NOTICE OF SALE
AND
BIDDING INSTRUCTIONS
ON

$75,000,000*
WILLIAMSON COUNTY, TEXAS
UNLIMITED TAX ROAD BONDS, SERIES 2017

Bids Due Thursday, November 16, 2017 at 10:00 AM, CST

THE SALE

BONDS OFFERED FOR SALE AT COMPETITIVE BIDDING . . . The Williamson County, Texas (the "County"), is offering for sale its $75,000,000* Unlimited Tax Road Bonds, Series 2017 (the "Bonds"). Bids may be submitted by either of three alternative procedures: (i) written bids; (ii) electronic bids; or (iii) telephone or facsimile bids. Prospective bidders may select one of the three alternative bidding procedures in their sole discretion. Neither the County nor its Financial Advisor, Specialized Public Finance Inc., assumes any responsibility or liability for a prospective bidding procedure.

The County and Specialized Public Finance Inc. assume no responsibility or liability with respect to any irregularities associated with the submission of electronic, telephone or facsimile bids.

Specialized Public Finance Inc. will not be responsible for submitting any bids received after the deadline. For the purpose of determining compliance with any and all time deadlines set forth in this Official Notice of Sale, for all alternative bidding procedures, the official time shall be the time maintained only by the Parity Electronic Bid Submission System ("PARITY").

WRITTEN BIDS DELIVERED IN PERSON . . . Signed bids, plainly marked "Bid for Bonds", should be addressed to "County Judge and County Commissioners, Williamson County, Texas," and delivered to the County's Financial Advisor, Specialized Public Finance Inc. at 248 Addie Roy Road, Suite B-103, Austin, Texas 78746 by 10:00 AM, CST on November 16, 2017 (the "date of the bid opening"). All bids must be submitted on the Official Bid Form, without alteration or interlineation.

ELECTRONIC BIDDING PROCEDURE . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Bidders must submit, by 10:00 AM on the date of the bid opening, SIGNED Official Bid Forms to Dan Wegmiller, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746. Subscription to the i-Deal LLC's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid through PARITY. The County will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in the Notice of Sale, and shall be binding upon the bidder as if made by a signed bid delivered to the County. The County shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of the Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about PARITY, including any fee charged, may be obtained from Parity Customer Support, 40 West 23rd Street, 5th Floor, New York, New York 10010, (212) 404-8102.

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the County, as described under "Basis of Award" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the Official Bid Form.

BIDS BY TELEPHONE OR FACSIMILE . . . Bidders must submit SIGNED Official Bid Forms to Dan Wegmiller, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746, and submit their bid by telephone or facsimile (fax) on the date of the bid opening.

Telephone bids will be accepted at (512) 275-7300, between 9:30 AM and 10:00 AM, CST on the date of the bid opening.

Fax bids must be received between 9:30 AM and 10:00 AM, CST, on the date of the bid opening at (512) 275-7305, attention Dan Wegmiller.

Specialized Public Finance Inc. will not be responsible for submitting any bids received after the above deadlines.

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*See "CONDITIONS OF THE SALE – BASIS FOR AWARD." Preliminary, subject to change.

Specialized Public Finance Inc. assumes no responsibility or liability with respect to any irregularities associated with the submission of bids if telephone or fax options are exercised.

PLACE AND TIME OF BID OPENING . . . The bids for the Bonds will be publicly opened and read in the office of the Financial Advisor at 10:00 AM, CST, Thursday, November 16, 2017.

AWARD OF THE BONDS . . . The Commissioners Court of the County adopted an order authorizing the Bonds on March 7, 2017 (the "Order"). Pursuant to the Order, the Commissioners Court authorized the County Auditor, or in her absence, the County Judge (the "Pricing Officer"), to approve the method of sale and the pricing terms of the Bonds so long as such Bonds are priced on or before March 7, 2018. The Pricing Officer will award the Bonds (or reject all bids) by 8:00 pm on the date of the bid opening. Sale of the Bonds will be made subject to the terms, conditions and provisions of the Order to which order reference is hereby made for all purposes. The County reserves the right to reject any and all bids and to waive any and all irregularities, except time of filing.

WITHDRAWAL OF THE BIDS . . . Any bid may be withdrawn by an authorized representative of the bidder at any time prior to the time set for receipt of bids. Thereafter, all bids shall remain firm for ten hours after the time for receipt of the bids. The award of or rejection of bids will occur within this time period.

EXTENSION OF SALE DATE . . . The County reserves the right to extend the date and/or time for the receipt of bids by giving notice by Bond Buyer Wire Service, and by posting a notice at the place established for receipt of bids, not later than 3:00 PM, CST on Wednesday, November 15, 2017 of the new date and time of receipt of bids. Such notice shall be considered an amendment to this Official Notice of Sale.

THE BONDS

DESCRIPTION . . . The Bonds will be dated December 6, 2017 (the "Dated Date"). Interest will accrue from the date of initial delivery of the Bonds and will be due on August 15, 2018, and each February 15 and August 15 thereafter until the earlier of maturity or prior redemption. The Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity. The Bonds will mature on February 15 in each year as follows:

MATURITY SCHEDULE*

Maturity (February 15)	Principal Amount	Maturity (February 15)	Principal Amount
2019	$ 1,835,000	2031	$ 3,180,000
2020	1,930,000	2032	3,275,000
2021	2,025,000	2033	3,375,000
2022	2,130,000	2034	3,485,000
2023	2,240,000	2035	3,595,000
2024	2,355,000	2036	3,715,000
2025	2,475,000	2037	3,840,000
2026	2,605,000	2038	3,970,000
2027	2,735,000	2039	4,105,000
2028	2,860,000	2040	4,250,000
2029	2,980,000	2041	4,400,000
2030	3,085,000	2042	4,555,000

*See "CONDITIONS OF THE SALE – BASIS FOR AWARD." Preliminary, subject to change.

OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2028, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

SERIAL BONDS AND/OR TERM BONDS . . . Bidders may provide that all of the Bonds be issued as serial Bonds or may provide that any two or more consecutive annual principal amounts be combined into one or more term Bonds.

BOOK-ENTRY-ONLY SYSTEM . . . The County intends to utilize the book-entry-only system of The Depository Trust Company ("DTC"). See "THE BONDS – BOOK-ENTRY-ONLY SYSTEM" in the Official Statement.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar shall be BOKF, NA, Austin, Texas (see "THE BONDS – PAYING AGENT/REGISTRAR" in the Official Statement).

SOURCE OF PAYMENT . . . The Bonds are direct obligations of the County payable from the levy and collection of a direct and continuing ad valorem tax levied without limit as to rate or amount, on all taxable property within the County, as provided in the Bond Order.

Further details regarding the Bonds are set forth in the Official Statement.

CONDITIONS OF THE SALE

TYPE OF BIDS AND INTEREST RATES . . . **The Bonds will be sold in one block on an "All or None" basis, and at a price of not less than their par value and not more than 110% of their par value.** Bidders are invited to name the rate(s) of interest to be borne by the Bonds, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/100 of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 3% in rate. For Bonds having stated maturities on and after February 15, 2028, no reoffering yield producing a dollar price less than 98% for any individual maturity will be accepted. The high bidder will be required to submit reoffering yields and dollar prices prior to award. No limitation is imposed upon bidders as to the number of rates or changes which may be used. All Bonds of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

BASIS FOR AWARD . . . Subject to the County's right to reject any or all bids and to waive any irregularities except time of filing, the sale of the Bonds will be awarded to the bidder or syndicate account manager whose name first appears on the Official Bid Form (the "Purchaser") making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost rate to the County. The True Interest Cost rate is that rate which, when used to compute the total present value as of the date of initial delivery of all debt service payments on the Bonds on the basis of semiannual compounding, produces an amount equal to the sum of the par value of the Bonds. In the event of a bidder's error in interest cost rate calculations, the interest rates and premium, if any, set forth in the Official Bid Form will be considered as the intended bid.

After selecting the winning bid, the aggregate principal amount of the Bonds and the principal amortization schedule may be adjusted as determined by the County and its Financial Advisor in cooperation with the Purchaser in $5,000 increments to reflect the actual interest rates and to create a level debt service for the County. Such adjustments will not change the aggregate principal amount of the Bonds by more than 15% from the amount set forth herein. The dollar amount bid for the Bonds by the winning bidder will be adjusted proportionately to reflect any increase or decrease in the aggregate principal amount of the Bonds finally determined to be issued. The successful bidder may not withdraw its bid or change the interest rates bid or the initial reoffering terms as a result of any changes made to the principal amounts within these limits. Any such adjustment will be communicated to the winning bidder within three (3) hours after the opening of the bids.

TEXAS BOND REVIEW BOARD INFORMATION . . . In order to provide the County with information required to be submitted to the Texas Bond Review Board pursuant to Section 1202.008, Texas Government Code, as amended, the Purchaser will be required to provide the County with a breakdown of its "underwriting spread" among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

ADDITIONAL CONDITION OF AWARD – DISCLOSURE OF INTEREST PARTY FORM 1295: *NEW OBLIGATION OF THE COUNTY TO RECEIVE INFORMATION FROM WINNING BIDDER*. Effective January 1, 2016, pursuant to Texas Government Code Section 2252.908 ('the Interested Party Disclosure Act'), the County may not award the Bonds to the winning bidder unless the bidder has submitted a Bond of Interested Parties Form 1295 (the "Disclosure Form") to the County prior to such award, as prescribed by the Texas Ethics Commission ("TEC"). In the event that the bidder's bid for the Bonds is the best bid received, the County, acting through its financial advisor, will promptly notify the bidder. That notification will serve as the conditional verbal acceptance of the bid, and will obligate the bidder to promptly file a completed Disclosure Form, as described below, prior to award by the Pricing Officer.

PROCESS FOR COMPLETING THE DISCLOSURE FORM. Reference should be made to the Disclosure Form, the rules of the TEC with respect to the Disclosure Form (the "Disclosure Rules") and the Interested Party Disclosure Act. Instructional information regarding such matters are set forth at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm. For purposes of completing the Disclosure Form the Purchaser will need the following information: (a) item 2 – name of governmental entity: Williamson County, Texas and (b) item 3 – the identification number assigned to this contract by the County: WILCO S2017 Road Bond Bid, and a description of the services to be provided under the contract: Purchase of Bonds. The Interested Party Disclosure Act and the Disclosure Rules require a business entity contracting with the County to complete the form at the TEC Internet "portal" that may be accessed at the url set forth above, and then print, sign and deliver the Disclosure Form in physical form to the County. Following the award of the Bonds, the County will acknowledge receipt of the completed Disclosure Form through the TEC website, as required by law.

PREPARATIONS FOR COMPLETION, AND THE SIGNIFICANCE OF, THE REPORTED INFORMATION. In accordance with the Interested Party Disclosure Act, the information reported by the bidder MUST BE ACKNOWLEDGED BY AND SUBMITTED UNDER A NOTARY STAMP. No exceptions may be made to that requirement. The Interested Party Disclosure Act provides that such acknowledgment is made "under oath and under penalty of perjury." Consequently, a bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form. Time will be of the essence in submitting the form to the County, and no award will be made by the County of the Bonds until a completed Disclosure Form is received. The County reserves the right to reject any bid that is not accompanied by a completed Disclosure Form, as described herein. Neither the County nor its consultants have the ability to verify the information included in a Disclosure Form, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the County that its bid is the conditional winning bid.

VERIFICATION PURSUANT TO CHAPTER 2270 OF THE TEXAS GOVERNMENT CODE . . . To the extent the winning bid for the Bonds represents a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, as amended, the Purchaser will be required to verify in the Official Bid Form, for purposes of Chapter 2270 of the Texas Government Code, as amended, that at the time of execution and delivery of its bid or, except to the extent otherwise required by applicable federal law, to the date of delivery of the Bonds, neither the Purchaser, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Purchaser, boycotts or will boycott Israel. The terms "boycotts Israel" and "boycott Israel" as used in this paragraph have the meanings assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code, as amended.

GOOD FAITH DEPOSIT . . . The winning bidder will be required to provide a deposit in the amount of $1,500,000 to the County as bid security by 5:00 p.m. CST on November 16, 2017. The bid security may be provided to the County (i) via wire transfer (the County or its financial advisor, Specialized Public Finance Inc., will provide wire instructions to the winning bidder), or (ii) in the form of a certified or cashier's check made payable to the order of County in the amount of the deposit set forth above. The wire option will be retained by the County and: (a) will be applied, without allowance for interest, against the purchase price when the Bonds are delivered to and paid for by such winning bidder or (b) will be retained by the County as liquidated damages if the winning bidder defaults with respect to the terms of its bid or (c) will be returned to the winning bidder if the Bonds are not issued by the County for any reason which does not constitute a default by the winning bidder. If the check option is utilized, the check will be (a) returned uncashed to the winning bidder when the Bonds are delivered to and paid for by such winning bidder, (b) cashed by the County as liquidated damages if the winning bidder defaults with respect to the terms of its bid or (c) returned uncashed to the winning bidder if the Bonds are not issued by the County for any reason which does not constitute a default by the winning bidder.

DELIVERY OF THE CERTIFICATES AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS . . . It is anticipated that CUSIP identification numbers will appear on the Bonds, but neither the failure to print or type such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Notice of Sale and Bidding Instructions and the terms of the Official Bid Form. The Financial Advisor will obtain CUSIP identification numbers from the CUSIP Service Bureau, New York, New York prior to the date of sale. CUSIP identification numbers will be made available to the Purchaser at the time the Bonds are awarded or as soon thereafter as practicable. All expenses in relation to the assignment, printing or typing of CUSIP numbers on the Bonds shall be paid by the County.

DELIVERY OF BONDS . . . Delivery will be accomplished by the issuance of one Initial Bond (also called the "Bond" or "Bonds"), either in typed or printed form, in the aggregate principal amount of $75,000,000*, payable in stated installments to the Purchaser, signed by the County Judge and County Clerk, approved by the Attorney General of Texas, and registered and manually signed by the Texas Comptroller of Public Accounts. Upon delivery of the Initial Bond, it shall be immediately cancelled and one definitive Bond for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC's book-entry-only system. Delivery will be at a principal office of the Paying Agent/Registrar. Payment for the Bonds must be made in immediately available funds for unconditional credit to the County, or as otherwise directed by the County. The Purchaser will be given six business days' notice of the time fixed for delivery of the Bonds. It is anticipated that delivery of the Bonds can be made on or about December 6, 2017, and it is understood and agreed that the Purchaser will accept delivery and make payment for the Bonds by 10:00 AM, CST, on December 6, 2017, or thereafter on the date the Bond is tendered for delivery, up to and including December 20, 2017. If for any reason the County is unable to make delivery on or before December 20, 2017, the County shall immediately contact the Purchaser and offer to allow the Purchaser to extend its offer for an additional thirty days. If the Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the County and the Purchaser shall be relieved of any further obligation. In no event shall the County be liable for any damages by reason of its failure to deliver the Bonds, provided such failure is due to circumstances beyond the County's reasonable control.

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*See "CONDITIONS OF THE SALE – BASIS FOR AWARD." Preliminary, subject to change.

CONDITIONS TO DELIVERY . . . The obligation of the Purchaser to take up and pay for the Bonds is subject to the Purchaser's receipt of (a) the legal opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel for the County ("Bond Counsel") and (b) the no-litigation certificate, all as further described in the Official Statement. In order to provide the County with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986 relating to the exemption of interest on the Bonds from the gross income of their owners, the Purchaser will be required to complete, execute, and deliver to the County (no later than the close of business on the business day following the award of the bid) a certification as to their "issue price" substantially in the form and to the effect attached hereto or accompanying this Notice of Sale and Bidding Instructions. In the event the successful bidder will not reoffer the Bonds for sale, such certificate may be modified in a manner approved by the County. In no event will the County fail to deliver the Bonds as a result of the Purchaser's inability to sell a substantial amount of the Bonds at a particular price prior to delivery. Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate not later than the close of business on the business day following the award of the bid, if its bid is accepted by the County. It will be the responsibility of the Purchaser to institute such syndicate reporting requirements to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel.

LEGAL OPINION . . . The Bonds are offered when, as and if issued, subject to the approval of the Attorney General of the State of Texas. Delivery of and payment for the Bonds is subject to the receipt by the Purchaser of opinions of Bond Counsel, to the effect that the Bonds are valid and binding obligations of the County (except as the enforceability may be limited by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally or by principles of equity which permit the exercise of judicial discretion) and that the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" in the Official Statement.

ESTABLISHING THE ISSUE PRICE FOR THE BONDS . . . The County intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of municipal bonds), which require, among other things, that the County receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Competitive Sale Requirement").

In the event that the bidding process does not satisfy the Competitive Sale Requirement bids will not be subject to cancellation and the winning bidder (i) agrees to promptly report to the County the first prices at which at least 10% of each maturity of the Bonds (the "First Price Maturity") have been sold to the Public on the Sale Date (the "10% Test") and (ii) agrees to hold-the-offering-price of each maturity of the Bonds that does not satisfy the 10% Test ("Hold-the-Price Maturity"), as described below.

In order to provide the County with information that enables it to comply with the establishment of the issue price of the Bonds under the Internal Revenue Code of 1986, as amended, the winning bidder agrees to complete, execute, and timely deliver to the County or to the County's financial advisor, (the "County's Financial Advisor") a certification as to the Bonds' "issue price" (the "Issue Price Certificate") substantially in the form and to the effect accompanying this Notice of Sale, within 5 business days of the Closing Date. In the event the winning bidder will not reoffer any maturity of the Bonds for sale to the Public (as defined herein) by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the County. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

For purposes of this section of this Notice of Sale:

(i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to the Underwriter,

(ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the County (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),

(iii) "Related Party" means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "Sale Date" means the date that the Bonds are awarded by the County to the winning bidder.

All actions to be taken by the County under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the County by the County's Financial Advisor, and any notice or report to be provided to the County may be provided to the County's Financial Advisor.

The County will consider any bid submitted pursuant to this Notice of Sale to be a firm offer for the purchase of the Bonds, as specified in the bid and, if so stated, in the Official Bid Form.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wire.

By submitting a bid, the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Bonds, that each Underwriter will neither offer nor sell any Hold-the-Price Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of (1) the close of the fifth (5th) business day after the Sale Date; or (2) the date on which the Underwriters have sold at least 10% of that Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public. The winning bidder shall promptly advise the County when the Underwriters have sold 10% of a Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

NO MATERIAL ADVERSE CHANGE . . . The obligations of the County to deliver the Bonds and of the Purchaser to accept delivery of and pay for the Bonds are subject to the condition that at the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition of the County from those set forth in or contemplated by the "Preliminary Official Statement" as it may have been supplemented or amended through the date of sale.

NO-LITIGATION CERTIFICATE . . . On the date of delivery of the Bonds to the Purchaser, the County will deliver to the Purchaser a certificate, as of the same date, to the effect that to the best of the County's knowledge no litigation of any nature is pending or, to the best of the certifying officials' knowledge or belief, threatened against the County, contesting or affecting the Bonds; restraining or enjoining the authorization, execution, or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds or the title of the present officials of the County.

GENERAL

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

BLUE SKY LAWS . . . By submission of its bid, the Purchaser represents that the sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Purchaser will register the Bonds in accordance with the securities law of the states in which the Bonds are offered or sold. The County agrees to cooperate with the Purchaser, at the Purchaser's written request and expense, in registering the Bonds or obtaining an exemption from registration in any state where such action is necessary, provided, however, that the County shall not be obligated to execute a general or special consent to service of process in any such jurisdiction.

NOT AN OFFER TO SELL . . . This Notice of Sale and Bidding Instructions does not alone constitute an offer to sell the Bonds, but is merely notice of the sale of the Bonds. The offer to sell the Bonds is being made by means of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement. Prospective purchasers are urged to carefully examine the Official Statement to determine the investment quality of the Bonds.

ISSUANCE OF ADDITIONAL DEBT . . . The County does not anticipate issuing any additional ad valorem debt within the next six months.

RATING . . . An application for a rating on the Bonds has been made to Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and Fitch Ratings, Inc. ("Fitch"). The presently outstanding tax supported debt of the County is rated "AAA" by S&P, "AAA" by Fitch and "Aa1" by Moody's Investors Service, Inc. ("Moody's"). The County has not applied to Moody's for a rating on the Bonds. The County also has various outstanding tax supported debt issues which are insured by financial guaranty insurance policies and also rated based on such insurance.

THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15C2-12 . . . The County has prepared the accompanying Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12, deems such Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. To the best knowledge and belief of the County, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Bonds. Representations made and to be made by the County concerning the absence of material misstatements and omissions in the Official Statement are addressed elsewhere in this Notice of Sale and Bidding Instructions and in the Official Statement.

The County will furnish to the Purchaser, acting through a designated senior representative, in accordance with instructions received from the Purchaser, within seven (7) business days from the sale date copies of the Official Statement reflecting interest rates and other terms relating to the initial reoffering of the Bonds. The cost of any Official Statement in excess of the number specified shall be prepared and distributed at the cost of the Purchaser. The Purchaser shall be responsible for providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the County assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the subject securities.

CONTINUING DISCLOSURE AGREEMENT . . . The County has agreed in the Order to provide certain periodic information and notices of specified events in accordance with Securities and Exchange Commission Rule 15c2-12, as described in the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Purchaser's obligation to accept and pay for the Bonds is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Order containing the agreement described under such heading.

The County, through its Pricing Officer, has approved the form and content of the Notice of Sale and Bidding Instructions, the Official Bid Form and Official Statement, and authorized the use thereof in its initial offering of the Bonds.

____
County Judge
Williamson County, Texas

ATTEST:

____
County Clerk
Williamson County, Texas

November 6, 2017

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OFFICIAL BID FORM

Honorable County Judge and County Commissioners
Williamson County, Texas
710 Main Street, Suite 301
Georgetown, Texas 78626

November 16, 2017

Members of the County Commissioners:

Reference is made to your Official Statement and Notice of Sale and Bidding Instructions, dated November 6, 2017, of $75,000,000* WILLIAMSON COUNTY, TEXAS UNLIMITED TAX ROAD BONDS, SERIES 2017, both of which constitute a part hereof.

For your legally issued Bonds, in the aggregate principal amount of $75,000,000*, we will pay you a price of $______________________, representing approximately ________% of the par value. Such Bonds mature February 15, in each of the years and in the amounts and interest rates shown below:

Maturity (February 15)	Principal Amount*	Interest Rate	Maturity (February 15)	Principal Amount*	Interest Rate
2019	$1,835,000	%	2031	$3,180,000	%
2020	1,930,000	%	2032	3,275,000	%
2021	2,025,000	%	2033	3,375,000	%
2022	2,130,000	%	2034	3,485,000	%
2023	2,240,000	%	2035	3,595,000	%
2024	2,355,000	%	2036	3,715,000	%
2025	2,475,000	%	2037	3,840,000	%
2026	2,605,000	%	2038	3,970,000	%
2027	2,735,000	%	2039	4,105,000	%
2028	2,860,000	%	2040	4,250,000	%
2029	2,980,000	%	2041	4,400,000	%
2030	3,085,000	%	2042	4,555,000	%

Of the principal maturities set forth in the table above, term Bonds have been created as indicated in the following table (which may include multiple term Bonds, one term Bond or no term Bond if none is indicated). For those years which have been combined into term Bonds, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term certificate maturity date shall mature in such year. The term Bonds created are as follows:

Term Bonds Maturing February 15	Year of First Mandatory Redemption	Principal Amount	Interest Rate
		$	%
		$	%
		$	%
		$	%
		$	%

Our calculation (which is not a part of this bid) of the interest cost from the above is:

TRUE INTEREST COST ______________________%

The Initial Bonds shall be registered in the name of ______________________, which will, upon payment for the Bonds, be cancelled by the Paying Agent/Registrar. The Bonds will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the book-entry-only system.

*See "CONDITIONS OF THE SALE – BASIS FOR AWARD." Preliminary, subject to change.

A wire transfer or a cashiers or certified check to the County in the amount of $1,500,000 will be made available in accordance with the Notice of Sale made a part hereof. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions set forth in the Notice of Sale, the proceeds of this deposit shall be retained by the County as complete liquidated damages against us. Please check the box below to designate your Good Faith Deposit option.

We agree to accept delivery of the Bonds utilizing the book-entry-only system through DTC and make payment for the Initial Bond in immediately available funds in the Corporate Trust Division, BOKF, NA, Austin, Texas, not later than 10:00 AM, CST, on December 6, 2017, or thereafter on the date the Bonds are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the purchaser of the Bonds to complete the DTC Eligibility Questionnaire.

The undersigned agrees to complete, execute, and deliver to the County, not later than the close of business on the business day following the award of the sale of the Bonds, a certificate relating to the "issue price" of the Bonds in the form and to the effect accompanying the Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to the County.

We agree to provide in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award.

To the extent this bid for the Bonds represents a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, as amended, the undersigned verifies, for purposes of Chapter 2270 of the Texas Government Code, as amended, that at the time of execution and delivery of this bid or, except to the extent otherwise required by applicable federal law, to the date of delivery of the Bonds, neither the undersigned, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the undersigned, boycotts or will boycott Israel. The terms "boycotts Israel" and "boycott Israel" as used in this paragraph have the meanings assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code, as amended.

Respectfully submitted,

____
Name of Purchaser or Manager

____
Authorized Representative

____
Phone Number

____
Signature

Please check one of the options below regarding Good Faith Deposit:

Submit by Wire Transfer ☐

Submit by Bank Cashier's/Certified Check ☐

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by Williamson County, Texas, this the 16th day of November, 2017.

____
County Auditor and Pricing Officer
Williamson County, Texas

CERTIFICATE OF PURCHASER

(sales where 3 bids are received)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Unlimited Tax Road Bonds, Series 2017 issued by the Williamson County, Texas ("Issuer") in the principal amount of $75,000,000* ("Bonds"), hereby certifies and represents, based on its records and information, as follows:

(a) On the first day on which there was a binding contract in writing for the purchase of the Bonds by the Purchaser, the Purchaser reasonably expected initial offering prices of each maturity of the Bonds with the same credit and payment terms (the "Expected Offering Prices") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Purchaser are as set forth in the pricing wire or equivalent communication for the Bonds, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Bonds used by the Purchaser in formulating its bid to purchase the Bonds.

(b) The Purchaser had an equal opportunity to bid to purchase the Bonds and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).

(c) The bid submitted by the Purchaser constituted a firm bid to purchase the Bonds.

For purposes of this Issue Price Certificate, the term "Purchaser" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this _________________.

_______________________________, as Purchaser

By:_____________________________________

Name:___________________________________

*See "CONDITIONS OF THE SALE – Basis for Award." Preliminary, subject to change.

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

CERTIFICATE OF PURCHASER

(sales where 3 bids are not received)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Unlimited Tax Road Bonds, Series 2017 issued by the Williamson County, Texas ("Issuer") in the principal amount of $75,000,000* ("Bonds"), hereby certifies and represents, based on its records and information, as follows:

(a) Other than the Bonds maturing in ____ ("Hold-the-Price Maturities"), if any, the first prices at which at least ten percent ("Substantial Amount") of the principal amount of each maturity of the Bonds having the same credit and payment terms ("Maturity") was sold on the date of sale of the Bonds (the "Sale Date") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Purchaser ("Public") are their respective initial offering prices (the "Initial Offering Prices"), as listed in the pricing wire or equivalent communication for the Bonds that is attached to this Certificate as Schedule A.

(b) On or before the Sale Date, the Purchaser offered to the Public each Maturity of the Hold-the-Price Maturities at their respective Initial Offering Prices, as set forth in Schedule A hereto.

(c) As set forth in the Notice of Sale, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for such Hold-the-Price Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells a Substantial Amount of a Hold-the-Price Maturity of the Bonds to the Public at no higher price than the Initial Offering Price for such Hold-the-Price Maturity.

For purposes of this Issue Price Certificate, the term "Purchaser" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this _________________.

______________________________, as Purchaser

By:____________________________________

Name:_____________________________________

*See "CONDITIONS OF THE SALE – Basis for Award." Preliminary, subject to change.

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT

Dated November 6, 2017

Ratings:
S&P: Applied For
Fitch: Applied For
See ("OTHER INFORMATION - RATINGS" herein)

NEW ISSUE – Book-Entry-Only

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

$75,000,000*
WILLIAMSON COUNTY, TEXAS
UNLIMITED TAX ROAD BONDS, SERIES 2017

Dated Date: December 6, 2017 **Due: February 15, as shown on page 2 hereof**
Interest accrues from the Date of Initial Delivery (identified below)

PAYMENT TERMS . . . Interest on the $75,000,000* Williamson County, Texas, Unlimited Tax Road Bonds, Series 2017 (the "Bonds") will accrue from the Date of Initial Delivery (identified below), will be payable August 15 and February 15 of each year until maturity or prior redemption commencing August 15, 2018, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS – BOOK-ENTRY-ONLY SYSTEM" herein. The initial Paying Agent/Registrar is BOKF, NA, Austin, Texas (see "THE BONDS – PAYING AGENT/REGISTRAR").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Article III, Section 52, Texas Constitution, Section 1471.015 and Chapter 1371, Texas Government Code, as amended, an election held within the County on November 5, 2013 (the "Election"), an order adopted by the Commissioners Court of Williamson County, Texas (the "County") and the pricing certificate of the Pricing Officer approving the sale terms of the Bonds as authorized by the order adopted on March 7, 2017 (the "Bond Order"). The Bonds are direct obligations of the County payable from a continuing ad valorem tax levied on all taxable property within the County, legally unlimited as to rate or amount, as provided in the Bond Order (see "THE BONDS – AUTHORITY FOR ISSUANCE" and "THE BONDS – SECURITY AND SOURCE OF PAYMENT").

PURPOSE . . . Proceeds from the sale of the Bonds will be used to pay for constructing, improving, renovating, extending, expanding, upgrading and/or developing roads including right-of-way acquisition, utility relocation, traffic safety and operational improvements related drainage and other transportation related improvements as set forth in Proposition 1 as approved by the voters on November 5, 2013 and to pay the costs of issuance related to the Bonds (see "THE BONDS – PURPOSE").

CUSIP PREFIX: 969887
MATURITY SCHEDULE, INTEREST RATES, PRICES AND OTHER TERMS
See Page 2

OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2028, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof on February 15, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption (see "THE BONDS – OPTIONAL REDEMPTION"). Additionally, the Bonds may be subject to mandatory sinking fund redemption in the event the initial purchaser (the "Purchaser") elects to aggregate two or more maturities as term Bonds.

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Purchaser and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Austin, Texas (see "APPENDIX C – FORM OF BOND COUNSEL'S OPINION").

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on December 6, 2017 (the "Date of Initial Delivery").

BIDS DUE ON THURSDAY, NOVEMBER 16, 2017, BY 10:00 AM, CST

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*See "CONDITIONS OF THE SALE – BASIS FOR AWARD." Preliminary, subject to change.

MATURITY SCHEDULE*

Principal Amount	Maturity Date February 15	Interest Rate	Initial Yield	CUSIP Numbers(1)
$ 1,835,000	2019			
1,930,000	2020			
2,025,000	2021			
2,130,000	2022			
2,240,000	2023			
2,355,000	2024			
2,475,000	2025			
2,605,000	2026			
2,735,000	2027			
2,860,000	2028			
2,980,000	2029			
3,085,000	2030			
3,180,000	2031			
3,275,000	2032			
3,375,000	2033			
3,485,000	2034			
3,595,000	2035			
3,715,000	2036			
3,840,000	2037			
3,970,000	2038			
4,105,000	2039			
4,250,000	2040			
4,400,000	2041			
4,555,000	2042			

(Interest accrues from the Date of Initial Delivery)

____

*See "CONDITIONS OF THE SALE – BASIS FOR AWARD." Preliminary, subject to change.

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are included herein solely for the convenience of the owners of the Bonds. None of the County, the Financial Advisor or the Purchaser shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

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For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), this document constitutes an official statement of the County with respect to the Bonds that has been "deemed final" by the County as of its date except for the omission of the information permitted by the Rule.

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

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

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

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

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

THE 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 SECURITIES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN CONNECTION WITH THIS OFFERING, THE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE 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.

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

TABLE OF CONTENTS

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

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

THE COUNTY	Williamson County, Texas (the "County") was organized in 1848. The County operates as specified under the Constitution of the State of Texas and statutes which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one for each of four geographical Commissioners Precincts. The County Judge is elected for a term of four years and the Commissioners for four year staggered terms. Other major County elected officers include the County Clerk, County Tax Assessor-Collector and County Treasurer. The County Auditor is appointed for a term of two years by the state District judges having jurisdiction in the County (see "COUNTY OFFICIALS, STAFF AND CONSULTANTS"). The County is approximately 1,104 square miles in area (see "APPENDIX A – GENERAL INFORMATION REGARDING THE COUNTY").
THE BONDS	The Bonds are being issued as $75,000,000* Williamson County, Texas Unlimited Tax Road Bonds, Series 2017 (the "Bonds"). The Bonds are issued as serial bonds maturing on February 15 in the years 2019 and 2042 unless the Purchaser designates one or more maturities as Term Bonds (see "THE BONDS – GENERAL").
PAYMENT OF INTEREST	Interest on the Bonds accrues from the Date of Initial Delivery, and is payable August 15, 2018, and each February 15 and August 15 thereafter until maturity or prior redemption (see "THE BONDS – GENERAL").
AUTHORITY FOR ISSUANCE	The Bonds are issued pursuant to the Constitution and general laws of the State, including particularly Article III, Section 52, Texas Constitution, Section 1471.015 and Chapter 1371, Texas Government Code, as amended, an election held within the County on November 5, 2013, a bond order adopted by the Commissioner's Court of the County on March 7, 2017 and the Pricing Certificate authorized pursuant to the bond order (the "Bond Order") approving the sale terms of the Bonds (see "THE BONDS – AUTHORITY FOR ISSUANCE").
SECURITY FOR THE BONDS	The Bonds constitute direct obligations of the County payable from the levy and collection of a direct and continuing ad valorem tax levied, without legal limit as to rate or amount, on all taxable property located within the County, as provided in the Bond Order (see "THE BONDS – SECURITY AND SOURCE OF PAYMENT").
TAX EXEMPTION	In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "TAX MATTERS" herein including the alternative minimum tax on corporations.
USE OF PROCEEDS	Proceeds from the sale of the Bonds will be used to pay for constructing, improving, extending, expanding, upgrading and/or developing roads including right-of-way acquisition, utility relocation, traffic safety and operational improvements related drainage and other transportation related improvements as set forth in Proposition 1 as approved by the voters on November 5, 2013 and to pay the costs of issuance related to the Bonds (see "THE BONDS – PURPOSE").
OPTIONAL REDEMPTION	The County reserves the right, at its option, to redeem the Bonds having stated maturities on and after February 15, 2028, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof on February 15, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption (see "THE BONDS – OPTIONAL REDEMPTION"). Additionally, the Bonds may be subject to mandatory sinking fund redemption in the event the Purchaser elects to aggregate two or more maturities as term Bonds.
RATINGS	An application for a rating on the Bonds has been made to S&P Global Ratings ("S&P") and Fitch Ratings, Inc. ("Fitch"). The presently outstanding tax supported debt of the County is rated "AAA" by S&P, "AAA" by Fitch and "Aa1" by Moody's Investors Service, Inc. ("Moody's"). The County has not applied to Moody's for a rating on the Bonds. The County also has various outstanding tax supported debt issues which are insured by financial guaranty insurance policies and also rated based on such insurance (see "OTHER INFORMATION – RATINGS").

*See "CONDITIONS OF THE SALE – BASIS FOR AWARD." Preliminary, subject to change.

BOOK-ENTRY-ONLY SYSTEM... The definitive bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS – BOOK-ENTRY-ONLY SYSTEM").

PAYMENT RECORD .... The County has never defaulted in payment of its outstanding debt obligations.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated County Population [1]	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End of Fiscal Year[2]	Funded Debt Per Capita	Ratio of Funded Debt to Taxable Assessed Valuation	% of Total Tax Collections
2013	471,014	$ 35,056,675,852	$ 74,428	$ 773,914,942	$ 1,643	2.21%	99.90%
2014	489,250	37,144,449,100	75,921	849,554,942	1,736	2.29%	99.89%
2015	508,514	41,942,626,194	82,481	966,599,942	1,901	2.30%	99.84%
2016	528,718	47,417,522,347	89,684	931,599,942	1,762	1.96%	99.65%
2017	528,718 [3]	53,250,418,935	100,716	872,279,942	1,650	1.64%	99.92% [5]
2018	528,718 [3]	56,914,383,781	107,646	899,014,942 [4]	1,700	1.58%	N/A

(1) Source: The County.
(2) Includes $142,176,700 of the County's Pass-Through Toll Revenue and Limited Tax Bonds, Series 2009, Series 2010, Series 2011 and Series 2013 and a portion of the Series 2010, Series 2011, Series 2012 and 2015 Refunding Bonds and the Bonds, each of which series are secured by (a) payments received by the County pursuant to a Pass-Through Toll Agreement between the County and the Texas Department of Transportation, together with any subsequent pass-through toll or other agreements pledged by the County to secure its pass-through toll obligations and (b) a pledge of an ad valorem tax, within the limits prescribed by law, on all property within the County to the extent such revenues are not sufficient to pay debt service on such series of similarly secured obligations. See "TAX INFORMATION – AD VALOREM TAX DEBT AND TAX RATE LIMITATIONS" for information concerning the County's taxing authority for payment of debt.
(3) The County has not received the Census population estimate for 2017; however, the County's average historical Census population estimate has grown at an average rate of 4% per year from 2013 – 2016.
(4) Projected; includes the Bonds. Preliminary, subject to change.
(5) Unaudited collections as of September 30, 2017. Does not include the Road and Bridge Tax, which was $0.0400 per $100 of assessed value within the County for fiscal year 2016, and no part of which is available for debt service on the Bonds (see "AD VALOREM TAX DEBT AND TAX RATE LIMITATIONS" herein).

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COUNTY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Commissioners Court	Length of Service	Term Expires
Dan A. Gattis County Judge	10½ Years	December, 2018
Terry Cook Commissioner, Precinct 1	10 Months	December, 2020
Cynthia P. Long Commissioner, Precinct 2	10½ Years	December, 2018
Valerie Covey Commissioner, Precinct 3	11 Years	December, 2020
Larry Madsen Commissioner, Precinct 4	1 Year	December, 2018

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service
Jerri L. Jones	County Auditor	8 Months
Nancy E. Rister	County Clerk	19½ Years
Larry Gaddes	Tax Assessor-Collector	10 Months
D. Scott Heselmeyer	County Treasurer	8 Months
Dee Hobbs	County Attorney	4½ Years

CONSULTANTS AND ADVISORS

Auditors .... Weaver and Tidwell, L.L.P.
Houston, Texas

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

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

For additional information regarding the County, please contact:

Ms. Jerri L. Jones County Auditor Williamson County 710 Main Street, Suite 301 Georgetown, Texas 78626 (512) 943-1500	or	Dan Wegmiller Managing Director Specialized Public Finance Inc. 248 Addie Roy Road, Suite B-103 Austin, Texas 78746 (512) 275-7300

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

$75,000,000*
WILLIAMSON COUNTY, TEXAS
UNLIMITED TAX ROAD BONDS, SERIES 2017

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of the $75,000,000* Williamson County, Texas, Unlimited Tax Road Bonds, Series 2017 (the "Bonds"). The Bonds are being issued pursuant to an order adopted by the Commissioners Court on March 7, 2017 and the pricing certificate of the pricing officer approving the sale terms of the Bonds as authorized by the order (collectively, the "Bond Order"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

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

This Official Statement speaks only as to its date and the information contained herein is subject to change. Copies of the Final Official Statement pertaining to the 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.

DESCRIPTION OF THE COUNTY . . . The County was organized in 1848 and operates as specified under the Constitution of the State of Texas (the "State" or "Texas") and statutes which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one from each of four geographical Commissioners Precincts. The County Judge is elected for a term of four years and the Commissioners are elected for four year staggered terms. Other major County elected officers include the County Clerk, County Tax Assessor-Collector and County Treasurer. The County Auditor is appointed for a term of two years by the state District judges having jurisdiction in the County. The County covers approximately 1,104 square miles. The City of Georgetown is the County Seat. For more information regarding the County, see "APPENDIX A – GENERAL INFORMATION REGARDING THE COUNTY."

THE BONDS

GENERAL . . . The Bonds are dated December 6, 2017 and will mature on February 15 in each of the years and in the amounts shown on page 2 of this Official Statement. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds accrues from the Date of Initial Delivery, and is payable August 15, 2018, and each August 15 and February 15 thereafter until maturity or prior redemption. The definitive bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the book-entry-only system described herein. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State, including particularly Article III, Section 52, Texas Constitution, Section 1471.015 and Chapter 1371, Texas Government Code, as amended, an election held within the County on November 5, 2013, the Bond Order, adopted by the Commissioner's Court of the County (the "Court" or the "Commissioner's Court") on March 7, 2017 and the pricing certificate of the pricing officer executed on the date of sale of the Bonds approving the sale terms of the Bonds as authorized by the Bond Order.

SECURITY AND SOURCE OF PAYMENT . . . The Bonds are direct obligations of the County payable from the levy and collection of a direct and continuing ad valorem tax levied, without legal limit as to rate or amount, on all taxable property within the County, as provided in the Bond Order.

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*See "CONDITIONS OF THE SALE – BASIS FOR AWARD." Preliminary, subject to change.

OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2028, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the County may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity, or sinking fund installments in the case of Term Bonds, are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in book-entry-only form) shall determine by lot, or other customary random method, the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to an optional redemption date for the Bonds, the County shall cause a notice of redemption to be sent by United States mail, first-class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Order have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the County, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the County will not redeem such Bonds, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

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

Neither the County nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Bonds for redemption. See "Book-Entry-Only System" herein.

DEFEASANCE . . . *General.* The Bond Order provides for the defeasance of the Bonds and the termination of the pledge of the ad valorem taxes and all other general defeasance covenants in the Bond Order under certain circumstances. Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of the Bond Order, except to the extent provided below for the Paying Agent/Registrar to continue payments and for the County to retain the right to call Defeased Bonds to be paid at maturity, when the payment of all principal and interest payable with respect to such Defeased Bond to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (1) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (2) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or a commercial bank or trust company for such payment (a) lawful money of the United States of America sufficient to make such payment, (b) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the County with the Paying Agent/Registrar for the payment of its services until after all Defeased Bonds shall have become due and payable or (c) any combination of (a) and (b). At such time as a Bond shall be deemed to be a Defeased Bond, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes levied and pledged as provided in the Bond Order, and such principal and interest shall be payable solely from such money or Defeasance Securities.

The deposit under clause (2) above shall be deemed a payment of a Bond when proper notice of redemption of such Bonds shall have been given, in accordance with the Bond Order. Any money so deposited with the Paying Agent/Registrar or a commercial bank or trust company may at the discretion of the County also be invested in Defeasance Securities, as hereinafter defined, maturing in the amounts and at the times as set forth in the Bond Order, and all income from such Defeasance Securities received by the Paying Agent/Registrar or a commercial bank or trust company that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be remitted to the County. All money or Defeasance Securities set aside and held in trust pursuant to the provisions of the Bond Order for the payment of principal of the Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar or a commercial bank or trust company shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the County shall make proper arrangements to provide and pay for such services as required by the Bond Order.

If money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or a commercial bank or trust company for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the defeasance provisions of the Bond Order shall be made without the consent of the registered owner of each Bond affected thereby.

Retention of Rights. To the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the County retains the right under Texas law to later call any Defeased Bond which is subject to redemption (i.e. the Bonds) in accordance with the provisions of the Bond Order, the County may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provisions set forth above regarding such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

Investments. Any escrow agreement or other instrument entered into between the County and the Paying Agent/Registrar or a commercial bank or trust company pursuant to which money and/or Defeasance Securities are held by the Paying Agent/Registrar or a commercial bank or trust company for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent/Registrar or a commercial bank or trust company which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, will be remitted to the County.

For the purposes of these provisions, "Defeasance Securities" means (i) Federal Securities, (ii) 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 Commissioners' Court adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) noncallable obligations of a state or an agency or a County, municipality, or other political subdivision of a state that have been refunded and that, on the date the Commissioners' Court adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent. For the purposes of these provisions, "Federal Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation), and (iv) any other securities or obligations under applicable State law that may be used to defease obligations such as the Bonds.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made without amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Securities will be maintained at any particular rating category.

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's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The County, the Financial Advisor and the Purchaser believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

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 Bond certificate will be issued for each 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 a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 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 affect 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.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 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, Bond certificates are required to be printed and delivered.

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

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

Use of Certain Terms in Other Sections of this Official Statement . . . In reading this Official Statement it should be understood while the Bonds are in the book-entry-only system, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry-only system, and (ii) except as described above, notices that are to be given to registered owners under the Bond Order will be given only to DTC.

EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM . . . In the event that the book-entry-only system is discontinued by DTC or the use of the book-entry-only system is discontinued by the County, the following provisions will be applicable to the Bonds. The Bonds may be exchanged for an equal aggregate principal amount of the Bonds in authorized denominations and of the same maturity upon surrender thereof at the principal office for payment of the Paying Agent/Registrar. The transfer of any Bond may be registered on the books maintained by the Paying Agent/Registrar for such purpose only upon the surrender of such Bond to the Paying Agent/Registrar with a duly executed assignment in form satisfactory to the Paying Agent/Registrar. For every exchange or transfer of registration of Bonds, the Paying Agent/Registrar and the County may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. The County shall pay the fee, if any, charged by the Paying Agent/Registrar for the transfer or exchange. The Paying Agent/Registrar will not be required to transfer or exchange any Bond after its selection for redemption. The County and the Paying Agent/Registrar may treat the person in whose name a Bond is registered as an absolute owner thereof for all purposes, whether such Bond is overdue or not, including for the purpose of receiving payment of, or on account of, the principal of, premium, if any, and interest on, such Bond.

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

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

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

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

BONDHOLDERS' REMEDIES . . . The Bond Order establishes the following occurrences or events as "Events of Default": (i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or (ii) default in the performance or observance of any other covenant, agreement or obligation of the County, the failure to perform which materially, adversely affects the rights of the Holders of the Bonds, including but not limited to, their prospect or ability to be repaid in accordance with the Bond Order, and the continuation thereof for a period of 60 days after notice of such default is given by any Holder to the County. The Bond Order does not provide for a trustee to enforce the covenants and obligations of the County. In no event will registered owners have the right to have the maturity of the Bonds accelerated as a remedy. A registered owner of Bonds could seek a judgment against the County if a default occurred in the payment of principal of or interest on any such Bonds; however, such judgment could not be satisfied by execution against any property of the County and a suit for monetary damages could be vulnerable to the defense of sovereign immunity. A registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the County to levy, assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as it becomes due or perform other material terms and covenants contained in the

Bond Order. In general, Texas courts have held that a writ of mandamus may be issued to require a public official to perform legally imposed ministerial duties necessary for the performance of a valid contract, and Texas law provides that, following their approval by the Attorney General and issuance, the Bonds are valid and binding obligations for all purposes according to their terms. However, the enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. The County is also eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bond holders 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 Bond Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the Bankruptcy Code.

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

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

PURPOSE . . . Proceeds from the sale of the Bonds will be used to pay for constructing, improving, extending, expanding, upgrading and/or developing roads including right-of-way acquisition, utility relocation, traffic safety and operational improvements related drainage and other transportation related improvements as set forth in Proposition 1 as approved by the voters on November 5, 2013 and to pay the costs of issuance related to the Bonds.

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

Sources:	
Principal	$
Bid Premium	
Total Sources	$
Uses:	
Deposit to Project Fund	$
Deposit to Debt Service Fund	
Costs of Issuance	
Total Uses	$

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TAX INFORMATION

AD VALOREM TAX LAW . . . The appraisal of property within the County is the responsibility of the Williamson Central Appraisal District (the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Texas Property Tax Code 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, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence 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 residence homestead for a tax year to an amount that would not exceed either the lesser of (1) the property's market value for the most recent tax year in which it was appraised or (2) the sum of (a) 10% of the property's appraised value for the preceding tax year, plus (b) the property's appraised value for the preceding tax year, plus (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of three members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The County may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the County by petition filed with the Appraisal Review Board.

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

Article VIII of the Texas Constitution ("Article VIII") and Texas law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Article VIII, Section 1-a of the Texas Constitution grants a $3,000 homestead exemption for all homesteads taxed by counties for farm-to-market roads and flood control purposes.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant an exemption of not less than $3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision. Once authorized, such exemption may be repealed or decreased or increased in amount (i) by the governing body of the political subdivision or (ii) by a favorable vote of a majority of the qualified voters at an election called by the governing body of the political subdivision, which election must be called upon receipt of a petition signed by at least 20% of the number of qualified voters who voted in the preceding election of the political subdivision. In the case of a decrease, the amount of the exemption may not be reduced to less than $3,000 of the market value.

The surviving spouse of an individual who qualifies for the foregoing exemption for the residence homestead of a person 65 or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (ii) the surviving spouse was at least 55 years of age at the time of the death of the individual's spouse and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

In addition to any other exemptions provided by the Property Tax Code, the governing body of a political subdivision, at its option, may grant an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of $5,000.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

Under Article VIII and State law, the Commissioners Court of a county may take action to refrain from increasing the total ad valorem tax (except for increases attributable to certain improvements) on the residence homestead of the disabled or persons 65 years of age or older and their spouses above the amount of tax imposed in the later of (1) the year such residence qualified for an exemption based on the disability or age of the owner or (2) the year the county chose to establish the above-referenced limitation. On the receipt of a petition signed by five percent of the registered voters of the county, the county shall call an election to determine by majority vote whether to establish such a tax limitation. Such freeze on ad valorem taxes is transferable to a different residence homestead and to a surviving spouse living in such homestead whom is disabled or is at least 55 years of age. If improvements (other than maintenance or repairs) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax rate limitation may not be repealed or rescinded.

Texas law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000; provided, however, that a disabled veteran who receives from the from the United States Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead.

Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied, until the surviving spouse remarries.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j of the Texas Constitution provides for an exemption from ad valorem taxation for "freeport property," which is defined as goods detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Taxing units that took action prior to April 1, 1990 may continue to tax freeport property and decisions to continue to tax freeport property may be reversed in the future. However, decisions to exempt freeport property are not subject to reversal. Article VIII, Section 1-n of the Texas Constitution provides for an exemption from taxation for "goods-in-transit," which are defined as personal property acquired or imported into the State and transported to another location inside or outside the State within 175 days of the date the property was acquired or imported into the State. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory. After holding a public hearing, a taxing unit may take action by January 1 of the year preceding a tax year to tax goods-in- transit during the following tax year. A taxpayer may obtain only a freeport exemption or a goods-in-transit exemption for items of personal property.

The County may create one or more tax increment financing districts ("TIFD") within the County and freeze the taxable values of property in the TIFD at the value at the time of its creation. Other overlapping taxing units levying taxes in the TIFD may agree to contribute all or part of future ad valorem taxes levied and collected against the value of property in the TIFD in excess of the "frozen values" to pay or finance the costs of certain public improvements in the TIFD. Taxes levied by the County against the values of real property in a TIFD in which the County participates in excess of the "frozen" value are not available for general County use but are restricted to paying or financing "project costs" within the TIFD.

The County also may enter into tax abatement agreements to encourage economic development. Under tax abatement agreements, a property owner agrees to construct certain improvements on its property and to meet certain requirements regarding investment value, job creation, local minority/woman owned business contracting, etc. The County 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 tax abatement agreement could last for a period of up to ten years.

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.

Effective Tax Rate and Rollback Tax Rate . . . Before the later of September 30 or the 60th day after the date that the certified appraisal roll is received by the County, the Commissioners Court must adopt a tax rate per $100 taxable value for the current year. If the Commissioners Court does not adopt a tax rate before such required date, the tax rate for the County for that tax year is the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the Commissioners Court for the preceding tax year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Texas Property Tax Code, the County must annually calculate and publicize its "effective tax rate" and "rollback tax rate". Under current law, a tax rate may not be adopted by the Commissioners Court that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings in two separate weeks are held on the proposed tax rate following a notice of such public hearing (including the requirement that notice be posted on the County's website if the County owns, operates or controls an Internet website and public notice be given by television if the County has free access to a television channel) and the Commissioners Court has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate the qualified voters of the County by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Texas Property Tax Code provides that certain cities and counties in Texas may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year.

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

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the County is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first installment due on February 1 of each year and the final installment due on August 1.

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

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

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

COUNTY APPLICATION OF TAX CODE . . . The County grants an exemption to the market value of the residence homestead of persons who are 65 years of age or older of $25,000; the disabled are also granted an exemption of $15,000.

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

The County has not granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of $5,000.

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

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

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

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

The County has not taken action to tax goods-in-transit.

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

The County has adopted a tax abatement policy. The County has entered into several tax abatement agreements. For the County's 2016 fiscal year, such abatement agreements resulted in total reductions in valuation of $103,690,091 per certified roll.

TABLE 1 – VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT

2017/18 Market Valuation Established by Williamson Central Appraisal District (excluding totally exempt property)			$ 63,566,847,412	
Less Exemptions/Reductions at 100% Market Value:			6,652,463,631	
2017/18 Taxable Assessed Valuation			$ 56,914,383,781	
County Funded Debt Payable from Ad Valorem Taxes (as of 9-30-17)				
Outstanding Unlimited Tax Obligations	$ 197,354,942	(1)		
Outstanding Limited Tax Obligations	674,925,000	(1)(2)		
The Bonds	75,000,000	(3)		
Total Debt Payable from Ad Valorem Taxes			$ 947,279,942	
Interest and Sinking Fund as of 9-30-17			$ 7,422,534	(4)
Ratio Tax Supported Debt to Taxable Assessed Valuation			1.66%	

2017 Estimated Population - 528,718[5]
Per Capita Taxable Assessed Valuation - $107,646
Per Capita Net Ad Valorem Debt Payable from Ad Valorem Taxes - $1,792

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(1) Excludes the Bonds.
(2) Includes $142,176,700 of the County's Pass-Through Toll Revenue and Limited Tax Bonds, Series 2009, Series 2010, Series 2011 and Series 2013, a portion of the Limited Tax Refunding Bonds, Series 2010, Series 2011, Series 2012 and Series 2015 and a portion of the Bonds, each of which series are secured by (a) payments received by the County pursuant to a Pass-Through Toll Agreement between the County and the Texas Department of Transportation, together with any subsequent pass-through toll or other agreements pledged by the County to secure its pass-through toll obligations and (b) a pledge of an ad valorem tax, within the limits prescribed by law, on all property within the County to the extent such revenues are not sufficient to pay debt service on such series of similarly secured obligations. See "TAX INFORMATION – AD VALOREM TAX DEBT AND TAX RATE LIMITATIONS" for information concerning the County's taxing authority for payment of debt.
(3) Preliminary, subject to change.
(4) Unaudited.
(5) The County has not received the Census population estimate for 2017; however, the County's average historical Census population estimate has grown at an average rate of 4% per year from 2013 – 2016.

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TABLE 2 – ASSESSED VALUATIONS BY CATEGORY

	Appraised Market Value for Fiscal Year Ended September 30					
	2018		2017		2016	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real Property	$ 60,509,828,814	95.19%	$ 55,070,785,638	96.15%	$ 54,525,471,561	96.32%
Personal Property	3,057,018,598	4.81%	2,207,537,614	3.85%	2,082,830,805	3.68%
Total Market Value	$ 63,566,847,412	100.00%	$ 57,278,323,252	100.00%	$ 56,608,302,366	100.00%

	Appraised Market Value for Fiscal Year Ended September 30,			
	2015		2014	
Category	Amount	% of Total	Amount	% of Total
Real Property	$ 45,244,698,343	96.56%	$ 42,844,077,414	95.15%
Personal Property	1,612,543,931	3.44%	2,185,384,696	4.85%
Total Market Value	$ 46,857,242,274	100.00%	$ 45,029,462,110	100.00%

NOTE: Valuations shown are total appraised values reported by the Williamson Central Appraisal District to the State Comptroller of Public Accounts. Values shown do not reflect adjustment for exemptions.

TABLE 3 – VALUATION AND AD VALOREM TAX DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population (1)	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End of Fiscal Year (2)	Ratio of Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2013	471,014	$ 35,056,675,852	$ 74,428	$ 773,914,942	2.21%	$ 1,643
2014	489,250	37,144,449,100	75,921	849,554,942	2.29%	1,736
2015	508,514	41,942,626,194	82,481	966,599,942	2.30%	1,901
2016	528,718	47,417,522,347	89,684	931,599,942	1.96%	1,762
2017	528,718 (3)	53,250,418,935	100,716	872,279,942	1.64%	1,650
2018	528,718 (3)	56,914,383,781	107,646	899,014,942 (4)	1.58%	1,700

(1) Source: The County.

(2) Includes $142,176,700 of the County's Pass-Through Toll Revenue and Limited Tax Bonds, Series 2009, Series 2010, Series 2011 and Series 2013 and a portion of the Series 2010, Series 2011, Series 2012 and 2015 Refunding Bonds and the Bonds, each of which series are secured by (a) payments received by the County pursuant to a Pass-Through Toll Agreement between the County and the Texas Department of Transportation, together with any subsequent pass-through toll or other agreements pledged by the County to secure its pass-through toll obligations and (b) a pledge of an ad valorem tax, within the limits prescribed by law, on all property within the County to the extent such revenues are not sufficient to pay debt service on such series of similarly secured obligations. See "TAX INFORMATION – AD VALOREM TAX DEBT AND TAX RATE LIMITATIONS" for information concerning the County's taxing authority for payment of debt.

(3) The County has not received the Census population estimate for 2017; however, the County's average historical Census population estimate has grown at an average rate of 4% per year from 2013 – 2016.

(4) Projected; includes the Bonds. Preliminary, subject to change.

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TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate (1)	General Fund	Interest and Sinking Fund	Tax Levy (1)	% Current Collections	% Total Collections
2013	$0.4490	$0.2815	$ 0.1675	$156,400,025	99.54%	99.90%
2014	0.4490	0.2815	0.1675	165,388,338	99.60%	99.89%
2015	0.4465	0.2790	0.1675	184,437,586	99.54%	99.84%
2016	0.4415	0.2740	0.1675	204,948,985	99.65%	99.65%
2017	0.4365	0.2690	0.1675	226,434,387	99.70% (2)	99.92% (2)
2018	0.4265	0.2590	0.1675	N/A	N/A	N/A

(1) Does not include the Road and Bridge Tax, which is $0.0400 for fiscal year 2018, and no part of which may be used for debt service (see "TAX INFORMATION – AD VALOREM TAX DEBT AND TAX RATE LIMITATIONS" herein).
(2) Unaudited collections as of September 30, 2017.

TABLE 5 – TEN LARGEST TAXPAYERS

Name of Taxpayer	2017/18 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Dell Computer Holdings LP	$ 391,564,261	0.69%
BRI 1869 Parmer LLC	228,522,850	0.40%
Oncor Electric Delivery Company	161,954,230	0.28%
CPG Round Rock LP & SPG Round Rock NS LP	144,548,264	0.25%
Citicorp North America	116,019,544	0.20%
Lakeline Developers	103,051,572	0.18%
HEB Grocery Company LP	102,531,666	0.18%
NW Austin Office Partners LLC	100,078,952	0.18%
BRE RC 1890 Ranch TX LP	98,984,324	0.17%
Atmost Energy/Mid-Tex Distribution	88,284,127	0.16%
	$ 1,535,539,790	2.70%

AD VALOREM TAX DEBT AND TAX RATE LIMITATIONS

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

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

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

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

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

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

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

TABLE 6 – TAX ADEQUACY

2018 Principal and Interest Requirements(1)	$ 84,135,998
$ 0.1509 Tax Rate at 98% Collection Produces(2)	$ 84,166,129

(1) Includes the Bonds. Preliminary, subject to change.
(2) Based on Fiscal Year 2018 taxable assessed valuation of $56,914,383,781. See Table 1.

TABLE 7 – ESTIMATED OVERLAPPING DEBT

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

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Taxing Jurisdiction	Total Tax Supported Debt	Estimated % Applicable	County's Overlapping Tax Supported Debt as of 9-30-2017
Williamson County	$ 947,279,942 (1)	100.00%	$ 947,279,942
Special Districts			
Anderson Mill MUD	$ -	100.00%	$ -
Austin CCD	297,583,965	18.94%	56,362,403
Avery Ranch Road District #1	7,755,000	100.00%	7,755,000
Block House MUD	12,500,000	100.00%	12,500,000
Brushy Creek MUD	29,070,000	100.00%	29,070,000
Brushy Creek MUD-Sendero Springs & Cornerstone	12,250,000	100.00%	12,250,000
Fern Bluff MUD	3,505,000	100.00%	3,505,000
Highlands at Mayfield Ranch MUD	8,000,000	100.00%	8,000,000
Lakeside MUD #3	12,030,000	0.58%	69,774
North Austin MUD #1	6,410,000	91.47%	5,863,227
Palmera Ridge MUD	2,100,000	100.00%	2,100,000
Paloma Lake MUD #1	21,995,000	100.00%	21,995,000
Paloma Lake MUD #2	15,000,000	100.00%	15,000,000
Parkside at Mayfield Ranch MUD	25,730,000	100.00%	25,730,000
Pearson Place Road District	5,315,000	100.00%	5,315,000
Ranch at Cypress Creek MUD #1	2,045,000	62.87%	1,285,692
Siena MUD #1	20,795,000	100.00%	20,795,000
Siena MUD #2	5,000,000	100.00%	5,000,000
Sonterra MUD	24,249,989	100.00%	24,249,989
Springwoods MUD	-	100.00%	-
Stonewall Ranch MUD	4,235,000	100.00%	4,235,000
The Meadows of Chandler Creek MUD	3,580,000	100.00%	3,580,000
Vista Oaks MUD	2,060,000	100.00%	2,060,000
Walsh Ranch MUD	5,970,000	100.00%	5,970,000
Wells Branch MUD	195,000	1.33%	2,594
West Williamson County MUD #1	2,000,000	100.00%	2,000,000
Williamson County MUD #10	17,165,000	100.00%	17,165,000
Williamson County MUD #11	24,790,000	100.00%	24,790,000
Williamson County MUD #12	27,380,000	100.00%	27,380,000
Williamson County MUD #13	23,720,000	100.00%	23,720,000
Williamson County MUD #15	33,640,000	100.00%	33,640,000
Williamson County MUD #19	7,425,000	100.00%	7,425,000
Williamson County MUD #19A	4,100,000	200.00%	8,200,000
Williamson County MUD #22	5,950,000	100.00%	5,950,000
Williamson County Water, Sewer, Irrigation & DD #3	37,400,000	85.51%	31,980,740
Williamson-Travis County MUD #1	2,610,000	77.63%	2,026,143
Total Special Districts			$ 456,970,561
Cities			
Austin	$ 1,385,601,170	4.70%	$ 65,123,255
Bartlett	935,000	58.80%	549,780
Cedar Park	189,035,000	88.92%	168,089,922
Florence	580,000	100.00%	580,000
Georgetown	184,060,000	100.00%	184,060,000
Granger	950,000	100.00%	950,000
Hutto	84,070,000	100.00%	84,070,000
Jarrell	22,435,000	100.00%	22,435,000
Leander	136,085,000	82.36%	112,079,606
Liberty Hill	5,776,000	100.00%	5,776,000
Pflugerville	216,495,000	0.27%	584,537
Round Rock	196,930,000	96.72%	190,470,696
Taylor	47,070,000	100.00%	47,070,000
Thorndale	-	0.01%	-
Total Cities			$ 881,838,795
School Districts			
Bartlett ISD	$ 1,110,000	46.16%	$ 512,376
Burnet CISD	41,605,000	0.98%	407,729
Coupland ISD	-	90.33%	-
Florence ISD	7,855,000	85.52%	6,717,596
Georgetown ISD	335,655,000	100.00%	335,655,000
Granger ISD	545,000	100.00%	545,000
Hutto ISD	196,941,496	100.00%	196,941,496
Jarrell ISD	61,474,664	100.00%	61,474,664
Leander ISD	992,698,034	59.65%	592,144,377
Lexington ISD	8,295,000	0.49%	40,646
Liberty Hill ISD	145,548,419	100.00%	145,548,419
Pflugerville ISD	455,775,000	0.08%	364,620
Round Rock ISD	727,880,000	75.74%	551,296,312
Taylor ISD	68,739,943	100.00%	68,739,943
Thorndale ISD	70,000	12.10%	8,470
Thrall ISD	15,480,000	100.00%	15,480,000
Total School Districts			$ 1,975,876,648
Total Direct and Overlapping Tax Supported Debt			$ 4,261,965,946
Ratio of Direct and Overlapping Tax Supported Debt to 2018 Taxable Assessed Valuation			7.49%
Per Capita Overlapping Tax Supported Debt			$ 8,061

(1) Includes the Bonds. Preliminary, subject to change.

DEBT INFORMATION

TABLE 8 – PRO-FORMA DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt[1]			The Bonds[2]			Total Debt Service Requirements
	Principal	Interest	Total	Principal	Interest	Total	
2018	$ 48,265,000	$ 33,901,300	$ 82,166,300	$ -	$ 1,969,698	$ 1,969,698	$ 84,135,998
2019	50,215,000	32,464,569	82,679,569	1,835,000	2,801,881	4,636,881	87,316,450
2020	44,714,986	37,929,100	82,644,085	1,930,000	2,707,756	4,637,756	87,281,841
2021	47,284,956	31,822,764	79,107,720	2,025,000	2,608,881	4,633,881	83,741,601
2022	51,990,000	27,163,455	79,153,455	2,130,000	2,505,006	4,635,006	83,788,461
2023	53,970,000	25,122,898	79,092,898	2,240,000	2,395,756	4,635,756	83,728,654
2024	56,175,000	22,929,364	79,104,364	2,355,000	2,280,881	4,635,881	83,740,246
2025	58,555,000	20,644,491	79,199,491	2,475,000	2,160,131	4,635,131	83,834,623
2026	59,460,000	18,138,843	77,598,843	2,605,000	2,033,131	4,638,131	82,236,974
2027	39,625,000	15,927,664	55,552,664	2,735,000	1,899,631	4,634,631	60,187,295
2028	41,305,000	14,210,684	55,515,684	2,860,000	1,774,056	4,634,056	60,149,741
2029	43,050,000	12,497,195	55,547,195	2,980,000	1,657,256	4,637,256	60,184,452
2030	39,060,000	10,853,719	49,913,719	3,085,000	1,551,381	4,636,381	54,550,100
2031	37,390,000	9,283,350	46,673,350	3,180,000	1,457,406	4,637,406	51,310,756
2032	35,880,000	7,766,825	43,646,825	3,275,000	1,360,581	4,635,581	48,282,406
2033	25,435,000	6,532,863	31,967,863	3,375,000	1,258,722	4,633,722	36,601,584
2034	42,715,000	5,572,188	48,287,188	3,485,000	1,151,534	4,636,534	52,923,722
2035	19,825,000	3,942,888	23,767,888	3,595,000	1,038,663	4,633,663	28,401,550
2036	20,675,000	3,104,719	23,779,719	3,715,000	919,875	4,634,875	28,414,594
2037	14,750,000	2,317,500	17,067,500	3,840,000	797,106	4,637,106	21,704,606
2038	15,475,000	1,591,225	17,066,225	3,970,000	667,713	4,637,713	21,703,938
2039	16,240,000	827,475	17,067,475	4,105,000	531,447	4,636,447	21,703,922
2040	10,225,000	225,300	10,450,300	4,250,000	387,800	4,637,800	15,088,100
2041	-	-	-	4,400,000	236,425	4,636,425	4,636,425
2042	-	-	-	4,555,000	79,713	4,634,713	4,634,713
	$ 872,279,942	$ 344,770,376	$ 1,217,050,318	$ 75,000,000	$ 38,232,433	$ 113,232,433	$ 1,330,282,750

(1) Includes (a) ad valorem tax debt secured by a levy of the County's $0.80 tax for constitutional purposes and (b) ad valorem tax debt secured by a levy of the County's unlimited tax for roads. See "TAX INFORMATION – AD VALOREM TAX DEBT AND TAX RATE LIMITATIONS." Also, includes $142,176,700 of the County's Pass-Through Toll Revenue and Limited Tax Bonds, Series 2009, Series 2010, Series 2011 and Series 2013, a portion of the Limited Tax Refunding Bonds, Series 2010 , Series 2011, Series 2012 and Series 2015 and a portion of the Bonds, each of which series are secured by (a) payments received by the County pursuant to a Pass-Through Toll Agreement between the County and the Texas Department of Transportation, together with any subsequent pass-through toll or other agreements pledged by the County to secure its pass-through toll obligations and (b) a pledge of an ad valorem tax, within the limits prescribed by law, on all property within the County to the extent such revenues are not sufficient to pay debt service on such series of any similarly secured obligations.

(2) Interest on the Bonds calculated a true interest cost of 3.24% for purposes of illustration. Preliminary, subject to change.

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TABLE 9 – INTEREST AND SINKING FUND BUDGET PROJECTION

Net Unlimited Tax and Limited Tax Supported Debt Service Requirements, 9-30-2018		$ 84,135,998
Interest and Sinking Fund, 9-30-2017	$ 7,422,534	
Transfers from Pass-Through Toll Program	5,475,318	
Fiscal Year 2017 Interest and Sinking Fund Tax Levy @ 100% Collections	95,331,593	108,229,445
Estimated Balance, 9-30-2018		$ 24,093,447

TABLE 10 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Authorized	Amount Authorized	Amount Heretofore Issued	Authorization Being Used	Unissued Balance
Road Improvements(1)	11/5/2013	$ 275,000,000	$ 200,000,000	$ 75,000,000	$ -
Parks and Recreation(2)	11/5/2013	40,000,000	40,000,000	-	-
Total		$ 315,000,000	$ 240,000,000	$ 75,000,000	$ -

(1) Represents obligations payable from the County's unlimited tax for roads. See "TAX INFORMATION – GENERAL OBLIGATION DEBT AND TAX RATE LIMITATIONS."
(2) Represents obligations payable from the County's $0.80 constitutional tax rate. See "TAX INFORMATION – GENERAL OBLIGATION DEBT AND TAX RATE LIMITATIONS."

ISSUANCE OF ADDITIONAL DEBT . . . After issuance of the Bonds, the County will not have any voted authorization remaining.

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

OTHER POST-EMPLOYMENT BENEFITS . . . In addition to the pension benefits described above, the County provides certain other post-retirement benefits to retired employees and their dependents that fall within the scope of Governmental Accounting Standards Board's Statement of General Accounting Standards No. 45 ("GASB 45"), Accounting by Employers for Other Post-Employment Benefits ("OPEB").

GASB 45, which sets forth standards for the measurement, recognition, and display of post-employment benefits other than pensions (such as health and life insurance for current and future retirees), applies to the County. GASB 45 requires the County to: (i) measure the cost of benefits, and recognize other post-employment benefits expense, on the accrual basis of accounting over the working lifetime of the employees; (ii) provide information about the actuarial liabilities for promised benefits associated with past services and whether, or to what extent, the future costs of those benefits have been funded; and provide information useful in assessing potential demands on the employer's future cash flows. The employer's contributions to OPEB costs that are less than an actuarially determined annual required contribution will result in a net OPEB cost, which under GASB 45 must be recorded as a liability in the employer's financial statements.

The County provides post-employment health insurance benefits for eligible retirees. The County may contribute all, part, or none of the premium payment and the County's contribution, if any, is determined annually by Commissioners Court during the County budget process and is effective on a fiscal year basis. For the year ended September 30, 2016 the County contributed $1,555,100 to the post employment health insurance benefits.

The County's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters established by GASB 45. The annual OPEB cost represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or excess) over a period not to exceed thirty years.

The County has made contributions each year which are below the required annual contribution (ARC) therefore, a liability has been reported within the Governmental Activities financial statements. As of September 30, 2016, the County has contributed a total of $5,081,874 to the annual contribution (ARC) which resulted in a liability of $37,869,670. For additional information concerning such other postretirement benefits, see the Notes to the "EXCERPTS FROM THE WILLIAMSON COUNTY, TEXAS ANNUAL FINANCIAL REPORT" in APPENDIX B

FINANCIAL INFORMATION

TABLE 11 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ending September 30,				
	2016	2015	2014	2013	2012
Revenues:					
Taxes	$ 129,961,131	$ 117,875,752	$ 106,095,185	$ 99,644,204	$ 98,316,292
Fees	13,645,196	12,845,615	11,604,467	11,525,071	10,218,500
Fines and Forfeitures	3,127,507	3,393,875	3,843,553	4,162,780	3,874,541
Charges for Services	12,613,273	13,218,199	13,837,755	13,776,515	12,536,107
Intergovernmental	2,125,167	2,213,795	2,306,078	2,068,643	2,311,209
Interest and Other	1,551,207	3,962,733	831,331	802,358	885,145
Total Revenues	$ 163,023,481	$ 153,509,969	$ 138,518,369	$ 131,979,571	$ 128,141,794
Expenditures:					
General Government	$ 29,990,280	$ 26,512,916	$ 26,035,717	$ 24,603,076	$ 23,748,324
Public Safety	79,733,092	76,799,400	74,498,987	69,427,260	67,775,405
Administration of Justice	22,343,088	21,209,145	19,916,895	18,528,978	17,831,456
Community Services	11,214,745	5,547,454	5,167,038	4,977,787	4,718,134
Capital Outlay	4,607,883	4,556,929	3,633,179	2,284,372	2,888,573
Debt Service	228,852	-	-	92,741	185,487
Total Expenses	$ 148,117,940	$ 134,625,844	$ 129,251,816	$ 119,914,214	$ 117,147,379
Excess (Deficiency) of Revenues Over Expenditures	$ 14,905,541	$ 18,884,125	$ 9,266,553	$ 12,065,357	$ 10,994,415
Other Financing Sources (Uses)	(11,431,629)	(11,032,202)	(10,011,493)	(10,600,597)	(5,864,222)
Net Increase (Decrease)	$ 3,473,912	$ 7,851,923	$ (744,940)	$ 1,464,760	$ 5,130,193
Fund Equity at Beginning of Year	$ 83,503,994	$ 75,652,071	$ 76,397,011	$ 74,932,251	$ 69,802,058
Fund Equity at End of Year(1)	$ 86,977,906	$ 83,503,994	$ 75,652,071	$ 76,397,011	$ 74,932,251

Source: County's audited financial statements.
(1) The unaudited General Fund balance as of September 30, 2017 was $103,199,090.

FINANCIAL ADMINISTRATION . . . Under the Texas Constitution and Texas law, financial administration is the responsibility of the Commissioners Court, they set policy. The County Auditor has general oversight of the financial records (i.e., accounting) and auditing and is responsible for the revenue estimate during the budget setting process. They execute all policies set by the Commissioners Court regarding financial administration along with any statutory requirements. The approval of all claims (i.e., expenditures) is a dual responsibility of the County Auditor and Commissioners Court. The County Treasurer is the custodian of County funds.

ACCOUNTING AND BUDGET POLICIES . . . The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-wide and Fund Financial Statements . . . The governmental-wide financial statement (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

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

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of intergovernmental revenues, which have a one-year period of availability. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, landfill closer/post close costs, are recorded only when the liability has matured.

Property taxes, sales taxes, franchise fees and licenses, intergovernmental revenues, certain charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the County receives the cash as the resulting receivables are deemed immaterial.

General Fund Balance. The County's adopted policy is to maintain balances in the General Fund equal to not less than 35% expenditures. The goal for the Road and Bridge Fund is to maintain balances equal to not less than 16% of expenditures.

Budgetary Procedures. The County's Fiscal Year begins October 1 and ends September 30. The annual budget is prepared by the Budget Officer. Departments furnish the necessary information for the Budget Officer to properly prepare the budget. The County Auditor projects the revenues for the County. The Commissioners Court reviews the budget preparation during June, July and August. The Commissioners Court approves the budget and sets the County's tax rate in August. The County has appointed a long-term planning committee to formulate long-term financial policies and multi-year budget planning.

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INVESTMENTS

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

LEGAL INVESTMENTS . . . Under Texas law, the County is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (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 its successor, or the National Credit Union Share Insurance Fund or its successor; (8) certificates of deposit (i) meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) 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 are secured as to principal by obligations described in clauses (1) through (7) or in any other manner and amount provided by law for County deposits or, (ii) where (a) the funds are invested by the County through (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 (the "SEC") and operating pursuant to SEC 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; (9) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a contribution of cash and obligations described in clause (1) which are pledged to the County, and in the County's name and deposited at the time the univested 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; (10) 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; (11) commercial paper with a stated maturity of 270 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; (12) no-load money market mutual funds registered with and regulated by the SEC and complies with SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7); and (13) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is 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.

A political subdivision such as the County may enter into 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 (7) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (7) above, clauses (11) through (13) above, 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 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.

The County may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAAm" or an equivalent by at least one nationally recognized rating service. The County may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the County retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the County must do so by order, ordinance, or resolution.

The County is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3)

collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

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

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

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

TABLE 12 – CURRENT INVESTMENTS(1)

As of September 30, 2017, all of the County's available funds were invested as follows:

Investments	Market Value	% of Total
FHLB	$ 41,479,560.02	16.63%
FFCB	45,969,881.94	18.43%
Treasury Notes	18,081,292.00	7.25%
FHLMC	15,468,415.50	6.20%
Municipal	5,173,960.00	2.07%
PEFCO	14,871,406.55	5.96%
FNMA	5,985,006.00	2.40%
CP-DISC	41,196,359.00	16.51%
Toyoto Mtr. Commercial Paper	22,946,321.00	9.20%
JPMorgan Commercial Paper	38,308,129.50	15.36%
	$ 249,480,331.51	100.00%

(1) Unaudited.

TAX MATTERS

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

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

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the 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 is conditioned on compliance by the County with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the 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. Existing Law is subject to change by Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the County with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. 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 Internal Revenue Service 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"). 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 accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

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

Interest on the Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations 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.

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.

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.

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CONTINUING DISCLOSURE OF INFORMATION

THE COUNTY . . . In the Bond 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 obligated to advance funds to pay the Bonds. Under the agreement, the County will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB"). Information will be available free of charge by the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

ANNUAL REPORTS . . . The County will provide annually to the MSRB, (i) within six months after the end of each fiscal year of the county ending in or after 2017, financial information and operating data with respect to the County of the general type included in this Official Statement being the information of the type included in Tables numbered 1 through 5, 8, 10 through 12 and APPENDIX B financial statements of the County if audited financial statements are then available and (ii) if not provided as part of such financial information and operating data, audited financial statements of the County, when and if available. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles described in APPENDIX B and (ii) audited, if the County commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statement is not complete within 12 months after any such fiscal year end, then the County shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

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

The County's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the County changes its fiscal year. If the County changes its fiscal year, it will notify the MSRB.

NOTICE OF CERTAIN EVENTS . . . The County will provide notice to the MSRB of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws: (1) non-payment related defaults; (2) modifications to rights of Bondholders; (3) Bond calls; (4) release, substitution, or sale of property securing repayment of the Bonds; (5) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and (6) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar.

The County will also provide notice to the MSRB of any of the following events with respect to the Bonds without regard to whether such event is considered material within the meaning of the federal securities laws: (1) principal and interest payment delinquencies; (2) unscheduled draws on debt service reserves reflecting financial difficulties; (3) unscheduled draws on credit enhancements reflecting financial difficulties; (4) substitution of credit or liquidity providers, or their failure to perform; (5) 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 events affecting the tax status of the Bonds; (6) tender offers; (7) defeasances; (8) rating changes; and (9) bankruptcy, insolvency, receivership or similar event of the County (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County).

The County will provide notice of the aforementioned events to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event). The County will also provide timely notice of any failure by the County to provide annual financial information in accordance with their agreement described above under "Annual Reports."

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

The address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, VA 22314, and its telephone number is (703) 797-6600.

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

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

The County makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell 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 Bonds may seek a writ of mandamus to compel the County to comply with its agreement.

The continuing disclosure agreement may be amended by the County from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the County, but only if (1) the provisions, as amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretation of the Rule since such offering as well as such changed circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Bond 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 holders 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 provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling 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.

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OTHER INFORMATION

RATINGS . . . An application for a rating on the Bonds has been made to S&P Global Ratings ("S&P") and Fitch Ratings, Inc. ("Fitch"). The presently outstanding tax supported debt of the County is rated "AAA" by S&P, "AAA" by Fitch and "Aa1" by Moody's Investors Service, Inc. ("Moody's"). The County has not applied to Moody's for a rating on this series of Bonds. The County also has various outstanding tax supported debt issues which are insured by financial guaranty insurance policies and also rated based on such insurance. An explanation of the significance of such ratings may be obtained from the company furnishing the ratings. The ratings reflect only the respective views of such organizations and the County makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

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

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE . . . The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the 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.

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 Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "RATINGS" 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 capital of one million dollars or more, 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. No review by the County has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL OPINIONS AND NO-LITIGATION CERTIFICATE . . . Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the County under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied by the County, without legal limit as to rate or amount, upon all taxable property within the County, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, to the matters set forth in "TAX MATTERS."

The obligations of each purchaser to take and pay for the respective Bonds, and of the County to deliver such Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the County from that set forth or contemplated in the Official Statement.

The County will furnish each purchaser a certificate, and dated as of the date of delivery of the respective Bonds, to the effect that there is not pending, and to their knowledge, there is not threatened, any litigation affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the County, or the title of the officers thereof to their respective offices, and that no additional bonds or other indebtedness have been issued since the date of the statement of indebtedness or non-encumbrance certificate submitted to the Attorney General of Texas in connection with approval of the Bonds.

The 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 explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

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

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

INITIAL PURCHASER . . . After requesting competitive bids for the Bonds, the County accepted the bid of _______________________ (the "Purchaser") to purchase the Bonds at the interest rates shown on the inside cover page of the Official Statement at a price of approximately _________% of par. The Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the County to the Purchaser. The County has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

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

The Order authorizing the issuance of the Bonds approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Bonds by the respective Purchaser.

CERTIFICATION AS TO OFFICIAL STATEMENT . . . The County, acting by and through its County Commissioners in its official capacity hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the County and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, description and statements concerning entities other than the County, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the County has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof. Except as set forth in "CONTINUING DISCLOSURE OF INFORMATION" herein, the County has no obligation to disclose any changes in the affairs of the County and other matters described in this Official Statement subsequent to the "end of the underwriting period" which shall end when the County delivers the Bonds to the respective Purchaser at closing, unless extended by the respective Purchaser. All information with respect to the resale of the Bonds subsequent to the "end of the underwriting period" is the responsibility of the respective Purchaser.

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

____

County Judge
Williamson County, Texas

ATTEST:

____

County Clerk
Williamson County, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE COUNTY

LOCATION

Williamson County, Texas (the "County") organized in 1848, is a Central Texas County and has an area of approximately 1,104 square miles. The City of Georgetown is the County seat. The economy is diversified by agribusiness, manufacturing and education. The different cities within the County offer many recreational, historical and cultural opportunities.

LABOR MARKET PROFILE

	Williamson County	
	September 2017	September 2016
Total Civilian Labor Force	281,856	275,892
Total Employment	273,319	266,091
Total Unemployment	8,537	9,801
Percent Unemployed	3.0%	3.6%

	State of Texas	
	September 2017	September 2016
Total Civilian Labor Force	13,499,113	13,359,661
Total Employment	12,955,476	12,712,681
Total Unemployment	543,637	646,980
Percent Unemployed	4.0%	4.8%

TRANSPORTATION

Roadways. Roadways and highways located within the County include one interstate highway, two U.S. highways and five state highways as well as numerous County and farm-to-market roads.

Interstate Highway 35 transverses the center of the County, passing through the cities of Georgetown and Round Rock. This highway provides limited access roadways to Dallas and Fort Worth to the north and to Austin and San Antonio to the south. U.S. Highway 79 is a four lane highway from Round Rock through the eastern portion of the County. U.S. Highway 183, another four lane roadway, passes through the southwest portion of the County serving the Cedar Park and Leander areas and providing direct access to Austin.

The state highways include State Highway 95 passing through the eastern quadrant of the County, State Highway 195 in the northwestern area of the County and connecting to IH 35, and State Highway 29 in the central area connecting Georgetown with Taylor to the east and to U.S. 183 in the western quadrant of the County. In addition, two principal segments of the Central Texas Turnpike System, State Highway 45 (which traverses the County's southern boundary and crosses IH-35 at the City of Round Rock) and State Highway 130 (which parallels IH-35), traverse the County.

Railways. Railway systems, providing movement of materials in and out of the major commercial and industrial areas of the County, include the MKT Railroad, the Missouri Pacific Railroad, the Southern Pacific Railroad and Georgetown Railroad.

Other Transportation. Other transportation activities serving the County include numerous freight companies and bus facilities. There are several small airports in the County, the most active being the Georgetown Municipal Airport and the Taylor Municipal Airport, both providing facilities for personal aircraft and some commercial aircraft. Commercial passenger facilities are located at the Austin Bergstrom International Airport in Travis County, some twenty miles from the center of Williamson County.

EDUCATION

The County contains 16 independent school districts. The largest district is Round Rock Independent School District covering a large portion of south and southwest Williamson County. Other school districts include Georgetown Independent School District, Leander Independent School District and Taylor Independent School District.

APPENDIX B

EXCERPTS FROM THE
WILLIAMSON COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2016

The information contained in this APPENDIX consists of excerpts from the Williamson County, Texas Annual Financial Report for the Year Ended September 30, 2016, 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.

INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge,
and County Commissioners
Williamson County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williamson County, Texas (the County), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Honorable County Judge,
and County Commissioners
Williamson County, Texas

Opinions

In our opinion, the financial statements referred to previously 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, 2016 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Special Road and Bridge Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Texas County District Retirement System Schedule of Changes in the Employers Net Pension Liability and Related Ratios and the Texas County District Retirement System Schedule of Employer Contributions on pages 4 to 16, 65, and 66, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 is also not a required part of the basic financial statements.

To the Honorable County Judge,
and County Commissioners
Williamson County, Texas

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2017, 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 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 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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
February 28, 2017

MANAGEMENT’S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of Williamson County (the County), we offer readers of the Williamson County financial statements this narrative overview and analysis of the financial activities of Williamson County for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i – vi of this report.

Financial Highlights

- The assets and deferred outflows of resources of Williamson County exceeded its liabilities at the close of the most recent fiscal year by $127,233,725.

- Restricted net position of $49.9 million are funds set aside for specific purposes such as: road and bridge, capital projects, debt service and tobacco funds.

- As of the close of the current fiscal year, Williamson County's governmental funds reported combined ending fund balances of $527.1 million.

- The unassigned fund balance for the General Fund was $82.6 million, or 56% of total General Fund expenditures, down from 57% last year. The major factors for the variances in revenues and expenditures are explained later in the analysis.

- The County issued several bonds this year. In October 2015, $16.2 million Limited Tax Refunding Bonds was issued. The County issued $18.4 million Park Bonds in May 2016. These bonds were approved by the voters in November 2013. $37.9 million Limited Tax Refunding Bonds was issued in July 2016.

Overview of the Financial Statements

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

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

The statement of net assets presents information on all of the County's assets, deferred inflows of resources, and liabilities, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Williamson County is improving or deteriorating.

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

In the Statement of Net position and the Statement of Activities, the County presents information of the primary government (governmental activities):

> **Governmental Activities** – Most of the County's basic services are reported here such as public safety, parks, and community services. Property taxes finance most of these activities.

The government-wide financial statements can be found on pages 17 and 18 of this report.

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

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

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

Williamson County maintains 47 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General Fund, Special Road and Bridge Fund, Debt Service Fund, Capital Project Fund, and Pass-through Funding Program, all of which are considered to be major funds. Data from the other 42 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Williamson County adopts an annual appropriated budget for its General Fund, certain Special Revenue Funds, and the Debt Service Fund. Budgetary comparison statements have been provided for the General Fund and Special Road and Bridge Fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 19 to 24 of this report.

Proprietary Funds. The only type of proprietary fund that Williamson County maintains is Internal Service Funds which are an accounting device used to accumulate and allocate costs internally among the County's various functions. Williamson County uses two Internal Service Funds to account for the Fleet Maintenance Fund and the Benefits Fund. Because both of these services predominantly benefit the government, they have been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide separate information for the Fleet Maintenance Fund and the Benefits Fund. Both Internal Service Funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the Internal Service Funds is provided in the form of combining statements elsewhere in the report.

The basic proprietary fund financial statements can be found on pages 25 to 27 of this report.

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

The basic fiduciary fund financial statements can be found on pages 28 to 29 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 to 64 of this report.

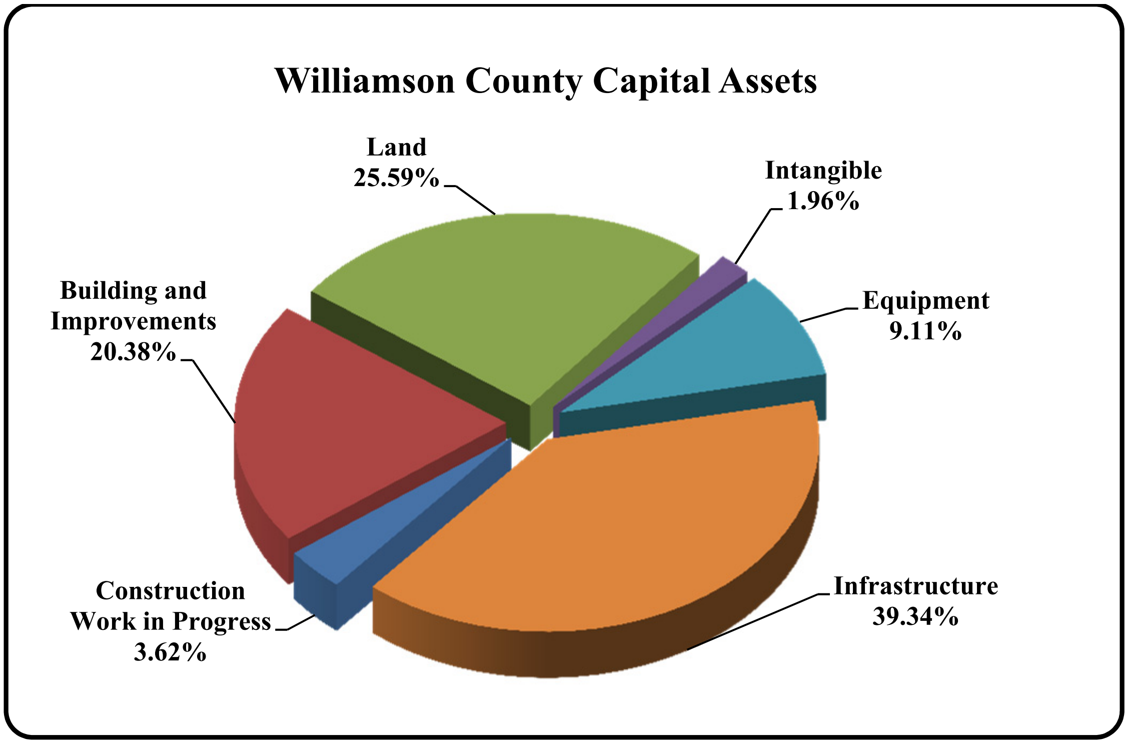
The combining statements referred to earlier in connection with non-major governmental funds and Internal Service Funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 67 - 121 of this report.

Financial Analysis of Government-wide Statements

Summary of Statement of Net Position

	Primary Government	
	Governmental Activities	
	2016	**2015**
Current Assets and Other Assets	$575,153,108	$614,470,838
Capital Assets	$687,310,787	$628,185,486
Total Assets	$1,262,463,895	$1,242,656,324
Deferred Outflows of Resources	$82,544,536	$53,490,401
Total Deferred Outflows of Resources	$82,544,536	$53,490,401
Current Liabilities	$33,095,971	$85,008,483
Noncurrent Liabilities	$1,184,678,735	$1,072,150,173
Total Liabilities	$1,217,774,706	$1,157,158,656
Net Position:		
Net Investment in Capital Assets	$365,342,452	$445,160,755
Restricted	49,879,697	42,611,846
Unrestricted	(287,988,424)	(348,784,532)
Total Net Position	$127,233,725	$138,988,069

Total net position decreased by $11.8 million compared to 2015. There are significant changes in the statement of net position at September 30, 2016 from September 30, 2015. Capital assets increased by $59.1 million as a result of the acceptance of several new subdivisions. The continued growth in the County has caused an increase of new homes. The roads in these subdivisions such as Siena, Highlands at Mayfield Ranch and Paloma Lake will be maintained by the County. The County continues to construct new roads and has begun to make improvements and construct new County buildings such as the Williamson County EXPO Center have contributed to the increase. In addition, the County's net pension liability increased by $83.9 million offset slightly by an increase in the deferred outflows related to pension totaling $28.9 million. This increase is primarily a result of actuarial changes used to determine the total pension liability, including an assumption of a repeating cost of living adjustment (COLA) and an update to annuity rates for future retirees.



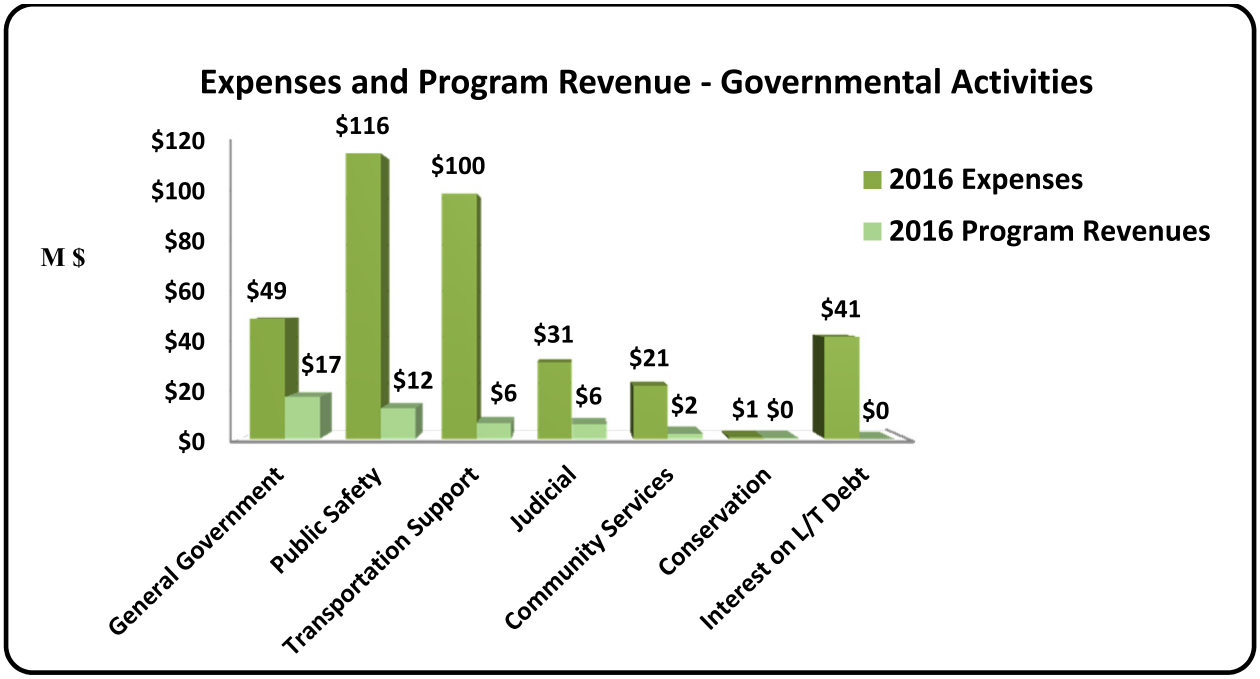
A portion of the County's net position ($687.3 million) reflects investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment). Williamson County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. It should be noted that the resources needed to repay the debt associated with these capital assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

However, the investment in capital assets does not necessarily correlate directly with changes in capital assets as a whole. Many road projects, once completed, are contributed to the local entity involved thus removing the asset from the County's books. In 1999, County Commissioners recognized the need to address transportation needs in the County. Discussions with local and state governments and community leaders led to the development of a Multi-Corridor Plan. Since 2000, in order to facilitate economic growth and to increase the quality of life, the County started responsibly issuing road bonds to address road improvements countywide. As road projects are completed, ownership of many of the new roads is transferred to the appropriate local entity. This plan has benefited the County over the years making travel faster and safer throughout the County.

Williamson County's Changes in Net Position

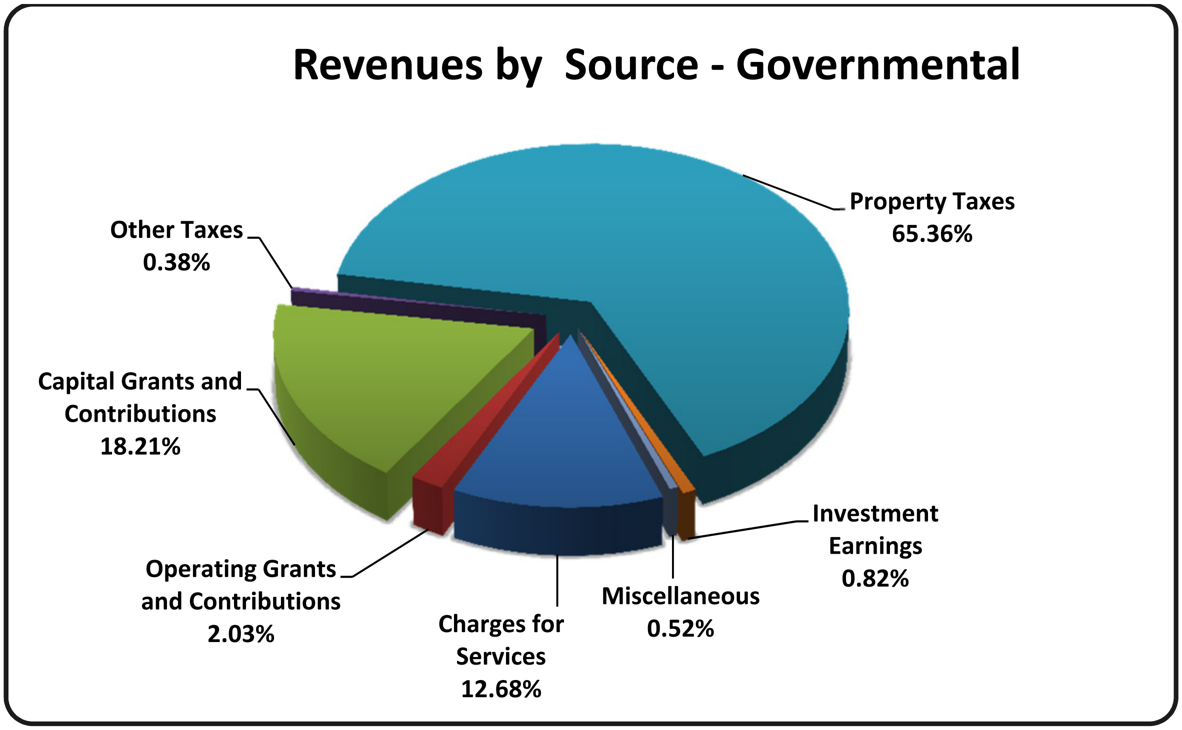
	Primary Government	
	Governmental Activities 2016	Governmental Activities 2015
Revenues		
Program revenues:		
Charges for services	$43,949,358	$44,423,946
Operating grants and contributions	7,021,670	7,327,581
Capital grants and contributions	63,114,526	59,565,089
General revenues:		
Property taxes	226,537,897	204,275,713
Other taxes	1,328,610	1,118,611
Investment earnings	2,826,060	1,291,116
Miscellaneous	1,785,938	2,602,864
Total Revenues	346,564,059	320,604,920
Expenses		
General government	48,471,235	33,113,079
Public safety	115,818,653	87,932,683
Transportation support	99,775,558	78,977,229
Judicial	31,025,054	23,581,105
Community services	21,383,743	18,727,680
Interest on long-term debt	41,283,450	40,308,534
Conservation	560,710	407,345
Total Expenses	358,318,403	283,047,655
Change in Net Position	(11,754,344)	37,557,265
Net Position, Beginning	138,988,069	115,131,859
Prior Period Adjustment	-	(13,701,055)
Net Position, Ending	$127,233,725	$138,988,069

Changes in net position from year to year are a result of the net impact of the change in revenues and expenses from one year to the next. Total revenues for 2016 increased, primarily as a result of property tax revenues, which exceeded property taxes for 2015 by $22.3 million. For 2016, tax rates slightly decreased; however, property values increased by 12% and along with new improvements this resulted in an increase in revenues. Capital grants and contributions increased $3.5 million. The continued growth has added several subdivisions throughout the County. Many of these subdivisions will be maintained by the County. Expenses increased in 2016 compared to 2015, primarily as a result of an increase in transportation support related to the continued growth of the County, and the benefits expense recorded across all departments as a result of the increased pension liability discussed with the statement of activities.

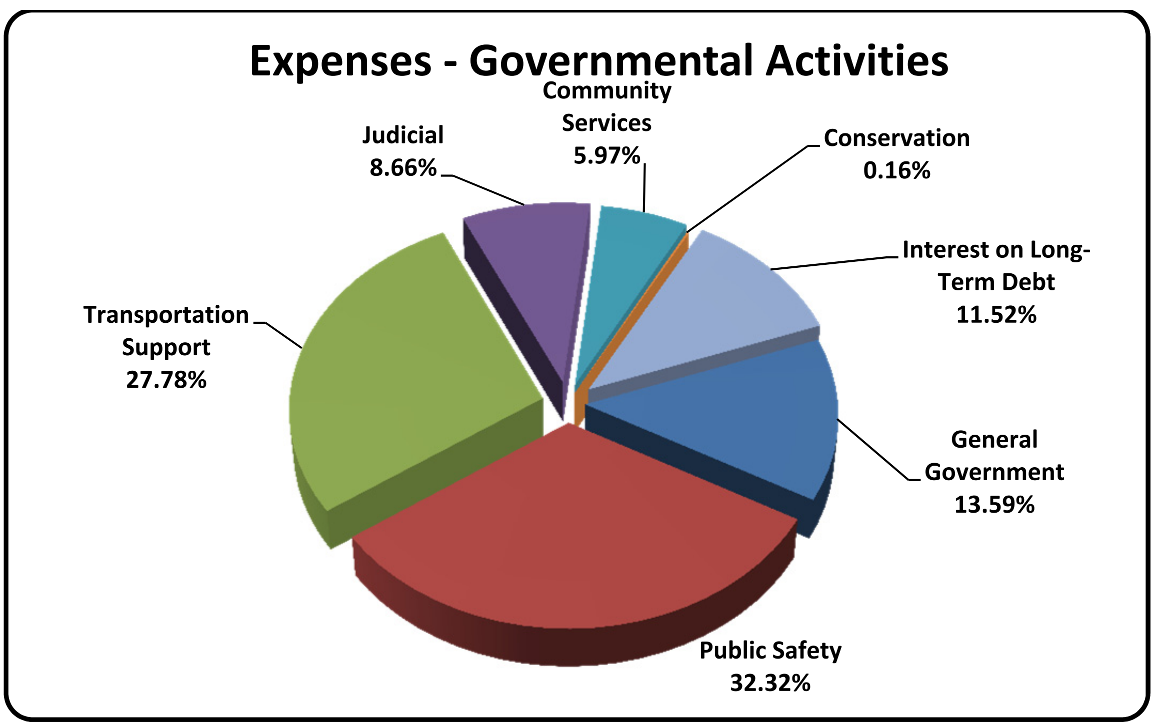


The chart above compares expenses and direct revenues associated with like County services.

The pie chart below includes other revenues, i.e. tax collections that are not tied to individual services provided by the County.



The pie chart below breaks out all expenses by type of service provided by the County.



Financial Analysis of the Governmental Funds

As noted earlier, Williamson County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

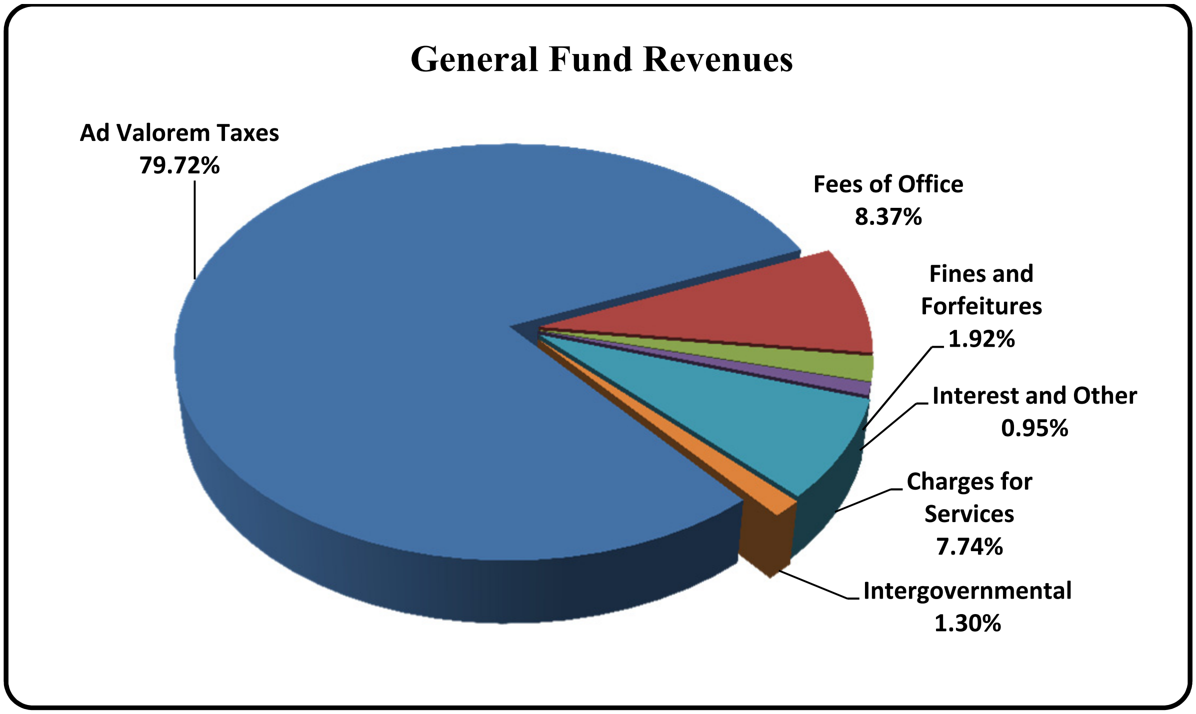
As of the current fiscal year end, Williamson County's governmental funds reported combined ending fund balances of $527.1 million, a decrease of $18.5 million compared to the prior year. This decrease is primarily driven by the construction of capital bond projects for roads and parks. $105.2 million of the fund balance is nonspendable. The majority of the nonspendable amount is due to a receivable due from the Texas Department of Transportation for the Pass-Through Financing Program. $339.3 million of the fund balance is restricted and committed. This means that these funds are earmarked for specific purposes that have been either imposed by state legislation or by formal action taken by commissioner's court. The remaining balance is unassigned and can be used for any purpose.

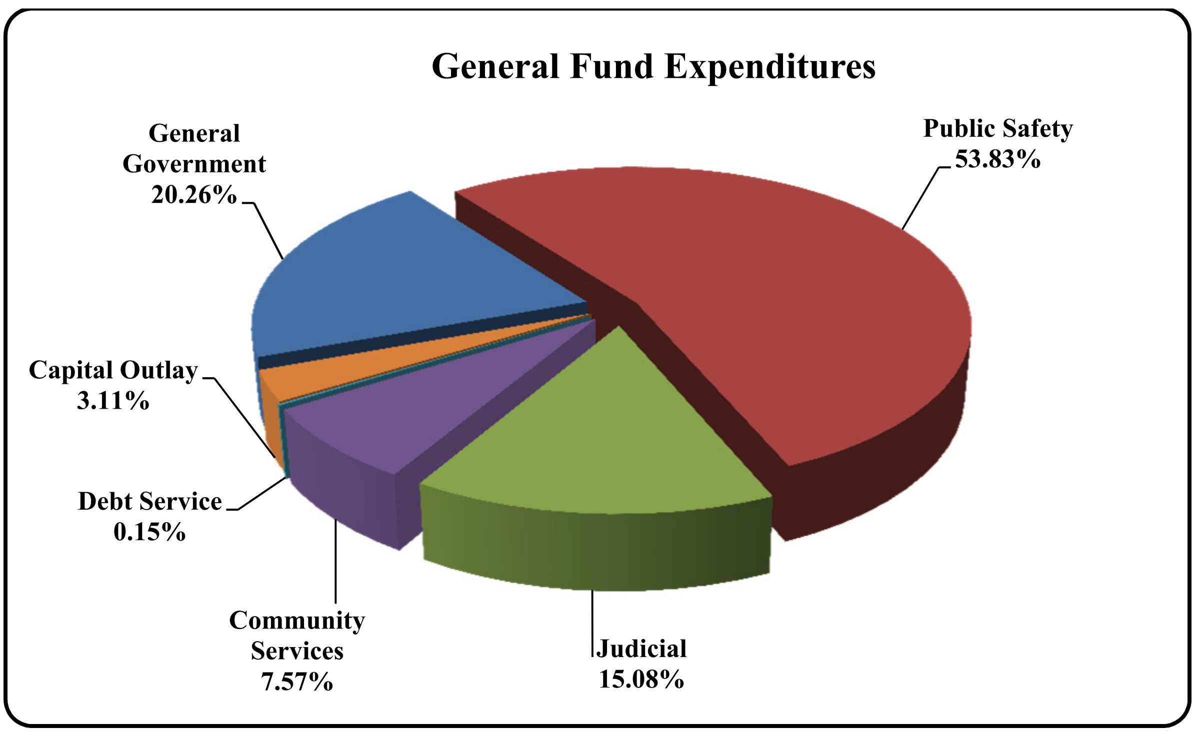
General Fund. The General Fund is the chief operating fund of the County. At the end of the current fiscal year, total fund balance of the General Fund was $87 million with an $858 thousand nonspendable fund balance for investment in capital leases and prepaid expenses. In 2013, the County established a plan to reduce excess reserves to fund various County capital projects. $3.5 million of the General Fund balance is committed to fund the remaining 2013 - 2016 capital projects not completed at year-end. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance for 2016 represents 56% of total General Fund expenditures. This significant fund balance to total expenditure ratio indicates a healthy financial position. The County has adopted a policy to maintain an appropriate level of unreserved General Fund balance to protect against a reduction of services due to temporary revenue shortfalls or unexpected one-time expenditures. A Fund Balance Policy adopted by the Commissioner's Court in 2009 states that the level shall not be less than 35% of total General Fund budgeted expenditures.

The fund balance of Williamson County's General Fund has increased by 4% during the current fiscal year. Although the tax revenue increased by $12 million; the growth of the County has created an increase in the demand for services. A major increase was attributable to personnel. 35 new positions are approved in the general fund. Thirteen positions are approved in general government and fourteen positions are in public safety. Other new positions are approved for the newly remodeled EXPO center. $10 million was budgeted to pay for debt reduction. While being fiscally conservative, the County growth has caused increases to the overall expenditures. Conservative spending resulted in lower than budgeted operational costs. Actual revenues are

$4.4 million higher than budgeted. Property tax revenues and charges for services is higher than projected. The increase in revenue budgeted amounts allowed for an almost $3 million increase to the fund balance in the general fund beyond the budgeted amount.

General Fund revenues and expenditures are graphically depicted below.





Long-term Debt. At the end of the current fiscal year, the County had total bonded debt outstanding of $1 billion. Williamson County's debt has decreased by $25.2 million during the current fiscal year. In May 2016, a portion of the 2013 voter approved park bonds were issued for a total amount of $18.4 million. The debt is backed by the full faith and credit of the County. To take advantage of the low interest rates, the County refinanced existing debt. In October 2015, Williamson County issued a refunding bond in the amount of $16.2 million with a significant cost savings of $2.7 million over the next 11 years. In July 2016, Williamson County issued a refunding in the amount of $38 million with a cost savings of approximately $4.2 million net present value savings over a 20 year period.

Additional information on Williamson County's long-term debt can be found in NOTE 10 on pages 51 to 55 of this report.

Debt Service Fund. The total fund balance at year-end is $6.2 million, all of which is restricted for the payment of debt service. This balance reflects a current year net increase of $400 thousand. The fund balance remains relatively unchanged. Property tax collections are slightly higher than projected. The Commissioners Court approved a $10 million cash defeasance to pay off existing debt. A $10 million transfer from General Fund was used to pay the debt. These differences caused the fund balance to remain unchanged.

The County's continued investment in infrastructure has resulted in substantial growth of the tax base. In 2006, County management pledged to the citizens a stabilization of the portion of the tax rate supporting debt service. The current fund balance is sufficient to maintain this goal while continuing to address the needs of the County.

Additional information on Williamson County's long-term debt can be found in NOTE 10 on pages 51 to 55 of this report.

Capital Projects Fund. The Capital Projects Fund has a total fund balance of $254.5 million, which is a decrease from FY 2015 of $30.3 million. The majority of the decrease to fund balance is the issuance of 2013 Park Bonds proceeds received this fiscal year is a lesser amount than last year's bond issuance of Road Bonds and Certificate of Obligations. The bond funds are the second issuance in the amount of $20 million out of the $40 million voter approved bonds issued to be spent on Park improvements. Interest earnings increased this year due to the investing of the bond proceeds. Expenditures increased $7.8 million. The Park Bonds finished construction of the Williamson County Exposition Center spending $9.2 million. During this fiscal year, the road bonds have started construction on several projects. The projects anticipate to increase in expenditures next year as several new projects will be starting. Total expenditures from the Capital Projects Fund were $55.8 million with capital outlay expenditures accounting for $29.2 million. The major expenditures during the year include $9.2 million on the Williamson County Exposition Center, $5.0 million on Hero Way West, $3.6 million on Bill Pickett Trail, $1.8 million on Reagan Boulevard at IH-35 Bridge, $1.5 million on Kaufmann Loop Phase 1, $1.5 million on County Road 101 Phase 1, and $1.3 million on SH 29 Bypass/Inner Loop.

Capital Assets. Williamson County's investment in capital assets as of September 30, 2016 amounts to $687.3 million (net of accumulated depreciation). This investment includes land, buildings, system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital asset additions during the current fiscal year include the following:

- Clearwater Ranch Phase 2
- Highlands at Mayfield Ranch Section 3
- Highlands at Mayfield Ranch Section 5
- Highlands at Mayfield Ranch Section 8
- Paloma Lake Section 8
- Paloma Lake Section 12
- Paloma Lake Section 14
- Paloma Lake Section 26
- Rancho Sienna Section 14 Phase 1
- Rancho Sienna Section 15
- Santa Rita Ranch South Section 15
- Siena Section 16
- Siena Section 20
- Summerlyn South Section 4
- Wireless Communications' Microwave Replacement Project

Additional information on Williamson County's capital assets can be found in NOTE 7 on pages 48 and 49 of this report.

Special Road and Bridge Fund. The Special Road and Bridge Fund has a total fund balance of $19.5 million, with a net increase of $2.4 million. County Commissioners adopted a tax rate of $.04/100 for Road & Bridge activities for the third year in a row. The increase in property taxes allows the County to implement an increase in county road maintenance and improvement projects. This additional funding is part of a long-range plan for maintaining and improving county roads.

Proprietary Funds. Proprietary funds are made up of two Internal Service Funds, which include the Fleet Service Fund and the Benefits Fund.

Economic Factors and Next Year's Budgets and Rates

Economic Conditions. Williamson County's population growth has been driven in part by its location in Central Texas. The population boom has contributed to housing demands and job growth. Low tax rates, affordable housing and business incentives are major factors that have contributed to the County's growth. The regional economy continues to expand. The economy continues to diversify, with unemployment rates below state and national averages. New residents to the County, new houses and new businesses are projected to continue for many years. The growth has caused a demand for services in the areas of law enforcement, emergency services, indigent health care and legal defense. In June 2016, the County sold general obligation bonds in the amount of $18.4 million for acquiring land, construction and improvements for parks and recreational purposes. The bonds will allow the County to continue to address the infrastructure needs of a growing county.

The taxable assessed valuation (TAV) growth has been solid, spurred by affordable home prices and ample developable land which fuels property tax revenue growth. An increase of 12% TAV was recorded in fiscal 2015. In 2016, TAV grew 11%. Property tax collections remain consistent with historic levels. The average collection rate is 99.65%.

The economic base has grown significantly; commercial developments have resulted in the expansion of retail, higher education, and the healthcare sector. Several areas of the County are becoming key economic corridors. These areas are attracting new businesses to the County. The availability of jobs benefits Williamson County.

Unemployment. September 2016 unemployment rate for Williamson County was 3.6%, which is a slight increase from the rate of 3.4% a year ago. This compares favorably to the state's unemployment rate of 4.9% and the national rate of 4.8%.

All of these factors were considered in preparing Williamson County's budget for FY 2017.

Requests for Information

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

Office of the County Auditor
710 S. Main Street, Suite 301
Georgetown, Texas 78626
jkiley@wilco.org

BASIC FINANCIAL STATEMENTS

WILLIAMSON COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Primary Government
	Governmental Activities
ASSETS	
Cash and investments	$ 447,423,563
Accounts receivable (net of allowance)	8,428,292
Due from other governments	108,470,004
Inventories	674,899
Prepaid items	51,458
Deferred contributions	9,280,176
Investment in lease	824,716
Capital assets	
Land	238,569,934
Intangible	18,275,438
Buildings and improvements	190,070,247
Infrastructure	366,910,588
Equipment	84,983,852
Construction in progress	33,770,981
Less: accumulated depreciation	(245,270,253)
Total capital assets	687,310,787
Total assets	1,262,463,895
DEFERRED OUTFLOWS OF RESOURCES	
Deferred losses on refunding	41,192,011
Deferred outflows related to pension	41,352,525
Total deferred outflows of resources	82,544,536
LIABILITIES	
Accounts payable	20,371,173
Accrued liabilities	3,677,840
Due to other governments	2,906,252
Unearned revenues	1,429,814
Accrued interest	4,710,892
Noncurrent liabilities	
Due within one year	57,867,716
Due in more than one year	1,126,811,019
Total liabilities	1,217,774,706
NET POSITION	
Net investment in capital assets	365,194,341
Restricted for	
Debt service	8,269,822
Road and bridge	19,725,893
Tobacco fund	3,823,257
Records management	5,528,124
Public safety	1,766,013
State and federal programs	10,766,588
Unrestricted	(287,840,313)
Total net position	$ 127,233,725

The Notes to the Basic Financial Statements
are an integral part of these statements.

WILLIAMSON COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities
Primary government					
Governmental activities					
General government	$ 48,471,235	$ 16,936,279	$ 1,280,981	$ -	$ (30,253,975)
Public safety	115,818,653	12,310,097	2,696,760	-	(100,811,796)
Transportation support	99,775,558	6,267,221	-	63,114,526	(30,393,811)
Judicial	31,025,054	5,920,681	535,510	-	(24,568,863)
Community services	21,383,743	2,145,587	2,398,660	-	(16,839,496)
Conservation	560,710	369,493	109,759	-	(81,458)
Interest on long-term debt	41,283,450	-	-	-	(41,283,450)
Total primary government	$ 358,318,403	$ 43,949,358	$ 7,021,670	$ 63,114,526	(244,232,849)
General revenues					
Taxes					
Property taxes, levied for general purposes					128,577,499
Property taxes, levied for farm to market					18,552,068
Property taxes, levied for debt service					79,408,330
Other taxes					1,328,610
Investment earnings					2,826,060
Miscellaneous					1,785,938
Total general revenues					232,478,505
Change in net position					(11,754,344)
NET POSITION, beginning of year					138,988,069
Prior period adjustment					-
NET POSITION, end of year					$ 127,233,725

The Notes to the Basic Financial Statements are an integral part of these statements.

WILLIAMSON COUNTY, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

ASSETS	General	Special Road and Bridge	Debt Service	Capital Projects	Pass-through Funding Program	Other Governmental	Total Governmental Funds
Cash and investments	$ 93,323,429	$ 21,089,556	$ 6,191,124	$ 267,657,782	$ 28,384,740	$ 26,541,639	$ 443,188,270
Accounts receivable (net of allowance)	6,087,074	447,719	929,466	138,872	-	723,854	8,326,985
Due from other governments	216,461	-	-	1,918,614	103,798,198	2,536,731	108,470,004
Inventories	-	530,865	-	-	-	-	530,865
Prepaid items	33,028	-	-	-	-	3,199	36,227
Investment in capital lease	824,716	-	-	-	-	-	824,716
Total assets	$ 100,484,708	$ 22,068,140	$ 7,120,590	$ 269,715,268	$ 132,182,938	$ 29,805,423	$ 561,377,067
LIABILITIES							
Accounts payable	$ 3,678,190	$ 2,145,210	$ -	$ 13,863,071	$ 342	$ 495,712	$ 20,182,525
Accrued liabilities	2,474,396	184,161	-	-	-	160,979	2,819,536
Due to other governments	2,857,659	-	-	-	-	48,593	2,906,252
Unearned revenue	241,437	12,876	-	-	-	1,175,501	1,429,814
Total liabilities	9,251,682	2,342,247	-	13,863,071	342	1,880,785	27,338,127
DEFERRED INFLOWS OF RESOURCES							
Deferred revenues	4,255,120	199,867	896,467	1,402,232	-	180,532	6,934,218
Total deferred inflows of resources	4,255,120	199,867	896,467	1,402,232	-	180,532	6,934,218
FUND BALANCES							
Nonspendable	857,744	530,865	-	-	103,798,198	3,199	105,190,006
Restricted	-	18,995,161	6,224,123	254,449,965	28,384,398	27,740,907	335,794,554
Committed	3,534,167	-	-	-	-	-	3,534,167
Unassigned	82,585,995	-	-	-	-	-	82,585,995
Total fund balances	86,977,906	19,526,026	6,224,123	254,449,965	132,182,596	27,744,106	527,104,722
Total liabilities, deferred inflows of resources, and fund balances	$ 100,484,708	$ 22,068,140	$ 7,120,590	$ 269,715,268	$ 132,182,938	$ 29,805,423	$ 561,377,067

The Notes to the Basic Financial Statements are an integral part of these statements.

WILLIAMSON COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Total fund balances - governmental funds	$	527,104,722
Amounts reported for governmental activities in the statement of net position are different because:		
The County uses internal service funds to charge the costs of certain activities such as fleet and self-insurance to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statements of net position.		3,566,204
Capital assets, including accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		687,193,496
Deferred contributions are not financial resources and, therefore, are not reported in the funds.		9,280,176
Losses on bond refundings are deferred and amortized in the government-wide financial statements.		41,192,011
Net pension liability, the related deferred outflows of resources, and net OPEB obligation are not due and payable in the current period, and, therefore, have not been included in the fund financial statements.		(106,675,369)
Revenues earned but not available within 60 days of the year end are not recognized as revenue on the fund financial statements.		6,934,218
Interest payable on long term debt does not require current financial resources; therefore, interest payable is not reported as a liability in governmental funds balance sheet.		(4,710,892)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		(1,036,650,841)
Net position of governmental activities	$	127,233,725

The Notes to the Basic Financial Statements are an integral part of these statements.

WILLIAMSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	General	Special Road and Bridge	Debt Service	Capital Projects	Pass-through Funding Program	Other Governmental	Total Governmental Funds
REVENUES							
Taxes	$129,961,131	$ 18,565,553	$ 78,178,335	$ -	$ -	$ 1,249,383	$ 227,954,402
Fees of office	13,645,196	-	-	-	-	4,346,412	17,991,608
Fines and forfeitures	3,127,507	-	-	-	-	136,956	3,264,463
Intergovernmental	2,125,167	526,827	120,437	2,502,601	7,742	7,124,051	12,406,825
Charges for services	12,613,273	840,076	-	-	-	1,450,454	14,903,803
Motor vehicle registration	-	4,896,590	-	-	-	-	4,896,590
Investment earnings	803,325	170,045	93,595	1,532,101	147,620	64,511	2,811,197
Miscellaneous	747,882	21,219	58,988	62,198	-	1,530,559	2,420,846
Total revenues	163,023,481	25,020,310	78,451,355	4,096,900	155,362	15,902,326	286,649,734
EXPENDITURES							
Current							
General government	29,990,280	-	-	88,281	-	2,692,482	32,771,043
Public safety	79,733,092	-	-	1,967	-	3,650,137	83,385,196
Transportation support	-	20,277,160	-	26,035,697	4,428	-	46,317,285
Judicial	22,343,088	-	-	-	-	958,809	23,301,897
Community services	11,214,745	-	-	253,024	-	5,006,411	16,474,180
Conservation	-	-	-	-	-	308,850	308,850
Debt service							
Principal	226,178	-	50,422,763	-	-	920,000	51,568,941
Interest and other charges	2,674	-	39,385,932	-	-	315,873	39,704,479
Bond issuance fees	-	-	703,920	217,873	-	326,545	1,248,338
Capital outlay	4,607,883	2,565,118	-	29,147,621	-	801,267	37,121,889
Total expenditures	148,117,940	22,842,278	90,512,615	55,744,463	4,428	14,980,374	332,202,098
Excess (deficiency) of revenues over expenditures	14,905,541	2,178,032	(12,061,260)	(51,647,563)	150,934	921,952	(45,552,364)
OTHER FINANCING SOURCES (USES)							
Issuance of long-term debt	-	-	54,155,000	18,350,000	-	8,210,000	80,715,000
Premium on issuance of long-term debt	-	-	8,764,582	1,905,173	-	406,238	11,075,993
Proceeds from sale of capital assets	224,813	203,362	-	-	-	-	428,175
Transfers in	25,000	-	11,750,000	1,109,215	-	589,273	13,473,488
Discount on issuance of long-term debt	-	-	-	(25,300)	-	(11,178)	(36,478)
Payment to bond escrow agent	-	-	(62,202,473)	-	-	(2,902,163)	(65,104,636)
Transfers out	(11,681,442)	(17,046)	-	-	(1,750,000)	(25,000)	(13,473,488)
Total other financing sources (uses)	(11,431,629)	186,316	12,467,109	21,339,088	(1,750,000)	6,267,170	27,078,054
NET CHANGE IN FUND BALANCES	3,473,912	2,364,348	405,849	(30,308,475)	(1,599,066)	7,189,122	(18,474,310)
FUND BALANCES, beginning of year	83,503,994	17,161,678	5,818,274	284,758,440	133,781,662	20,554,984	545,579,032
FUND BALANCES, end of year	$ 86,977,906	$ 19,526,026	$ 6,224,123	$ 254,449,965	$ 132,182,596	$ 27,744,106	$ 527,104,722

The Notes to the Basic Financial Statements are an integral part of these statements.

WILLIAMSON COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016

Net change in fund balances - total governmental funds	$	(18,474,310)
Amounts reported for governmental activities in the statement of activities are different because:		
The County uses internal service funds to charge the costs of certain activities such as fleet and self-insurance to appropriate functions in other funds. The net income of the internal service funds are reported with the governmental activities.		366,791
Governmental funds report outlays for capital assets as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		8,195,071
Governmental capital assets donated to the County are not current financial resources and therefore, are not reported in the fund statements. Capital assets donated to the County in the current fiscal year increased net position.		61,766,464
Governmental funds report expenditures for costs of assets under construction that will be contributed on completion to another entity. However, in the statement of activities, the cost of those assets will be expensed when the completed asset is transferred.		(19,363,893)
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the statement of activities reports only the gain or loss on the sale of the assets. In addition, the cost basis of assets donated to other entities is reported as expenses on the statement of activities in the period donated. The sum of these items totals:		(10,857,485)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(2,209,239)
Expenditures related to the County's participation in the Texas County and District Retirement System are recorded as they are paid in the governmental funds, but are recognized based on the change in net pension liability in the Statement of Activities.		(55,091,608)
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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these 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.		25,035,121
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.		(1,121,256)
Change in net position of governmental activities	$	(11,754,344)

The Notes to the Basic Financial Statements are an integral part of these statements.

WILLIAMSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance with Final Budget –
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Taxes	$ 128,379,222	$ 128,379,222	$ 129,961,131	$ 1,581,909
Fees of office	12,876,250	12,876,250	13,645,196	768,946
Fines and forfeitures	3,114,200	3,114,200	3,127,507	13,307
Intergovernmental	1,999,215	2,126,504	2,125,167	(1,337)
Charges for services	11,362,859	11,370,444	12,613,273	1,242,829
Investment earnings	400,000	400,000	803,325	403,325
Miscellaneous	358,000	384,485	747,882	363,397
Total revenues	158,489,746	158,651,105	163,023,481	4,372,376
EXPENDITURES				
Current				
General government	32,177,244	31,378,020	29,990,280	1,387,740
Public safety	82,726,537	83,713,183	79,733,092	3,980,091
Judicial	22,554,249	23,568,161	22,343,088	1,225,073
Community services	11,220,262	11,329,221	11,214,745	114,476
Debt service				
Principal	-	226,178	226,178	-
Interest and other charges	-	2,674	2,674	-
Capital outlay	5,317,114	5,942,260	4,607,883	1,334,377
Total expenditures	153,995,406	156,159,697	148,117,940	8,041,757
Excess of revenues over expenditures	4,494,340	2,491,408	14,905,541	12,414,133
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	200,000	200,000	224,813	24,813
Transfers in	25,000	25,000	25,000	-
Transfers out	(10,020,932)	(13,655,125)	(11,681,442)	1,973,683
Total other financing sources (uses)	(9,795,932)	(13,430,125)	(11,431,629)	1,998,496
Net change in fund balances	(5,301,592)	(10,938,717)	3,473,912	14,412,629
FUND BALANCES, beginning of year	83,503,994	83,503,994	83,503,994	-
FUND BALANCES, end of year	$ 78,202,402	$ 72,565,277	$ 86,977,906	$ 14,412,629

The Notes to the Basic Financial Statements are an integral part of these statements.

WILLIAMSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL ROAD AND BRIDGE FUND
YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes	$ 18,373,128	$ 18,379,128	$ 18,565,553	$ 186,425
Intergovernmental	187,000	187,000	526,827	339,827
Charges for services	800,000	800,000	840,076	40,076
Motor vehicle registration	4,360,000	4,360,000	4,896,590	536,590
Investment earnings	50,000	50,000	170,045	120,045
Miscellaneous	10,000	10,000	21,219	11,219
Total revenues	23,780,128	23,786,128	25,020,310	1,234,182
EXPENDITURES				
Current				
Transportation support	22,948,676	24,043,729	20,277,160	3,766,569
Capital outlay	3,616,630	3,540,635	2,565,118	975,517
Total expenditures	26,565,306	27,584,364	22,842,278	4,742,086
Excess (deficiency) of revenues over expenditures	(2,785,178)	(3,798,236)	2,178,032	5,976,268
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	75,000	75,000	203,362	128,362
Transfers in	-	-	-	-
Transfers out	(792,000)	(31,946)	(17,046)	14,900
Total other financing sources (uses)	(717,000)	43,054	186,316	143,262
NET CHANGE IN FUND BALANCES	(3,502,178)	(3,755,182)	2,364,348	6,119,530
FUND BALANCES, beginning of year	17,161,678	17,161,678	17,161,678	-
FUND BALANCES, end of year	$ 13,659,500	$ 13,406,496	$ 19,526,026	$ 6,119,530

The Notes to the Basic Financial Statements are an integral part of these statements.

WILLIAMSON COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	Governmental Activities
	Internal Service
ASSETS	
Current assets	
Cash and investments	$ 4,235,293
Accounts receivable	101,307
Inventory	144,034
Prepaid expenses	15,231
Total current assets	4,495,865
Noncurrent assets	
Capital assets	
Machinery and equipment	482,948
Less accumulated depreciation	(365,657)
Total noncurrent assets	117,291
Total assets	4,613,156
LIABILITIES	
Current liabilities	
Accounts payable	188,648
Accrued liabilities	858,304
Total liabilities	1,046,952
NET POSITION	
Net investment in capital assets	117,291
Unrestricted	3,448,913
TOTAL NET POSITION	$ 3,566,204

The Notes to the Basic Financial Statements
are an integral part of these statements.

WILLIAMSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	Governmental Activities
	Internal Service
OPERATING REVENUES	
Employer contributions	$ 15,475,600
Employee contributions	3,558,308
Charges for services	3,004,714
Total operating revenues	22,038,622
OPERATING EXPENSES	
Claims	16,135,346
Insurance	1,210,930
Administration	1,493,833
Supplies and parts	2,827,814
Depreciation	18,771
Total operating expenses	21,686,694
Operating income	351,928
NONOPERATING REVENUES	
Interest and investment revenues	14,863
Total nonoperating revenues	14,863
Change in net position	366,791
NET POSITION, beginning of year	3,199,413
NET POSITION, end of year	$ 3,566,204

The Notes to the Basic Financial Statements are an integral part of these statements.

WILLIAMSON COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	Governmental Activities
	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 22,126,913
Payments to suppliers	(19,970,544)
Payments to employees	(1,485,761)
Net cash flows provided by operating activities	670,608
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(40,022)
Net cash flows used in capital and related financing activities	(40,022)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	14,863
Net cash flows provided by investing activities	14,863
Change in cash and cash equivalents	645,449
CASH AND CASH EQUIVALENTS, beginning of year	3,589,844
CASH AND CASH EQUIVALENTS, end of year	$ 4,235,293
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 351,928
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	18,771
Change in assets and liabilities	
Accounts receivable	88,291
Due from other funds	37,827
Prepaids and other assets	(15,231)
Inventory	21,671
Accounts payable	(101,199)
Accrued liabilities	268,550
Net cash provided by operating activities	$ 670,608

The Notes to the Basic Financial Statements are an integral part of these statements.

WILLIAMSON COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016

	Private Purpose Trust – Available School	Agency Fund
ASSETS		
Cash and investments	$ 39	$ 17,079,132
Accounts receivable	-	1,554,469
Total assets	39	$ 18,633,601
LIABILITIES		
Due to others	-	$ 18,633,601
Total liabilities	-	$ 18,633,601
NET POSITION		
Held in trust for benefits and other purposes	39	
Total net position	$ 39	

The Notes to the Basic Financial Statements are an integral part of these statements.

WILLIAMSON COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	Private Purpose Trust – Available School
ADDITIONS	
Investment earnings	$ -
DEDUCTIONS	
Apportionment to schools	-
CHANGE IN NET POSITION	-
NET POSITION, beginning of year	39
NET POSITION, end of year	$ 39

The Notes to the Basic Financial Statements are an integral part of these statements.

WILLIAMSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Williamson County, Texas (the County) uses a commission form of government under the laws and statutes of the constitution of the State of Texas. The County provides various services to advance the welfare, health, morals, comfort, safety, and convenience of the County and its inhabitants. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Financial Reporting Entity

The Governmental Accounting Standards Board (GASB) has issued Statement No. 14, *The Financial Reporting Entity* and Statement No. 61, *The Financial Reporting Entity: Omnibus*, which established standards for defining and reporting on the financial reporting entity. The discussion that follows includes not only the minimum guidelines for an entity's inclusion in the County's financial statements, but also the reasons that certain entities were excluded from the statements.

The definition of the reporting entity is based primarily on the notion of financial accountability. The elected officials governing Williamson County are accountable to their constituents for their public policy decisions, regardless of whether those decisions are carried out directly through the operations of the County or by their appointees through the operations of a separate entity. Therefore, the County is not only financially accountable for the organizations that make up its legal entity, it is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the County.

Depending upon the significance of the County's financial and operational relationships with various separate entities, the organizations are classified as blended or discretely presented component units, related organizations, joint ventures, or jointly governed organizations, and the financial disclosure is treated accordingly.

Related Organizations – Where the Williamson County Commissioners' Court (Commissioners' Court) is responsible for appointing a majority of the Members of a board of another organization, but the County's accountability does not extend beyond making such appointments, disclosure is made in the form of the relation between the County and such organization.

Blended Component Units

Avery Ranch Road District *(*the District*)* was formed by the Commissioners' Court in accordance with the Texas Government Code in February of 2001. The District issues unlimited tax bonds for the purpose of developing roads within the District. The bonds constitute direct obligations of the Avery Ranch Road District payable from ad valorem taxes levied upon all taxable property located within the District. Avery Ranch District is considered to be a blended component unit due to the component unit's governing body being made up of Commissioner Court members and management of the primary government has operational responsibility for the component unit.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Reporting Entity – Continued

Blended Component Units – Continued

Pearson Place Road District (the Pearson District) was formed by the Commissioner's Court in accordance with the Texas Government Code in July of 2010. The Pearson District issues unlimited tax bonds for the purpose of developing roads within the District. The bonds constitute direct obligations of the Pearson Place Road District payable from ad valorem taxes levied upon all taxable property located with the Pearson District. Pearson Place Road District is considered to be a blended component unit due to the component unit's governing body being made up of Commissioner Court members and management of the primary government has operations responsibility for the component unit.

Williamson County Conservation Foundation is a nonprofit corporation formed under the laws of the Texas Nonprofit Corporation Act. It was formed by the Commissioners' Court in December of 2002, as a pro-active approach to providing for conservation and the recovery of endangered species in the Williamson County area. The Foundation is governed by a Board appointed by the Commissioners' Court, of which, two members are County Commissioners, and, therefore, the Foundation's board is substantively the same as the county's board. Additionally, there is a financial burden relationship between the primary government and the component unit. Finally, the appointed Board may also be removed by the Commissioners' Court and management of the primary government has operational responsibility for the component unit.

Complete financial statements for each of the individual component units may be obtained at the Williamson County Auditor's office.

Based upon the foregoing criteria, the following entities are not included in the accompanying financial statements: the Williamson County and Cities Health District and the Williamson County Crisis Center.

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 of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenue.

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. 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 particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenues.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers 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.

Property taxes 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 reports the following major governmental funds:

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

The ***Special Road and Bridge Fund*** is a special revenue fund used to account for revenue derived from ad valorem taxes, vehicle registration fees, and rebates from the State of Texas. Expenditures are legally restricted for maintenance and construction of County roads and bridges.

The ***Debt Service Fund*** is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs.

The ***Capital Projects Fund*** is used to account for the acquisition of capital assets or construction of major capital projects.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

The ***Pass-Through Funding Program*** is a Special Revenue Fund used to account for reimbursements from the Texas Department of Transportation (TxDOT) related to the Pass-Through Road Financing Program. The pass-through program allows the County to manage the improvements of state highways. Reimbursements from TxDOT are based on a per vehicle usage after completion of these projects. The monies will be used for the payment of the debt related to these projects. Any funds remaining after all debt has been retired will be used for road projects.

Additionally, the County reports the following fund types:

Internal Service Funds account for the Benefits Program and Fleet Maintenance services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

The ***Private-Purpose Trust Fund*** is used to account for investments, interest, rents, and royalties for the benefit of various school districts in the County. The revenues are distributed to the various school districts.

Agency Funds are used to account for assets held by the County on behalf of individuals and other governments. Examples include taxes, fines, bonds, and restitution. Agency Funds are custodial in nature and do not include measurements of results of operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements with the exception of interfund services provided and used.

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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenue includes all taxes. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service funds are charges to customers for services. Operating expenses for the internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

NOTE 2. DETAILED 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 the reconciliation between total fund balances – governmental funds and net position of 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 ($1,036,651,841) difference are as follows:

Bonds payable	$	(945,654,942)
Bond issuance discount		843,174
Bond issuance premium		(78,328,812)
Accumulated accretion on capital appreciation bonds		(8,475,650)
Compensated absences		(5,034,611)
Net adjustment to reduce fund balance - governmental funds to arrive at net position of governmental activities	$	(1,036,650,841)

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and change in Net Position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report outlays for capital assets 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 $8,195,071 difference are as follows:

Capital outlay	$	35,781,395
Depreciation expense		(27,586,324)
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	$	8,195,071

NOTE 2. DETAILED RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – CONTINUED

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities – Continued

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 ($2,209,239) difference are as follows:

Property taxes	$	(87,895)
Adjudicated fines		11,849
Emergency medical services		(931,799)
Investment in capital lease		(48,179)
Animal shelter fees		9,065
Intergovernmental reimbursements		(1,162,280)
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$	(2,209,239)

Another element of the reconciliation states, "The issuance of long-term debt 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 these amounts are deferred and amortized in the statement of activities." The details of this $25,035,121 difference are as follows:

Issuance of bonds	$	(80,715,000)
Discount on bond issuance		36,478
Premium on bond issuance		(11,075,993)
Deferred loss on refunding		5,519,636
Principal payments on tax notes and bonds		111,270,000
Net adjustment to increase net change in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$	25,035,121

NOTE 2. DETAILED RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – CONTINUED

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Government-wide Statement of Activities – Continued

Another element of the 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 ($1,121,256) difference are as follows:

Amortization of bond issuance discount	$	(177,803)
Amortization of bond issuance premium		6,179,286
Amortization of loss on refunding bonds		(5,297,999)
Accretion of capital appreciation bonds		(371,638)
Decrease in compensated absences		494,300
Decrease in accrued interest payable		677,572
Increase in net OPEB obligation		(2,624,974)
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$	(1,121,256)

NOTE 3. ASSETS, LIABILITIES AND NET POSITION OR FUND BALANCE

Cash and Investments

The County pools cash resources of some funds and invests these funds jointly. Each fund owns a pro rata share of the cash and investments. The County is entitled to invest in obligations of the United States, the State of Texas, and certificates of deposit of state or national banks or savings and loan associations within the State. All investments are stated at fair market value.

Investment earnings are allocated to the respective funds based on the cash balances outstanding at the end of each month.

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

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds.”

NOTE 3. ASSETS, LIABILITIES AND NET POSITION OR FUND BALANCE – CONTINUED

Receivables and Payables – Continued

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

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectible amounts.

Ad valorem property taxes attach as enforceable liens as of January 1. Taxes are levied prior to September 30, payable on October 1, and are delinquent on February 1. The majority of the County's property tax collections occur during December and early January each year. To the extent that County property tax revenue result in current receivables as defined by the GASB they are recognized when levied.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method.

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.

Deferred Contributions

Deferred contributions include the construction costs primarily of roads within the County that will be contributed upon completion to another governmental entity. Upon completion of the project, these assets will be transferred to another governmental entity and expensed in the statement of activities.

Capital Assets

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

Intangible assets were modified to comply with GASB Statement No. 51. Intangible assets are not physical in nature, do not have monetary form, and are identifiable. Intangible assets include mitigation credits, unregistered trademarks, easements, and software (acquired or internally developed). Like capital assets, the County defines intangible assets with an initial cost of more than $5,000 and an estimated useful life in excess of one year.

Intangible assets with definite estimated useful lives from 2 to 60 years are amortized using the straight-line method.

NOTE 3. ASSETS, LIABILITIES AND NET POSITION OR FUND BALANCE – CONTINUED

Capital Assets – Continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	25 - 40
Vehicles	3 - 14
Machinery and equipment	5 - 15
Infrastructure	5 - 50
Improvements other than buildings	10 - 40

Federal and State Grants

Revenue from federal and state grants is recognized on the basis of actual expenditures incurred, limited to the amount of the total grant award. Shared revenue is recognized based on the fiscal period to which the entitlements received apply.

Compensated Absences

The Williamson County Personnel Policy provides employees with vacation leave and nonvesting accumulating rights to sick pay benefits. The policy allows all employees to accumulate a range of 80 to 160 hours of vacation per year. Employees are allowed to carry their vacation balance forward to the next fiscal year in an amount not to exceed 80 to 160 hours, respectively. Employees may also accrue up to 240 hours of compensatory time. Additionally, holiday time is accrued up to a maximum of 200 hours. Unused compensatory time and vacation leave time is paid upon termination. Governmental fund liability and expenditures are not recognized until they come due for payment.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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.

NOTE 3. ASSETS, LIABILITIES AND NET POSITION OR FUND BALANCE – CONTINUED

Fund Balances and Net Position

Government-wide Financial Statements

Net Position on the Statement of Net Position includes the following categories:

Net investment in capital assets – the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, net of premiums and discounts, excluding unspent proceeds, that are directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted – net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted – the difference between the assets and liabilities that is not reported in any of the classifications above.

Governmental Fund Financial Statements

The County has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions* (GASB 54). The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are nonspendable, restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

NOTE 3. ASSETS, LIABILITIES AND NET POSITION OR FUND BALANCE – CONTINUED

Fund Balances and Net Position

Governmental Fund Financial Statements – Continued

In accordance with GASB 54, the County classifies governmental fund balances as follows:

Nonspendable – includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact.

Restricted – includes fund balance amounts that are constrained for specific purposes, which are externally imposed by providers, such as creditors, or amount restricted due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the County through formal action of the highest level of decision-making authority. Committed fund balance is reported pursuant to resolution passed by the County Commissioners Court.

Unassigned – includes residual positive fund balance within the General Fund, which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed. Furthermore, committed fund balances are reduced first, followed by assigned amounts and then unassigned amounts where expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

The County has established a minimum fund balance policy whereby the County’s unassigned general fund balance will be maintained at levels sufficient to protect the County’s creditworthiness as well as its financial position from unforeseeable emergencies. The County will strive to maintain the unassigned general fund balance at a minimum level of 35% of total general fund budgeted expenditures.

NOTE 3. ASSETS, LIABILITIES AND NET POSITION OR FUND BALANCE – CONTINUED

Fund Balances and Net Position – Continued

Governmental Fund Financial Statements – Continued

A summary of the nature and purpose of fund balances at September 30, 2016, is as follows:

	General	Special Road and Bridge	Debt Service	Capital Projects	Pass-through Funding Program	Other Governmental	Total Governmental Funds
Fund balances							
Nonspendable							
Inventory	$ -	$ 530,865	$ -	$ -	$ -	$ -	$ 530,865
Prepaid items	33,028	-	-	-	-	3,199	36,227
Long-term receivables	-	-	-	-	103,798,198	-	103,798,198
Investment in capital lease	824,716	-	-	-	-	-	824,716
Total nonspendable	857,744	530,865	-	-	103,798,198	3,199	105,190,006
Restricted for							
Construction and maintenance of roads and bridges	-	18,995,161	-	-	28,384,398	-	47,379,559
Payment of general long-term debt principal, interest and related costs	-	-	6,224,123	-	-	596,924	6,821,047
Acquisition of capital assets	-	-	-	254,449,965	-	5,263,200	259,713,165
Court mediations	-	-	-	-	-	293,276	293,276
Third Court of Appeals	-	-	-	-	-	320	320
Child safety, health or nutrition	-	-	-	-	-	681,904	681,904
The conservation of endangered species	-	-	-	-	-	1,456,037	1,456,037
Technological enhancements	-	-	-	-	-	536,194	536,194
The County Attorney's office	-	-	-	-	-	10,023	10,023
The County jail	-	-	-	-	-	1,766,013	1,766,013
The Radio communication system	-	-	-	-	-	24,981	24,981
Drug cases, drug education or equipment for law enforcement	-	-	-	-	-	1,008,970	1,008,970
Maintenance, digitalization and preservation of County and court records	-	-	-	-	-	5,528,124	5,528,124
Court reporter	-	-	-	-	-	1,159,101	1,159,101
Teen Court Program	-	-	-	-	-	1,113	1,113
Courthouse and Justice of the Peace security	-	-	-	-	-	318,459	318,459
Welfare fraud	-	-	-	-	-	1,339	1,339
The specialty court	-	-	-	-	-	108,683	108,683
Voting and election services	-	-	-	-	-	849,156	849,156
Juvenile and guardianship programs	-	-	-	-	-	764,107	764,107
Law library	-	-	-	-	-	323,189	323,189
Medical services	-	-	-	-	-	3,823,257	3,823,257
Training	-	-	-	-	-	47,112	47,112
Regional Animal Shelter	-	-	-	-	-	677,264	677,264
The City of Hutto and Hutto ISD	-	-	-	-	-	388,228	388,228
Recreational facilities	-	-	-	-	-	350,153	350,153
Historical commission	-	-	-	-	-	6,972	6,972
Williamson County landfill	-	-	-	-	-	1,756,808	1,756,808
Total Restricted	-	18,995,161	6,224,123	254,449,965	28,384,398	27,740,907	335,794,554
Committed to							
Cash reduction plan	3,473,142	-	-	-	-	-	3,473,142
Employee recognition programs	61,025	-	-	-	-	-	61,025
Total committed	3,534,167	-	-	-	-	-	3,534,167
Unassigned	82,585,995	-	-	-	-	-	82,585,995
Total fund balances	$ 86,977,906	$ 19,526,026	$ 6,224,123	$ 254,449,965	$ 132,182,596	$ 27,744,106	$ 527,104,722

NOTE 3. ASSETS, LIABILITIES AND NET POSITION OR FUND BALANCE – CONTINUED

Pensions

The County has adopted accounting policy in response to GASB Statement No. 68, *Accounting and financial Reporting for Pensions, An Amendment of GASB Statement No. 27* (GASB 68). For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, the County specific information about its Fiduciary Net Positon in the Texas County and District Retirement System (TCDRS) and additions to/deductions from the County's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the County's Total Pension Liability is obtained from TCDRS through a report prepared for the County by TCDRS consulting actuary, Milliman, in compliance with GASB 68.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet 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 position 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.

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

In addition to liabilities, the statement of financial position and/or balance sheet 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 position 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 only one type of item that qualifies for reporting in this category. The difference in expected and actual pension experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

Use of Estimates

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

NOTE 4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

In accordance with the Local Government Budget and Fiscal Control Act, the County follows these procedures in establishing the budgetary data reflected in the financial report:

1) The Budget Officer submits to the County Commissioners a proposed operating budget for the fiscal year commencing the following October. The operational budget includes proposed expenditures and the means of financing them.

2) Public hearings are conducted to obtain taxpayer comments.

3) The budget is legally enacted through passage of an ordinance by September 30 each year.

The County Commissioners may amend the budget ordinance at any time after its adoption so long as the amended ordinance continues to meet the requirements of "Local Government Budget and Fiscal Control Act". During the year, several supplementary appropriations to the original budget were necessary. The County's legally adopted budget is at the function level. For internal management purposes, the budgets are detailed by line item and entered into the accounting records. Comparisons of actual expenditures or expenses to budget are made on an ongoing basis. Budgets of the General, Special Revenue, and Debt Service are prepared on an annual basis. Formal budgetary integration is not employed for Capital Projects Funds because budgetary control is achieved through legally binding construction contracts.

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Special Revenue (except as noted in the following paragraph), and Debt Service Funds. All annual appropriations lapse at fiscal year-end.

Annually appropriated budgets are not adopted for all Special Revenue Funds. The Appellate Judicial System, Child Abuse Prevention, Child Safety, County and District Court Technology, County Sheriff, Court Records Preservation, Grants, Juvenile Delinquency Prevention, Pass-through Funding Program, Record Technology, WM-City of and Hutto ISD, WM-Community Recreation Facility, WM-Future Environmental Liability, and WM-Master Site Development do not have legally adopted budgets. Accordingly, budget and actual comparisons do not include these funds.

Deficit Unrestricted Net Position

A deficit unrestricted net position of approximately $288,000,000 exists in governmental activities as of September 30, 2016. This deficit is primarily the result of the County issuing bonds to finance the construction of infrastructure contributed to other governmental entities. As of September 30, 2016, the amount of bonds outstanding that were used to finance construction of assets transferred to another governmental entity was approximately $825,000,000. These bonds will be paid with future property tax revenues restricted for debt service.

NOTE 5. DEPOSITS AND INVESTMENTS

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

The County's investment pools are 2a7-like pools. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The County’s investments in these pools is the same as the value of the pool shares, which are valued based on quoted market rates.

The County invests in Texas Local Government Investment Pool (TexPool), which was created under the Interlocal Cooperation Act, Texas Government Code Ann. Chapter 791, and the Texas Public Funds Investment Act. The Texas Treasury Safekeeping Trust Company (the Trust) is trustee of TexPool and is a limited purpose trust company authorized pursuant to Texas Government Code Ann. Section 404.103 for which the Texas State Comptroller is sole officer, director, and shareholder. The advisory board of TexPool is composed of members appointed pursuant to the requirements of the Texas Public Funds Investment Act.

The County also invests in Texas Short Term Asset Reserve Program (TexSTAR) which has been organized in conformity with the Texas Government Code, and the Public Funds Investment Act. J.P. Morgan Investment Management, Inc. (JPMIM) or the (investment manager) and First Southwest Asset Management, Inc. (FSAM) serve as co-administrators for TEXSTAR. JPMIM provides investment management services, and FSAM provides participant services and marketing. Custodial, transfer agency, fund accounting, and depository services are provided by JPMorgan Chase Bank, N.A., and/or its subsidiary J.P. Morgan Investor Services Co. The 12-member board of directors for TexSTAR is comprised of individuals from participating government entities in the pool. Additionally, in September 2005, TexSTAR and LOGIC merged. A separate board for each pool holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR and LOGIC. The business and affairs of TexSTAR and LOGIC are managed by their Boards in accordance with their bylaws. The Bylaws set forth procedures governing the selection of, and action taken by, the Board. Board oversight of TexSTAR and LOGIC is maintained through daily, weekly, and monthly reporting requirements.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

NOTE 5. DEPOSITS AND INVESTMENTS – CONTINUED

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs – other than quoted prices included within Level 1- that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The County has recurring fair value measurements as presented in the table below. The County's investment balances and weighted average maturity of such investments are as follows:

Investment Type	September 30, 2016	Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)	Weighted Average Maturity (Days)
Investments not subject to Fair Value (amortized cost)					
TexPool	$ 14,273,931	$ -	$ -	$ -	45
TexPool Prime	48,384,137	-	-	-	65
TexStar	4,238,962	-	-	-	36
LOGIC	92,054,010	-	-	-	78
CD Investments	-	723,761	-	-	691
Investments by Fair Value Level					
U.S. Equity Securities	-	3,033,328	-	-	138
U.S. Agency Securities	-	131,755,122	-	-	314
U.S. Treasury Bonds	-	19,018,974	-	-	90
Dallas Waterworks					
Commercial Paper	-	-	4,990,500	-	731
Kaiser Foundation Hospital Paper	-	-	39,046,942	-	66
Toyota Mtr Commercial Paper	-	42,869,551	-	-	91
JP Morgan Commercial Paper	-	44,833,650	-	-	215
Total	$ 158,951,040	$ 242,234,386	$ 44,037,442	$ -	

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 portfolio to a maximum of 365 days.

NOTE 5. DEPOSITS AND INVESTMENTS – CONTINUED

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, 2016, the County's balances on deposit with financial institutions were collateralized with securities held by the pledging financial institution in the County's name or FDIC insurance. At September 30, 2016, the carrying amount of the County's demand deposits was $20,352,135 and the bank balance was $23,312,568.

Credit Risk. It is the County's policy, as defined in the Texas Public Funds Investment Act, 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 money market and CD investments are not rated.

The remainder of the County's investments are rated as follows:

Investment Type	Rating	Rating Agency
TexPool	AAAm	Standard & Poor's
TexPool Prime	AAAm	Standard & Poor's
TexStar	AAAm	Standard & Poor's
LOGIC	AAAm	Standard & Poor's
U.S. Agency Securities	AA+	Standard & Poor's
Kaiser Foundation Hospital Paper	A-1+	Standard & Poor's
Toyota Mtr Commercial Paper	AA+	Standard & Poor's
JP Morgan Commercial Paper	AA+	Standard & Poor's
Dallas Waterwork Commercial Paper	AAA	Standard & Poor's

NOTE 6. RECEIVABLES AND UNEARNED REVENUE

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:

	Governmental Funds						
	General	Special Road and Bridge	Debt Service	Capital Projects	Pass-through Funding Program	Other Governmental Funds	Total
Receivables							
Property taxes	$ 1,557,035	$ 207,778	$ 929,466	$ -	$ -	$ 2,918	$ 2,697,197
Adjudicated fines	3,001,106	-	-	-	-	-	3,001,106
Emergency medical services	4,075,222	-	-	-	-	-	4,075,222
Intergovernmental	216,461	9,333	-	1,918,614	103,798,198	2,536,731	108,479,337
Interest	112,635		-	138,872	-	-	251,507
Other	1,032,619	230,608	-	-	-	720,936	1,984,163
Gross receivables	9,995,078	447,719	929,466	2,057,486	103,798,198	3,260,585	120,488,532
Less: allowance for uncollectibles	3,691,543	-	-	-	-	-	3,691,543
Net total receivables	$ 6,303,535	$ 447,719	$ 929,466	$ 2,057,486	$ 103,798,198	$ 3,260,585	$ 116,796,989

NOTE 6. RECEIVABLES AND UNEARNED REVENUE – CONTINUED

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

	Unavailable	Unearned
General fund		
Delinquent property taxes receivable	$ 1,503,908	$ -
Adjudicated fines	956,480	-
Emergency medical services	970,016	-
Investment in capital lease	824,716	-
Other	-	241,437
Total general fund	4,255,120	241,437
Special road and bridge		
Delinquent property taxes receivable	199,867	-
Other	-	12,876
Total special road and bridge	199,867	12,876
Debt service fund		
Delinquent property taxes receivable	896,467	-
Total debt service fund	896,467	-
Capital projects fund		
Intergovernmental	1,402,232	-
Total capital projects fund	1,402,232	-
Other governmental funds		
Delinquent property taxes receivable	2,827	-
Animal shelter fees	177,705	-
Other	-	1,175,501
Total other governmental funds	180,532	1,175,501
Total governmental funds	$ 6,934,218	$ 1,429,814

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016, was as follows:

	Beginning Balance	Additions/ Transfers to	Disposals/ Transfers from	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	$ 208,396,978	$ 36,098,536	$ (5,925,580)	$ 238,569,934
Intangibles	6,303,012	-	(262,200)	6,040,812
Construction in progress	16,579,244	17,191,737	-	33,770,981
Total assets not being depreciated	231,279,234	53,290,273	(6,187,780)	278,381,727
Capital assets, being depreciated				
Buildings and improvements	189,028,782	1,041,465	-	190,070,247
Infrastructure	341,551,199	32,430,258	(7,070,869)	366,910,588
Intangible	11,631,025	614,321	(10,720)	12,234,626
Machinery and equipment	77,288,652	10,212,381	(2,517,181)	84,983,852
Total capital assets being depreciated	619,499,658	44,298,425	(9,598,770)	654,199,313
Less accumulated depreciation				
Buildings and improvements	58,749,643	5,252,155	-	64,001,798
Infrastructure	117,267,936	15,419,043	(2,633,363)	130,053,616
Intangible	6,338,072	1,097,010	(10,720)	7,424,362
Machinery and equipment	40,237,757	5,836,887	(2,284,167)	43,790,477
Total accumulated depreciation	222,593,408	27,605,095	(4,928,250)	245,270,253
Total capital assets being depreciated, net	396,906,250	16,693,330	(4,670,520)	408,929,060
Governmental activities capital assets, net	$ 628,185,484	$ 69,983,603	$ (10,858,300)	$ 687,310,787

NOTE 7. CAPITAL ASSETS – CONTINUED

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

Governmental activities	
General government	$ 2,279,355
Public safety	6,181,826
Transportation support	16,735,899
Judicial	844,652
Community services	1,544,592
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	18,771
Total depreciation expense - governmental activities	$ 27,605,095

Construction Commitments

The County has active construction projects as of September 30, 2016. The projects include road construction, parks and park improvements, as well as facilities construction. As of September 30, 2016, the County's commitments with contractors were as follows:

Project	Spent-to-date	Remaining Commitment
Road construction, parks and park improvements, facilities construction	$ 1,206,412,220	$ 23,913,006

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund transfers for the year ended September 30, 2016 is as follows:

	Transfers In					
	General	Debt Service	Capital Projects	Special Road and Bridge	Other Governmental Funds	Total
Transfers out:						
General fund	$ -	$ 10,000,000	$ 1,092,169	$ -	$ 589,273	$ 11,681,442
Special road and bridge	-	-	17,046	-	-	17,046
Pass-through toll fund	-	1,750,000	-	-	-	1,750,000
Other governmental funds	25,000	-	-		-	25,000
Total transfers out	$ 25,000	$ 11,750,000	$ 1,109,215	$ -	$ 589,273	$ 13,473,488

Transfers are used to: (1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them; and (2) fund the County's match portion for grants.

NOTE 9. INVESTMENT IN LEASES

The County has a 30-year agreement to lease a building to the Children's Advocacy Center. For accounting purposes, the County has classified the lease as a direct financing lease. At September 30, 2016, the future minimum lease payments to be received under the lease are as follows:

Year Ending September 30,		Payment
2017	$	24,000
2018		24,000
2019		24,000
2020		24,000
2021		24,000
2022-2026		120,000
2027-2031		120,000
2032-2036		120,000
2037-2038		44,000
Total minimum lease payments receivable		524,000
Less: unearned income		(382,558)
Estimated unguaranteed residual value		660,910
Net investment in capital lease	$	802,352

The County has agreements to lease radio equipment to other governments. For accounting purposes, the County has classified the lease as a direct financing lease. At September 30, 2016, the future minimum lease payments to be received under the lease are as follows:

Year Ending September 30,		Payment
2017	$	11,430
2018		10,382
2019		4,143
Total minimum lease payments receivable		25,955
Less: unearned income		(3,591)
Net investment in capital lease	$	22,364

NOTE 10. LONG-TERM LIABILITIES

The following is a summary of the long-term liability transactions of the County, including blended component units, for the year ended September 30, 2016:

	Balance September 30, 2015	Additions	Retirements	Balance September 30, 2016	Amounts Due Within One Year
Governmental activities					
Bonds payable	$ 976,209,942	$ 80,715,000	$ 111,270,000	$ 945,654,942	$ 47,535,000
Accumulated accretion	8,104,012	371,638	-	8,475,650	-
Deferred amounts					
For issuance premium	73,432,105	11,075,993	6,179,286	78,328,812	5,361,161
For issuance discount	(984,499)	(36,478)	(177,803)	(843,174)	(63,056)
Total bonds payable	1,056,761,560	92,126,153	117,271,483	1,031,616,230	52,833,105
Net pension liability	26,234,118	104,426,847	20,502,741	110,158,224	-
Net OPEB obligation	35,244,696	6,491,662	3,866,688	37,869,670	-
Compensated absences	5,528,911	3,857,660	4,351,960	5,034,611	5,034,611
Total governmental activities	$ 1,123,769,285	$ 206,902,322	$ 145,992,872	$ 1,184,678,735	$ 57,867,716

The compensated absences liability will be liquidated primarily by the General Fund and the Special Road and Bridge Fund. The OPEB obligation will be liquidated primarily by the General Fund. The net pension liability will be liquidated primarily by the General Fund.

Per Williamson County policy, sick leave is not paid out upon termination and is not included in the compensated absences calculation. Compensated absences includes accrued vacation, holiday and comp time that will be paid within the following year. It is expected that the entire amount will be expended during the following year.

Approximately $491,000,000 of the County's bonds outstanding as of September 30, 2016 were issued to construct or acquire capital assets for the County. The remainder of the outstanding bonds are used for construction of County infrastructure that is not a County owned asset, and therefore is not capital related, but benefits County citizens.

NOTE 10. LONG-TERM LIABILITIES – CONTINUED

Bonds

Long-term debt of the County consists of various issues of General Obligation Bonds and Certificates of Obligation. General Obligation Bonds require voter approval at a public election before issuance, while Certificates of Obligation are issued upon the vote of the Commissioner's Court. Both types are backed by the full faith and credit of the County. Debt service is primarily paid from ad valorem taxes with the exception of the Pass Through Toll Revenue and Limited Tax Certificates of Obligation which are payable from pass-through toll revenue from TXDOT.

Issue Date	Description	Maturity	Original Amount	Interest Rate / Coupon Date
4/13/2004	Limited Tax Refunding Bonds Series 2004A	2/15/2019	$ 62,110,000	3.0 - 5.25% 2/15, 8/15
4/5/2005	Unlimited Tax Refunding Bonds Series 2005	2/15/2018	83,590,000	5.0 - 5.25% 2/15, 8/15
3/3/2009	Limited Tax Bonds Series 2009	2/15/2023	8,000,000	3.0 - 5.0% 2/15, 8/15
3/3/2009	Pass Through Toll & Limited Tax Series 2009	2/15/2021	89,235,000	3.0 - 5.125% 2/15,8/15
7/14/2010	Pass Through Toll & Limited Tax Series 2010	2/15/2035	33,995,000	3.0 - 5.0 2/15, 8/15
11/18/2010	Limited Tax Refunding Bonds Series 2010	2/15/2026	12,930,000	2.0 - 4.0% 2/15, 8/15
4/12/2011	Unlimited Tax Road Bonds Series 2011	2/15/2036	76,860,000	2.0 - 5.0% 2/15, 8/15
11/30/2011	Limited Tax Refunding Bonds Series 2011	2/15/2025	36,565,000	3.0 - 5.0% 2/15, 8/15
11/30/2011	Pass Through Toll & Limited Tax Series 2011	2/15/2031	10,000,000	2.0 - 4.0% 2/15, 8/15
3/21/2012	Limited Tax Refunding Bonds Series 2012	2/15/2030	140,640,000	4.5 - 5.0% 2/15, 8/15

NOTE 10. LONG-TERM LIABILITIES – CONTINUED

Bonds – Continued

Issue Date	Description	Maturity	Original Amount	Interest Rate / Coupon Date
12/1/2012	Limited Taxable Refunding Bonds Series 2012	2/15/2029	$ 32,895,000	0.55 - 3.0% 2/15, 8/15
4/15/2013	Limited Tax Refunding Bonds Series 2013	2/15/2032	71,750,000	1.0 - 4.0% 2/15,8/15
4/15/2013	Pass Through Revenue & LTD Tax Bonds Series 2013	2/15/2033	14,985,000	1.0 - 4.0% 2/15, 8/15
4/10/2014	Unlimited Tax Road Bonds Series 2014	2/15/2039	91,750,000	2.0 - 5.0% 2/15, 8/15
4/10/2014	Limited Tax Park Bonds Series 2014	8/15/2034	19,530,000	3.0 - 4.0% 2/15, 8/15
10/28/2014	Limited Tax Refunding Bonds Series 2014	2/15/2025	77,345,000	3.06% 2/15, 8/15
4/23/2015	Limited Tax Refunding Bonds Series 2015	2/15/2034	74,295,000	2.0 - 5.0% 2/15, 8/15
4/23/2015	Limited Tax Refunding Bonds, Taxable Series 2015	2/15/2022	29,290,000	.550 - 2.323% 2/15, 8/15
5/28/2015	Unlimited Tax Road Bonds Series 2015	2/15/2040	90,205,000	4.0 -5.0% 2/15, 8/15
5/28/2015	Combination Tax & Revenue Certificates Series 2015	2/15/2040	59,645,000	2.0 -5.0% 2/15, 8/15
10/15/2015	Limited Tax Refunding Bonds Series 2015A	2/15/2026	16,175,000	2.0 – 4.0% 2/15, 8/15
6/1/2016	Limited Tax Park Bonds Series 2016	2/15/2036	18,350,000	2.0 – 5.0% 2/15, 8/15
7/1/2016	Limited Tax Refunding Bonds Series 2016	2/15/2036	37,980,000	1.5 – 5.25% 2/15, 8/15

At September 30, 2016, authorized but unissued general obligation bonds for road improvements totaled $75,000,000.

NOTE 10. LONG-TERM LIABILITIES – CONTINUED

Refunding Bonds (from table) – Continued

In October of 2015, Limited Tax Refunding Bonds, Series 2015A in the amount of $16,175,000 were issued. These bonds were used to currently refund the outstanding Unlimited Tax Refunding Bonds Series 2006 ($15,785,000) and Limited Tax Refunding Bonds, Series 2006A ($1,885,000). As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by $397,575. This advance refunding was undertaken to decrease total debt service payments over the next 11 years by $3,353,404, and resulted in an economic gain of $2,710,887.

In July of 2016, Limited Tax Refunding Bonds, Series 2016 in the amount of $37,980,000 were issued. These bonds were used to purchase U. S. Government State and Local Government Series Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of $39,070,000 of Limited Tax Bonds, Series 2009, Pass-Through Toll Revenue and Limited Tax Bonds, Series 2009 and Series 2010, and Unlimited Tax Road bonds, Series 2011. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by $5,064,898. This advance refunding was undertaken to decrease total debt service payments over the next 20 years by $5,681,259, and resulted in an economic gain of $4,257,927.

The irrevocable trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. On September 30, 2016, $119,970,000 of bonds considered defeased are still outstanding.

Blended Component Unit – Avery Ranch Road District #1

Issue Date	Description	Maturity	Original Amount	Interest Rate / Coupon Date
3/21/2012	Unlimited Tax Refunding Bonds Series 2012	9/30/2025	$ 7,475,000	2.0 - 4.0% 2/15, 8/15
5/15/2016	Unlimited Tax Refunding Bonds Series 2016	8/15/2022	2,895,000	2.0% 2/15, 8/15

The bonds listed above were issued by Avery Ranch Road District, a blended component unit of Williamson County. The bonds constitute direct obligations of the Avery Ranch Road District payable from ad valorem taxes levied upon all taxable property located within the Road District.

NOTE 10. LONG-TERM LIABILITIES – CONTINUED

Refunding Bonds (Blended Component Unit – Avery Ranch Road District #1)

Unlimited Tax Refunding Bonds, Series 2016 in the amount of $2,895,000 were issued by the Avery Ranch Road District. These bonds were used to currently refund the outstanding Unlimited Tax Refunding Bonds, Series 2007 ($2,845,000). As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by $57,163. This advance refunding was undertaken to decrease the total debt service payments over the next five years by $164,660, and resulted in an economic gain of $152,844.

Refunding Bonds (Blended Component Unit)

On September 30, 2015, there were no bonds considered defeased that were still outstanding.

Blended Component Unit – Pearson Place Road District

Issue Date	Description	Maturity	Original Amount	Interest Rate / Coupon Date
8/15/2016	Unlimited Tax Road Bonds Series 2016	8/15/2041	$ 5,315,000	2.0 - 4.0% 2/15, 8/15

The bonds listed above were issued by Pearson Place Road District, a blended component unit of Williamson County. The bonds constitute direct obligations of the Pearson Place Road District payable from ad valorem taxes levied upon all taxable property located within the Road District.

Debt Service Requirement – All Bonds and Tax Anticipation Notes

The debt service requirements to maturity on all bonds and tax anticipation notes are:

Fiscal Year Ending September 30,	Principal	Interest	Total
2017	$ 47,535,000	$ 36,771,265	$ 84,306,265
2018	49,350,000	34,808,688	84,158,688
2019	51,415,000	33,344,757	84,759,757
2020	45,930,000	31,584,673	77,514,673
2021	48,839,986	37,018,372	85,858,358
2022-2026	286,134,956	120,048,932	406,183,888
2027-2031	203,015,000	65,575,597	268,590,597
2032-2036	155,255,000	28,086,509	183,341,509
2037-2041	58,180,000	5,098,150	63,278,150
Total	$ 945,654,942	$ 392,336,943	$ 1,337,991,885

Included in the above principal amounts are accreted interest amounts that have not yet been recognized at September 30, 2016 totaling approximately $10,000,000.

NOTE 11. RETIREMENT PLAN

The County provides retirement, disability, and death benefits for all of its fulltime employees through 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 586 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with eight 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 deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's 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. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Contributions: The County has elected the annually determined contribution rate (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 12.81% for the months of the accounting year in 2015, and 12.81% for the months of the accounting year in 2016.

The deposit rate payable by the employee members for calendar year 2014 and 2015 is the rate of 7.0% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

NOTE 11. RETIREMENT PLAN – CONTINUED

Actuarial Assumptions

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2015
Actuarial Cost Method	Entry Age
Asset Valuation Method	
Smoothing period	5 Years
Recognition method	Non-asymptotic
Corridor	None
Inflation	3.00%
Salary Increase	4.90%
Investment Rate of Return	8.10%
Payroll Growth	3.50%
COLA	Annual 60% CPI COLA

Discount Rate

The discount rate used to measure the total pension liability was 8.10%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8.10%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 11. RETIREMENT PLAN – CONTINUED

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of December 31, 2015 are summarized below:

Asset Class	Target Allocation	Rate of Return
US Equities	14.5%	5.45%
Private Equity	14.0%	8.45%
Global Equities	1.5%	5.75%
International Equities-Developed	10.0%	5.45%
International Equities-Emerging	8.0%	6.45%
Investment-Grade Bonds	3.0%	1.00%
High-Yield Bonds	3.0%	5.10%
Opportunistic Credit	2.0%	5.09%
Direct Lending	5.0%	6.40%
Distressed Debt	3.0%	8.10%
REIT Equities	3.0%	4.00%
Master Limited Partnerships	3.0%	6.80%
Private Real Estate Partnerships	5.0%	6.90%
Hedge Funds	25.0%	5.25%
Total	100.0%	

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8.10%) in measuring the net pension liability at December 31, 2015:

	1% Decrease in Discount Rate (7.10%)	Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Total pension liability	$ 490,891,828	$ 423,224,598	$ 368,209,840
Fiduciary net pension	313,066,374	313,066,374	313,066,374
Net pension liability	$ 177,825,454	$ 110,158,224	$ 55,143,466

NOTE 11. RETIREMENT PLAN – CONTINUED

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

At September 30, 2016, the County reported $110,158,224 for the net pension liability and pension expense of $67,926,412 related to the December 31, 2015 valuation. The breakdown of the components of pension expense follows:

	January 1, 2015 to December 31, 2015
Service cost	$ 14,815,355
Interest on total pension liability (1)	29,475,312
Effect of plan changes	47,337,431
Administrative expenses	224,964
Member contributions	(6,511,719)
Expected investment return net of investments expenses	(25,694,798)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	611,986
Recognition of assumption changes or inputs	707,678
Recognition of investment gains or losses	7,093,774
Other (2)	(133,571)
Pension expense / (income)	$ 67,926,412

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

The County reported deferred outflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual economic experience	$ 2,447,943
Changes in actuarial assumptions	2,830,710
Difference between projected and actual investment earnings	27,466,907
Contributions subsequent to the measurement date	8,606,965
Total	$ 41,352,525

NOTE 11. RETIREMENT PLAN – CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $8,606,965 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2016 (i.e. recognized in the County's financial statements September 30, 2017). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	Pension Expense Amount
2016	$ 8,413,438
2017	8,413,438
2018	8,413,438
2019	7,505,248
Total	$ 32,745,562

NOTE 12. POSTEMPLOYMENT HEALTH CARE

Plan Description and Funding Policy. In addition to the pension benefits described in the previous note, the Commissioners' Court established a medical insurance benefit plan for retirees. The County administers this single-employer defined benefit medical plan (the Retiree Medical Plan). The Retiree Medical Plan does not issue a publicly available financial report. Eligible retirees will be provided medical insurance benefits at a set premium rate based on County service at the time of retirement. Dental insurance benefits for retirees have a set premium rate that closely approximates the County employees' rate. Eligible retirees may also cover their eligible dependents. Retirees are responsible for paying the premiums. A retiree is defined as someone who is receiving lifetime monthly Texas County and District retirement pension benefit payments and who retired directly from active employment with Williamson County. The County will stop insurance coverage on the retiree and dependent on the last day of the month when one of the following occurs:

1. The retiree reaches age 65; or
2. The retiree fails to submit the required set premium rate.

NOTE 12. POSTEMPLOYMENT HEALTH CARE – CONTINUED

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a closed period not to exceed 24 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's OPEB obligation to the postemployment medical plan.

Fiscal Year	2014	2015	2016
Annual Required Contribution (ARC)	$ 6,365,694	$ 5,081,874	$ 5,081,874
Interest on Net OPEB Obligation	1,126,453	1,287,286	1,409,788
Adjustment to the ARC	(1,802,662)	(2,110,725)	(2,311,588)
Annual OPEB Cost	5,689,485	4,258,435	4,180,074
Contributions Made	(1,668,668)	(1,195,880)	(1,555,100)
Increase in Net OPEB Obligation	4,020,817	3,062,555	2,624,974
Net OPEB Obligation beginning of year	28,161,324	32,182,141	35,244,696
Net OPEB Obligation, end of year	$ 32,182,141	$ 35,244,696	$ 37,869,670

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2014	$ 5,689,485	$ 1,668,668	29.3%	$ 32,182,141
9/30/2015	4,258,435	1,195,880	28.1%	35,244,696
9/30/2016	4,180,074	1,555,100	37.2%	37,869,670

NOTE 12. POSTEMPLOYMENT HEALTH CARE – CONTINUED

Funded Status and Funding Progress. The funding status of the post-employment medical plan as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2010	$ -	$ 47,659,778	$ 47,659,778	0.00%	$ 69,109,762	69.0%
10/1/2012	-	$41,418,618	$41,418,618	0.00%	$72,032,763	57.5%
10/1/2014	-	35,011,547	35,011,547	0.00%	82,264,296	42.6%

Actuarial valuations of an ongoing plan involve estimates of the value reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. A schedule of funding progress presents multi-trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The County’s schedule of funding progress appears above.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return compounded annually (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, an annual health care cost trend rate of 6.2% in the first year, 5.8% in the second year, 6.8% in the third year, 5.9% in the fourth year, and ultimately grade down to 4.5% per year after the 81st year. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level dollar over a closed 24-year period.

NOTE 13. EMPLOYEE BENEFITS PLAN

The County provides group medical benefits to its employees on a self-funded basis. Stop-loss coverage is provided by an insurance company and an independent company serves as Claim Administrator.

All full-time County employees (regularly scheduled to work at least 30 hours per week) are eligible for coverage under the Plan. Employees can enroll for personal coverage and dependent coverage.

A reconciliation of claims liabilities is shown below.

	2016	2015
Claims liabilities at October 1	$ 533,748	$ 1,977,846
Incurred claims	16,135,643	14,699,740
Payments on claims	(15,841,229)	(16,143,838)
Claims liabilities at September 30	$ 828,162	$ 533,748

All claim liabilities are due within one year.

NOTE 14. 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; and natural disasters. The County provides for the management of risks through a combination of self-insurance and traditional insurance. The amount of settlements has not exceeded insurance coverage for each of the past three fiscal years.

NOTE 15. COMMITMENTS AND CONTINGENCIES

The County is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of management, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements, and accordingly, no provision for losses has been recorded.

The County participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at September 30, 2016, may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

NOTE 16. FUTURE FINANCIAL REPORTING REQUIREMENTS

GASB has issued the following statements which will become effective in future years.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – This statement changes the focus of accounting of postemployment benefits other than pensions from whether they are responsibility funding the benefits over time to a point-in-time liability that is reflected on the employer's financial statements for any actuarially unfunded portion of benefits earned to date. This statement will become effective for the County in fiscal year 2018.

Statement No. 77, *Tax Abatement Disclosures* – This statement requires governments that enter into tax abatement agreements to provide certain disclosures regarding these commitments. This statement will become effective for the County in fiscal year 2017.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

[*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*.]

WILLIAMSON COUNTY, TEXAS
UNLIMITED TAX ROAD BONDS, SERIES 2017
IN THE AGGREGATE PRINCIPAL AMOUNT OF $75,000,000*

AS BOND COUNSEL FOR WILLIAMSON COUNTY, TEXAS (the "County") of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates specified in the text of the Bonds and in the Order of the County adopted on March 7, 2017 authorizing the issuance of the Bonds (the "Order") together with the Pricing Certificate of the Pricing Officer as authorized in the Order (such Pricing Certificate and Order are collectively referred to herein as the "Bond Order").

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

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Bonds have been duly authorized, issued and delivered in accordance with law; and that said Bonds, except as the enforceability thereof may be limited by laws relating to governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted related to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the County; 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, without legal limit as to rate or amount as provided in the Bond 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 thereof 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 or corporate

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*Preliminary, subject to change.

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 by the County with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the County to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the County.

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 County as the taxpayer. We observe that the County has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

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 will be (a) included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on 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 County, and, in that capacity, we have been engaged by the County for the sole purpose of rendering an opinion with respect to the legality and validity of the 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. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the County, or the disclosure thereof in connection with the sale of the 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 County as to the current outstanding indebtedness of the County, the assessed valuation of taxable property within the County and the sufficiency of such taxes. Our role in connection with the County's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described herein.

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.

Respectfully,