034** | **$ 56,674,316** | **$ 56,665,979** | **$ 50,990,958** | **$ 48,620,419** |
| Excess/(Deficiency) of Revenues Over Expenditures | $ 7,697,929 | $ 6,937,217 | $ 2,004,629 | $ 4,414,815 | $ 7,250,457 |
| Other Financing Sources | 1,550,663 | 571,089 | 65,543 | 143,272 | 51,839 |
| Other Financing (Uses) | (698,958) | (556,171) | (466,623) | - | (5) |
| Total Other Sources (Uses) | $ 851,705 | $ 14,918 | $ (401,080) | $ 143,272 | $ 51,834 |
| Beginning Fund Balance | 40,345,264 | 33,393,129 | 31,789,580 | 27,231,493 | 19,929,202 |
| Prior Period Adjustment | - | - | - | - | - |
| Residual Equity Transfers In/(Out) | - | - | - | - | - |
| **Ending Fund Balance - Sept. 30 *** | **$ 48,894,898** | **$ 40,345,264** | **$ 33,393,129** | **$ 31,789,580** | **$ 27,231,493** |

Source: County's Annual Financial Report for Fiscal Year Ended September 30, 2020 - 2024.
Note: The County's anticipated General Fund balance for the Fiscal Year Ending on September 30, 2025 is $43,827,886.

**Table 12 - Current Investments (as of September 30, 2024)**

| Investment Description | Total Invested |
|---|---|
| Texas Class | $ 22,809,162 |
| TexPool | 4,225,624 |
| CDs | 22,517,122 |
| Total | $ 49,551,908 |

# APPENDIX B

## GENERAL INFORMATION REGARDING THE COUNTY AND ITS ECONOMY

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**GENERAL AND FINANCIAL INFORMATION REGARDING**
**TOM GREEN COUNTY, TEXAS**

**Location**

Tom Green County (the "County") covers approximately 1,522 square miles. The County is located in the West-Central region of Texas in the Concho Valley, and is bordered by Sterling County, Coke County, Runnels County, Concho County, Schleicher County, Irion County, and Reagan County. The County seat is the City of San Angelo (the "City"), approximately 193 miles southeast of Lubbock, 259 miles southwest of Dallas, and 207 miles northwest of Austin. Population figures for the City and County are as follows:

| Year | Tom Green County | City of San Angelo |
|---|---|---|
| 2020 | 120,003 | 99,893 |
| 2010 | 110,224 | 93,200 |
| 2000 | 104,010 | 88,439 |
| 1990 | 98,458 | 84,474 |
| 1980 | 84,784 | 73,240 |

Sources: U.S. Census Bureau, City of San Angelo

**Economy**

The County's economy is based on agriculture, mineral production, manufacturing, education, medicine, and military.

**Tom Green County Labor Force Estimates**[1]

| | 2025[1] | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Civilian Labor Force | 62,489 | 61,495 | 59,845 | 58,426 | 57,257 |
| Employed | 60,539 | 59,501 | 57,904 | 56,545 | 54,626 |
| Unemployed | 1,950 | 1,994 | 1,941 | 1,881 | 2,631 |
| Unemployment Percentage | 3.1% | 3.2% | 3.2% | 3.1% | 4.6% |

Source: Texas Workforce Commission.
(1) As of June 2025.

**Agriculture and Agribusiness**

Agricultural income is derived mostly from beef cattle, sheep and goats. The County is the nation's leading producer of wool and mohair.

Some crops are raised within the surrounding area which contribute to the County's agricultural income. These crops include cotton, wheat, oats, sorghums and hay. There are approximately 30,000 acres of irrigated land in the surrounding area. The irrigated land is primarily used for cotton with some production of wheat and grain sorghums.

**Mineral Production**

Oil and gas were discovered in the County in 1940. In 2024 there were 515,168 BBL of crude oil and 2,380,354 MCF of natural gas extracted in the County.

Source: Texas Drilling.

**Major Area Employers**

| Employer | Type of Business | Number of Employees |
|---|---|---|
| Goodfellow Air Force Base | Military Installation | 5,333 |
| Shannon Health System | Hospital | 4,149 |
| San Angelo ISD | Public School System | 1,934 |
| Angelo State University | University | 1,558 |
| City of San Angelo | Municipal Government | 978 |
| San Angelo State Supported Living Center | State School | 950 |
| Tom Green County | County Government | 670 |
| Ethicon (Johnson & Johnson) | Medical Devices | 655 |
| TimeClock Plus | Time Management Software | 637 |
| BlueCross Blue Shield of Texas | Medical Claims Processing | 406 |

Source: San Angelo Chamber of Commerce

**Transportation**

The City is located on four major highways which provide links to Interstate 20 approximately 65 miles to the north and Interstate 10 approximately 60 miles to the south. U.S. 87 runs southeast to northwest through the City linking the City of Lubbock to the north to the cities of Austin and San Antonio to the south. A large portion of Highway 87 is four lanes. U.S. Highway 67, running southwest to northeast links San Angelo directly to the Dallas-Fort Worth metroplex as well as providing a major highway to Interstate 10 and El Paso. U. S. Highway 277 connects San Angelo with Abilene 90 miles to the north and Mexico 170 miles to the south. A fourth highway, State Highway 208, connects with Interstate 20 at Colorado City approximately 65 miles to the north. The City also has a controlled access outer loop, Loop 306, which crisscrosses all four highways.

Bus service is provided by one motor bus line with direct schedules to all major cities in Texas and the nation. Also, Concho Coaches provides daily van service to and from the Midland/Odessa area.

Rail services are provided by the Texas Pacifico Transportation, Ltd. whose main yard is in the City. All major U. S. destinations are available for access through the Texas Pacifico Transportation, Ltd. Also, the railroad operates one of only seven rail crossings into Mexico.

There are ten motor freight companies serving the trucking needs of the City providing one-day and overnight service within a 500-mile radius. Direct service is offered to major cities, plus interconnected through trailer service to all principal market centers.

Air service is provided by the City's Mathis Field. The airport utilizes three runways and generally available instrument approach aids including ASR-9-terminal radar. The runways include one which is approximately 8,000 feet in length, one which is approximately 5,939 feet in length with a complete ILS system with all-weather take-off and landing capabilities, and one which is 4,100 feet in length which is a crosswind general aviation runway. The airport houses both the National Weather Service and FAA Automated Flight Service Stations at the airport as well as the U. S. Customs Service and aviation operations of Frontier Communications. The City is also served by American Airlines which provide seven flights a day to Dallas-Fort Worth.

**APPENDIX C**

**EXCERPTS FROM THE**
**TOM GREEN COUNTY, TEXAS**
**ANNUAL FINANCIAL REPORT**
**For the Year Ended September 30, 2024**

The information contained in this APPENDIX consists of excerpts from the Tom Green County, Texas Annual Financial Report for the Year Ended September 30, 2024, and is not intended to be a complete statement of the County's financial condition. Reference is made to the complete Report for further information.

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# TOM GREEN COUNTY, TEXAS

## ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED
## SEPTEMBER 30, 2024

**TOM GREEN COUNTY, TEXAS**

TABLE OF CONTENTS

SEPTEMBER 30, 2024

**TOM GREEN COUNTY, TEXAS**

TABLE OF CONTENTS
(Continued)
SEPTEMBER 30, 2024

# FINANCIAL SECTION

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# INDEPENDENT AUDITOR'S REPORT

Honorable County Judge
and Commissions' Court
Tom Green County, Texas

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tom Green County (the "County"), as of and for the year ended September 30, 2024, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2024, 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 (GAAS) 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 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about County's ability to continue as a going concern for a reasonable period of time.

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

### *Required Supplementary Information*

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal and State Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas Grant Management Standards (TxGMS), 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 fund financial statements and schedules and the Schedule of Expenditures of Federal and State Awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2025 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 25, 2025

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# MANAGEMENT'S
# DISCUSSION AND ANALYSIS

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# MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Tom Green County, Texas, we offer readers of Tom Green County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here with the County's financial statements which follow.

## FINANCIAL HIGHLIGHTS

- The assets of Tom Green County exceeded its liabilities as of September 30, 2024, by $103,951,087. Of this amount, $43,712,971 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors in accordance with the County's fund designations and fiscal policies.

- The County's total net position increased by $3,067,592.

- At the end of the 2024 fiscal year, Tom Green County's governmental funds reported a combined ending fund balance of $56,829,055, an increase of $8,872,198 compared with the prior year.

- The unassigned fund balance for the General Fund was $35,975,905 or 60% of total General Fund expenditures. Unassigned fund balance increased 14% from the prior year's unassigned fund balance.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Tom Green County's basic financial statements. The financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

***Government-wide Financial Statements:*** The government-wide financial statements are designed to provide readers with a broad overview of Tom Green County's finances in a manner similar to a private sector business. The *Statement of Net Position* presents information on all of the County's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Tom Green County is improving or deteriorating.

The *Statement of Activities* presents a comparison between direct expenses and revenues for each of the County's functions or programs. Direct expenses are those that are specially associated with an activity and are clearly identifiable with that activity. Program revenues include charges paid by the recipient of services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not programmatic are presented as general revenues. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Tom Green County that are principally supported by taxes and intergovernmental revenues. The governmental activities of Tom Green County include general government, public safety, conservation, highways and streets, health and welfare, and culture and recreation. Tom Green County has no business-type activities.

***Fund Financial Statements:*** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Tom Green County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County are categorized as either governmental funds or fiduciary funds.

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

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

Tom Green County maintains 52 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Grants Fund and Local Provider Participation Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Tom Green County adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund, Grants Fund and Local Provider Participation Fund to demonstrate compliance with these budgets. More information is available concerning the County's budget by reviewing the approved annual budget on file with the Tom Green County Clerk.

***Fiduciary Funds:*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are *not* available to support Tom Green County's own programs.

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

***Supplementary Information:*** Generally accepted accounting principles also require certain information to be presented in the required supplementary information immediately following the notes to the financial statements. Combining fund statements can also be found following this section.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. In the case of Tom Green County, assets exceeded liabilities by $103,951,087 at the close of the fiscal year.

Tom Green County's investment in capital assets (e.g. land, buildings, furniture and equipment, and roads and bridges), less any related outstanding debt used to acquire those assets, is 50% of net position. Tom Green County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Tom Green County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the remaining net position, $43,712,971 is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors, and 8%, $8,104,570, of net position is restricted.

## TOM GREEN COUNTY'S NET POSITION

| | Governmental Activities | |
|---|---|---|
| | 2024 | 2023 |
| Current assets | $ 75,812,201 | $ 72,082,136 |
| Capital assets | 107,506,827 | 112,985,993 |
| Total assets | 183,319,028 | 185,068,129 |
| Deferred outflows of resources | 4,754,198 | 4,642,001 |
| Current liabilities | 20,379,365 | 25,889,262 |
| Long-term liabilities | 62,933,045 | 62,099,943 |
| Total liabilities | 83,312,410 | 87,989,205 |
| Deferred inflows of resources | 809,729 | 837,430 |
| Net position: | | |
| Net investment in capital assets | 52,133,546 | 54,322,988 |
| Restricted | 8,104,570 | 7,753,842 |
| Unrestricted | 43,712,971 | 38,806,665 |
| Total net position | $ 103,951,087 | $ 100,883,495 |

As of September 30, 2024, the County has positive balances in all categories of net position.

## TOM GREEN COUNTY'S CHANGES IN NET POSITION

| | Governmental Activities | |
|---|---|---|
| | 2024 | 2023 |
| **REVENUES** | | |
| Program revenues: | | |
| Charges for services | $ 11,510,093 | $ 10,679,132 |
| Operating grants and contributions | 37,039,771 | 34,244,282 |
| Capital grants and contributions | 1,188,416 | - |
| General revenues: | | |
| Property taxes | 48,622,026 | 45,043,546 |
| Other taxes | 13,693,761 | 13,539,688 |
| Investment earnings | 3,245,023 | 2,576,333 |
| Gain on sale of capital assets | - | - |
| Miscellaneous | 548,746 | 498,430 |
| Total revenues | 115,847,836 | 106,581,411 |
| **EXPENSES** | | |
| General government | 52,989,282 | 47,430,680 |
| Public safety | 42,276,376 | 37,154,615 |
| Highways and streets | 7,509,642 | 5,775,112 |
| Conservation | 2,241,337 | 1,042,243 |
| Health and welfare | 2,316,438 | 2,543,098 |
| Culture and recreation | 3,544,872 | 3,757,021 |
| Interest on long-term debt | 1,902,297 | 1,988,703 |
| Total expenses | 112,780,244 | 99,691,472 |
| **CHANGE IN NET POSITION** | 3,067,592 | 6,889,939 |
| **NET POSITION, BEGINNING** | 100,883,495 | 93,993,556 |
| **NET POSITION, ENDING** | $ 103,951,087 | $ 100,883,495 |

**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

Key elements of the analysis of governmental activities through revenues and expenses include the following:

- Property tax revenues increased by $3,578,480 from fiscal year 2023 to 2024. This was partially attributable to new properties that were added to the tax base, which accounted for $1,105,831 of the increase. The Commissioners Court set a total property tax rate in fiscal year 2024 of $.47290 per $100 of appraised value.

- Other tax revenue included sales tax collections of $13,203,943. This was an increase of 1.3% from fiscal year 2023. Stable, to slightly increased, consumer spending was the contributing factor to the year-over-year increase. The local economy continues to benefit from a diversified business community producing good economic results.

- Total expenses for governmental activities increased by 13.1% across the functions of government. The County continued to seek ways to retain workers and increase their compensation to be more competitive, which was a primary goal of the budgetary process this fiscal year. The majority of employees received a 10% increase in pay for cost of living and merit raises. In addition, the Commissioners Court increased the employer matching, from 1.5 to 1.75, for employees in the Texas County & District Retirement system, providing an increased benefit upon their retirement.

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

At the end of the 2024 fiscal year, Tom Green County's governmental funds reported a combined ending fund balance of $56,829,055, an increase of $8,872,198 compared with the prior year.

The General Fund is the chief operating fund of Tom Green County. At the end of fiscal year 2024, the General Fund had a fund balance of $48,894,898 with $28,562 classified as non-spendable. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 60% of total General Fund expenditures. In addition, overall revenue in the General Fund increased $4,466,430 from 2023, and General Fund expenditures increased $3,705,718 in the same time.

**Descriptions of Functions/Programs:**

***General Government:*** The costs associated with management and support departments (e.g. County Treasurer, Human Resources, and Risk Management), operations of the court systems and prosecution offices (District and County Courts, Justices of the Peace, District and County Attorneys), costs of maintaining public facilities including the Justice Center and the Juvenile Detention Center, the Elections Department, and financial administration for the County.

***Public Safety:*** The costs associated with the investigation and arrest of individuals suspected to be involved in criminal activities as well as costs associated with emergency services (i.e. Sheriff's Department, Constables, and Volunteer Fire Departments), in addition to the operations of the court systems and prosecution offices (District and County Courts, Justices of the Peace, District and County Attorneys).

***Conservation:*** Includes support for the agriculture and homemakers extension office.

***Highways and Streets:*** The costs associated with County road and bridge departments and maintaining the County's infrastructure.

***Health and Welfare:*** The costs associated with providing health benefits to citizens of the County (i.e. Indigent Health Care, Mental Health Unit, and contributions to support organizations).

***Culture and Recreation:*** The costs associated with the operations of the County Library and Parks.

***Interest on Long-term Debt:*** The finance charges associated with debt issuances for construction of County facilities.

**Capital Assets and Debt Administration**

The County's investment in capital assets for its governmental activities as of September 30, 2024, amounts to $107,506,827 net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, infrastructure (roads and bridges), equipment, and furnishings. In addition, the County capitalized the following amounts during the year in completing capital projects or purchasing assets:

| | |
|---|---|
| Land | $ 1,339 |
| Construction in progress | 1,549,627 |
| Buildings | 1,798,148 |
| Machinery and equipment | 1,615,898 |
| Infrastructure | 94,897 |
| Right-to-use | 467,627 |

**CAPITAL ASSETS**

| | Historical Cost | Accumulated Depreciation | Net Investment |
|---|---|---|---|
| Land | $ 3,802,781 | $ - | $ 3,802,781 |
| Construction in progress | 1,721,790 | - | 1,721,790 |
| Buildings and improvements | 152,346,227 | 60,871,404 | 91,474,823 |
| Improvements other than buildings | 781,995 | 50,963 | 731,032 |
| Infrastructure | 26,178,446 | 22,864,984 | 3,313,462 |
| Machinery and equipment | 31,032,558 | 25,106,023 | 5,926,535 |
| Right to use - asset | 1,601,667 | 1,065,263 | 536,404 |
| Total | $ 217,465,464 | $ 109,958,637 | $ 107,506,827 |

**LONG-TERM LIABILITIES**

At the end of the current fiscal year, the County's long-term outstanding liabilities was as follows:

| | Original Amount | Interest Rate | Balance 09/30/24 |
|---|---|---|---|
| Certificates of Obligation | $ 67,475,000 | 2-5% | $ 51,935,000 |
| Bond premium | 4,793,137 | N/A | 3,091,861 |
| Compensated absences | N/A | N/A | 2,530,281 |
| Leases payable | N/A | N/A | 48,266 |
| SBITAs | N/A | N/A | 298,154 |
| Total | | | $ 57,903,562 |

**GENERAL FUND BUDGETARY HIGHLIGHTS**

In fiscal year 2024, significant budget items included a cost-of-living wage increase for County employees, replacement of road equipment, and new vehicles purchased as the County maintains its fleet. The Commissioners' Court also made revisions during the year to the original appropriations approved for the 2024 fiscal year budget. These revisions were mainly transfers within departments necessary to cover the expenditures of office by individual line items. Property taxes levied for the year allowed the County to pay for large expenses associated with capital murder trials and the significantly increased cost of required medical coverage in the jail, among other regular expenditures. The County budgets conservatively for anticipated revenues and expenditures, allowing for an adequate reserve in fund balance as a safety net and savings for the future.

## ECONOMIC FACTORS

Tom Green County's local economy remains diverse, ensuring long-term stability. While the real estate market remains steady, growth is unlikely due to higher interest rates. Additionally, after several years of significant year-over- year gains, sales tax collections are beginning to level off. The County expects the economic outlook to remain consistent with the previous year.

## FUTURE BUDGET CONCERNS

The County continues to budget and plan for capital improvements to maintain its assets and provide suitable space for public business and County employees. The County also continues to contend with the costs of serious crimes, with twelve murder trials pending on the court dockets, four of which are capital cases. While this is fewer than in previous years, a significant financial concern remains with each capital case. The County must plan to fund the prosecution and, in most instances, the defense in these cases, while still maintaining an adequate reserve in equity. Staffing shortages in the County have improved from the previous year, but challenges remain in retaining employees. The county's employee turnover rate for fiscal year 2024 was 26%. As the County continues to pursue grant opportunities, it must carefully evaluate its reliance on grant funding and assess the potential risks associated with the loss of these revenue streams. The County's grant revenue in fiscal year 2024 was $8,995,949, a substantial increase from $2,835,162 in fiscal year 2020. Lastly, the State Legislature is currently in session and any law passed affecting the County could have budgetary impacts.

## REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of Tom Green County's finances for all those with an interest in the County's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:


County Auditor's Office<br>
113 W. Beauregard Avenue<br>
San Angelo TX 76903

# BASIC FINANCIAL STATEMENTS

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**TOM GREEN COUNTY, TEXAS**

STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash | $ 15,290,187 |
| Investments | 49,551,908 |
| Receivables (net of allowances for uncollectibles) | 4,884,826 |
| Due from other governments | 6,056,718 |
| Inventory | 28,562 |
| Capital assets: | |
| Land | 3,802,781 |
| Construction in progress | 1,721,790 |
| Buildings | 152,346,227 |
| Improvements other than buildings | 781,995 |
| Infrastructure | 26,178,446 |
| Machinery and equipment | 31,032,558 |
| Right to use | 1,601,667 |
| Less: accumulated depreciation | (109,958,637) |
| Total capital assets | 107,506,827 |
| Total assets | 183,319,028 |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Deferred outflows related to pensions | 4,544,630 |
| Deferred outflows related to postemployment benefits | 209,568 |
| Total deferred outflows | 4,754,198 |
| **LIABILITIES** | |
| Accounts payable | 7,370,031 |
| Accrued liabilities | 1,640,532 |
| Due to other governments | 1,631,744 |
| Accrued interest | 336,964 |
| Unearned revenue | 5,851,983 |
| Noncurrent liabilities: | |
| Due within one year | |
| Long-term debt | 3,531,584 |
| Total OPEB liability | 16,527 |
| Due in more than one year | |
| Long-term debt | 54,371,978 |
| Net pension liability | 7,662,521 |
| Total OPEB liability | 898,546 |
| Total liabilities | 83,312,410 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Deferred inflows related to pensions | 15,866 |
| Deferred inflows related to postemployment benefits | 793,863 |
| Total deferred inflows | 809,729 |
| **NET POSITION** | |
| Net investment in capital assets | 52,133,546 |
| Restricted for: | |
| Debt service | 590,923 |
| Road and bridge | 967,526 |
| Culture and recreation | 801,427 |
| General government | 1,134,892 |
| Health and welfare | 2,302,300 |
| Public safety | 1,847,525 |
| Other | 459,977 |
| Unrestricted | 43,712,971 |
| Total net position | $ 103,951,087 |

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

**TOM GREEN COUNTY, TEXAS**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | | Program Revenue | |
|---|---|---|---|
| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions |
| Governmental activities: | | | |
| General government | $ 52,989,282 | $ 5,566,249 | $ 11,142,925 |
| Public safety | 42,276,376 | 4,094,066 | 3,984,262 |
| Highways and streets | 7,509,642 | 1,695,712 | 22,299 |
| Conservation | 2,241,337 | 110,285 | - |
| Health and welfare | 2,316,438 | 9,908 | 21,770,915 |
| Culture and recreation | 3,544,872 | 33,873 | 119,370 |
| Interest on long-term debt | 1,902,297 | - | - |
| Total governmental activities | $ 112,780,244 | $ 11,510,093 | $ 37,039,771 |

**General revenues:**

Taxes:

Property, levied for general purposes

Property, levied for debt service

Sales

Other

Unrestricted investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position - beginning

Net position - ending

| | Net (Expense) Revenue and Changes in Net Position |
|---|---|
| Capital Grants and Contributions | Governmental Activities |
| $ 1,188,416 | $ (35,091,692) |
| - | (34,198,048) |
| - | (5,791,631) |
| - | (2,131,052) |
| - | 19,464,385 |
| - | (3,391,629) |
| - | (1,902,297) |
| $ 1,188,416 | $ (63,041,964) |
| | $ 43,664,435 |
| | 4,957,591 |
| | 13,203,943 |
| | 489,818 |
| | 3,245,023 |
| | 548,746 |
| | 66,109,556 |
| | 3,067,592 |
| | 100,883,495 |
| | $ 103,951,087 |

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

**TOM GREEN COUNTY, TEXAS**

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

| | General | Grants | Local Provider Participation | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash | $ 5,111,020 | $ 2,576,567 | $ 107,712 | $ 7,494,888 | $ 15,290,187 |
| Investments | 46,345,032 | 3,206,876 | - | - | 49,551,908 |
| Receivables (net of allowances for uncollectibles): | | | | | |
| Accounts | 594,228 | 377,783 | 495 | 54,391 | 1,026,897 |
| Taxes: | | | | | |
| Property | 1,456,895 | - | - | 170,413 | 1,627,308 |
| Sales | 2,159,376 | - | - | - | 2,159,376 |
| Mixed beverage | 71,245 | - | - | - | 71,245 |
| Due from other funds | - | 136,767 | - | 143,904 | 280,671 |
| Due from other governments | 1,269,247 | 2,550,837 | 2,194,093 | 42,541 | 6,056,718 |
| Inventory | 28,562 | - | - | - | 28,562 |
| Total assets | 57,035,605 | 8,848,830 | 2,302,300 | 7,906,137 | 76,092,872 |
| **LIABILITIES** | | | | | |
| Accounts payable | 4,541,714 | 1,764,855 | - | 1,063,462 | 7,370,031 |
| Accrued liabilities | 1,395,690 | 203,683 | - | 41,159 | 1,640,532 |
| Due to other governments | 97,636 | 660,173 | - | 873,935 | 1,631,744 |
| Due to other funds | 155,357 | 3 | - | 125,311 | 280,671 |
| Unearned revenue | - | 5,851,983 | - | - | 5,851,983 |
| Total liabilities | 6,190,397 | 8,480,697 | - | 2,103,867 | 16,774,961 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | |
| Unavailable revenue - property taxes | 1,456,895 | - | - | 170,413 | 1,627,308 |
| Unavailable revenue - grants | - | 368,133 | - | - | 368,133 |
| Unavailable revenue - fines and fees | 493,415 | - | - | - | 493,415 |
| Total deferred inflows of resources | 1,950,310 | 368,133 | - | 170,413 | 2,488,856 |
| **FUND BALANCES** | | | | | |
| Nonspendable | 28,562 | - | - | - | 28,562 |
| Restricted | - | - | 2,302,300 | 5,631,857 | 7,934,157 |
| Assigned | 12,890,431 | - | - | - | 12,890,431 |
| Unassigned | 35,975,905 | - | - | - | 35,975,905 |
| Total fund balances | 48,894,898 | - | 2,302,300 | 5,631,857 | 56,829,055 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 57,035,605 | $ 8,848,830 | $ 2,302,300 | $ 7,906,137 | $ 76,092,872 |

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

| | |
|---|---|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | $ 107,506,827 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are not included in fund balance. | 2,488,856 |
| Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds. | (66,818,120) |
| Deferred outflows of resources related to pensions and deferred inflows of resources related to pensions are not included in the fund financial statements. | 3,944,469 |
| Net position of governmental activities | $ 103,951,087 |

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

**TOM GREEN COUNTY, TEXAS**

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | General | Grants | Local Provider Participation | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Taxes | $ 57,065,668 | $ - | $21,687,474 | $ 4,929,427 | $83,682,569 |
| Fees of office | 2,937,306 | - | - | 5,478,054 | 8,415,360 |
| Intergovernmental | 3,067,542 | 12,227,382 | - | 543,379 | 15,838,303 |
| Fines and forfeitures | 1,071,356 | - | - | 37,098 | 1,108,454 |
| Licenses and permits | 14,220 | - | - | - | 14,220 |
| Investment income | 2,890,536 | - | 129,416 | 225,071 | 3,245,023 |
| Miscellaneous | 1,031,335 | 487,051 | - | 441,842 | 1,960,228 |
| Total revenues | 68,077,963 | 12,714,433 | 21,816,890 | 11,654,871 | 114,264,157 |
| **EXPENDITURES** | | | | | |
| Current: | | | | | |
| General government | 17,679,076 | 1,163,292 | 22,242,570 | 3,608,973 | 44,693,911 |
| Public safety | 32,104,462 | 6,379,543 | - | 566,680 | 39,050,685 |
| Highways and streets | 3,281,218 | 1,357,760 | - | 1,815,256 | 6,454,234 |
| Culture and recreation | 3,140,788 | 112,437 | - | 200 | 3,253,425 |
| Health and welfare | 2,076,857 | 194,972 | - | 30,321 | 2,302,150 |
| Conservation | 190,844 | 2,035,346 | - | - | 2,226,190 |
| Debt service: | | | | | |
| Principal | 622,921 | 83,760 | - | 2,794,741 | 3,501,422 |
| Interest and other charges | 19,236 | 1,250 | - | 2,115,792 | 2,136,278 |
| Capital outlay | 1,264,632 | 2,120,347 | - | 8,327 | 3,393,306 |
| Total expenditures | 60,380,034 | 13,448,707 | 22,242,570 | 10,940,290 | 107,011,601 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | 7,697,929 | (734,274) | (425,680) | 714,581 | 7,252,556 |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Issuance of SBITAs | 327,247 | 10,428 | - | 93,551 | 431,226 |
| Insurance recoveries | 1,188,416 | - | - | - | 1,188,416 |
| Transfers in | 35,000 | 723,843 | - | - | 758,843 |
| Transfers out | (698,958) | - | - | (59,885) | (758,843) |
| Total other financing sources (uses) | 851,705 | 734,271 | - | 33,666 | 1,619,642 |
| **NET CHANGE IN FUND BALANCES** | 8,549,634 | (3) | (425,680) | 748,247 | 8,872,198 |
| **FUND BALANCES, BEGINNING** | 40,345,264 | 3 | 2,727,980 | 4,883,610 | 47,956,857 |
| **FUND BALANCES, ENDING** | $ 48,894,898 | $ - | $ 2,302,300 | $ 5,631,857 | $56,829,055 |

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

**TOM GREEN COUNTY, TEXAS**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds: | $ | 8,872,198 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. | | (5,479,166) |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | | 395,263 |
| The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | |
| Issuance of leases and SBITAs | | (431,226) |
| Repayment of principal of long-term debt | | 3,501,422 |
| Net pension liability | | (3,545,664) |
| Total OPEB liability | | (5,107) |
| Amortization of: | | |
| Premium | | 219,528 |
| Governmental funds report repayment of long-term debt principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. | | |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. | | (459,656) |
| Change in net position of governmental activities | $ | 3,067,592 |

**TOM GREEN COUNTY, TEXAS**

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

SEPTEMBER 30, 2024

| | Investment Trust Funds | Custodial Funds |
|---|---|---|
| **ASSETS** | | |
| Cash | $ 2,595,704 | $ 9,208,147 |
| Accounts receivable | - | 31,808 |
| Due from other governments | - | 97,602 |
| Total assets | 2,595,704 | 9,337,557 |
| **LIABILITIES** | | |
| Accounts payable | - | 2,465 |
| Total liabilities | - | 2,465 |
| **NET POSITION** | | |
| Restricted for individuals, organizations and other governments | 2,595,704 | 9,335,092 |
| Total net position | $ 2,595,704 | $ 9,335,092 |

**TOM GREEN COUNTY, TEXAS**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | Investment Trust Funds | Custodial Funds |
|---|---|---|
| **INCREASES** | | |
| Contributions from judgements | $ 2,775,740 | $ 1,477,036 |
| Interest | 21,792 | 194,009 |
| Deposit held | - | 103,331,031 |
| Bonds received | 130,075 | - |
| Donations | - | 7,348 |
| Total increases | $ 2,927,607 | $ 105,009,424 |
| **DECREASES** | | |
| Cash bonds forfeitures | $ - | $ 24,665,325 |
| Disbursements to beneficiaries | 2,821,240 | 80,695,488 |
| Total decreases | $ 2,821,240 | $ 105,360,813 |
| **NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION** | 106,367 | ( 351,389) |
| **NET POSITION, BEGINNING** | 2,489,337 | 9,686,481 |
| **NET POSITION, ENDING** | $ 2,595,704 | $ 9,335,092 |

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Reporting Entity

The County of Tom Green is an independent governmental entity created under the laws of the State of Texas. The County is governed by an elected Commissioners' Court. The reporting entity is defined as the primary government and those component units for which the primary government is financially accountable. To be financially accountable, a voting majority of the component unit's board must be appointed by the primary government, and either (a) the primary government must be able to impose its will, or (b) the primary government may potentially benefit financially or be financially responsible for the component unit. The County has no component units.

### Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities,* which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support. The County has no business-type activities.

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

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

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

### Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County has the following major governmental funds:

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

The ***Grant Fund*** is used to account for a variety of federal and state awards received by the County during the course of a given fiscal year. Revenues and expenditures of these awards are accounted for separately from other governmental funds to aid in reporting and record keeping requirements of the grants.

The **Local Provider Participation Fund** is the County's involvement in a county healthcare provider participation program that generates revenue from a mandatory payment that was required by the County from institutional health care providers to fund certain intergovernmental transfers and indigent care programs.

Additionally, the County reports the following fund types:

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

The ***Capital Projects Fund*** is used to account for proceeds from the 2015 Certificates of Obligation, 2017 Certificates of Obligation and the 2018 Certificates of Obligations which are to be used for the construction and improvements of a variety of County facilities.

***Debt Service Funds*** are used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

***Fiduciary Funds*** are used to account for assets held by the County as an agent for individuals, private organizations or other governments. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its governmental operations.

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

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

**<u>Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/ Fund Balance</u>**

**Deposits and Investments**

The County maintains a pooled cash account. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month's end.

Investments for the County are reported at fair value, except for the position in investment pools. The County's investments in Pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

The County has adopted a written investment policy regarding the investment of its funds as defined in Public Funds Investment Act, Chapter 2256, Texas Governmental Code. In summary, the County is authorized to invest in the following:

- Obligations of the United States or its agencies and instruments;
- Obligations of State of Texas or its agencies and instrumentalities; and
- Other obligations, the principal and interest of which are unconditionally guaranteed or insured by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities.

**Receivables and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the time of the fiscal year is referred to as "due to/from other funds" (i.e., the current portion of interfund loans).

All property tax receivables are shown net of an allowance for uncollectibles.

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 on July 1 incurs a total penalty of 12 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 20% of taxes, penalty and interest may be imposed to defray costs of collection for taxes delinquent after July 1.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets**

Capital assets, which include property, plants, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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

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

| Assets | Years |
|---|---|
| Infrastructure (roads and bridges) | 20 |
| Buildings and improvements | 20 - 30 |
| Vehicles | 5 |
| Machinery and equipment | 5 - 15 |
| Right to use - infrastructure | 20 |
| Right to use - buildings | 20 - 30 |
| Right to use - equipment | 5 - 15 |
| Right to use - software | 2 - 5 |

**Leases**

The County is a lessee for a noncancellable lease of equipment. The County recognizes lease liability and an intangible right-to-use lease assets in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The County is a lessor for noncancellable leases and recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The County uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**Subscription-Based Information Technology Arrangements**

The County is a lessee for subscription-based IT arrangements (SBITAs). The County recognizes liability and an intangible right-to-use asset in the government-wide financial statements.

At the commencement of a SBITA, the County initially measures the liability at the present value of payments expected to be made during the agreement term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include how the County determines (1) the discount rate it uses to discount the expected payments to present value, (2) agreement term, and (3) agreed upon payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate.
- The agreement term includes the noncancellable period of the SBITA.
- The agreed upon payments included in the measurement of the liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability. These right to use assets are reported with other capital assets and liabilities are reported with long- term debt on the statement of net position.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category.

- Difference in experience and actual OPEB experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions related to the pension and OPEB – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has the following items that qualify for reporting in this category.

- Under the modified accrual basis of accounting, unavailable revenue is reported in the governmental funds balance sheet as a deferred inflow of resources.
- Difference in experience and actual pension and OPEB experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – The difference is deferred and amortized over a closed five-year period.

- Changes in actuarial assumptions related to OPEB – The difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, 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 legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Compensated Absences**

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements.

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized during the current period.

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

**Fund Balance Classification**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution of the Commissioners' Court, the County's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned: This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners' Court or County Judge.

- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

**Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 is reported as restricted when there are limitations imposed on its 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.

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

## II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

**Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, "Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $(66,818,120) difference are as follows:

| | |
|---|---|
| Bonds and notes payable | $ (51,935,000) |
| Accrued interest payable | (336,964) |
| Compensated absences | (2,530,281) |
| Total OPEB liability | (915,073) |
| Net pension liability | (7,662,521) |
| Leases and SBITAs | (346,420) |
| Bond premium | (3,091,861) |
| Net adjustment to decrease *fund balance - total governmental funds* to arrive at *net position - governmental activities* | $ (66,818,120) |

**Explanation of Certain Differences between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $(5,479,166) difference are as follows:

| | |
|---|---|
| Capital outlay | $ 4,159,113 |
| Depreciation expense | (9,638,279) |
| Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities* | $ (5,479,166) |

Another element of that reconciliation states, "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this $395,263 difference are as follows:

| | |
|---|---|
| Property tax revenue | $ 320,692 |
| Grants | 134,059 |
| Fines and fees | (59,488) |
| Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities* | $ 395,263 |

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this $(459,656) difference are as follows:

| | |
|---|---|
| Compensated absences | $ (474,109) |
| Accrued interest | 14,453 |
| Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities* | $ (459,656) |

## III. DETAILED NOTES ON ALL FUNDS

**Deposits and Investments**

As of September 30, 2024, the County had the following investments:

| Investment Type | Fair Value | Weighted Average Maturity (Days) |
|---|---|---|
| Texas CLASS | $ 22,809,162 | 101 |
| TexPool | 4,225,624 | 26 |
| Certificates of deposit | 22,517,122 | 152 |
| Total fair value | $ 49,551,908 | |
| Portfolio weighted average maturity (days) | | 118 |

**Investments-Fair Value Hierarchy**

The County categories its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs or quoted prices in markets that are not active; and Level 3 inputs are significant unobservable inputs.

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the County to invest its funds under a written investment policy (the "Investment Policy") that primarily emphasizes safety of principal, availability of liquidity to meet the County's obligations and market rate of return. The Investment Policy defines what constitutes the legal list of investments allowed under the policy, which excludes certain investment instruments allowed under Chapter 2256 of the Texas Government Code.

The County's deposits and investments are invested pursuant to the Investment Policy. The Investment Policy includes a list of authorized investment instruments and a maximum allowable stated maturity of any individual investment. In addition, it includes an "Investment Strategy" that specifically addresses limitations on instruments, diversification, and maturity scheduling.

The County is authorized to invest in the following investment instruments, provided that they meet the guidelines of the Investment Policy:

Obligations of the United States of America, its agencies and instrumentalities;

Certificates of deposit issued by a bank organized under Texas law, the laws of another state, or federal law, that has its main office or a branch office in Texas, or by a savings and loan association or a savings bank organized under Texas law, the law of another state, or federal law, that has its main office or a branch office in Texas and that is guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or secured by obligations in a manner and amount provided by law for deposits for the County.

Money market mutual funds that are 1) registered and regulated by the Securities and Exchange Commission, 2) have a dollar weighted average stated maturity of 90 days or less, 3) rated AAA by at least one nationally recognized rating service, and 4) seek to maintain a net position value of $1 per share.

Local government investment pools, which 1) meet the requirements of Chapter 2256.016 of the Public Funds Investment Act, 2) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service, and 3) are authorized by resolution or ordinance by Commissioners' Court.

**Interest Rate Risk**

In accordance with its investment policy, the County manages its exposure to declines in fair market values by limiting the average dollar weighted maturity of its investment portfolios to a maximum of 90 days.

**Custodial Credit Risk**

In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2024, the County's deposit balance was entirely collateralized with securities held by the pledging financial institution or covered by FDIC insurance.

**Credit Risk**

It is the County's policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The County's investment pools are rated as follows by Standard & Poor's Investors Service.

| | |
|---|---|
| Texas CLASS | AAAm |
| TexPool | AAAm |

## Receivables

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

| | General | Grants | Local Provider Participation | Other Governmental Funds | Total |
|---|---|---|---|---|---|
| Receivables: | | | | | |
| Taxes | $ 3,864,769 | $ - | $ - | $ 197,115 | $ 4,061,884 |
| Accounts | 4,462,534 | 377,783 | 495 | 54,391 | 4,895,203 |
| Gross receivables | 8,327,303 | 377,783 | 495 | 251,506 | 8,957,087 |
| Less: allowance for uncollectibles | 4,045,559 | - | - | 26,702 | 4,072,261 |
| Net total receivables | $ 4,281,744 | $ 377,783 | $ 495 | $ 224,804 | $ 4,884,826 |

## Capital Assets

Capital asset activity for the year ended September 30, 2024, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 3,801,442 | $ 1,339 | $ - | $ 3,802,781 |
| Construction in progress | 1,540,586 | 1,549,627 | (1,368,423) | 1,721,790 |
| Total capital assets being depreciated | 5,342,028 | 1,550,966 | (1,368,423) | 5,524,571 |
| Capital assets, being depreciated: | | | | |
| Buildings | 150,548,079 | 1,798,148 | - | 152,346,227 |
| Improvements other than buildings | 781,995 | - | - | 781,995 |
| Infrastructure | 26,083,549 | 94,897 | - | 26,178,446 |
| Machinery and equipment | 29,416,660 | 1,615,898 | - | 31,032,558 |
| Right to use - equipment | 273,582 | 10,428 | (85,532) | 198,478 |
| Right to use - infrastructure | 11,458 | 6,922 | (11,458) | 6,922 |
| Right to use - building | 33,023 | 35,035 | (33,023) | 35,035 |
| Right to use - software | 1,435,305 | 415,242 | (489,315) | 1,361,232 |
| Total capital assets being depreciated | 208,583,651 | 3,976,570 | (619,328) | 211,940,893 |
| Less accumulated depreciation: | | | | |
| Buildings | (54,519,216) | (6,352,188) | - | (60,871,404) |
| Improvements other than buildings | (11,863) | (39,100) | - | (50,963) |
| Infrastructure | (22,558,249) | (306,735) | - | (22,864,984) |
| Machinery and equipment | (23,078,904) | (2,027,119) | - | (25,106,023) |
| Right to use - equipment | (109,009) | (54,438) | 7,260 | (156,187) |
| Right to use - infrastructure | (9,482) | (6,861) | 11,458 | (4,885) |
| Right to use - building | (44,205) | (97,120) | 111,295 | (30,030) |
| Right to use - software | (608,758) | (754,718) | 489,315 | (874,161) |
| Total accumulated depreciation | (100,939,686) | (9,638,279) | 619,328 | (109,958,637) |
| Total capital assets being depreciated, net | 107,643,965 | (5,661,709) | - | 101,982,256 |
| Governmental activities capital assets, net | $ 112,985,993 | $ (4,110,743) | $ (1,368,423) | $ 107,506,827 |

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

| | |
|---|---|
| Governmental activities: | |
| General government | $ 7,658,168 |
| Public safety | 881,155 |
| Highways and streets | 909,602 |
| Conservation | 99 |
| Culture and recreation | 189,255 |
| | $ 9,638,279 |

**Interfund Receivables, Payables and Transfers**

**Due to/from other funds:**

| | Due from: | | |
|---|---|---|---|
| | Grants | Nonmajor Funds | Total |
| Due to: | | | |
| General | $ 136,767 | $ 18,590 | $ 155,357 |
| Grants | - | 3 | 3 |
| Nonmajor Funds | - | 125,311 | 125,311 |
| Total | $ 136,767 | $ 143,904 | $ 280,671 |

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

**Interfund transfers:**

| | Transfers out: | | |
|---|---|---|---|
| | General | Nonmajor Funds | Total |
| Transfers in: | | | |
| General | $ - | $ 35,000 | $ 35,000 |
| Grants | 698,958 | 24,885 | 723,843 |
| Total transfers | $ 698,958 | $ 59,885 | $ 758,843 |

Transfers are used to: (1) move revenues from the fund required by statute or budget to collect them to the fund required by budget to expend them.

**Fund Balance**

As of September 30, 2024, governmental fund balance is composed of the following:

| Fund Balance Classification | General | Local Provider Participation | Other Governmental | Total |
|---|---|---|---|---|
| Nonspendable: | | | | |
| Inventories | $ 28,562 | $ - | $ - | $ 28,562 |
| Total Nonspendable | 28,562 | - | - | 28,562 |
| Restricted: | | | | |
| Retirement of long-term debt | - | - | 420,510 | 420,510 |
| Road and bridge | - | - | 967,526 | 967,526 |
| Health and welfare | - | 2,302,300 | - | 2,302,300 |
| Federal and state programs | - | - | 316,376 | 316,376 |
| Library services | - | - | 801,427 | 801,427 |
| Judicial services | - | - | 319,034 | 319,034 |
| County Clerk | - | - | 949,957 | 949,957 |
| District Clerk | - | - | 78,885 | 78,885 |
| Justice Court technology | - | - | 66,237 | 66,237 |
| Courthouse security | - | - | 281,517 | 281,517 |
| District Attorney | - | - | 790,395 | 790,395 |
| County Attorney | - | - | 202,259 | 202,259 |
| Election services | - | - | 70,906 | 70,906 |
| Tax Assessor | | | 97,409 | 97,409 |
| Waste Water Treatment | - | - | 190 | 190 |
| Child Safety Fees | - | - | 39,860 | 39,860 |
| Sheriff Forfeiture | - | - | 192,391 | 192,391 |
| Third Court of Appeals | - | - | 1,009 | 1,009 |
| Language Access | | | 30,473 | 30,473 |
| Unclaimed Property | - | - | 5,496 | 5,496 |
| Total Restricted | - | 2,302,300 | 5,631,857 | 7,934,157 |
| Assigned: | | | | |
| Juvenile services | 53,029 | - | - | 53,029 |
| Judicial services | 1,025,267 | - | - | 1,025,267 |
| Subsequent year's budget | 11,812,135 | - | - | 11,812,135 |
| Total Assigned | 12,890,431 | - | - | 12,890,431 |
| Unassigned | 35,975,905 | - | - | 35,975,905 |
| Total governmental fund balance | $ 48,894,898 | $ 2,302,300 | $ 5,631,857 | $ 56,829,055 |

**Long-term Debt**

The County had the following outstanding debt issues as of September 30, 2024:

| | |
|---|---|
| $ 50,000,000 Certificate of Obligation issued in 2015; interest at 3% - 5% | $ 38,235,000 |
| 9,515,000 Certificate of Obligation issued in 2017; interest at 2% - 4% | 7,285,000 |
| 7,960,000 Certificate of Obligation issued in 2018; interest at 3% - 5% | 6,415,000 |
| Total | $ 51,935,000 |

On April 26, 2018, the County issued $7,960,000 of Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2018. The proceeds from the sale of the Certificates will be used together with the proceeds of the County's Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2015 and Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2017, for (i) completion of constructing and equipping a new County jail, including additional capacity and related parking, landscaping and infrastructure; (ii) completion of acquiring, constructing and equipping improvements and renovations to the County Courthouse; (iii) constructing and equipping improvements and renovations to the Michael D. Brown Justice Center; (iv) the acquisition of land and interests in land for such projects; and (v) legal, fiscal, architectural, engineering and other professional fees in connection with such projects. The Certificates have an interest rate ranging from 3.00% to 5.00% and a maturity date of 2039.

Annual debt service requirements to maturity for the certificates are as follows:

| Year Ending September 30, | Governmental Activities Principal | Governmental Activities Interest |
|---|---|---|
| 2025 | $ 2,735,000 | $ 2,000,313 |
| 2026 | 2,880,000 | 1,863,988 |
| 2027 | 3,020,000 | 1,720,713 |
| 2028 | 3,145,000 | 1,597,551 |
| 2029 | 3,310,000 | 1,474,388 |
| 2030-2034 | 18,625,000 | 5,276,349 |
| 2035-2039 | 18,220,000 | 1,390,082 |
| Total | $ 51,935,000 | $ 15,323,384 |

**Changes in Long-term Liabilities**

Long-term liability activity for the year ended September 30, 2024, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Government activities** | | | | | |
| Certificates of obligation | $ 54,560,000 | $ - | $ 2,625,000 | $ 51,935,000 | $ 2,735,000 |
| Compensated absences | 2,056,172 | 3,111,285 | 2,637,176 | 2,530,281 | 506,056 |
| Unamortized bond premium | 3,311,389 | - | 219,528 | 3,091,861 | - |
| Leases payable | 154,672 | 52,385 | 158,791 | 48,266 | 28,616 |
| SBITAs payable | 636,944 | 378,841 | 717,631 | 298,154 | 261,912 |
| Total long-term liabilities | $ 60,719,177 | $ 3,542,511 | $ 6,358,126 | $ 57,903,562 | $ 3,531,584 |

**Conduit Debt Obligations**

In 2013, the County created the Tom Green County Cultural Education Facilities Finance Corporation, which issued Education Revenue Bonds, the proceeds thereof were loaned to an open enrollment public charter school in San Angelo, Texas. The proceeds were used to finance the construction and repair of public-school facilities and the acquisition of land deemed to be in the public interest. The bonds are secured by the property financed and are payable solely by the public charter school. Tom Green County, the State, or any other political subdivision thereof is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2024, there are two series of Education Revenue Bonds outstanding, with an aggregate principal amount payable of approximately $13.9 million.

**Defaults and Remedies**

In the event of default, any registered owner of the certificates is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring specific performance from the County.

**Leases Payable**

As of September 30, 2024, the County is a lessee for 6 leases of infrastructure, equipment and buildings. Each of the leases requires payments at least annually and have interest rates of less than 1%. All of the County's current leases mature by fiscal year 2029.

Annual debt service requirements to maturity for the leases payable are as follows:

| Year Ending September 30, | Leases payable Principal | Leases payable Interest |
|---|---|---|
| 2025 | $ 28,616 | $ 144 |
| 2026 | 13,089 | 56 |
| 2027 | 3,945 | 16 |
| 2028 | 2,439 | 5 |
| 2029 | 177 | - |
| Total | $ 48,266 | $ 221 |

**SBITAs Payable**

As of September 30, 2024, the County is a participant in 15 subscription agreements for the use of software. Each of the subscriptions requires payments at least annually and have interest rates ranging from 2.4% to 3.3%. All of the County's current subscriptions mature by fiscal year 2027.

Annual debt service requirements to maturity for the subscriptions payable are as follows:

| Year Ending September 30, | SBITAs payable Principal | SBITAs payable Interest |
|---|---|---|
| 2025 | $ 261,912 | $ 8,466 |
| 2026 | 29,471 | 686 |
| 2027 | 6,771 | 185 |
| Total | $ 298,154 | $ 9,337 |

**Defined Benefit Pension Plan**

**Plan Description.** The County participates in a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at *www.tcdrs.org*.

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 temporary positions are not eligible for membership.

**Benefits Provided.** TCDRS provides retirement, disability, and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

***Employees covered by benefit terms***

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

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 437 |
| Inactive employees entitled to but not yet receiving benefits | 1,184 |
| Active employees | 731 |
| | 2,352 |

**Contributions.** The contribution rates for employees in TCDRS are either 5%, 6%, or 7% of employee gross earnings, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 7.30% and 10.42% in calendar years 2023 and 2024, respectively. The County's contributions to TCDRS for the year ended September 30, 2024, were $3,856,472 and were equal to the required contributions.

**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 the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions:

| | |
|---|---|
| Inflation | 2.50% per year |
| Overall payroll growth | 3.00% per year |
| Investment rate of return | 7.50%, net of pension plan investment expense, including inflation |

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

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

| | |
|---|---|
| Depositing members | 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. |
| Service retirees, beneficiaries and non-depositing members | 135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. |
| Disabled retirees | 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. |

The actuarial assumptions that determined the total pension liability as of December 31, 2023, were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020, except for mortality assumptions.

The long-term expected rate of return on pension plan investments is 7.60%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2024 information for a 10-year time horizon. The valuation assumption for the long-term expected return is reassessed in detail at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The target allocation and best estimates of geometric real rates return for each major asset class are summarized in the following table:

| Asset Class | Benchmark | Target Allocation(1) | Geometric Real Rate of Return(2) |
|---|---|---|---|
| U.S. Equities | Dow Jones U.S. Total Stock Market Index | 11.50% | 4.75% |
| Global Equities | MSCI World (net) Index | 2.50% | 4.75% |
| Int'l Equities - Developed Markets | MSCI World Ex USA (net) Index | 5.00% | 4.75% |
| Int'l Equities - Emerging Markets | MSCI Emerging Markets (net) Index | 6.00% | 4.75% |
| Investment-Grade Bonds | Bloomberg U.S. Aggregate Bond Index | 3.00% | 2.35% |
| Strategic Credit | FTSE High-Yield Cash-Pay 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 All Equity REITs Index + 33% S&P Global REIT (net) Index | 2.00% | 4.10% |
| Master Limited Partnerships | 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 for the asset class minus the assumed inflation rate of 2.2%,*
*(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 7.6%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statue. Based on that assumption, the pension plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

***Changes in the Net Pension Liability***

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balance at 12/31/2022 | $ 144,093,717 | $ 140,065,697 | $ 4,028,020 |
| Changes for the year: | | | |
| Service cost | 3,726,732 | - | 3,726,732 |
| Interest on total pension liability (1) | 10,952,016 | - | 10,952,016 |
| Effect of plan changes (2) | 7,977,134 | - | 7,977,134 |
| Effect of economic/demographic gains or losses | 1,439,756 | - | 1,439,756 |
| Effect of assumptions changes or inputs | - | - | - |
| Refund of contributions | (531,570) | (531,570) | - |
| Benefit payments | (7,036,961) | (7,036,961) | - |
| Administrative expenses | - | (79,869) | 79,869 |
| Member contributions | - | 2,563,762 | (2,563,762) |
| Net investment income | - | 15,370,244 | (15,370,244) |
| Employer contributions | - | 2,673,639 | (2,673,639) |
| Other (3) | - | (66,639) | 66,639 |
| Balance at 12/31/2023 | $ 160,620,824 | $ 152,958,303 | $ 7,662,521 |

*(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.*
*(2) Reflects plan changes adopted effectice 2024*
*(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 7.6%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.6%) or 1-percentage-higher (8.6%) than the current rate:

| | 1% Decrease 6.6% | Current Discount Rate 7.6% | 1% Increase 8.6% |
|---|---|---|---|
| Total pension liability | $ 182,432,907 | $ 160,620,824 | $ 142,514,161 |
| Fiduciary net position | 152,958,303 | 152,958,303 | 152,958,303 |
| Net pension liability/(asset) | $ 29,474,604 | $ 7,662,521 | $ (10,444,142) |

***Pension Plan Fiduciary Net Position***

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

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

For the year ended September 30, 2024, the County recognized pension expense of $7,402,407.

At September 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual economic experience | $ 959,837 | $ 15,866 |
| Difference between projected and actual investment earnings | 498,534 | - |
| Contributions subsequent to the measurement date | 3,086,259 | - |
| Total | $ 4,544,630 | $ 15,866 |

$3,086,259 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

| Year Ended September 30, | |
|---|---|
| 2025 | $ (592,882) |
| 2026 | (51,578) |
| 2027 | 3,050,501 |
| 2028 | (963,536) |

## Post-Employment Benefits Other Than Pension Benefits

### Plan Participants

Eligible plan participants are retirees who are eligible and elect to receive a monthly annuity from the Texas County and District Retirement System (TCDRS). TCDRS retirement forms must be completed prior to resignation and must take effect immediately upon terminating employment with the County. Retirees who subscribe to the County's health insurance may stay on the plan until they reach the age of Medicare eligibility (currently age 65). Dependents of retirees may be eligible only if the dependent has been on the County's insurance plan for a minimum of one year prior to the employee's retirement date.

The following employees were covered by the benefit terms at October 1, 2024:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 2 |
| Active employees | 552 |
| | 554 |

### Medical Benefits

The Plan is a fully insured plan. Current medical retiree premium rates (2024) (include 2% Admin) provided by the County include:

a) Pre-age 65 Individual MED: Generally $853 per month.
b) Pre-age 65 Spouse MED: Generally $717 per month.
c) Pre-age 65 Family MED: Generally $1,195 per month.
d) Post-age 65 MED None, is a pre-Medicare plan only.

Adjustments to these premium rates to reflect the difference between the active/retiree group (for which the current premium rates were based) and the retiree-only group, were required, in accordance with ASOP 6. The retiree and the spouse are covered under the program. For Tom Green County, these adjustments were required for the Pre-Medicare medical liabilities.

**Medicare Part B Premiums** – None

**Dental** – Premium ($29 per month for individual, etc.), is 100% paid by the retiree.

**Eligibility**

Generally, an employee may retire after the earlier of (i) age 60 with at least 8 years of service (i.e., "vested"), (ii) 30 years of service, and (iii) attainment of 75 points (age plus service)

**County Subsidy**

The County does not contribute toward retiree or dental medical coverage. The County allows the retirees to pay based on the "blended" premium rate (instead of a higher "retiree only" rate).

| | |
|---|---|
| **Actuarial Funding Method** | Entry Age Normal, level% pay |
| **Actuarial Assumptions** | |
| 1. Valuation Date: | 10/1/2023 |
| 2. Discount Rate: | 4.87% per annum |
| 3. Salary Scale: | 3% per annum (for EAN) |
| 4. Mortality: | "PUB2010" mortality table with MP-2021 projection |
| 5. Withdrawal: | Select rates include: 1yr, 16%; 5yr, 7%; 10yr 4%; 15yr, 2% |
| 6. Disability: | N/A |
| 7. Retirement: | The following table illustrates the retirement rates: |

| Retirement Age | Retirement Rates |
|---|---|
| 50-51 | 12% |
| 52-54 | 13% |
| 55-59 | 14% |
| 60 | 15% |
| 61 | 13% |
| 62 | 28% |
| 63 | 17% |
| 64 | 17% |
| 65 | 100% |

| | |
|---|---|
| 8. Health Care Cost Trend Rate | The following table illustrates the assumed health care trend rate for each future year: |

| Year | (Medical) Assumed Increase |
|---|---|
| 1 | 7.50% |
| 2 | 7.25% |
| 3 | 7.00% |
| 4 | 6.75% |
| 5 | 6.50% |
| 6 | 6.00% |
| 7 | 5.50% |
| 8 | 5.00% |
| 9+ | 4.50% |

| | |
|---|---|
| 9. Marital - Actives: | Wife is assumed to be same age as the husband. 10% of those who retire and take coverage are assumed elect coverage for the spouse. |
| 10. Participation Rate: | 15% of retirees are expected to take coverage and pay 100% of the blended premium. |
| 11. Inflation Rate: | 3.0% per annum |
| **Asset Valuation Method** | Market value. |
| **Amortization Basis** | Experience gains/losses: Over the average expected future working lifetime of the whole group.<br><br>Assumption changes: Over the average expected future working lifetime of the whole group. |

**Changes in Net OPEB Liability**

| | | |
|---|---|---|
| Discount Rate (Proj.) | 4.87% | FYE 9/30/2024 |
| Investment Return Rate (Proj.) | N/A | Index will apply |

| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
|---|---|---|---|
| Balances at 10/1/2023 | $ 858,905 | $ - | $ 858,905 |
| Change | 56,168 | - | 56,168 |
| Balances at 9/30/2024 | $ 915,073 | $ - | $ 915,073 |

| | |
|---|---|
| Regular Expense: | |
| Service Cost | 80,643 |
| Interest Cost | 41,426 |
| Experience (Gain)/Loss Amort | (100,435) |
| Total GASB 75 Expense for FYE23 | $ 21,634 |

**Sensitivity – Discount Rate**

The following presents the net OPEB liability of the County, calculated using the discount rate of 4.06%, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.06%) or 1-percentage-higher (5.06%) than the current rate:

| | 1% Decrease 3.06% | Current Discount Rate 4.06% | 1% Increase 5.06% |
|---|---|---|---|
| Net OPEB Liability 9/30/2024 | $ 1,016,619 | $ 915,073 | $ 824,025 |
| Total GASB 75 Expense for FYE24 | $ 40,000 | $ 21,634 | $ 10,000 |

**Sensitivity – Health Care Trend Rate**

| | 1% Decrease 6.5% decreasing to 3.5% | Healthcare Trend Rates 7.5% decreasing to 4.5% | 1% Increase 8.5% decreasing to 5.5% |
|---|---|---|---|
| Net OPEB Liability 9/30/2024 | $ 789,305 | $ 915,073 | $ 1,068,443 |
| Total GASB 75 Expense for FYE24 | $ - | $ 21,634 | $ 50,000 |

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2024, the County recognized OPEB expense of $21,634. At September 30, 2024, the County reported deferred inflows and outflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual economic experience | $ 47,366 | $ 627,528 |
| Changes in actuarial assumptions | 162,202 | 166,335 |
| Total | $ 209,568 | $ 793,863 |

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

| Year Ended September 30, | | |
|---|---|---|
| 2025 | $ | (100,435) |
| 2026 | | (100,435) |
| 2027 | | (100,435) |
| 2028 | | (100,435) |
| 2029 | | (100,434) |
| 2030 | | (71,969) |
| 2031 | | (4,666) |
| 2032 | | (5,486) |

## Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchases workers' compensation insurance coverage from the Texas Political Subdivision Joint Self-Insured Fund, a public entity risk pool, which is self-sustaining through member premiums.

The County maintains commercial insurance coverage covering other risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. There have been no significant reductions in insurance coverage from the prior year.

## Commitments and Contingencies

### Litigation

The County is party to various legal proceedings which normally occur in governmental operations. In the opinion of management, these legal proceedings are not likely to have a material adverse impact on the affected funds of the County. No accrual has been made for any contingency in these financial statements.

### Federal and State Grants

In the normal course of operations, the County receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as the result of these audits, is not believed to be material.

## Tax Abatement

The County can enter into agreements with new, developing, and expanding businesses to promote local economic development. The County has entered into an agreement with a business to rebate 50% of all County property tax paid. The County entered into this agreement in November 2018 and may extend this agreement for an additional period of five years. Commitments by the developers include establishing a facility, and housing commercial vehicles and equipment. As of year-end, $2,387,439 had been rebated over the life of these types of agreements, including $235,619 in the current fiscal year. The County has also entered into agreements with several solar companies. The owners of these solar companies will make an annual payment in lieu of taxes when the project commences commercial operations. The County had three companies make an annual payment in lieu of taxes in the amount of $480,643.

## New Accounting Standards

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the County include the following:

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2024, and the impact has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

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# APPENDIX D

# FORM OF LEGAL OPINION OF BOND COUNSEL

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

**TOM GREEN COUNTY, TEXAS**
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2025**
**DATED AS OF AUGUST 1, 2025**
**IN THE AGGREGATE PRINCIPAL AMOUNT OF $15,275,000**

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AS BOND COUNSEL FOR TOM GREEN COUNTY, TEXAS (the “Issuer”) in connection with the issuance of the Bonds described above (the “Bonds”), we have examined into the legality and validity of the Bonds, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Bonds and in the order of the Issuer authorizing the issuance and sale of the Bonds (the “Order”). Terms used herein and not otherwise defined shall have the meaning given in the Order.

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

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, issued, and delivered in accordance with law; and that, except as may be limited by laws applicable to the Issuer relating to sovereign immunity of political subdivisions, bankruptcy, reorganization and other similar matters affecting creditors’ rights generally or by general principles of equity which permit the exercise of judicial discretion, the Bonds constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Bonds have been levied and pledged for such purpose, within the limit prescribed by law, as provided in the Order.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds 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 Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed or refinanced therewith, and the verification report of Robert Thomas CPA, LLC verifying the sufficiency of the amounts deposited with the escrow agent to pay all principal and interest due on the Refunded Obligations on their redemption date. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

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 Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, 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.

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

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

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

Respectfully,

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