This Preliminary Official Statement and the information contained herein are subject to completion or amendment. 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.

HTS Continuing Disclosure Services
A Division of Hilltop Securities

(See "CONTINUING DISCLOSURE OF INFORMATION" herein)
NEW ISSUE - Book-Entry-Only

PRELIMINARY OFFICIAL STATEMENT

Dated: November 13, 2026

Ratings:
Fitch: "AA+"
S&P: "AA+"
(See "OTHER INFORMATION – Ratings" herein)

In the opinion of Bond Counsel, interest on the Certificates is 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.

$32,440,000*

TAYLOR COUNTY, TEXAS
LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, SERIES 2026

Dated Date: December 15, 2026 **Due: February 15, as shown on page 2**
(Interest accrues from Date of Delivery)

PAYMENT TERMS... Interest on the $32,440,000* Taylor County, Texas Limited Tax General Obligation Refunding Bonds, Series 2026 (the "Bonds"), will accrue from the date of initial delivery to the underwriters shown below (the "Underwriters"), will be payable initially on February 15, 2027 and each August 15 and February 15 thereafter, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued as fully registered obligations in denominations of $5,000 of principal amount or any integral multiple thereof for any one stated maturity. 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 authorized denominations thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. The principal and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts to 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, Dallas, 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"), particularly Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), and an order adopted by the Commissioners Court of Taylor County, Texas (the "County") on November 3, 2026 authorizing the issuance of the Bonds (the "Bond Order"). In the Bond Order, the Commissioners Court of the County delegated to certain officers of the County (each a "Pricing Officer"), pursuant to certain provisions of Chapter 1207, authority to complete the sale of the Bonds. The terms of the sale will be included in a "Pricing Certificate" which will complete the sale of the Bonds (the Bond Order and the Pricing Certificate are jointly referred to as the "Order"). The Bonds are direct obligations of the County, payable from a direct and continuing annual ad valorem tax levied on all taxable property within the County, within the limits prescribed by law, as provided in the Bond Order, sufficient to pay the debt service requirements on the Bonds.

PURPOSE... Proceeds from the sale of the Bonds will be used (1) to refund a portion of the County's outstanding debt (the "Refunded Bonds") for debt service savings (see "PLAN OF FINANCING"; also see Schedule I for a detailed listing of the Refunded Bonds and their call date); and (2) to pay costs of issuance related to the Bonds (see "THE BONDS – Purpose" and "THE BONDS – Sources and Uses of Proceeds").

MATURITY SCHEDULE - SEE SCHEDULE ON PAGE 2
CUSIP PREFIX: 877044

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

DELIVERY... It is expected that the Bonds will be available for delivery through the facilities of DTC on December 29, 2026 (the "Date of Delivery").

FROST BANK **SAMCO CAPITAL**

* Preliminary, subject to change.

MATURITY SCHEDULE*

Limited Tax General Obligation Refunding Bonds, Series 2026

Principal Amount	Maturity (2/15)	Interest Rate	Initial Yield	CUSIP [1]	Principal Amount	Maturity (2/15)	Interest Rate	Initial Yield	CUSIP [1]
$605,000	2027				$2,680,000	2034			
1,985,000	2028				2,820,000	2035			
2,085,000	2029				2,960,000	2036			
2,195,000	2030				3,110,000	2037			
2,310,000	2031				3,275,000	2038			
2,425,000	2032				3,440,000	2039			
2,550,000	2033								

(Interest to accrue from the Date of Delivery)

OPTIONAL REDEMPTION... The County reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 20__, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption (see "THE BONDS - Optional Redemption").

_____

* Preliminary, subject to change.

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP numbers are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the County, the Municipal Advisor or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

For purpose of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), 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 no more than the information permitted by Rule 15c2-12.

This Official Statement, which includes the cover page, the Schedule, and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized by the County to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the County and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Municipal Advisor or the Underwriters. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the County's undertaking to provide certain information on a continuing basis.

The cover page contains certain information for general reference only and is not intended as a summary of this offering. Investors should read the entire Official Statement, including the Schedule and all appendices attached hereto, to obtain information essential to making an informed investment decision.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

NEITHER THE COUNTY NOR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION WAS PROVIDED BY THE DEPOSITORY TRUST COMPANY.

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

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

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

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

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

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the 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 COUNTY	The County is a political subdivision of the State of Texas located in west central Texas. The County covers approximately 916 square miles and has an estimated 2026 population of approximately 151,203. The City of Abilene is the County Seat and has an estimated 2026 population of 130,501 (see "INTRODUCTION - Description of the County").
THE BONDS	The $32,440,000* Limited Tax General Obligation Refunding Bonds, Series 2026 (the "Bonds") are issued as serial bonds maturing on February 15 in the years 2027 through 2039, inclusive (see "THE BONDS - Description of the Bonds").
PAYMENT OF INTEREST	Interest on the Bonds accrues from the date of their delivery to the Underwriters and is payable on February 15, 2027 and each August 15 and February15 thereafter until maturity or prior redemption (see "THE BONDS - Description of the Bonds").
AUTHORITY FOR ISSUANCE	The Bonds are issued pursuant to the Constitution and general laws of the State, particularly Chapter 1207, Texas Government Code, as amended, ("Chapter 1207"), and an order adopted by the Commissioners Court of the County on November 3, 2026 (the "Bond Order"). In the Bond Order, the Commissioners Court delegated to certain officers of the County (each a "Pricing Officer"), pursuant to certain provisions of Chapter 1207, authority to complete the sale of the Bonds. The terms of the sale will be included in a "Pricing Certificate", which will complete the sale of the Bonds (the Bond Order and the Pricing Certificate are jointly referred to as the "Order").
SECURITY FOR THE BONDS	The Bonds constitute direct obligations of the County, payable from a direct and continuing annual ad valorem tax levied on all taxable property within the County, within the limits prescribed by law, as provided in the Bond Order, sufficient to pay the debt service requirements on the Bonds (see "THE BONDS - Security and Source of Payment").
REDEMPTION	The County reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 20__, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption (see "THE BONDS – Optional Redemption").
TAX EXEMPTION ……	In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein (see "TAX MATTERS" and Appendix C – Form of Bond Counsel's Opinion).
USE OF PROCEEDS	Proceeds from the sale of the Bonds will be used (1) to refund a portion of the County's outstanding debt (the "Refunded Bonds") for debt service savings (see "PLAN OF FINANCING"; also see Schedule I for a detailed listing of the Refunded Bonds and their call date); and (2) to pay costs of issuance related to the Bonds (see "THE BONDS – Purpose" and "THE BONDS – Sources and Uses of Proceeds").
RATINGS	The Bonds are rated "AA+" by Fitch Ratings Inc. ("Fitch"), and "AA+" by S&P Global Ratings, a division of S&P Global Inc. ("S&P"), without regard to credit enhancement (see "OTHER INFORMATION - Ratings"). Applications have been made to Fitch and S&P for contract ratings on the Bonds.

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 on payment of its general obligation tax debt.

* Preliminary, subject to change.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated County Population [1]	Taxable Assessed Valuation [2]	Per Capita Taxable Assessed Valuation	Funded Tax Debt At End of Year	Per Capita Funded Tax Debt	Ratio Funded Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections
2023	143,326	$ 11,519,602,089	$ 80,373	$ 51,020,000	$ 356	0.44%	99.67%
2024	146,836	13,084,054,637	89,107	48,460,000	330	0.37%	99.18%
2025	150,253	13,984,494,492	93,073	56,810,000	378	0.41%	99.53%
2026	151,203	15,272,875,558	101,009	53,820,000	356	0.35%	99.32%
2027	150,077	18,262,968,611	121,691	49,075,000 [3]	327	0.27%	N/A [4]

(1) Source: The County.
(2) As reported by the Taylor Central Appraisal District on County's annual State Property Tax Board Reports; subject to change during the ensuing year.
(3) Includes the Bonds but excludes the Refunded Bonds. Preliminary, subject to change.
(4) In process of collections.

GENERAL FUND REVENUE AND EXPENDITURE SUMMARY

	Fiscal Year Ended September 30				
	2025	2024	2023	2022	2021
Beginning Balance	$ 33,730,372	$ 34,775,707	$ 37,109,429	$ 34,280,061	$ 29,644,831
Total Revenue	79,421,634	73,989,316	67,144,954	62,152,453	60,567,428
Total Expenditures	78,398,575	74,476,649	65,127,742	58,483,105	54,088,375
Net Transfers	(1,820,081)	(558,002)	(4,350,934)	(839,980)	(1,843,823)
Ending Balance	$ 32,933,350	$ 33,730,372	$ 34,775,707	$ 37,109,429	$ 34,280,061

COUNTY OFFICIALS, STAFF AND CONSULTANTS

ELECTED AND APPOINTED OFFICIALS

County Officials	Title	Length of Service to County	Term Expires
Phi Crowley	County Judge	3 Years	12/31/2026
Randall D. Williams	County Commissioner, Precinct No. 1	17 Years	12/31/2028
Kyle Kendrick	County Commissioner, Precinct No. 2	15 Years	12/31/2026
Brad Birchum	County Commissioner, Precinct No. 3	9 Years	12/31/2028
Chuck Statler	County Commissioner, Precinct No. 4	26 Years	12/31/2026
Elijah Anderson, CPA	County Auditor	9 Years	6/21/2027
Becky Freeman	County Treasurer	2 Years	12/31/2026
Brandi DeRemer	County Clerk	4 Years	12/31/2026

CONSULTANTS AND ADVISORS

Auditors .....Eide Bailly, LLP
Abilene, Texas

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

Financial Advisor.....Hilltop Securities Inc.
Dallas, Texas

For additional information regarding the County, please contact:

Elijah Anderson, CPA
County Auditor
Taylor County
301 Oak St, Suite 300
Abilene, Texas 79602
(325) 674-1252

or

George H. Williford
Regional Managing Director
Hilltop Securities Inc.
717 N. Harwood Street, Suite 3400
Dallas, Texas 75201
(214) 953-8705

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PRELIMINARY OFFICIAL STATEMENT

RELATING TO

$32,440,000*
TAYLORCOUNTY, TEXAS
LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, SERIES 2026

INTRODUCTION

This Official Statement, which includes Schedule I and the Appendices hereto, provides certain information regarding the issuance of $32,440,000* Taylor County, Texas, Limited Tax General Obligation Refunding Bonds, Series 2026 (the "Bonds"). The Bonds are issued pursuant to the Constitution and general laws of the State, particularly Chapter 1207 Texas Government Code, as amended ("Chapter 1207"), and an order adopted by the Commissioners Court of the County on November 3, 2026 (the "Bond Order"). In the Bond Order, the Commissioners Court delegated to certain officers of the County (each a "Pricing Officer"), pursuant to certain provisions of Chapter 1207, authority to complete the sale of the Bonds. The terms of the sale will be included in a "Pricing Certificate", which will complete the sale of the Bonds (the Bond Order and the Pricing Certificate are jointly referred to as the "Order").

This Official Statement contains descriptions of the Bonds and certain information regarding Taylor County, Texas (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, Hilltop Securities Inc., Dallas, Texas.

DESCRIPTION OF THE COUNTY... The County was organized in 1878 and operates as specified under the Constitution of the State of Texas (the "State") and statutes which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one from each of four geographical Commissioners Precincts. The County Judge is elected for a term of four years and the Commissioners for four-year staggered terms. Other major County elective officers include the County Clerk and County Treasurer. The County Auditor is appointed for a term of two years by and serves at the will of the District Judges whose courts are located in Taylor County. The 2020 Census population for the County was 143,208, while the estimated 2027 population is 150,077. The County covers approximately 916 square miles. The City of Abilene is the County Seat.

PLAN OF FINANCING

PURPOSE ... Proceeds from the sale of the Bonds will be used (i) to refund a portion of the City's outstanding debt (the "Refunded Bonds") for debt service savings (see Schedule I for a detailed listing of the Refunded Bonds and their call date); and (ii) to pay costs of issuance related to the Bonds.

REFUNDED BONDS ... A description and identification of the Refunded Bonds appears in Schedule I attached hereto. The principal and interest due on the Refunded Bonds are to be paid on the redemption date of such Refunded Bonds (the "Redemption Date"), from funds to be deposited pursuant to a certain Escrow Agreement (the "Escrow Agreement") between the County and BOKF, NA, Dallas, Texas (the "Escrow Agent"). The Order provides that from a portion of the proceeds of the sale of the Bonds received from the Underwriters and other funds of the County, if any, the County will deposit with the Escrow Agent an amount necessary, to accomplish the discharge and final payment of the Refunded Bonds on the redemption date. Such funds will be held by the Escrow Agent in a special escrow account (the "Escrow Fund") and used to pay principal and accrued interest on the Refunded Bonds on the redemption date. Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds. The funds on deposit in the Escrow Fund will not be available to pay debt service on the Bonds. Public Finance Partners LLC (the "Verification Agent") will verify at the time of delivery of the Bonds to the purchasers of such Bonds, the mathematical accuracy of the schedules that demonstrate that the escrowed securities will mature and pay interest in such amounts which, together with uninvested funds in the Escrow Fund, will be sufficient to pay, when due, the amount necessary to accomplish the discharge and final payment of principal of and interest on the Refunded Bonds on their redemption date (see "OTHER INFORMATION - Verification of Arithmetical and Mathematical Computations").

By the deposit of the proceeds of the Bonds and other funds of the County, if any are required, with the Escrow Agent pursuant to the Escrow Agreement, the County will have effected the defeasance of the Refunded Bonds in accordance with applicable State law and the order authorizing the Refunded Bonds. As a result of such defeasance, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the Escrow Fund held for such purpose by the Escrow Agent, and the Refunded Bonds will not be deemed as being outstanding obligations of the County payable from ad valorem taxes, nor for the purpose of applying any limitation on the issuance of debt, and the County will have no further responsibility with respect to amounts available in the Escrow Fund for the payment of the Refunded Bonds.

* Preliminary, subject to change.

THE BONDS

DESCRIPTION OF THE BONDS ... The Bonds are dated December 15, 2026. Interest on the Bonds will accrue from the date of their delivery to the Underwriters, and such interest is payable on February 15 and August 15 in each year, commencing on February 15, 2027, until maturity or prior redemption. The Bonds will mature on the dates, in the principal amounts, and will bear interest at the rates set forth on page 2 of this Official Statement, and such interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Interest on the Bonds is payable to the registered owner appearing on the bond registration books of the Paying Agent/Registrar on the last business day of the month preceding each such payment (the "Record Date") and such interest shall be paid by the Paying Agent/Registrar (i) by check sent by United States mail, first class postage prepaid, to the address of the registered owner recorded in the bond register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The principal of the Bonds is payable at maturity or upon prior redemption, upon their presentation and surrender to the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "THE BONDS - Book-Entry-Only System" herein. If the date for any payment on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated corporate office of the Paying Agent/Registrar is located is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

The Bonds will be issued only in fully registered form 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. The Bonds will be issued in denominations of $5,000 of principal amount or any integral thereof within a maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** The principal of 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.

PURPOSE… Proceeds from the sale of the Bonds will be used (1) to refund a portion of the County's outstanding debt (the "Refunded Bonds") for debt service savings (see "PLAN OF FINANCING"; also see Schedule I for a detailed listing of the Refunded Bonds and their call date); and (2) to pay costs of issuance related to the Bonds (see "THE BONDS – Purpose" and "THE BONDS – Sources and Uses of Proceeds").

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

TAX RATE LIMITATIONS . . . The Texas Constitution provides various taxing authority for counties, as described below. For information relating to the constitutionally authorized taxes that the County currently levies, see "AD VALOREM PROPERTY TAXATION - Table 5 - Tax Rate Distribution Analysis."

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

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

However, the County may issue courthouse, jail and certain other types of bonds under the authority of Texas Government Code Section 1473.101 and Chapter 292, Texas Local Government Code, without the above limitations.

The Texas Constitution (Article VIII, Section 9) imposes a limit of $0.80 per $100 of assessed valuation for general fund, permanent improvement fund, road and bridge fund, and jury fund purposes, including debt service of bonds, time warrants, tax notes and certificates of obligation issued against such funds. By administrative policy, the Attorney General of Texas will permit allocation of $0.40 of the constitutional $0.80 tax rate for the payment of the debt service requirements on the County's limited tax general obligation indebtedness, as calculated at the time of issuance and based on a 90% collection rate. **The Bonds are limited tax obligations payable from the constitutionally limited tax rate.**

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

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

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

See "AD VALOREM PROPERTY TAXATION - Table 1 - Valuations, Exemptions and General Obligation Debt" herein for a description of the amount of the County's debt that is secured by the unlimited tax authorized by Article III, Section 52 of the Texas Constitution, and amount of debt secured by the limited tax authorized by Article VIII, Section 9 of the Texas Constitution.

OPTIONAL REDEMPTION... The County reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 20__, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 20__, 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 the Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed.

NOTICE OF REDEMPTION... Not less than 30 days prior to a 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.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Order have been met and moneys sufficient to pay the redemption price of the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the satisfaction of such prerequisites and receipt of such moneys 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 and sufficient moneys are not received, such notice shall be of no force and effect, the County shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

ANY NOTICE SO MAILED WILL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, AND ANY CONDITIONS STATED IN THE NOTICE HAVING BEEN MET, THE BONDS CALLED FOR REDEMPTION WILL 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 WILL CEASE TO ACCRUE.

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 Order or other notices 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 on 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 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 "THE BONDS - Book-Entry-Only System").

DEFEASANCE... The Order provides for the defeasance of the Bonds when payment of the principal amount of the Bonds plus interest accrued on the Bonds to their due date (whether such due date be by reason of stated maturity or otherwise), is provided by irrevocably depositing with a paying agent, or other authorized escrow agent, (1) lawful money of the United States of America in an amount sufficient to make such payment and/or (2) Defeasance Securities, that will mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to provide for such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds, and thereafter the County will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The County has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the County moneys in excess of the amount required for such defeasance. The Order provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to refund, defease or otherwise discharge obligations such as the Bonds. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the County authorizes the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the County adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The Pricing Officer may restrict such eligible Defeasance Securities as deemed appropriate in connection with the sale of the Bonds (and if so restricted, the Final Official Statement will provide the details). There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Order does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Defeasance Security will be maintained at any particular rating category.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the County to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished, provided, however, the County has reserved the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption at an earlier date those Bonds which have been defeased to their maturity date, if the County (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption, (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/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 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 securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or its nominee, the Paying Agent/Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments on the Bonds to Cede &

Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the County or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT…In reading this Official Statement it should be understood that while the Bonds are in 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 Order will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the County or the Underwriters.

EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM …In the event that the Book-Entry-Only System is discontinued, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Order and summarized under "THE BONDS - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR…The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Order, the County retains the right to replace the Paying Agent/Registrar. The County covenants to maintain and provide a Paying Agent/Registrar at all times until the 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 of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the 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.

Principal of the Bonds is payable to the registered holder appearing on the registration books of the Paying Agent/Registrar (the "Registered Owner") at the designated corporate trust office of the Paying Agent/Registrar upon surrender of the Bonds for payment; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "THE BONDS - Book-Entry-Only System" herein. Interest on the Bonds is payable to the Register Owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date and such interest shall be paid by the Paying Agent/Registrar by check mailed, first class postage prepaid, to the Register Owner or by such other arrangement, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the Registered Owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated corporate office of the Paying Agent/Registrar is located is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event the Book-Entry-Only System should be discontinued, interest on the Bonds will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date, and such interest will be paid (i) by check sent United States mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. The principal of the Bonds is payable at maturity or upon prior redemption, upon their presentation and surrender to the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, payments of principal of the Bonds and interest on the Bonds will be made as described in "THE BONDS - Book-Entry-Only System," above.

TRANSFER, EXCHANGE AND REGISTRATION…In the event the Book-Entry-Only System should be discontinued, printed Bond certificates will be delivered to the registered owners and the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates 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 of principal for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "THE BONDS - 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.

MUTILATED, DESTROYED, LOST OR STOLEN BONDS… In the Order, provision is made for the replacement of mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or the receipt of satisfactory evidence of destruction, loss, or theft, and the receipt by the County and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The County may require payment of taxes, governmental charges, and other expenses in connection with any such replacement.

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 business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the County. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a 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 Order does not establish specific events of default with respect to the Bonds. If the County defaults in the payment of principal or interest on the Bonds when due, or if it fails to make payments into any fund or funds created in the Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Order, the registered owners may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the Bonds, if there is no other available remedy at law to compel performance of the Bonds or the Order covenants and the County's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Order does not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the County to perform in accordance with the terms of the Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the County's sovereign immunity from a suit for money damages, bondholders may not be able to bring such a suit against the County for breach of the Bonds or Order covenants. Even if a judgment against the County could be obtained, it could not be enforced by direct levy and execution against the County's property. Further, the registered owners cannot themselves foreclose on property within the County or sell property within the County to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the County is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the County avail itself of Chapter 9 protection from creditors, the ability to enforce creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, by general principles of equity which permit the exercise of judicial discretion and by governmental immunity.

AMENDMENT… The County may, without the consent of or notice to any holders, from time to time and at any time, amend the Order in any manner not detrimental to the interests of the holders, including the curing of any ambiguity, inconsistency, or formal defect of omission herein. In addition, the County may, with the consent of holders holding a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Order; provided that, without the consent of all holders of outstanding Bonds, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the

principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by holders for consent to any such amendment, addition, or rescission.

SOURCES AND USES OF PROCEEDS… The proceeds from the sale of the Bonds are expected to be applied as follows:

Sources of Proceeds	
Par Amount of the Bonds	$ -
Net Reoffering Premium	-
Total Sources of Proceeds	$ -

Uses of Proceeds	
Deposit to Escrow Fund	$ -
Deposit to Debt Service Fund	-
Underwriters' Discount	-
Costs of Issuance	-
Total Uses of Proceeds	$ -

(Remainder of page intentionally left blank)

AD VALOREM PROPERTY TAXATION

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

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

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

Unless extended by the Legislature, through December 31, 2026 an appraisal district is prohibited from increasing the appraised value of real property during the 2026 tax year on certain non-homestead properties (the “Subjected Property”) whose appraised values are not more than $5.32 million dollars (the “maximum property value”) to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. The maximum property value may be increased or decreased by the product of the preceding state fiscal year’s increase or decrease in the consumer price index, as applicable, to the maximum property value.

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

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

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

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. Cities, counties and school districts are prohibited from repealing or reducing an optional homestead exemption that was granted in tax year 2022 through December 31, 2027.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze

on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

PERSONAL PROPERTY . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property. Pursuant to voter approval at a Statewide election held on November 4, 2025, legislation passed by the Legislature and signed by the Governor during the 89th Regular Session provides an exemption from taxation by a taxing unit of $125,000 of the appraised value of the tangible personal property a person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit. A person who leases tangible personal property is also entitled to a tax exemption of $125,000, regardless of where the property is located in the taxing unit.

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

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

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

OTHER EXEMPT PROPERTY . . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property. Beginning with the 2026 tax year, all intangible personal property is exempt from State taxation.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER…The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code. Section 11.35 of the Tax Code was enacted during the 2019 legislative session, and there is no historical judicial precedent for how the statute will be applied. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

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

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit,

in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. For a discussion of how the various exemptions described above are applied by the County, see "AD VALOREM PROPERTY TAXATION - County Application of Property Tax Code" herein.

The County is the location of the Lancium Clean Campus ("Lancium"), a data center campus being developed by Lancium, a Houston-based energy technology and infrastructure company. Lancium describes the campus as a 1.2-gigawatt AI and cloud-computing facility, which is backed by SoftBank, OpenAI, Oracle, and MGX. The County is a participating taxing unit in two property tax abatement agreements for the project, each of which abates 80% of the value of all property for each of its ten years. Under the two agreements combined, the property value abated by the County is reflected as follows:

Year	Abatement ($)
2027	297,620,721
2028	2,068,731,653
2029	3,193,496,630
2030	2,775,253,342
2031	2,354,933,828
2032	1,934,687,545
2033	1,534,633,287
2034	3,401,283,250
2035	4,640,604,837
2036	3,820,398,421
2037	1,095,725,075
2038	947,845,941
2039	907,148,659
2040	3,000,049,605
2041	2,398,290,133
2042	2,006,343,526
2043	166,422,653
2044	1,234,315,002
TOTAL	$37,777,784,108

Source: Texas Comptroller, Chapter 312 Abatement Reports.

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

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

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of 1.2 million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $62,883,169 for the 2026 calendar year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

LEVY AND COLLECTION OF TAXES . . . The County is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the County. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the County may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS . . . The following terms as used in this section have the meanings provided below:

> "adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.
>
> "de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional $500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.
>
> "forgone revenue amount" means the greater of zero or the amount expressed in dollars calculated according to the following formula: the voter-approval tax rate less the actual tax rate, then multiplied by the taxing unit's current total value in the applicable preceding tax year.
>
> "no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted). Certain counties for which certain expenditures for indigent legal defense or certain hospital expenditures exceed the amount for such expenditures for the preceding tax year, may increase their no-new-revenue tax rate proportionately with such expenditures in the manner provided by the Property Tax Code.
>
> "special taxing unit" means a county for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value.
>
> "unused increment rate" means the cumulative difference between a county's voter-approval tax rate and its actual tax rate for each of the three tax years prior to the current tax year divided by the current total value.
>
> "voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the unused increment rate.

The County's tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year, which may additionally include the Road and Bridge Maintenance Tax and the Farm-to-Market Road and Flood

Control Tax, if levied (collectively, the "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (the "debt service tax rate"). Under State law, the assessor for the County must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the County to the Commissioners Court by August 1 or as soon as practicable thereafter.

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

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

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

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

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

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

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the County's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the County's tax-supported debt obligations, including the Bonds.

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

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

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

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

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

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

The County has granted an additional exemption of 1% 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 has established a freeze on the taxes on residence homesteads of persons 65 years of age or older, or who are disabled.

The County does not tax nonbusiness personal property; the Appraisal District collects taxes for the County.

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

The County does tax freeport property.

The County does not tax "goods-in-transit".

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

TAX ABATEMENT POLICY . . . The County has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must meet several criteria pertaining to job creation and property value enhancement. Maximum term of any abatement agreement is ten years. The County has abatement agreement(s) currently in effect. See Table 1 – Valuation, Exemptions and General Obligation Debt.

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TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2026/27 Market Valuation Established by the Central Appraisal District of Taylor County (excluding totally exempt property)		$ 26,809,392,516
Less Exemptions/Reductions at 100% Market Value:		
Homestead Cap Adjustment	$ 182,367,541	
Circuit Breaker Limitation	203,380,416	
Productivity Loss	1,875,606,797	
Residential Homestead Exemptions	145,955,677	
Residential Homestead Exemptions (Over 65 and Disabled)	263,642,571	
Disabled Veteran	627,531,530	
Abatements	4,903,807,701	
Business Personal Property	293,563,834	
Low Income Housing	5,406,500	
Pollution Control	43,135,894	
Miscellaneous Exemptions	2,025,444	$ 8,546,423,905
2026/27 Taxable Assessed Valuation		$ 18,262,968,611
County Funded Debt Payable from Ad Valorem Taxes		
Outstanding Debt [(1)]	$ 20,380,000	
The Bonds [(2)]	32,440,000	
		$ 52,820,000
Ratio General Obligation Debt to Taxable Assessed Valuation		0.29%

2027 Estimated Population - 150,077
Per Capita Taxable Assessed Valuation - $121,691
Per Capita Funded Debt Payable from Ad Valorem Taxes - $352

_____
(1) Excludes the Refunded Bonds. Preliminary, subject to change.
(2) Preliminary, subject to change.

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TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Fiscal Year Ended September 30,					
	2027		2026		2025	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	$ 9,366,814,805	34.94%	$ 8,927,922,365	48.06%	$ 8,369,358,201	50.78%
Real, Residential, Multi Family	895,592,883	3.34%	739,314,885	3.98%	698,373,276	4.24%
Real, Vacant Lots/Tracts	170,175,049	0.63%	164,715,133	0.89%	138,137,271	0.84%
Real, Acreage (Land Only)	1,925,845,956	7.18%	1,925,007,282	10.36%	1,333,289,626	8.09%
Farm and Ranch Improvements	1,195,023,721	4.46%	1,131,953,814	6.09%	1,012,947,331	6.15%
Real, Commercial and Industrial	4,264,375,178	15.91%	2,902,061,946	15.62%	2,544,346,761	15.44%
Real, Oil, Gas/Other Mineral Resrvs	28,945,761	0.11%	40,941,266	0.22%	40,845,225	0.25%
Vehicles and Utilities	1,125,882,946	4.20%	1,111,960,730	5.99%	988,376,462	6.00%
Personal Commercial and Industrial	7,687,802,555	28.68%	1,517,422,259	8.17%	1,246,173,201	7.56%
Tangible Personal, Other	40,731,443	0.15%	34,594,273	0.19%	31,410,448	0.19%
Special Inventory	95,914,947	0.36%	67,749,237	0.36%	68,193,238	0.41%
Residential Inventory	12,287,272	0.05%	11,996,795	0.06%	8,535,486	0.05%
Total Appraised Value Before Exemptions	$ 26,809,392,516	100.00%	$ 18,575,639,985	100.00%	$ 16,479,986,526	100.00%
Less: Total Exemptions/Reductions	(8,546,423,905)		(3,302,764,427)		(2,495,492,034)	
Taxable Assessed Value	$ 18,262,968,611		$ 15,272,875,558		$ 13,984,494,492	

	Fiscal Year Ended September 30,			
	2024		2023	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	$ 7,752,352,230	50.81%	$ 6,745,102,735	50.35%
Real, Residential, Multi Family	670,018,164	4.39%	556,532,868	4.15%
Real, Vacant Lots/Tracts	132,295,938	0.87%	131,571,560	0.98%
Real, Acreage (Land Only)	1,114,255,963	7.30%	1,021,927,211	7.63%
Farm and Ranch Improvements	905,872,263	5.94%	790,535,606	5.90%
Real, Commercial and Industrial	2,442,451,078	16.01%	2,209,094,523	16.49%
Real, Oil, Gas/Other Mineral Resrvs	43,327,515	0.28%	41,860,292	0.31%
Vehicles and Utilities	896,313,879	5.87%	740,212,940	5.53%
Personal Commercial and Industrial	1,186,933,870	7.78%	1,060,910,889	7.92%
Tangible Personal, Other	29,549,360	0.19%	25,651,815	0.19%
Special Inventory	70,474,955	0.46%	65,003,909	0.49%
Residential Inventory	13,029,627	0.09%	7,755,037	0.06%
Total Appraised Value Before Exemptions	$ 15,256,874,842	100.00%	$ 13,396,159,385	100.00%
Less: Total Exemptions/Reductions	(2,172,820,205)		(1,876,557,296)	
Taxable Assessed Value	$ 13,084,054,637		$ 11,519,602,089	

NOTE: Valuations shown are certified taxable assessed values reported by the Taylor Central Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

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TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population [1]	Taxable Assessed Valuation [2]	Taxable Assessed Valuation Per Capita	Tax Debt Outstanding at End of Year	Ratio Tax Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2023	143,326	$ 11,519,602,089	$ 80,373	$ 51,020,000	0.44%	$ 356
2024	146,836	13,084,054,637	89,107	48,460,000	0.37%	330
2025	150,253	13,984,494,492	93,073	56,810,000	0.41%	378
2026	151,203	15,272,875,558	101,009	53,820,000	0.35%	356
2027	150,077	18,262,968,611	121,691	49,075,000 [3]	0.27%	327

(1) Source: County Officials.
(2) As reported by the Taylor Central Appraisal District on the County's annual State Property Tax Reports.
(3) Includes the Bonds but excludes the Refunded Bonds. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	Actual Tax Levy	% Current Collections	% Total Collections
2023	$ 0.56750	$ 62,374,904	98.77%	99.67%
2024	0.53970	67,297,536	98.25%	99.18%
2025	0.54860	72,324,375	98.49%	99.53%
2026	0.55780	80,522,801	98.25%	99.32%
2027	0.53140	97,049,415	N/A [1]	N/A [1]

(1) In process of collections.

TABLE 5 - TAX RATE DISTRIBUTION ANALYSIS

	Fiscal Year Ended September 30,				
	2027	2026	2025	2024	2023
Operating Fund	$ 0.50070	$ 0.52010	$ 0.51400	$ 0.49940	$ 0.52010
Interest and Sinking Fund	0.03070	0.03770	0.03460	0.04030	0.04740
Total Constitutional Tax Rate	$ 0.53140	$ 0.55780	$ 0.54860	$ 0.53970	$ 0.56750

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TABLE 6 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2026/27 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Lancium Abilene LLC	Commercial Property	$ 1,332,340,470	7.30%
Oracle America Inc	Data Centers	685,758,632	3.75%
AEP Texas Inc	Electric Utility	253,995,635	1.39%
Abilene DC1, LLC	Energy Systems	223,202,453	1.22%
Energy Transfer GC NGL Pipelines LP	Natural Gas Liquids	153,128,605	0.84%
Grand Prix Pipeline, LLC	Transportation/Carrier	111,773,458	0.61%
Abilene DC3, LLC	Energy Systems	105,159,231	0.58%
Atmos Energy/Mid-Tex Pipeline	Electric Utility	99,513,310	0.54%
Great Lakes Cheese Co Inc	Manufacturer	97,675,703	0.53%
Abilene DC4, LLC	Energy Systems	81,461,622	0.45%
		$ 3,144,009,119	17.22%

TABLE 7 - TAX ADEQUACY[(1)]

2027 Principal and Interest Requirements	$ 5,710,358
$0.0320 Tax Rate at 98% Collection Produces	$ 5,727,267
Average Annual Principal and Interest Requirements, 2027 - 2040	$ 5,027,686
$0.0281 Tax Rate at 98% Collection Produces	$ 5,029,256
Maximum Annual Principal and Interest Requirements, 2027	$ 5,710,358
$0.0320 Tax Rate at 98% Collection Produces	$ 5,727,267

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

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TABLE 8 - ESTIMATED CONSOLIDATED 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 debt ("Tax Debt") was developed from information 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 Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the County.

Taxing Jurisdiction	Total Tax Debt as of 9/30/2026	Estimated % Applicable	County's Overlapping Tax Debt
Governmental Subdivisions			
Taylor County	$ 52,820,000 (1)	100.00%	$ 52,820,000 (1)
Cities			
City of Abilene	428,695,000	99.47%	426,422,917
Town of Buffalo Gap	4,980,000	100.00%	4,980,000
City of Merkel	5,279,000	100.00%	5,279,000
City of Lawn	725,000	100.00%	725,000
City of Tuscola	660,000	100.00%	660,000
City of Tye	2,897,000	100.00%	2,897,000
School Districts			
Abilene ISD	173,140,000	98.43%	170,421,702
Blackwell CISD	7,905,000	14.77%	1,167,569
Clyde CISD	11,965,000	6.84%	818,406
Eula ISD	24,136,500	55.13%	13,306,452
Jim Ned CISD	53,930,000	96.43%	52,004,699
Merkel ISD	24,535,000	89.89%	22,054,512
Trent ISD	1,515,000	26.86%	406,929
Winters ISD	1,818,000	6.13%	111,443
Wylie ISD	210,475,000	100.00%	210,475,000
Total Direct and Overlapping Tax Debt			$ 964,550,628
Ratio of Direct and Overlapping Tax Debt to Taxable Assessed Valuation			5.28%
Per Capita Direct and Overlapping Tax Debt			$ 6,427.04

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

DEBT INFORMATION

TABLE 9 - PRO FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS [1]

Fiscal Year Ended 9/30	Outstanding Debt [1]			The Bonds [2]			Total Debt Service Requirement	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total		
2027	$ 3,140,000	$ 899,150	4,039,150	$ 605,000	$ 1,066,208	1,671,208	$ 5,710,358	
2028	1,215,000	790,275	2,005,275	1,985,000	1,542,125	3,527,125	5,532,400	
2029	1,275,000	728,025	2,003,025	2,085,000	1,440,375	3,525,375	5,528,400	
2030	1,340,000	662,650	2,002,650	2,195,000	1,333,375	3,528,375	5,531,025	
2031	1,410,000	597,600	2,007,600	2,310,000	1,220,750	3,530,750	5,538,350	33.24%
2032	1,475,000	533,025	2,008,025	2,425,000	1,102,375	3,527,375	5,535,400	
2033	1,545,000	461,375	2,006,375	2,550,000	978,000	3,528,000	5,534,375	
2034	1,615,000	386,575	2,001,575	2,680,000	847,250	3,527,250	5,528,825	
2035	1,690,000	312,525	2,002,525	2,820,000	709,750	3,529,750	5,532,275	
2036	1,770,000	234,950	2,004,950	2,960,000	565,250	3,525,250	5,530,200	74.01%
2037	905,000	172,625	1,077,625	3,110,000	413,500	3,523,500	4,601,125	
2038	950,000	126,250	1,076,250	3,275,000	253,875	3,528,875	4,605,125	
2039	1,000,000	77,500	1,077,500	3,440,000	86,000	3,526,000	4,603,500	
2040	1,050,000	26,250	1,076,250				1,076,250	100.00%
	$ 20,380,000	$ 6,008,775	$ 26,388,775	$ 32,440,000	$ 11,558,833	$ 43,998,833	$ 70,387,608	

(1) Excludes the Refunded Bonds. Preliminary, subject to change.
(2) Preliminary, subject to change. Average life of the issue is 7.126 years. Interest on the Bonds has been calculated at the true interest cost of 4.068% for purposes of illustration only.

TABLE 10 - AUTHORIZED BUT UNISSUED BONDS

The County does not currently have any authorized but unissued debt.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT… The County does not anticipate issuance of general obligation bonds within the next 12 months.

TABLE 11 - OTHER OBLIGATIONS

Leases

The County has entered into six lease agreements for postage equipment, and copier machines. The County is required to make principal and interest payments through December 2028. The lease liability was valued using discount rates between 2.8% and 3.8% based on the County's incremental borrowing rate at the inception of the leases.

The County has entered into two lease agreements for tower usage for radio equipment. The County is required to make principal and interest payments through November 2025. The lease liability was valued using a discount rate of 3.12% based on the County's incremental borrowing rate at the inception of the leases.

Remaining principal and interest payments on leases are as follows:

Year Ending September 30	Total Principal	Total Interest	Total Requirements
2027	$ 81,683	$ 2,469	$ 84,152
2028	30,794	432	31,226
2029	775	7	782
	$ 113,252	$ 2,908	$ 116,160

Subscription-Based Information Technology Arrangements

The County has entered into five subscription-based information technology arrangement contracts for law enforcement software. The County is required to make principal and interest payments through December 2027. The subscription-based information technology arrangement liability was valued using discount rates between 3.02% and 6.45% based on the County's incremental borrowing rate at the inception of the leases.

Remaining principal and interest payments on SBITAs are as follows:

Year Ending September 30	Total Principal	Total Interest	Total Requirements
2027	$ 225,615	$ 37,922	$ 263,537
2028	233,010	30,527	263,537
2029	239,363	22,888	262,251
2030	155,201	14,967	170,168
2031	168,302	9,970	178,271
2032	173,551	4,720	178,271
2033	44,227	341	44,568
	$ 1,239,269	$ 121,335	$ 1,360,604

PENSION FUND ... The County provides retirement, disability and death benefits for eligible employees through a nontraditional defined pension benefit plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of approximately 781 nontraditional defined benefit pension plans.

The plan provisions are adopted by the Commissioners Court of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefits. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employees' 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 employees' accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

FUNDING POLICY

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 contribution rates for the County were 12.5% and 12% in calendar years 2024 and 2025, respectively. See "APPENDIX B – Excerpts from the Taylor County, Texas Annual Financial Report" – Note 11.

NET PENSION EXPENSE

The County's Net Pension Expense measured as of September 30, 2025, was $2,539,324.

DISCOUNT RATE

The discount rate used to measure the Total Pension Liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

OTHER POST-EMPLOYMENT BENEFITS . . . In addition to the pension benefits described above, as required by state law and defined by the County Policy, the County makes available healthcare benefits through the Texas Association of Counties Health and Employee Benefits Pool to all employees who retire from the County and who are receiving benefits from a County sponsored retirement program (TCDRS). The healthcare plan provides insurance to eligible retirees through the County's group health insurance plan, which covers both active and retired members, until age 65 when retirees become eligible and are required to enroll in Medicare Part B, at which time coverage supplements Medicare.

Current retirees in the health plan and at retirement, active employees that meet the conditions for retirement from TCDRS (age 60 and above with 8 years or more of service, 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more) are eligible to remain in the health plan at the age graded and gender distinct contribution rate for active and retiree participants. The County will cease to pay or provide this benefit should the retiree go to work for another employer that offers health insurance benefits. For more information, see "APPENDIX B – Excerpts from the Taylor County, Texas Annual Financial Report" – Note 13.

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FINANCIAL INFORMATION

TABLE 12 - CHANGES IN NET ASSETS

	Fiscal Year Ending September 30,				
	2025	2024	2023	2022	2021
Revenues:					
Program Revenues					
Charges for Services	$ 7,094,343	$ 7,803,026	$ 5,587,609	$ 7,509,931	$ 9,123,803
Operating Grants and Contributions	12,156,963	7,035,787	5,622,958	10,352,232	7,135,588
Capital Grants and Contributions	951,509	5,623,881	2,286,784	379,052	271,936
General Revenues					
Property Taxes	72,656,149	67,470,524	62,714,952	58,981,419	56,992,395
Sales and Use and Other Taxes	2,511,655	2,472,055	2,579,182	2,482,170	2,041,514
Investment Earnings	3,729,110	4,006,465	2,924,528	693,507	115,191
Miscellaneous Revenue	2,147,044	2,480,957	2,111,731	1,732,977	1,941,667
Gain on Sale of Assets	-	-	-	-	81,443
Total Revenues	$ 101,246,773	$ 96,892,695	$ 83,827,744	$ 82,131,288	$ 77,703,537
Expenses:					
General Government	$ 6,924,774	$ 6,040,989	$ 6,093,561	$ 5,404,545	$ 5,527,703
Financial Administration	3,668,967	3,346,506	3,370,144	2,844,849	2,813,712
Judicial	12,225,228	11,872,589	11,200,061	9,721,890	9,264,794
Legal	4,747,418	4,503,793	4,590,531	3,725,247	3,925,972
Elections	1,320,918	1,468,584	1,125,315	1,005,053	919,394
Public Facilities	5,648,713	5,439,927	5,662,537	6,521,851	4,625,547
Public Safety	47,150,420	42,983,589	40,799,408	34,347,190	34,015,087
Road and Bridge	5,906,795	5,462,134	5,467,192	5,052,458	5,031,041
Health and Welfare	5,439,812	4,055,802	3,752,948	3,722,443	3,332,300
Conservation	707,219	657,369	663,288	571,609	570,743
Culture and Recreation	2,500	32,933	34,900	30,452	34,895
Interest and Fees on Long Term Debt	2,229,772	1,915,454	2,031,900	2,174,738	2,169,102
Other Debt Service Cost	-	-	-	-	180,952
Total Expenses	$ 95,972,536	$ 87,779,669	$ 84,791,785	$ 75,122,325	$ 72,411,242
Increase in Net Position	5,274,237	9,113,026	(964,041)	7,008,963	5,292,295
Beginning Net Position	80,067,358	70,954,332	71,918,373 [(1)]	64,910,999	59,618,704
Ending Net Position	$ 85,341,595	$ 80,067,358	$ 70,954,332	$ 71,919,962	$ 64,910,999

(1) Restated.

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TABLE 12A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Years Ended September 30,				
	2025	2024	2023	2022	2021
Revenues:					
Property Taxes	$ 67,996,059	$ 62,264,733	$ 57,388,142	$ 53,541,960	$ 52,581,769
Other Taxes	828,975	784,282	871,241	794,890	601,569
Licenses and Permits	742,199	708,394	721,437	789,957	757,811
Intergovernmental and Grants	2,550,591	2,558,768	1,941,181	2,593,466	2,108,376
Fines and Fees	4,713,832	4,547,411	4,109,350	3,878,135	4,307,681
Rents and Recoveries	5,596	5,792	5,585	7,604	5,883
Investment Earnings	2,554,993	2,648,616	1,689,536	312,496	65,209
Miscellaneous	29,389	471,320	418,482	233,945	139,130
Total Revenues	$ 79,421,634	$ 73,989,316	$ 67,144,954	$ 62,152,453	$ 60,567,428
Expenditures:					
General Government	$ 5,763,319	$ 5,404,992	$ 4,734,790	$ 4,623,970	$ 4,151,872
Financial	3,638,873	3,363,862	3,099,798	2,723,490	2,628,774
Judicial	12,051,615	11,816,390	10,653,452	9,789,101	8,819,342
Legal	4,737,098	4,555,055	4,173,194	3,694,385	3,615,641
Elections	715,599	671,675	573,551	548,407	464,909
Public Facilities	2,419,425	2,563,308	1,769,727	1,789,608	1,621,313
Public Safety	41,319,779	38,545,629	33,261,358	30,411,888	28,114,903
Road and Bridge	-	-	-	87,200	12,365
Health and Welfare	5,018,464	3,804,349	3,380,658	3,070,339	2,949,478
Conservation	690,860	658,508	609,024	554,063	511,943
Culture and Recreation	2,500	32,933	34,900	30,452	34,895
Debt Services	491,032	481,484	138,567	96,966	-
Capital Outlay	1,550,011	2,578,464	2,698,723	1,063,236	1,162,940
Total Expenditures	$ 78,398,575	$ 74,476,649	$ 65,127,742	$ 58,483,105	$ 54,088,375
Other Resources and Uses:					
Other Resources	$ 295,723	$ (558,002)	$ 482,110	$ 810,020	$ 6,177
Other (Uses)	(2,115,804)	-	(4,833,044)	(1,650,000)	(1,850,000)
Total Other Resources and Uses	$ (1,820,081)	$ (558,002)	$ (4,350,934)	$ (839,980)	$ (1,843,823)
Excess (Deficiency) of Revenues Over Expenditures	$ (797,022)	$ (1,045,335)	$ (2,333,722)	$ 2,829,368	$ 4,635,230
Fund Balance at Beginning of Year	33,730,372	34,775,707	37,109,429	34,280,061	29,644,831
Fund Balance at End of Year	$ 32,933,350	$ 33,730,372	$ 34,775,707	$ 37,109,429	$ 34,280,061

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TABLE 13 - SPECIAL REVENUE FUNDS – STATEMENT OF REVENUES AND EXPENDITURES AND CHANGE IN FUND BALANCE (ROAD AND BRIDGE AND OTHER)

	Fiscal Year Ending September 30,				
Revenues	2025	2024	2023	2022	2021
Property Taxes and Other Taxes	$ 6,270,456	$ 6,716,515	$ 6,938,489	$ 7,102,705	$ 5,875,051
Licenses and Permits	-	1,659,895	1,677,510	1,662,210	1,688,100
Intergovernmental	2,896,106	4,496,967	1,340,161	2,904,583	1,245,355
Fines and Fees	3,359,772	1,582,542	1,512,122	1,260,536	1,064,534
Investment Earnings	640,036	858,283	461,876	141,526	22,102
Miscellaneous	1,316,807	1,060,714	1,042,917	1,058,122	1,174,126
Total Revenues	$ 14,483,177	$ 16,374,916	$ 12,973,075	$ 14,129,682	$ 11,069,268
Expenditures					
General Government	$ 268,556	$ 252,526	$ 179,717	$ 359,415	$ 991,436
Financial	-	-	-	-	-
Judicial	88,204	181,484	60,111	23,109	15,336
Legal	38,372	68,333	62,459	88,935	54,202
Elections	148,795	369,284	85,551	138,814	128,986
Public Facilities	-	-	-	-	99,144
Public Safety	2,578,310	2,586,865	2,128,714	2,075,139	1,777,062
Road and Bridge	5,143,121	4,793,564	4,561,227	4,454,910	4,187,950
Health and Welfare	342,675	263,500	263,050	245,350	278,350
Debt Service	5,100,965	4,966,350	4,967,474	4,963,066	4,461,344
Capital Outlay	4,414,895	10,913,530	708,929	2,180,206	3,191,557
Total Expenditures	$ 18,123,893	$ 24,395,436	$ 13,017,232	$ 14,528,944	$ 15,185,367
Excess (Deficiency) Revenues Over Expenditures	$ (3,640,716)	$ (8,020,520)	$ (44,157)	$ (399,262)	$ (4,116,099)
Other Financing Sources (Uses):	1,791,134	4,318,888	1,224,560	848,733	4,904,728
Excess (Deficiency) of Revenue and Other Sources Over Expenses	$ (1,849,582)	$ (3,701,632)	$ 1,180,403	$ 449,471	$ 788,629
Fund Balance Beginning of Year	20,355,267	24,056,899 (1)	14,629,873	14,180,402 (1)	13,387,899 (1)
Fund Balance End of Year	$ 18,505,685	$ 20,355,267	$ 15,810,276	$ 14,629,873	$ 14,176,528

(1) Restated.

FINANCIAL ADMINISTRATION . . . Under the Texas Constitution and other Texas law, financial administration is the responsibility of the Commissioners Court, both as to policy and execution. The County Auditor assists the Commissioners Court in budget preparation, financial recordkeeping, and auditing.

FINANCIAL POLICIES

Basis of Accounting . . . The accounting policies of the County conform to generally accepted accounting principles for governmental entities as promulgated by the Government Accounting Standards Board. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the combined balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the combined balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds, and agency funds. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recorded when the related fund liability is incurred. However, principal of and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Major revenue sources which have been treated as susceptible to accrual under the modified basis of accounting include property taxes, charges for services, intergovernmental revenues, and investment of idle funds.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred.

The County reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Budgetary Procedures . . . The budget is prepared by the County staff and approved by the Commissioners Court following departmental budget reviews and a public hearing. A copy of the budget must be filed with the County Clerk and the County Auditor and made available to the public. The Commissioners Court must provide for a public hearing on the budget on some date within seven calendar days after the filing of the budget and prior to October 31 of the current fiscal year.

INVESTMENTS

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

LEGAL INVESTMENTS… Under Texas law, the County is authorized to invest in obligations meeting the requirements of the Texas Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended (the "PFIA"), which may include: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the County in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the County's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the County appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for County deposits, or (ii) where (a) the funds are invested by the County through a broker or institution that has a main office or branch office in the State and selected by the County in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the County, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the County appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the County with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clause (1) which are pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party selected and approved by the County, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a

stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the County is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party designated by the County, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

The County may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days. 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.

INVESTMENT POLICIES…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, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All County funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

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

ADDITIONAL PROVISIONS…Under State law, the County is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the County to disclose the relationship and file a statement with the Texas Ethics Commission and the

Commissioners Court; (4) require the qualified representative of firms offering to engage in an investment transaction with the County to: (a) receive and review the County's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the County and the business organization that are not authorized by the County's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the County's entire portfolio, requires an interpretation of subjective investment standards, or relates to investment transactions of the County that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement in a form acceptable to the County and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the County's investment policy; (6) provide specific investment training for the County's designated Investment Officer; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in 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; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the County.

TABLE 14 - CURRENT INVESTMENTS

As of June 30, 2026, the County's investable funds were invested in the following categories:

Investment Description	Book Value	% of Portfolio
TexPool	$ 5,000,800	6.93%
TexasDAILY	105,093	0.15%
TexasClass	3,856,710	5.35%
TexasFit	3,011,075	4.17%
Texas Connect	5,864,033	8.13%
Texas Term	20,000,000	27.72%
Texas Logic	3,103,198	4.30%
Texas Range	3,131,526	4.34%
University Bond	1,036,665	1.44%
Municipal Bond	2,754,308	3.82%
FHLB	1,000,000	1.39%
FAMCA	1,130,000	1.57%
Texas Public Finance Authority	1,486,608	2.06%
Certificates of Deposit	9,622,179	13.34%
Cash	11,045,013	15.31%
Totals	$ 72,147,208	100.00%

No funds of the County are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

TAX MATTERS

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

In rendering its opinion, Bond Counsel to the County will rely upon (a) the County's federal tax certificate and the verification report prepared by Public Finance Partners LLC, and (b) covenants of the County with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure of the County to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income

tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the County is conditioned on compliance by the County with the covenants and the requirements described in the preceding paragraph, and Bond Counsel to the County has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

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

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

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Collateral Federal Income Tax Consequences

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

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

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

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

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

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

State, Local and Foreign Taxes

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

Information Reporting and Backup Withholding

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

Future and Proposed Legislation

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

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CONTINUING DISCLOSURE OF INFORMATION

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

ANNUAL REPORTS . . . The Issuer will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the County of the general type information in Tables 1 - 7, and 9 - 14, and in Appendix B, (the "Operating Information"). The County shall provide (1) the Operating Information within six months after the end of each fiscal year ending in or after 2026 and, if then available, audited financial statements of the County and (2) if not submitted along with the Operating Information, audited financial statements of the County within 6 months after the end of each fiscal year ending in or after 2026. If the audit of such financial statements is not complete within 6 months after any such fiscal year end, then the County shall file unaudited financial statements within such 6-month period and audited financial statements for such fiscal year when and if the audit report on such financial statements becomes available. Any financial statements so provided shall be prepared in accordance with the accounting principles described in Appendix B hereto, or such other accounting principles as the County may be required to employ from time to time pursuant to state law or regulation.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The Issuer's current fiscal year end is September 30. Accordingly, it must provide updated Operating Information by the last day in March in each year and audited financial statements (or unaudited financial statements if audited financial statements are not yet available) must be provided as described above, unless the Issuer changes its fiscal year. If the Issuer changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the County otherwise would be required to provide financial information and operating data.

NOTICE OF CERTAIN EVENTS …The County will also provide timely notices of certain events to the MSRB. The County will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the County, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional Paying Agent/Registrar or the change of name of a Paying Agent/ Registrar, if material; (15) incurrence of a financial obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties. In addition, the County will provide timely notice of any failure by the County to provide annual financial information in accordance with their agreement described above under "Annual Reports".

For these purposes, any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and order 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. For the purposes of the above describe event notices (15) and (16), the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a "financial obligation" shall not include municipal

securities as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

AVAILABILITY OF INFORMATION . . . The County has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

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 County may amend its continuing disclosure agreement 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, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the County (such as nationally recognized Bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The County may also amend or repeal the provisions of this 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 so amends the agreement, it has agreed to 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 financial information and operating data so provided.

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

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OTHER INFORMATION

RATINGS

The Bonds and the presently outstanding tax supported debt of the County are rated "AA+" by Fitch Ratings Inc. ("Fitch") and "AA+" by S&P Global Ratings, a division of S&P Global Inc. ("S&P"), without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the view 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 either or both of the ratings will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price or marketability of the Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

LITIGATION

It is the opinion of the County Attorney and 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 other jurisdiction. The County assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions in such other jurisdictions.

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 and investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, 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 "OTHER INFORMATION - 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

The County will furnish a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and to the effect that the Bonds are valid and legally binding obligations of the County, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. Though it represents the Municipal Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the County in connection with the issuance of the Bonds. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions "PLAN OF FINANCING," "THE BONDS" (exclusive of the subcaptions "Book-Entry-Only System," "Bondholders' Remedies" and "Sources and Uses of Proceeds"), "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" (exclusive of the subcaption "Compliance with Prior Undertakings") and the subcaptions "Legal Opinions" (excluding the last two sentences of the first paragraph thereof), "Registration and Qualification of Bonds for Sale" and "Legal Investments and Eligibility to Secure Public Funds in Texas" under the caption "OTHER INFORMATION" in the Official Statement, and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the

Bonds, such information conforms to the Order. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. The legal fee of such firm is contingent upon the sale and delivery of the Bonds.

The legal opinions to be delivered concurrently with the delivery of the Bonds expresses 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.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from County 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 the Order contained in this Official Statement are made subject to all of the provisions of such statutes, documents and the Order. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

MUNICIPAL ADVISOR

Hilltop Securities Inc. ("HilltopSecurities") is employed as Municipal Advisor to the County in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. HilltopSecurities, in its capacity as Municipal 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.

The Municipal Advisor to the County has provided the following sentence for inclusion in this Official Statement. The Municipal 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 Municipal Advisor does not guarantee the accuracy or completeness of such information.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

Public Finance Partners LLC, will deliver to the County, on or before the settlement date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Government Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Bonds.

The Verification Agent relied on the accuracy, completeness and reliability of all information provided by, and on all decisions and approvals of, the County. In addition, the Verification Agent has relied on any information provided by the County's retained advisors, consultants or legal counsel.

UNDERWRITERS

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

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

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

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

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

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

CYBER SECURITY

Computer networks and data transmission and collection are vital to the operations of the County. Information technology and infrastructure of the County may be subject to attacks by outside or internal hackers and may be subject to breach by employee error, negligence or malfeasance. An attack or breach could compromise systems and the information stored thereon, result in the loss of confidential or proprietary data and disrupt the operations of the County. To mitigate these risks, the County continuously endeavors to improve the range of control for digital information operations, enhancements to the authentication process, and additional measures toward improving system protection/security posture. The Country maintains cyber security insurance provided through the Texas Association of Counties.

WEATHER EVENTS

The County is located in North Texas. Land located in this area is susceptible to high winds, tornados, fires and arid conditions. If a future weather event significantly damages all or part of the properties comprising the tax base within the County, the assessed value of property within the County could be substantially reduced, which could result in a decrease in tax revenue and/or necessitate an increase in the County's tax rate. Under certain conditions, Texas law allows the County to increase property tax rates without voter approval upon the occurrence of certain disasters such as a tornado, flooding or extreme drought and upon gubernatorial or presidential declaration of disaster. There can be no assurance that a casualty loss to taxable property within the County will be covered by insurance (or that property owners will carry flood or the appropriate, applicable other casualty insurance), that any insurance company will fulfill it.

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MISCELLANEOUS

The Pricing Certificate will approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and will also authorize its further use in the reoffering of the Bonds by the Underwriters.

County Judge
Taylor County, Texas

ATTEST:

County Clerk
Taylor County, Texas

Schedule I

SCHEDULE OF REFUNDED BONDS*

Limited Tax General Obligation Bonds, Series 2017

Original Dated Date	Original Maturity (February 15)	Interest Rates	Principal Amount	Call Date	Call Price
February 1, 2017	2028	5.000%	$ 2,085,000	2/15/2027	100%
	2029	5.000%	2,190,000	2/15/2027	100%
	2030	5.000%	2,305,000	2/15/2027	100%
	2031	5.000%	2,425,000	2/15/2027	100%
	2032	5.000%	2,545,000	2/15/2027	100%
	2033	5.000%	2,680,000	2/15/2027	100%
	2034	5.000%	2,815,000	2/15/2027	100%
	2035	5.000%	2,960,000	2/15/2027	100%
	2036	5.000%	3,110,000	2/15/2027	100%
	2037	5.000%	3,270,000	2/15/2027	100%
	2038	5.000%	3,440,000	2/15/2027	100%
	2039	5.000%	3,615,000	2/15/2027	100%
			$ 33,440,000		

*Preliminary, Subject to change.

APPENDIX A

GENERAL INFORMATION REGARDING THE COUNTY

THE COUNTY

Taylor County is located in West Central Texas 150 miles west of Fort Worth and 180 miles west of Dallas. The City of Abilene, the County Seat, is primarily located in northern Taylor County with a small area in Jones County to the north. Abilene is the economic, educational, medical and cultural center of the area. Other incorporated towns and cities in Taylor County and their 2023 U.S. Census populations include: Buffalo Gap (465), Impact (35), Lawn (316), Merkel (2,594), Trent (340) and Tye (1,226).

POPULATION

	Taylor County[(1)]		City of Abilene[(2)]
1920	24,081	1920	10,274
1930	41,023	1930	23,175
1940	44,147	1940	26,612
1950	63,370	1950	45,570
1960	101,078	1960	90,368
1970	97,853	1970	89,653
1980	110,932	1980	98,315
1990	119,655	1990	106,707
2000	126,555	2000	115,930
2010	127,683	2010	117,179
2020	143,208	2020	125,004
2026	151,203	2026	130,501

BUSINESS AND INDUSTRY

Manufacturing plants in Abilene and its immediate vicinity produce such products as gas welding equipment, meat products, plumbing fixture, soft drinks and soft drink containers, bakery products, vegetable oil products, poultry and livestock feeds, tire retreading products, sprockets and gears, pressure vessels, ski boats, and signs.

LABOR FORCE ESTIMATES

	September	Annual Averages			
	2026	2025	2024	2023	2022
Abilene					
Civilian Labor Force	63,702	63,043	62,230	60,444	58,654
Total Employment	61,434	60,806	60,056	58,321	56,576
Unemployment	2,268	2,237	2,174	2,123	2,078
Percent Unemployment	3.6%	3.5%	3.5%	3.5%	3.5%
Taylor County					
Civilian Labor Force	75,614	74,818	73,864	71,765	69,714
Total Employment	72,997	72,251	71,360	69,321	67,327
Unemployment	2,617	2,567	2,504	2,444	2,387
Percent Unemployment	3.5%	3.4%	3.4%	3.4%	3.4%
State of Texas					
Civilian Labor Force	16,001,839	15,883,632	15,628,870	15,248,074	14,784,035
Total Employment	15,315,457	15,218,369	14,985,161	14,636,691	14,200,881
Unemployment	686,382	665,263	643,709	611,383	583,154
Percent Unemployment	4.3%	4.2%	4.1%	4.0%	3.9%

_____
Source: Texas Workforce Commission

ECONOMIC INDICES, CITY OF ABILENE

Calendar Year		Building Permits
2022		$ 344,221,553
2023		$ 138,092,150
2024		$ 3,001,238,329
2025		$ 2,526,057,176
2026	(1)	$ 7,575,973,839

Source: The City
(1) Figures as of June 30, 2026.

CITY OF ABILENE BUILDING PERMITS BY CLASSIFICATION

Year	Residential (Single-Family) Units	Business Industrial and Apartments	Schools and Churches	Miscellaneous Alternations and Repairs	Total
2022	452	$ 271,645,382	$ 9,529,180	$ 63,046,991	$ 344,221,553
2023	313	$ 46,548,274	$ 15,283,269	$ 76,260,607	$ 138,092,150
2024	209	$ 2,915,027,065	$ 10,962,500	$ 75,248,764	$ 3,001,238,329
2025	702	$ 2,349,106,975	$ 60,967,318	$ 115,982,883	$ 2,526,057,176
2026 (1)	566	$ 7,464,834,774	$ -	$ 51,139,065	$ 7,515,973,839

(1) Figures as of June 30, 2026.

TOP 10 EMPLOYERS

Company	Type of Business	Estimated Number of Employees
Dyess Air Force Base	Air Froce Base	8,864
Hendrick Medical Center	Health System	2,896
Abilene Independent School District	Public Schools	2,500
City of Abilene	City Government	1,500
State Supported Living Center	Mental Health	1475
Texas Department of Criminal Justice	Prisons	1,187
Abilene Christian University	Private University	1,164
Blue Cross Blue Shield of Texas	Health Insurance Call Center	760
Wylie Independent School District	Public Schools	700
Taylor County	County	560

Source: Abilene Industrial Foundation.

INDUSTRIAL/COMMERCIAL DEVELOPMENT

In 1989, the City set a precedent for the rest of Texas when Abilenians voted to become the first community to adopt a half-cent sales tax devoted specifically to economic development. Because of new life in retail trade and industrial expansion, Abilene's economic development sales tax collections have grown from just under $4 million in 1990 to $18.7 million in FY 2025.

Abilene has been receptive to the changes that were necessary to pull out of the slump caused by the economic downturn of the 1980's. The direction became to continue targeting better jobs that will further stabilize and enhance Abilene's economy while improving the quality of life for its citizens. A hard lesson was learned when several of the city's major employers, like Lockheed Martin, Texas Instruments and US Brass pulled up stakes and left town. Today, any viable community must support many smaller companies to provide a stable employment and property tax base.

Thirty years ago, City Council authorized the creation of the Development Corporation of Abilene, Inc. (DCOA) pursuant to the Development Corporation Act of 1979 (Texas Civil Statutes Article 5190.6), hereinafter referred to as the "Act". The Act allows municipalities to create a nonprofit corporation that will promote the creation of new and expanded industry and manufacturing

activity within the municipality and its vicinity. The DCOA is a five-member board appointed by the Mayor and operates separately from the City of Abilene as a nonprofit with its own federal tax identification number.

DCOA Promotes growth and development in Abilene's industrial, commercial and educational sectors with the goal to further diversify the economy. The DCOA utilizes many assets to increase capital investment and grow primary jobs. Two business parks: Five Points Business Park in West Abilene and Access Business Park East Abilene are among these assets:

- The Five Points Business Park is located on I-20 with rail service available, enhanced water pressure, fiber optics supported telecom, electrical capability and streetlights, and boasts such tenants as Texas Department of Transportation, Texas Healthcare Linen, Atmos Energy, Broadwind Towers, Pactiv Industries, Primal Pet Group, Amazon, Hartmann's Inc., Bavarian Polymers, and FedEx. The Park has about 422 acres available for new development.

- The Access Business Park is designed for high-end, upper-business class industrial development due to its location directly across from the Abilene Regional Airport and access to major highways. Great Lakes Cheese, a packaging and distribution facility, serves as the Park's anchor. The Park has about 45 acres available with additional acreage located nearby.

In 2020 the City created the Abilene Convention Center Hotel Development Corporation (the "ACCHDC") as a public, nonprofit corporation in accordance with Subchapter D of Chapter 431, Texas Transportation Code, for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the City, including aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote and accomplish the development of the geographic area of the City included at or in the vicinity of the Abilene Convention Center. The City and the ACCHDC constructed a downtown convention center hotel which opened in July 2023.

AGRICULTURE

Abilene is the center of a well-developed agricultural area. The major source of agricultural income is production and marketing of livestock. Principal crops are grain sorghums, wheat and cotton.

MINERAL PRODUCTION

Oil and natural gas are produced in an 18 county area surrounding Abilene.

County Statewide Onshore
Annual Totals, 2022-2026

Year	Oil (BBL)	Casinghead (MCF)	GW Gas (MCF)
2022	304,679	111,761	10,653
2023	291,522	98,339	8,770
2024	264,874	78,266	9,643
2025	263,022	68,151	8,808
2026[(1)]	159,029	44,202	5,303

Source: Texas Railroad Commission.
(1) Data through August 2026.

HIGHER EDUCATION – UNIVERSITY AND COLLEGES

Abilene is home of three co-educational, liberal arts universities, and has extension campuses for Cisco Junior College and Texas State Technical College. Abilene Christian University, established in 1906, is closely affiliated with the Church of Christ and has an estimated enrollment of 4,460. The University is located on a campus of 208 acres, with an additional 500 acre experimental farm.

Hardin-Simmons University, originally established as Abilene Baptist College in 1891, is a coeducational, liberal arts university; the University is a church-related institution affiliated with the Baptist General Convention of Texas with estimated enrollment of over 2,200 each semester.

McMurry University is a coeducational, liberal arts college founded in 1923 by the Northwest Texas Conference of the Methodist Church and is now jointly owned and operated by the Northwest Texas and New Mexico Conferences of the United Methodist Church. The University enrolls an estimated 1,200 students each semester.

The Abilene Educational Center of Cisco Junior College, a State funded off-campus center of Cisco College District, Cisco, Texas, offers core academic programs at the junior college level leading to an associate degree and vocational-technical courses and maintains enrollment of approximately 2,800.

Texas State Technical College - Abilene Center is a State funded branch of the Texas State Technical College's Sweetwater, Texas, main campus. The college offers occupationally oriented programs in technical and vocational areas such as machining, automated office skills, electronics servicing, information management skills, drafting and design technology and others. Estimated enrollment per semester is 1,200.

The Anita Thigpen Perry Texas Tech School of Nursing and the Texas Tech School of Pharmacy have recently been located in the City as branches of the Texas Tech University Health Sciences Center and has an estimated enrollment of 560.

OTHER EDUCATIONAL INFORMATION

Abilene Independent School District, which includes approximately 90% of the City of Abilene, has a current enrollment of 15,680 students and approximately 1,900 employees including professional and other personnel.

GOVERNMENT AND MILITARY

Abilene is the location of more than 50 State and Federal offices and facilities including Dyess Air Force Base.

DYESS AIR FORCE BASE… Located in and adjacent to Abilene, is a 6,430 acre permanent base of the Air Combat Command. There are an estimated 5,500 military & civilian personnel at the base. Dyess is the home base for the 7th Wing of the Air Combat A - 5 Command and the home base of the 317th Airlift Group. The Wing flies the B-1 bomber and the C-130. Annual economic impact on Abilene is in excess of $1.149 billion. As the primary training base for the B-1 bomber, Dyess was not affected by the base closure program of the Department of Defense.

STATE PRISON… The Texas Department of Criminal Justice operates a maximum security State prison in Abilene. Designated the French Robertson Unit - Abilene, the prison, located in north Abilene on a 314 acre site donated by the City, opened in November, 1992. The prison has four 432-bed housing groups clustered around a central support core of administration, medical, education, laundry and food service facilities. A garment factory provides approximately 270 inmate jobs and produces inmate uniforms for State prison system use. The Unit has 2,746 inmates (max capacity at 2,984) and has an estimated 1,190 employees with an annual payroll in excess of $21 million. The City of Abilene provides water, sewer and sanitation services for the Unit at regular City commercial rates.

STATE TRANSFER FACILITY… The Texas Department of Criminal Justice operates a 2,128 inmate capacity transfer center on a site immediately east of the Robertson Unit. Designated the John W. Middleton Unit - Abilene, this transfer facility is designed to alleviate overcrowding of Texas county jails and serves as temporary housing for State inmates being processed into State prisons; inmates may be housed at a State transfer facility for not over 12 months before being moved to a State prison. The facility has an estimated 527 employees with 378 employees utilized for security. The City of Abilene provides water, sewer and sanitation services for the facility at regular City commercial rates.

HOSPITALS AND MEDICAL CARE

Hendrick Health System operates two major medical centers with a total of 850 licensed beds. They also operate an accredited nursing school and are the health services provider to the two State Department of Criminal Justice Units in Abilene.

Abilene has over 250 practicing physicians and surgeons (M.D.) and over 57 dentists. A radiology center for the treatment of malignant diseases is located in the City. West Texas Rehabilitation Center, a non-profit organization offering diagnostic, neurological and rehabilitation services to the handicapped, is located in Abilene.

RECREATION AND ENTERTAINMENT

The City of Abilene has numerous developed parks and six Golf Courses. The City of Abilene Convention Center and Taylor County Coliseum provide areas for community events, concerts, conventions, fairs and livestock shows. Also available to residents are Abilene Christian University, Hardin-Simmons University and McMurry University programs and events, the Morgan Jones Planetarium (owned and operated by the Abilene Independent School District), Abilene Symphony Orchestra, Abilene Community Theatre, Museums of Abilene, the Paramount Theater, City of Abilene Zoo, City of Abilene Library, the annual West Texas Fair and sporting events. Additionally available to residents and tourists is Frontier Texas!, The Grace Museum (Art Museum, History Museum, and Children's Museum), National Center for Children's Illustrated Literature (NCCIL), The Center for Contemporary Arts, Elks Arts Center, 12th Armored Division Memorial Museum, Dyess Air Force Base, Buffalo Gap Historical Village, Abilene State Park, Abilene Skate Park, Abilene Speedway, Abilene Ballet Theatre, Abilene Opera Association, Abilene Classical Chorus and Classical Youth Chorus, Texas Forts and Trail Visitor Center, Fort Phantom Hill, and Prime Time Entertainment (includes laser tag, miniature golf, electric go-carts, bumper cars, climbing wall, bowling lanes, arcade, and a coffee bar).

Abilene State Park, located 19 miles southwest of Abilene, contains 621 acres. Maintained and operated by the State of Texas, the park provides recreational and camping facilities.

CHURCHES

Abilene has over 100 churches representing all major denominations.

MEDIA

One daily newspaper.

Television and Radio - 4 network channels; cable provides multi-channel access including the Public Broadcasting System. There are several AM and FM radio stations.

UTILITY SERVICES

Water and Sewer - City of Abilene.
Electric – AEP Texas or alternatives.
Natural Gas – Atmos Energy

TRANSPORTATION

Abilene and Taylor County have a highway system which includes U.S. Interstate Highway 20, three U.S. highways, two State highways and a network of paved farm-to-market roads.

Rail transportation is furnished by the Union Pacific Railroad and the Southern Switching Company.

Airline transportation is furnished at Abilene Regional Airport with non-stop service provided primarily by Envoy (formerly known as American Eagle). Passenger enplanements for 2022 were 76,000. Airport facilities include a recently remodeled terminal, two lighted runways of 7,200' each suitable for jet aircraft and a 3,685' crosswind runway, complete taxiway system, a FAA control tower and instrument landing system and extensive general aviation services. Other major airport tenants include: Abilene Aero, which provides full service fixed base operator services including aircraft fueling and maintenance. Texas State Technical College utilizes a renovated 34,000 square foot hangar at the Airport for teaching aviation maintenance technology and flight instruction. Eagle Aviation Services, Inc., a subsidiary of American Eagle, operates a major aircraft maintenance facility at the Airport. The City continues to make improvements to the airport to meet the demands of its growth.

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APPENDIX B

EXCERPTS FROM THE

TAYLOR COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2025

The information contained in this Appendix consists of excerpts from the Taylor County, Texas Annual Financial Report for the Fiscal Year Ended September 30, 2025, 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

The Honorable Judge and Members of the Commissioners' Court
Taylor County, Texas
Abilene, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Taylor County, Texas, (the County) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Taylor County, Texas, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Budgetary Comparison Schedule – General Fund (Exhibit B-1), Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System (Exhibit B-2), Schedule of Employer Contributions – Texas County and District Retirement System (Exhibit B-3), Schedule of Changes in Total OPEB Liability and Related Ratios (Exhibit B-4) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2026, 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, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Eide Bailly LLP

Abilene, Texas
June 29, 2026

This section of Taylor County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended September 30, 2025. Please read it in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- Taylor County's total combined net position was $85.3 million at September 30, 2025. This represents an increase of $5.3 million from September 30, 2024. Of this amount, $25.2 million (unrestricted net position) may be used to meet the County's ongoing obligations.

- During the year, the County's expenses were $5.3 million less than the $101.2 million generated in taxes and other revenues for governmental activities.

- The General Fund reported a fund balance this year of $32.9 million; $32.8 million is available for spending at the County's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Statements

The government-wide statements are designed to provide readers with a broad overview of Taylor County's finances, using accounting methods similar to those used by private-sector companies. The Statement of Net Position (page 14) presents information on all of Taylor County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether Taylor County's financial position is improving or deteriorating when examined in conjunction with nonfinancial factors. The Statement of Activities (page 15) presents information showing how the government's net position changed during the 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.

Net position – the difference between the County's assets and liabilities – is one way to measure the County's financial health or position.

- Over time, increases or decreases in the County's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the County, one needs to consider additional nonfinancial factors such as changes in the County's tax base.

Both of these government-wide financial statements are designed to distinguish functions of Taylor County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, highways and streets, sanitation, economic development, culture, and recreation. These activities are financed primarily by property taxes and grants. The County does not have any business-type activities.

Fund Financial Statements

The Fund Financial Statements provide more detailed information about Taylor County's most significant funds – not the County as a whole. Funds are groupings of related accounts that the County uses to keep track of specific sources of funding and spending for particular purposes. Taylor County, like other state and local governments, uses funds to show compliance with finance-related legal requirements as well as to control and manage money for other particular purposes.

The County has three types of funds:

- Governmental funds – Most of the County's basic services are included in governmental funds, which focus on short-term inflows and outflows of available resources and the balances of these resources that are available at the end of the year. Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the 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. These reconciliations can be found on pages 17 and 19 of the basic financial statements section.

  The County maintains 53 individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund, the ARPA Local Recovery Fund, and the Certificates of Obligation Series 2025 Capital Project Fund, all of which are considered to be major funds. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

  The County adopts an annual appropriated budget for its funds. Budgetary comparison schedules have been provided in the Required Supplementary Information section to demonstrate compliance with this budget.

- Proprietary funds – Proprietary funds consist of two types of funds, enterprise and internal service funds. At this time, Taylor County has no enterprise funds. Internal service funds report activities that provide services and supplies for the County's other programs and activities. The individual internal service funds are combined into a single aggregate presentation in the proprietary fund financial statements on pages 21-23. Individual fund data for the internal service funds are provided in the form of combining statements elsewhere in this report.

- Fiduciary funds – The County is the trustee, or fiduciary, for certain funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 24 and Statement of Changes in Fiduciary Fund Net Position on page 25. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Taylor County's combined net position was approximately $85.3 million at September 30, 2025. The largest portion of the County's net position (57%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment), less accumulated depreciation and any related outstanding debt. An additional portion of the County's net position (14%) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the County's ongoing obligations to citizens and creditors.

	Governmental Activities	
	September 30, 2025	September 30, 2024
Current and Other Assets	$ 74,278,162	$ 76,612,329
Capital Assets	101,830,007	95,193,016
Total assets	176,108,169	171,805,345
Deferred Outflows of Resources	7,352,572	7,646,839
Current Liabilities	16,546,595	22,200,374
Long Term Liabilities	72,937,438	68,969,976
Total liabilities	89,484,033	91,170,350
Deferred Inflows of Resources	8,635,113	8,214,476
Net Position		
Net Investment in Capital Assets	48,351,747	43,268,691
Restricted	11,761,464	10,495,676
Unrestricted	25,228,384	26,302,991
Total net position	$ 85,341,595	$ 80,067,358

Changes in Net Position

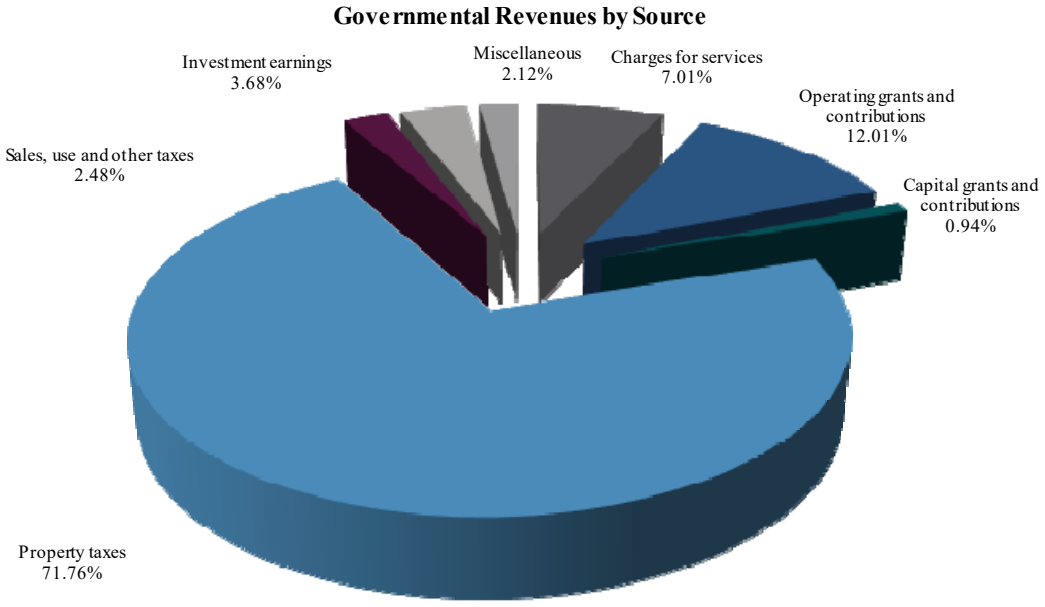
Taylor County's net position increased by approximately $5.3 million during the current fiscal year.

	Governmental Activities	
	September 30, 2025	September 30, 2024
Revenues		
Program revenues		
Charges for services	$ 7,094,343	$ 7,803,026
Operating grants and contributions	12,156,963	7,035,787
Capital grants and contributions	951,509	5,623,881
General revenues		
Property taxes	72,656,149	67,470,524
Sales and use and other taxes	2,511,655	2,472,055
Investment earnings	3,729,110	4,006,465
Miscellaneous revenue	2,147,044	2,480,957
Total revenues	101,246,773	96,892,695
Expenses		
General government	6,924,774	6,040,989
Financial administration	3,668,967	3,346,506
Judicial	12,225,228	11,872,589
Legal	4,747,418	4,503,793
Elections	1,320,918	1,468,584
Public facilities	5,648,713	5,439,927
Public safety	47,150,420	42,983,589
Road and bridge	5,906,795	5,462,134
Health and welfare	5,439,812	4,055,802
Conservation	707,219	657,369
Culture and recreation	2,500	32,933
Interest on long-term debt	2,229,772	1,915,454
Total expenses	95,972,536	87,779,669
Change in net position	5,274,237	9,113,026
Beginning Net Position	80,067,358	70,954,332
Ending net position	$ 85,341,595	$ 80,067,358

Governmental Activities

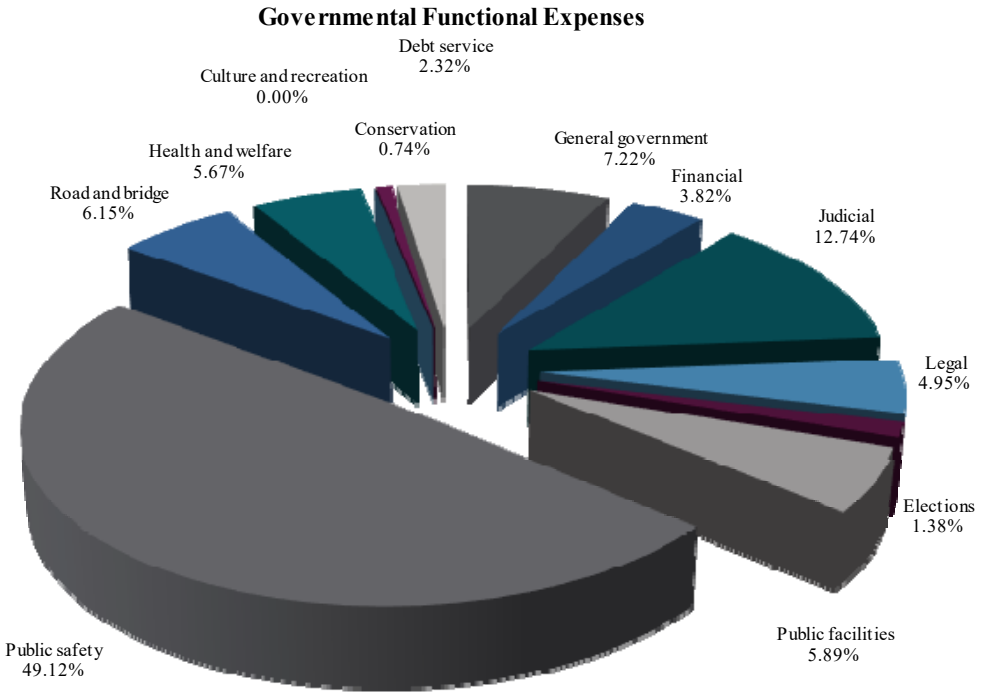
Total revenues for the fiscal year ending September 30, 2025, were $101.2 million. Approximately 72% of the County's revenue comes from taxes, with approximately 74% from property taxes alone. Property tax revenue as a percentage of total revenue increased by 2% compared to the prior year due to higher property valuations.

Total revenues increased by $4.4 million with most of the increase noted in property tax revenue.



The total cost for all programs and services totaled $96.0 million for the year ended September 30, 2025. Of this amount, the largest operating services areas were public safety which totaled $47.2 million or 49% of total expenses for the year, and judicial services which totaled $12.2 million, or 13% of total expenses for the year. In the prior year, these two operating areas comprised 63% of total expenses. Costs related to general government (7%) continued to absorb a significant percentage of the County's total expenses for the current year.

Total expenses increased by $8.2 million from the prior year with increases noted largely in general government, public safety and health and welfare.



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As of the end of the fiscal year, Taylor County's governmental funds reported a combined fund balance of $60.8 million, an increase of $5.6 million or 10.2% in comparison with the prior year. Approximately 54% of this total amount ($32.7 million) is unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, or committed, to indicate that it is not available for new spending because it has already been restricted or committed to: 1) special purposes by virtue of special revenue funds ($21.2 million), and 2) the retirement of bonded indebtedness ($2.1 million).

The General Fund is the chief operating fund of the County. At the end of the fiscal year, the total fund balance was $32.9 million. Approximately $32.8 million is unassigned. As a measure of the fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 42% of total General Fund expenditures. Taylor County's General Fund balance decreased by $797 thousand during the current fiscal year.

The ARPA Local Recovery Fund accounts for grant revenues and related expenses for the American Rescue Plan Act. At the end of the fiscal year, the total fund balance was $7.1 thousand, all of which was committed for other purposes. Fund balance decreased by $1.1 million during the current fiscal year.

The Certificates of Obligation Series 2025 Capital Project Fund contains the debt proceeds and capital project expenditure activity allowable under the debt agreement. At the end of the fiscal year, the total fund balance was $9.3 million, all of which was restricted for capital projects.

General Fund Budgetary Highlights

Over the course of the year, the County revised its budget several times. With these adjustments, actual expenditures were $3.3 million below final budgeted amounts. Positive variances from budgeted expenditures resulted from the County monitoring expenses closely. Resources available were $535 thousand more than the final budgeted amount. The revenue increases were primarily from increases in investment earnings and higher than budgeted fines and fees revenue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2025, the County had invested $101.8 million in a broad range of capital assets, including land, buildings, roads, bridges, and equipment. This amount represents a net increase (including additions, retirements, and adjustments) of $6.6 million, or 7.0% over last year.

Major events affecting capital assets during the year were:

- Continuation of construction on the old Courthouse Restoration project.

More detailed information about the County's capital assets can be found in Note 6 on pages 41 and 42 of this report.

	Governmental Activities		Percent
	2025	2024	Change
Land	$ 2,161,848	$ 2,161,848	0.00%
Construction in progress	27,645,559	18,362,340	50.56%
Buildings and improvements	143,407,262	142,362,214	0.73%
Furniture and equipment	12,959,887	11,764,780	10.16%
Vehicles and heavy equipment	20,440,964	19,308,593	5.86%
Infrastructure	70,679,245	70,679,245	0.00%
Right-to-use leased assets	767,442	598,257	28.28%
Right-to-use SBITA assets	536,210	568,208	-5.63%
Total	278,598,417	265,805,485	4.81%
Total accumulated depreciation and amortization	(176,768,410)	(170,612,469)	3.61%
Net capital assets	$ 101,830,007	$ 95,193,016	6.97%

Long-Term Debt

At the end of the year, the County had $66.1 million in long-term obligations.

	Governmental Activities		Percent
	2025	2024	Change
Bonds Payable	$ 48,340,000	$ 39,105,000	24%
Premium on Bonds Payable	6,606,229	6,328,653	4%
Tax Note and Certificates Payable	8,470,000	9,355,000	-9%
Financed Purchases Payable	640,370	839,512	100%
Leases Payable	411,216	301,290	0%
SBITAs Payable	284,228	375,192	0%
Compensated Absences	1,303,294	1,265,873	3%
Total	$ 66,055,337	$ 57,570,520	15%

During the year, Taylor County's long-term obligations increased by $8.5 million due to the issuance of the Certificates of Obligation Series 2025 bonds payable.

The State limits the amount of general obligation debt that a County can issue to 25% of its total assessed valuation. The current debt limitation is $2.4 billion, which is significantly higher than the County's outstanding general obligation debt.

More detailed information about the County's long-term liabilities can be found in Note 8 on pages 44-47 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The net taxable appraised value used for the 2026 budget preparation is estimated to be up $1.3 billion, or 9.52% from 2025. Total values for Taylor County, without adjustments, were up 10.86%.
- The Abilene Metro Area / Taylor County unemployment rate in September 2025 was 3.6%, compared to 3.4 % in September 2024. The State unemployment rate in September 2025 was 4.1%.
- Inflationary trends in the region compare favorably to national indices.

These factors and others were taken into consideration when preparing the General Fund budget for the 2026 fiscal year.

The combined tax rate established for 2026 is $.5578 Taylor County adopted a rate above the No New Revenue Tax Rate but below the Voter Approval Rate for 2026. These named rates are part of the Property Tax Reform passed by the 86th Texas Legislative Session.

Amounts available for appropriation in the General Fund budget are $86,271,900, an increase of 9.6% over the 2025 budget of $78,716,358. Most of the increase is attributable to tax on new properties added to the tax roll, a 3-penny increase over the No New Revenue Rate, and estimated interest earnings based on current market conditions.

Budgeted expenditures rose approximately 9.4% to $88,515,400. Final implementation of rates from a previous salary study performed, increased cost of health insurance, new employees, increased indigent defense and indigent health program cost, and the continued response of county operations considering population growth and inflationary cost were the largest contributing factors to the change in budgeted expenditures. Additionally, an emergency budget amendment was approved by the Commissioners Court on February 24, 2026, to increase budgeted expenditures by $694,160, bringing the total budgeted expenditures to $89,209,560. The budget amendment added 5 law enforcement officers, plus the cost of vehicles and outfitting, as a response to increased traffic and congestion driven by local data center projects. The increased budget was drawn from the fund balance in the general fund.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of Taylor County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Office of the Taylor County Auditor, 401 Oak Street, Suite 300, Abilene, TX 79602.

	Governmental Activities
Assets	
Cash and cash equivalents	$ 23,530,293
Investments	45,611,615
Receivables (net of allowance for uncollectibles)	
Taxes	1,197,518
Other	3,808,005
Prepaid expenses and inventories	130,731
Capital assets	
Land	2,161,848
Construction in progress	27,645,559
Infrastructure, net	320,941
Buildings and improvements, net	62,334,955
Vehicles and heavy equipment, net	4,112,206
Furniture and equipment, net	4,557,279
Right to use leased assets, net	397,456
Right to use SBITA assets, net	299,763
Total assets	176,108,169
Deferred outflows of resources	
Deferred outflows of resources - pension	5,258,874
Deferred outflows of resources - OPEB	2,093,698
Total deferred outflows of resources	7,352,572
Liabilities	
Accounts payable and other current liabilities	4,380,413
Accrued interest payable	342,378
Payroll liabilities	2,452,541
Unearned revenues	5,545,723
Due to other governments	426,803
Noncurrent liabilities	
Due within one year	3,398,737
Due in more than one year	62,656,600
Net pension liability	2,454,140
Total OPEB liability	7,826,698
Total liabilities	89,484,033
Deferred inflows of resources	
Deferred inflows of resources - pension	2,132,113
Deferred inflows of resources - OPEB	6,503,000
Total deferred inflows of resources	8,635,113
Net position	
Net investment in capital assets	48,351,747
Restricted for	
Debt service	1,816,637
Grants	53,484
Technology	256,690
Security	529,499
Enabling legislation	8,425,334
Law enforcement	679,820
Unrestricted	25,228,384
Total net position	$ 85,341,595

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	$ 6,924,774	$ 2,362,033	$ 6,060,128	$ -
Financial	3,668,967	494,996	-	-
Judicial	12,225,228	1,557,388	114,313	-
Legal	4,747,418	17,736	198,503	-
Elections	1,320,918	133,177	93,042	-
Public facilities	5,648,713	234	406,972	951,509
Public safety	47,150,420	509,415	4,454,093	-
Road and bridge	5,906,795	1,929,783	769,912	-
Health and welfare	5,439,812	-	60,000	-
Conservation	707,219	89,581	-	-
Culture and recreation	2,500	-	-	-
Interest and fees on long-term debt	2,229,772	-	-	-
Total governmental activities	95,972,536	7,094,343	12,156,963	951,509
Total primary government	$ 95,972,536	$ 7,094,343	$ 12,156,963	$ 951,509

See Notes to Financial Statements

	Net (Expense) Revenue and Changes in Net Position	
	Primary Government	
	Governmental Activities	Total
	$ 1,497,387	$ 1,497,387
	(3,173,971)	(3,173,971)
	(10,553,527)	(10,553,527)
	(4,531,179)	(4,531,179)
	(1,094,699)	(1,094,699)
	(4,289,998)	(4,289,998)
	(42,186,912)	(42,186,912)
	(3,207,100)	(3,207,100)
	(5,379,812)	(5,379,812)
	(617,638)	(617,638)
	(2,500)	(2,500)
	(2,229,772)	(2,229,772)
	(75,769,721)	(75,769,721)
	(75,769,721)	(75,769,721)
General revenues		
Property taxes, levied for general purposes	68,069,804	68,069,804
Property taxes, levied for debt purposes	4,586,345	4,586,345
Other taxes	2,511,655	2,511,655
Miscellaneous revenues	2,147,044	2,147,044
Investment earnings	3,729,110	3,729,110
Total general revenues	81,043,958	81,043,958
Change in net position	5,274,237	5,274,237
Net position at beginning of year	80,067,358	80,067,358
Net position at end of year	$ 85,341,595	$ 85,341,595

	General Fund	ARPA Local Recovery Fund
Assets		
Cash and cash equivalents	$ 5,390,663	$ 354,307
Investments	29,114,770	5,387,381
Receivables (net of allowance for uncollectibles)		
Property taxes	1,117,510	-
Other	1,497,796	897
Fines and fees	1,280,836	-
Due from other funds	1,418,951	-
Inventories	1,236	-
Prepaid items	92,929	-
Total assets	$ 39,914,691	$ 5,742,585
Liabilities, deferred inflows of resources, and fund balances		
Liabilities		
Accounts payable and other current liabilities	$ 1,729,993	$ 164,908
Payroll liabilities	2,273,499	-
Unearned revenues	-	5,534,578
Due to other funds	263,358	36,018
Due to other governments	426,803	-
Total liabilities	4,693,653	5,735,504
Deferred inflows of resources		
Unavailable revenue - property taxes	870,072	-
Unavailable revenue - fines and fees	1,417,616	-
Total deferred inflows of resources	2,287,688	-
Fund balances		
Nonspendable		
Inventories	1,236	-
Prepaid items	92,929	-
Restricted for		
Debt service	-	-
Capital projects	-	-
Grants	-	-
Technology	-	-
Security	-	-
Enabling legislation	-	-
Law enforcement	-	-
Committed for		
Road and bridge	-	-
Other purposes	-	7,081
Unassigned	32,839,185	-
Total fund balances	32,933,350	7,081
Total liabilities, deferred inflows of resources and fund balances	$ 39,914,691	$ 5,742,585

See Notes to Financial Statements

Certificates of Obligation Series 2025 Capital Project Fund	Other Governmental Funds	Total Governmental Funds
6,914,842	$ 10,634,862	$ 23,294,674
3,014,303	8,095,161	45,611,615
-	80,008	1,197,518
15,214	928,772	2,442,679
-	-	1,280,836
-	499,501	1,918,452
-	36,566	37,802
-	-	92,929
$ 9,944,359	$ 20,274,870	$ 75,876,505
$ 478,985	$ 905,384	$ 3,279,270
-	179,042	2,452,541
-	11,145	5,545,723
133,914	610,757	1,044,047
-	-	426,803
612,899	1,706,328	12,748,384
-	62,857	932,929
-	-	1,417,616
-	62,857	2,350,545
-	36,566	37,802
-	-	92,929
-	2,096,158	2,096,158
9,331,460	1,942,323	11,273,783
-	53,484	53,484
-	256,690	256,690
-	529,499	529,499
-	8,425,334	8,425,334
-	679,820	679,820
-	1,586,771	1,586,771
-	3,026,687	3,033,768
-	(127,647)	32,711,538
9,331,460	18,505,685	60,777,576
$ 9,944,359	$ 20,274,870	$ 75,876,505

Total Fund Balance-Governmental Funds		$ 60,777,576
The County uses internal service funds to charge the costs of certain activities, such as self-insurance to appropriate functions in other governmental funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. The net effect of this consolidation is to decrease net position.		(1,567,042)
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		
Governmental capital assets	278,504,202	
Accumulated depreciation	(176,762,592)	101,741,610
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	(48,340,000)	
Premium on bonds and certificates payable	(6,606,229)	
Tax notes and certificates payable	(8,470,000)	
Financed purchases	(640,370)	
Leases payable	(411,216)	
SBITAs payable	(284,228)	
Accrued interest payable	(342,378)	
Compensated absences	(1,303,294)	
Net pension liability	(2,454,140)	
Total OPEB liability	(7,826,698)	(76,678,553)
Included in the items related to long-term liabilities is the recognition of the County's deferred outflow of resources, and deferred inflow of resources relating to its pension liability and OPEB liability.		
Deferred inflow of resources - pension	(2,132,113)	
Deferred inflow of resources - OPEB	(6,503,000)	
Deferred outflow of resources - pension	5,258,874	
Deferred outflow of resources - OPEB	2,093,698	(1,282,541)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting.		
Unavailable revenue - fines and fees	1,417,616	
Unavailable revenue - property taxes	932,929	2,350,545
Net Position of Governmental Activities-Statement of Net Position		$ 85,341,595

	General Fund	Road and Bridge Fund
Revenues		
Taxes		
Property taxes	$ 67,996,059	$
Other taxes	828,975	
License and permits	742,199	
Intergovernmental and grants	2,550,591	
Fines and fees	4,713,832	
Rents and recoveries	5,596	
Investment earnings	2,554,993	
Miscellaneous	29,389	
Total revenues	79,421,634	
Expenditures		
Current		
General government	5,763,319	
Financial	3,638,873	
Judicial	12,051,615	
Legal	4,737,098	
Elections	715,599	
Public facilities	2,419,425	
Public safety	41,319,779	
Road and bridge	-	
Health and welfare	5,018,464	
Conservation	690,860	
Culture and recreation	2,500	
Debt service		
Debt principal	415,129	
Debt interest and fees	75,903	
Debt issuance costs	-	
Capital outlay		
Capital outlay	1,550,011	
Total expenditures	78,398,575	
Excess (deficiency) of revenues over (under) expenditures	1,023,059	
Other financing sources (uses)		
Transfers in	-	
Transfers out	(2,115,804)	
Proceeds from issuance of debt	234,950	
Premium on issuance of debt	-	
Proceeds from sale of capital assets	60,773	
Total other financing sources (uses)	(1,820,081)	
Net change in fund balance	(797,022)	
Fund balance at beginning of year, as previously reported	33,730,372	2,384,070
Adjustment (Note 18)	-	(2,384,070)
Fund balance at beginning of year, as restated	33,730,372	
Fund balance at end of year	$ 32,933,350	$

See Notes to Financial Statements

	ARPA Local Recovery Fund	Certificate of Obligation Series 2025 Capital Project Fund	Other Governmental Funds	Total Governmental Funds
	$ -	$ -	$ 4,587,776	$ 72,583,835
	-	-	1,682,680	2,511,655
	-	-	-	742,199
	6,433,808	-	2,896,106	11,880,505
	-	-	3,359,772	8,073,604
	-	-	-	5,596
	389,653	127,489	640,036	3,712,171
	-	-	1,316,807	1,346,196
	6,823,461	127,489	14,483,177	100,855,761
	587,582	-	268,556	6,619,457
	-	-	-	3,638,873
	114,313	-	88,204	12,254,132
	-	-	38,372	4,775,470
	-	-	148,795	864,394
	406,972	-	-	2,826,397
	585,247	341,402	2,578,310	44,824,738
	-	-	5,143,121	5,143,121
	60,000	-	342,675	5,421,139
	-	-	-	690,860
	-	-	-	2,500
	-	-	2,680,000	3,095,129
	-	193,360	2,420,317	2,689,580
	-	-	648	648
	5,224,869	1,954,627	4,414,895	13,144,402
	6,978,983	2,489,389	18,123,893	105,990,840
	(155,522)	(2,361,900)	(3,640,716)	(5,135,079)
	-	-	1,680,194	1,680,194
	(908,525)	-	(18,902)	(3,043,231)
	-	10,908,869	121,131	11,264,950
	-	784,491	8,711	793,202
	-	-	-	60,773
	(908,525)	11,693,360	1,791,134	10,755,888
	(1,064,047)	9,331,460	(1,849,582)	5,620,809
	1,071,128	-	17,971,197	55,156,767
	-	-	2,384,070	-
	1,071,128	-	20,355,267	55,156,767
	$ 7,081	$ 9,331,460	$ 18,505,685	$ 60,777,576

Net Change in Fund Balances -Total Governmental Funds		$ 5,620,809
The County uses internal service funds to charge the costs of certain activities, such as self-insurance to appropriate functions in other governmental funds. The change in net position of these internal service funds are reported with governmental funds. The net effect of this consolidation is to decrease net position.		(1,397,903)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements.		
Capital outlay	13,347,788	
Lease payments	125,024	
SBITA Payments	90,964	
Financed purchases principal payments	199,142	
Principal payments	2,680,000	16,442,918
Depreciation and amortization is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation and amortization is to decrease net position.		
Depreciation expense	(6,528,135)	
Amortization expense	(266,213)	(6,794,348)
Proceeds from issuance of leases and certificates of obligation are reported as other financing sources in the fund financial statements but are shown as long term liabilities in the government-wide financial statements.		(12,058,152)
Certain expenses for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase. The County's unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the County's share of pension expense must be recognized.		
Change in contributions made after measurement date	458,768	
Pension expense	2,561,471	3,020,239
Certain expenditures for the OPEB that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase. The County's unrecognized deferred inflows and outflows as of the measurement date must be amortized and the County's share of OPEB expense must be recognized.		
Change in contributions made after measurement date	136,995	
OPEB expense	324,984	461,979

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting.

Decrease in unavailable fines and fees	(511,808)	
Decrease in unavailable tax revenues	72,314	
Decrease in long-term debt interest payable	(55,170)	
Gain on retirement of assets	(4,846)	
Amortization of bond premium	515,626	
Increase in compensated absences	(37,421)	(21,305)
Change in Net Position of Governmental Activities-Statement of Activities		$ 5,274,237

	Governmental Activities Internal Service Funds
Assets	
Current assets	
Cash and cash equivalents	$ 235,619
Accounts receivable	84,490
Due from other funds	660,414
Total current assets	980,523
Noncurrent assets	
Vehicles	94,215
Less: Accumulated depreciation	(5,818)
Net capital assets	88,397
Total noncurrent assets	88,397
Total assets	$ 1,068,920
Liabilities	
Current liabilities	
Accounts payable	119,089
Accrued liabilities	982,054
Due to other funds	1,534,819
Total liabilities	2,635,962
Net position	
Unrestricted	(1,567,042)
Total net position	$ (1,567,042)

	Governmental Activities Internal Service Funds
Operating revenues	
Charges for services	$ 9,145,030
Stop loss revenue	842,498
Total operating revenues	9,987,528
Operating expenses	
Contract services	3,004,529
Claims	10,485,621
Supplies	22,233
Depreciation	5,818
Total operating expenses	13,518,201
Operating loss	(3,530,673)
Nonoperating revenues	
Investment earnings	16,939
Settlement proceeds	34,614
Refunds	718,180
Total nonoperating revenues	769,733
Net loss before transfers	(2,760,940)
Transfers	
Transfers in	1,363,037
Net transfers	1,363,037
Change in net position	(1,397,903)
Net position at beginning of year	(169,139)
Net position at end of year	$ (1,567,042)

	Governmental Activities Internal Service Funds
Operating activities	
Cash received from	
Interfund services provided	$ 9,111,348
Insurance providers	842,498
Cash payments for	
Claims	(10,244,757)
Insurance premiums	(3,004,529)
Supplies	(22,233)
Net cash used for operating activities	(3,317,673)
Non-capital financing activities	
Transfers, net	1,573,742
Settlement proceeds	34,614
Refunds	718,180
Net cash from non-capital financing activities	2,326,536
Investing activities	
Purchase of equipment	(94,215)
Interest and dividends	16,939
Net cash used for investing activities	(77,276)
Change in cash and cash equivalents	(1,068,413)
Cash and cash equivalents - beginning of year	1,304,032
Cash and cash equivalents - end of year	$ 235,619
Reconciliation of operating loss to net cash used for operating activities	
Operating loss	$ (3,530,673)
Depreciation	5,818
Net change in	
Accounts receivable	(33,415)
Accounts payable	(185,057)
Accrued liabilities	425,654
Total adjustments	213,000
Net cash used for operating activities	$ (3,317,673)

	Custodial Funds
Assets	
Cash and cash equivalents	$ 17,766,659
Accounts receivable	30,957
Total assets	$ 17,797,616
Liabilities	
Accounts payable	$ 1,405
Total liabilities	1,405
Net position	
Restricted for individuals, organizations or other governments	17,796,211
Total net position	$ 17,796,211

	Custodial Funds
Additions	
Tax collections for other governments	$ 77,135,089
Licenses, fines, and fee collections for other governments	72,167,301
Collections for individuals and others	4,619,969
Miscellaneous income	8,620
Total additions	153,930,979
Deductions	
Tax payments to other governments	45,127,144
Sales tax payments to other governments	31,795,014
CSCD program costs	10,275,887
Local provider participation	43,098,462
Other deductions	15,774,537
Total deductions	146,071,044
Change in net position	7,859,935
Net position, beginning of year	9,936,276
Net position, end of year	$ 17,796,211

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

Taylor County, Texas, (the County) and its specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution and Vernon's Annotated Civil Statutes. The County operates under a county judge / commissioners' court type of government as provided by state statute. The financial and reporting policies of the County conform to generally accepted accounting principles (GAAP) applicable to state and local governments. GAAP for local governments includes those principles prescribed by the Governmental Accounting Standards Board (GASB), which includes all statements and interpretations of the National Council on Governmental Accounting unless modified by the GASB and those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*.

The Commissioners' Court has governance responsibilities over all activities related to the County. The County receives funding from local, state, and federal government sources and must comply with the concomitant requirements of these funding source entities; however, the County is not included in any other governmental "reporting entity" as defined by authoritative guidance. There are no component units included within the reporting entity. The criteria for including organizations as component units within the County's reporting entity, as set forth in GAAP, include whether:

- the organization is legally separate (can sue and be sued in its name),
- the County holds the corporation powers of the organization,
- the County appoints a voting majority of the organization's board,
- the County is able to impose its will on the organization,
- the organization has the potential to impose a financial benefit / burden on the County,
- there is fiscal dependency by the organization on the County, and
- the exclusion of the organization would result in misleading or incomplete financial statements

The County provides the following services to its citizens: public safety (law enforcement and detention, fire, and ambulance), public transportation (roads and bridges), health and welfare (pauper care, health clinic facilities, meals for the elderly, and indigent health care), culture and recreation facilities, conservation, public facilities, judicial, legal, election functions, and general and financial administrative services.

Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the County's nonfiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, fines and fees, grants, and other intergovernmental revenues.

The Statement of Activities presents a comparison between expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include: a) fees, fines, and charges paid by the recipients of goods or services offered by the program and b) grants and contributions that are restricted for meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Funds Balance Sheet and as other resources and other uses on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances. All interfund transactions between governmental funds are eliminated on the Government-Wide Financial Statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from agency funds on the Government-Wide Statement of Net Position.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

The Government-Wide Financial Statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of 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 imposed by the provider have been met.

Governmental Fund Financial Statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available. Available means collectible within the current period or expected to be collected within 60 days after year-end and be used to pay liabilities of the current period. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Exceptions to this general rule include unmatured principal and interest on general long-term obligations, which are recognized when due. This exception is in conformity with generally accepted accounting principles.

Property tax revenues and sales tax receipts are considered measurable and available when collected by the respective intermediary collecting agency and recognized as revenue at that time. Property tax revenues are considered measurable at the time of levy and are recognized as unearned revenue and taxes receivable, net of an allowance for estimated uncollectible taxes, at that time. Property tax revenues are considered available if collected within 60 days subsequent to year-end. The amount of taxes collected in the period 60 days subsequent to year-end are recorded as current-year revenue. Licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash, because they are generally not measurable until actually received. Investment earnings are recorded on the accrual basis in all funds.

Intergovernmental revenues are recorded on a basis applicable to the legal and contractual requirements of the individual grant programs. If funds must be expended on the specific purpose or project before any amounts will be paid to the County, revenues are recognized as the expenditures or expenses are recorded. If funds are virtually unrestricted and irrevocable, except for failure to comply with required compliance requirements, revenues are recognized when received or susceptible to accrual. Federal and State grants awarded on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other State and Federal reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow-of-economic-resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

Fund Accounting

The County reports the following major governmental funds:

General Fund − The General Fund is the County's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the County.

ARPA Local Recovery Fund – This is a special revenue fund used to account for resources restricted by the grantor agency for this federal program.

Certificates of Obligation Series 2025 Capital Project Fund – This capital project fund is used to account for the resources of the bonds issued in 2025 and expenditures of capital projects under the debt agreement.

Additionally, the County reports the following nonmajor fund types:

Governmental Funds

Special Revenue Funds – The County uses these funds to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are restricted, committed, or assigned to expenditures for specified purposes.

Courthouse Restoration Capital Project Fund – This fund accounts for proceeds from long-term financing and revenue and expenditures related to authorized construction and other capital asset acquisitions, specifically relating to the old courthouse restoration project.

Debt Service Fund – The County uses this fund to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Proprietary Funds

Internal Service Funds – The County uses these funds to account for the financing of goods or services provided by one department or other departments of the County on a cost-reimbursement basis.

Fiduciary Funds

Custodial Funds – The County accounts for resources held for others in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Cash and Cash Equivalents

Highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Property Taxes

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

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature that affects the methods of property assessment and tax collection in the County. This legislation, with certain exceptions, exempts intangible personal property, household goods, and family-owned automobiles from taxation. In addition, this legislation creates a “Property Tax Code” and provides, among other things, for the establishment of county-wide appraisal districts and for the State Property Tax Board, which commenced operation on January 1, 1980.

As of October 1, 1981, the appraisal of property within the County was the responsibility of the Taylor Central Appraisal District (the Appraisal District). The Appraisal District is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. Beginning January 1, 1984, the value of property within the Appraisal District must be reappraised every three years. The County may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the County continues to set tax rates on County property. However, if the effective tax rates for bonds and other contractual obligations and adjusted for new improvements exceeds the rate for the previous year by more than 8%, qualified voters of the County may petition for an election to determine whether to limit the tax rate to no more than 8% above the effective tax rate of the previous year.

Through a contractual arrangement with the County, the Appraisal District is responsible for the collection of taxes. The Appraisal District is governed by a Board of Directors elected by the governing bodies of the taxing entities within the Appraisal District. The Board of Directors appoints a Chief Appraiser to act as Chief Administrator of the Appraisal District and an Appraisal Review Board to equalize appraised values. The County is permitted by Article 8, Section 9 of the State of Texas Constitution to levy taxes up to $0.80 per $100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt.

The County's taxes on real property are a lien against such property until paid. The County may foreclose real property upon which it has a lien for unpaid taxes. Although the County makes little effort to collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title on property.

The County has adopted a policy to record all delinquent taxes in the General Fund at year end. The County's general obligation bonds require an annual tax levy sufficient to pay principal and interest on the bonds with full allowance being made for delinquent taxes. The bond ordinances require that the Debt Service Fund be funded from actual tax receipts as received. The later collection of delinquent taxes, after the current year’s funding requirements have been satisfied, will be in excess of the actual requirements for the payment of the bonds. Therefore, such delinquent taxes are deposited in the County's General Fund after the County has met the annual requirements for the payment of the bonds.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. In the fund financial statements, they are offset by nonspendable fund balance, which indicates they do not represent “available spendable resources.”

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of the donation. Acquisition value is the price that would have been paid to acquire an asset with equivalent service potential on the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Generally, a capitalization threshold of $5,000 is used.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction is included as part of the capitalized value of the assets constructed. There was no capitalized interest during the current fiscal year.

Capital assets are recorded in the Government-Wide Financial Statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20-30
Furniture and Equipment	5-12
Vehicles and Heavy Equipment	5-12
Infrastructure	20-35

Right-to-use leased assets are recognized at the lease commencement date and represent the County's right to use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability, plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from five to six years.

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the County's right to use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability, plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from two to three years.

Receivables and Payables Balances

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue.

Compensated Absences

Accumulated earned but unused vacation, holiday, and sick leave are accrued when incurred in the Government-Wide Financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. It is the County's policy to permit employees to accumulated earned but unused vacation, holiday, and sick pay benefits. Eligible employees are reimbursed upon separation from service for accumulated vacation and holiday; non-exempt employees are reimbursed for vacation, holiday, and sick time.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

Interfund Activity

Interfund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Long-term Obligations

In the Government-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. On new bond issues, bond premiums and discounts are deferred and amortized or accreted over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In 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.

Lease liabilities represent the County's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the County.

Subscription liabilities represent the County's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments is discounted based on a borrowing rate determined by the County.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will 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 deferred outflows of resources related to its pension and OPEB plans for changes in assumptions, the net difference between projected and actual earnings, the difference between expected and actual economic experience, and contributions made to the pension and OPEB plans after the measurement date but before the end of the fiscal year.

In addition to liabilities, the Statement of Net Position will 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 deferred inflows of resources for the differences between expected and actual experience related to its pension plan, OPEB plan, and for unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and fines and fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pensions

The fiduciary net position of the Texas County & District Retirement System (TCDRS) has been determined using the flow-of-economic-resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions; pension expense; and information about assets, liabilities, and additions to/deductions from TCDRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General Fund is typically used to liquidate pension liabilities.

OPEB

The fiduciary net position has been determined using the flow-of-economic-resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB; OPEB expense; and information about assets, liabilities, and additions to/deductions from the fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no assets accumulated in a trust fund for the OPEB plan. The General Fund is typically used to liquidate OPEB liabilities.

Implementation of GASB Statement No. 101

As of October 1, 2024, the County adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered compensated absences and provide guidance for the consistent recognition and measurement of the compensated absence liability. There was not a significant effect on the District's financial statements as a result of implementation of this standard.

Implementation of GASB Statement No. 102

As of October 1, 2024, the County adopted GASB Statement No. 102, *Certain Risk Disclosures*, which requires management to evaluate whether there are risks related to a government's vulnerabilities due to certain concentrations or constraints that require disclosure. There were no significant concentrations or constraints that warranted disclosure as a result of the implementation of this standard.

Note 2 - Stewardship, Compliance, and Accountability

The County Judge and the County Auditor submit an annual budget to the Commissioners' Court in accordance with the laws of the State of Texas. The budget is presented to the Commissioners' Court for review; budget workshops are held with the various County department officials; and public hearings are held to address priorities and the allocation of resources. In August, the Commissioners' Court adopts the annual fiscal year budgets for all County operating funds. Once approved, the Commissioners' Court may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Each fund's approved budget is prepared on a detailed line-item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personnel services and related fringe benefits, supplies, other services and charges, capital outlay, transfers, and debt service. Expenditures may not exceed appropriations at the department level.

Within this control level, management may transfer appropriations between line items. Budget revisions and the line-item transfers are subject to final review by the Commissioners' Court. Revisions to the budget were made throughout the year.

The budgets for the operating funds are prepared on the cash and expenditure basis. Revenues are budgeted in the year receipt is expected; and expenditures, which do not include encumbrances, are budgeted in the year that the liability is incurred. The Debt Service Fund budget is prepared to provide funding for general obligation debt service when liabilities are due for payment. The budget and actual required supplementary information is presented on these bases. Unexpended appropriations for annually budgeted funds lapse at fiscal year-end.

At September 30, 2025, the following nonmajor funds had a deficit fund balance:

Fund	Fund Type	Deficit
Capital Credits	Special Revenue	$ 123,693
JP PRC 1-2 Security Fee	Special Revenue	899
Juvenile TDA Grant	Special Revenue	3,055

Note 3 - Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

- Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.

- Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).

- Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Investment valuation techniques are used to determine fair value. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

U.S. Treasury Notes and U.S. Government-Backed Securities – Value based on pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions. There have been no changes in valuation methodologies.

The following table sets forth by level, within the fair value hierarchy, the County's assets at fair value as of September 30, 2025:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Signficant Unobservable Inputs (Level 3)	Total Fair Value
Municipal bonds	$ -	$ 1,050,000	$ -	$ 1,050,000
U.S. government-backed securities	-	4,116,665	-	4,116,665
	$ -	$ 5,166,665	$ -	$ 5,166,665

Note 4 - Deposits and Investments

The County's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County's agent bank approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

A. Investments

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

At September 30, 2025, the carrying amount of all deposits and investments held by the County was:

	Carrying Value	Maturity	Credit Quality Rating
TexPool	$ 4,000,800	< 60 days - Weighted Avg.	AAAm
TexasDAILY	12,707,930	< 60 days - Weighted Avg.	AAAm
TexasDAILY Select	1,087,132	< 60 days - Weighted Avg.	AAAm
Texas CLASS	22,794,938	< 60 days - Weighted Avg.	AAAm
Texas FIT	5,387,381	< 60 days - Weighted Avg.	AAAf
Texas Connect	8,556,135	< 60 days - Weighted Avg.	AAm
Texas LOGIC	3,014,303	< 60 days - Weighted Avg.	AAm
Pooled cash	22,229,770	N/A	N/A
Municipal bonds	1,050,000	> 1 year - Fixed Maturity	N/A
Certificates of deposit	1,963,513	1-2 years	N/A
U.S. agencies	4,116,665	1-2 years	AA+
	$ 86,908,567		

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

The PFIA also requires the County to have independent auditors perform test procedures related to investment practices as provided by the PFIA. The County is in substantial compliance with the requirements of the Act and with local policies.

Local government investment pools operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. Local government investment pools use amortized cost rather than market value to report net position to compute share prices.

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act (PFIA). Audited financial statements of the pool are available online. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

TexasDAILY and TexasDAILY Select are local government investment pools organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the PFIA, Chapter 2256, Texas Government Code. Both are administered by PFM Asset Management LLC, who also serves as the investment advisor. The reported value of the pool is the same as the fair value of the pool shares. TexasDAILY and TexasDAILY Select use amortized cost rather than market value to report net assets to compute share prices.

Texas Cooperative Liquid Assets Securities System (Texas CLASS) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the PFIA, Chapter 2256, Texas Government Code. Texas CLASS is administered by Public Trust Advisors LLC, who also serves as the investment advisor. The reported value of the pool is the same as the fair value of the pool shares. Texas CLASS uses amortized cost rather than market value to report net assets to compute share prices.

Texas Fixed Income Trust (Texas FIT) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the PFIA, Chapter 2256, Texas Government Code. Texas FIT is administered by Deep Blue Investment Advisors LLC, who also serves as the investment advisor. The reported value of the pool is the same as the fair value of the pool shares. Texas FIT uses amortized cost rather than market value to report net assets to compute share prices.

Texas Connect is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the PFIA, Chapter 2256, Texas Government Code. Texas Connect is administered by PFM Asset Management LLC, who also serves as the investment advisor. The reported value of the program is the same as the fair value of the program shares. Texas Connect uses amortized cost rather than market value to report net assets for the purpose of computing share prices.

Texas Local Government Investment Cooperative (Texas LOGIC) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, Texas Government Code, and the PFIA, chapter 2256, Texas Government Code. J.P. Morgan investment Management, Inc. serves as investment advisor and co-administrator with First Southwest. Texas LOGIC invests in treasury and agency securities and repurchase agreements as well a prime commercial paper. The pool maintains a weighted average maturity of 60 days or less. The pool seeks to maintain a constant dollar objective. Texas LOGIC uses amortized cost rather than market value to report net assets to compute share prices.

B. Investment Accounting Policy

In compliance with the PFIA, the County has adopted a deposit and investment policy. That policy does address the following risks:

Custodial Credit Risk – Deposits

This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County's policy regarding types of deposits allowed and collateral requirements is for the safekeeping bank to provide minimum collateral of 110% of the County deposits. The County was not exposed to custodial credit risk, since its deposits at year-end and during the year ended September 30, 2025, were covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus, positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk

Diversification by investment type shall be established by the following maximum percentages of investment types to the total County investment portfolio at the time of each investment transaction:

a.)	U.S. Treasury Bills/Notes/Bonds	100%
b.)	U.S. Agencies and Instrumentalities	85%
c.)	States, Counties, Cities, and Other	50%
d.)	Certificates of Deposit	100%
e.)	Money Market Mutual Funds	80%
f.)	Eligible Investment Pools	100%

Interest Rate Risk

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. The weighted average days to maturity for the operating fund portfolio shall be less than 270 days, and the maximum allowable maturity shall be no longer than two years. General Fund balances at the end of the fiscal year shall have a maximum allowable maturity not to exceed three years. The maximum maturity for all construction or capital improvement funds shall not be more than five years. County funds that are considered “bond proceeds” for arbitrage purposes shall have a maximum maturity not to exceed one year. Special revenue funds are legally restricted to expenditures for a particular purpose under the direction of a certain department. They may be invested in compliance with this policy and all applicable laws, subject to cash flow requirements with maximum maturity not to exceed three years. Custodial funds are to be invested, not to exceed ninety days. Registry funds maturities are not to exceed court order limits.

Other Credit Risk

There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County invests only in issues permitted by state law. To minimize credit risk, TexPool’s investment policy allows the portfolio’s investment manager to only invest in obligations of the U.S. Government; its agencies; repurchase agreements; and no-load AAAm money market mutual funds registered with the SEC. It is the County’s policy to diversify its portfolio to eliminate the risk of loss resulting from the concentration of assets in a specific maturity, a specific issuer, or a specific class of investments.

Note 5 - Receivables

Receivables at year-end, including the applicable allowances for uncollectible accounts, are as follows:

	Property Taxes	Other Receivables	Fines and Fees	Total Receivables
Governmental Funds				
General fund	$ 1,894,904	$ 1,497,796	$ 20,487,049	$ 23,879,749
ARPA local recovery fund	-	897	-	897
Certificates of obligation series 2025 capital project fund	-	15,214	-	15,214
Non-major governmental funds	131,303	928,772	-	1,060,075
Gross receivables	2,026,207	2,442,679	20,487,049	24,955,935
Less: allowance for uncollectibles	(828,689)	-	(19,206,213)	(20,034,902)
Total governmental funds	$ 1,197,518	$ 2,442,679	$ 1,280,836	$ 4,921,033
Amounts not scheduled for collection during the subsequent year	$ (932,929)	$ -	$ (1,417,616)	$ (2,350,545)
Internal service funds	$ -	$ 84,490	$ -	$ 84,490
Total internal service funds	$ -	$ 84,490	$ -	$ 84,490

Note 6 - Capital Assets

Capital asset activity for the period ended September 30, 2025, was as follows:

	Beginning Balance	Additions	Retirements / Transfers	Ending Balance
Governmental activities				
Non-depreciable assets				
Land	$ 2,161,848	$ -	$ -	$ 2,161,848
Construction in progress	18,362,340	9,823,056	539,837	27,645,559
Total non-depreciable assets	20,524,188	9,823,056	539,837	29,807,407
Depreciable assets				
Buildings and improvements	142,362,214	1,045,048	-	143,407,262
Furniture and equipment	11,764,780	1,195,107	-	12,959,887
Vehicles and heavy equipment	19,308,593	1,589,702	551,546	20,346,749
Infrastructure	70,679,245	-	-	70,679,245
Total depreciable assets	244,114,832	3,829,857	551,546	247,393,143
Total at historic cost	264,639,020	13,652,913	1,091,383	277,200,550
Less accumulated depreciation				
Buildings and improvements	77,326,125	3,746,182	-	81,072,307
Furniture and equipment	7,074,151	1,328,457	-	8,402,608
Vehicles and heavy equipment	15,452,083	1,417,557	546,700	16,322,940
Infrastructure	70,322,365	35,939	-	70,358,304
Total accumulated depreciation	170,174,724	6,528,135	546,700	176,156,159
Net depreciable capital assets	73,940,108	(2,698,278)	4,846	71,236,984
Right-to-use leased assets being amortized				
Buildings and improvements	120,184	-	-	120,184
Furniture and equipment	478,073	234,712	65,527	647,258
Total right-to-use leased assets	598,257	234,712	65,527	767,442
Accumulated amortization				
Buildings and improvements	96,816	20,031	-	116,847
Furniture and equipment	206,023	112,643	65,527	253,139
Total accumulated amortization	302,839	132,674	65,527	369,986
Net right-to-use leased assets	295,418	102,038	-	397,456

Right-to-use SBITA assets being amortized				
SBITA	568,208	-	31,998	536,210
Total right-to-use SBITA assets	568,208		31,998	536,210
Accumulated amortization				
SBITA	134,906	133,539	31,998	236,447
Total accumulated amortization	134,906	133,539	31,998	236,447
Net right-to-use leased assets	433,302	(133,539)	-	299,763
Governmental activities capital assets, net	$ 95,193,016	$ 7,093,277	$ 544,683	$ 101,741,610

Depreciation and amortization were charged to functions as follows:

General administration	$ 584,446
Financial administration	13,857
Judicial	7,144
Legal	3,945
Elections	453,639
Public safety	2,184,972
Public facilities	2,790,062
Road and bridge	756,283
	$ 6,794,348

The estimated cost to complete the construction in progress as of September 30, 2025, was $8,991,804. The construction in progress will be completed using the remaining state grant, an allocation from State and Local Fiscal Recovery Funds revenue replacement, and the certificates of obligation issued during 2025.

Note 7 - Interfund Balances and Activity

A. Due to and From Other Funds

Balances due to and due from other funds at September 30, 2025, consisted of the following:

Due to general fund from:		
Internal service funds	$	874,405
Other governmental funds		374,614
Certificates of obligation series 2025 capital project fund		133,914
ARPA local recovery fund		36,018
Due from other funds	$	1,418,951
Due to other governmental funds from:		
General fund	$	263,358
Other governmental funds		236,143
Due from other funds	$	499,501
Due to internal service funds from:		
Internal service funds	$	660,414
Due from other funds	$	660,414

Due to and due from other funds are interfund receivables and payables that reflect either short-term borrowing or payroll clearing accounts between funds.

B. Transfers to and From Other Funds

Transfers to and from other funds at September 30, 2025, consisted of the following:

Transfers from general fund to:		
Other governmental funds	$	1,521,669
Internal service funds		594,135
	$	2,115,804
Transfers from ARPA local recovery fund to:		
Internal service funds	$	750,000
Other governmental funds		158,525
	$	908,525
Transfers from other governmental funds to:		
Internal service funds	$	18,902
	$	18,902

Transfers from the general fund provided additional funding for special projects and support for internal service functions. Transfers from the ARPA local recovery fund provided supplemental funding for ongoing capital projects. Transfers from other governmental funds provided support for internal service functions.

Note 8 - Long-Term Obligations

The County's long-term debt consists of general obligation bonds, tax notes payable, financed purchases payable, leases payable, and SBITAs payable. Other long-term debt consists of the accrued liability for employee-vested compensated absences.

A. Bonds, Tax Notes, and Financed Purchases Payable

On January 24, 2017, the County issued $48,320,000 in Limited Tax Obligation Bonds, Series 2017, to fund the construction for the Taylor County Coliseum and Fair Grounds (Expo Center). Interest is due semi-annually at 5%. The bonds mature serially through 2039.

On August 19, 2019, the County issued $2,165,000 in a Limited Tax Note, Series 2019, to fund the purchase of voting machines for the ongoing election events held by the County. Interest is due semi-annually at 2.12%. The note matures on September 30, 2026.

On October 15, 2020, the County issued $10,235,000 in Certificates of Obligation, Series 2020, to fund the renovation and improvement of County owned buildings and paying costs of issuance in connection with the Certificates. Interest is due semi-annually at 2 - 5%. The note matures on February 15, 2036.

On April 22, 2025, the County issued $11,030,000 in Certificates of Obligation, Series 2025 to fund the renovation and improvement of County owned buildings, including the County courthouse, detention center, and law enforcement center, acquiring land and interests in land necessary for the projects and paying costs of issuance in connection with the Certificates. Interest is due semi-annually at 5%. The note matures on February 15, 2040.

The following table summarizes the annual debt requirements of the outstanding bond issues and tax note payable at September 30, 2025, to maturity:

Year Ending	Bonds Payable		Notes and Certificates Payable		Total
September 30,	Principal	Interest	Principal	Interest	Requirements
2026	$ 1,885,000	$ 1,818,375	$ 1,105,000	$ 901,273	$ 5,709,648
2027	1,985,000	1,721,625	1,155,000	899,250	5,760,875
2028	2,085,000	1,619,875	1,215,000	851,025	5,770,900
2029	2,190,000	1,513,000	1,275,000	791,900	5,769,900
2030	2,305,000	1,400,625	1,340,000	729,775	5,775,400
2031-2035	13,425,000	5,103,875	7,735,000	2,291,100	28,554,975
2036-2040	13,435,000	1,385,625	5,675,000	637,575	21,133,200
Total	$ 37,310,000	$ 14,563,000	$ 19,500,000	$ 7,101,898	$ 78,474,898

Current requirements for bonded indebtedness of the County are accounted for in the Debt Service Fund.

The County has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the County.

As of the year ended September 30, 2025, the County has entered into various financed purchase agreements to purchase body and law enforcement vehicle cameras. The agreements require annual payments of $110,322 and $118,296 through the fiscal year ending September 30, 2028. The agreements include an interest rate of 3.5%.

The following table summarizes the annual debt requirements of the financed purchases at September 30, 2025, to maturity:

Year Ending September 30,	Total Principal	Total Interest	Total Requirements
2026	$ 206,134	$ 22,484	$ 228,618
2027	213,372	15,246	228,618
2028	220,864	7,754	228,618
Total	$ 640,370	$ 45,484	$ 685,854

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2025, are as follows:

	Beginning Balance,	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds, loans, and leases payable					
General obligation bonds, series 2017	$ 39,105,000	$ -	$ 1,795,000	$ 37,310,000	$ 1,885,000
Tax notes, series 2019	655,000	-	325,000	330,000	330,000
Certificates of obligation, series 2020	8,700,000	-	560,000	8,140,000	580,000
Certificates of obligation, series 2025	-	11,030,000	-	11,030,000	195,000
Financed purchases	839,512	-	199,142	640,370	206,134
Leases	301,290	234,950	125,024	411,216	111,100
SBITAs	375,192	-	90,964	284,228	91,503
	49,975,994	11,264,950	3,095,130	58,145,814	3,398,737
Other liabilities					
Premium on bonds payable	6,328,653	793,202	515,626	6,606,229	-
Compensated absences	1,265,873	37,421	-	1,303,294	-
Total other liabilities	7,594,526	830,623	515,626	7,909,523	-
Total Governmental Activities Long-term liabilities	$ 57,570,520	$ 12,095,573	$ 3,610,756	$ 66,055,337	$ 3,398,737

Remaining principal and interest payments on leases are as follows:

Year Ending September 30,	Total Principal	Total Interest	Total Requirements
2026	$ 111,100	$ 11,929	$ 123,029
2027	113,512	8,719	122,231
2028	64,000	5,656	69,656
2029	35,740	4,158	39,898
2030	15,506	3,248	18,754
Thereafter	71,358	6,875	78,233
Total	$ 411,216	$ 40,585	$ 451,801

Remaining principal and interest payments on SBITAs are as follows:

Year Ending September 30,	Total Principal	Total Interest	Total Requirements
2026	$ 91,503	$ 9,979	$ 101,482
2027	94,705	6,767	101,472
2028	98,030	3,442	101,472
Total	$ 284,238	$ 20,188	$ 304,426

Note 9 - Compensated Absences

Accumulated unpaid annual leave amounts are not accrued in governmental funds using the modified accrual basis of accounting but are reflected in the government-wide financial statements. At September 30, 2025, accrued employee benefits recorded as general long-term debt were for annual vacation pay and comp pay and amounted to $1,303,294.

Note 10 - Risk Management

The County has established a Self-Insurance Fund and an Employee Benefits Fund to separately report the activities of the County's general law enforcement professional liability, health, life, and property insurance and workers' compensation plans.

General Liability

The County's liability insurance is a self-insured plan. The County informally budgets for current claims based on historical data. The County incurred $348,159, 185,282, and $109,156 for liability claims during the years ended September 30, 2025, 2024, and 2023, respectively. There were no unpaid claims at September 30, 2025.

Health Insurance

The County's health insurance program is a "self-insured" minimum premium cash flow plan. The County and each covered employee make a pre-determined monthly contribution to the plan. All claims are reviewed and processed by an independent insurance company. The insurance company pays claims based on the health plan, and the County reimburses the insurance company for the amount of each claim paid. The insurance company charges the County a fee for each claim processed.

The County informally budgets for current claims based on actuarial valuations and current health care statistics. Funding covers both the cost of claims and administrative expenses. The County paid $10,247,067, 7,395,546, and $7,786,167 in health claims and $331,050, $298,856, and $318,662 for administrative costs for the years ended September 30, 2025, 2024, and 2023, respectively. The County contributed $7,621,375, $6,894,803, and $5,656,593, and County employees contributed $1,151,210, $1,005,021, and $934,868 to the health insurance program for the years ended September 30, 2025, 2024, and 2023, respectively. Retirees and other agency contributions were $372,446, $374,456, and $375,370, for the years ended September 30, 2025, 2024, and 2023, respectively. Previous years' funds were utilized in funding the health insurance program.

Estimated health claims that have been incurred but not reported are accrued at year-end. The following is a walk-forward of the activity in the estimated liability account and claims payable for the years ended September 30, 2025, 2024, and 2023.

Year Ending September 30,	Accrued Liability Beginning of Year	Claims Expense	Payments	Accrued Liability End of Year
2023	$ 475,161	$ 9,192,577	$ 8,883,542	$ 784,196
2024	784,196	7,270,578	7,395,546	659,228
2025	659,228	10,686,672	10,244,757	1,101,143

Workers' Compensation

The County's workers' compensation plan is administered by the Texas Association of Counties (TAC), a joint insurance fund in which the County is a member. TAC reviews and processes all workers' compensation claims. The County informally budgets for current claims based on actuarial valuations and historical data. The County incurred $348,159, $185,313, and $293,188, in worker's compensation claims for the years ended September 30, 2025, 2024, and 2023, respectively. Estimated liabilities for claims that have been incurred but not reported are accrued at year-end. The estimated liability for worker's compensation claims was $66,702, $13,256, and $46,699 at September 30, 2025, 2024, and 2023, respectively.

Summary

The internal service funds have a deficit net position available for the purpose of funding all self-insurance programs in the amount of $1,567,042 at September 30, 2025. In the opinion of management, net position is adequate to meet probable claim contingencies at September 30, 2025. The General Fund is contingently liable for all funds with deficit net position.

Note 11 - Retirement Plan

Plan Description

The County and Taylor County CSCD provide retirement, disability, and death benefits for all of their full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the state-wide agent multiple-employer public employee retirement system consisting of over 870 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or at https://www.tcdrs.org.

Benefits Provided

The plan provisions are adopted by the Commissioners' Court of the County, 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 or 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 but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. 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. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Commissioners' Court within certain guidelines.

Membership

County membership in the TCDRS plan at December 31, 2024, consisted of the following:

Inactive Employees' Accounts	
Receiving benefits	417
Entitled to but not yet receiving benefits	732
Total	1,149
Active Employees' Accounts	710

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 County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The employee contribution rate and the employer contribution rate may be changed by the Commissioners' Court of the County within the options available in the TCDRS Act.

Contribution Rates	2024	2025
Member	7.00%	7.00%
Employer	12.50%	12.00%
Employer contributions	$4,354,795	$4,736,482
Member contributions	$2,444,042	$2,736,916

Actuarial Assumptions

The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2022
Actuarial cost method	Entry age (level percentage of pay)
Amortization method	Level percentage of payroll, closed
Remaining amortization period	11.0 years
Asset valuation method	5-year smoothed market
Discount rate	7.60%
Long-term expected investment rate of return*	7.50%
Salary increases*	4.70%, average
Payroll growth rate	3.00%

**Includes inflation of 2.50%*

The plan does not have an automatic cost-of-living adjustment, and one is not considered to be substantively automatic under GASB Statement No. 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculation or in the funding valuation. Each year, the plan may elect an ad-hoc COLA for its retirees.

Disability rates for males and females were as follows:

Age	Work-Related Male and Female		All Causes Male and Female
less than 25	0.001	%	0.001
25	0.001		0.003
26	0.001		0.006
27	0.001		0.009
28	0.001		0.011
29	0.001		0.013
30	0.001		0.014
31	0.001		0.016
32	0.001		0.018
33	0.001		0.020
34	0.001		0.023
35	0.001		0.025
36	0.001		0.028
37	0.001		0.030
38	0.001		0.034
39	0.001		0.038
40	0.001		0.042
41	0.001		0.046
42	0.001		0.050
43	0.001		0.058
44	0.001		0.066
45	0.001		0.074
46	0.001		0.082
47	0.001		0.090
48	0.001		0.099
49	0.001		0.108
50	0.001		0.117
51	0.001		0.126
52	0.001		0.135
53	0.001		0.144
54	0.001		0.153
55	0.001		0.162
56	0.001		0.171
57	0.001		0.180
58	0.001		0.189
59	0.001		0.198
60 and above	-		-

Mortality rates for depositing members were based on 135% of the PUB-2010 General Employees Amount Weighted Mortality Table for males and 120% of the PUB-2010 General Employees Amount Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010. Service retirees, beneficiaries, and non-depositing members were based on 135% of the PUB-2010 General Employees Amount Weighted Mortality Table for males and 120% of the PUB-2010 General Employees Amount Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010. Disabled retirees were based on 160% of the PUB-2010 General Employees Amount Weighted Mortality Table for males and 125% of the PUB-2010 General Employees Amount Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010.

Service retirement rates for males and females were as follows:

Age	Active Scv <15	Active Scv 15-24	Active Scv 25-29	Active Scv 30+	Deferred All Svc
40-49	5.3 %	6.3 %	7.7 %	8.8 %	- %
50-51	5.6	6.8	8.3	9.4	-
52-53	6.0	7.2	8.8	10.0	-
54-56	6.8	8.1	9.9	11.3	-
57-59	7.5	9.0	11.0	12.5	-
60-61	9.0	10.8	13.2	15.0	12.0
62	13.5	16.2	19.8	22.5	18.0
63-64	11.3	13.5	16.5	18.8	15.0
65-66	22.5	22.5	27.5	27.5	25.0
67	21.6	21.6	26.4	26.4	24.0
68-69	18.9	18.9	23.1	23.1	21.0
70-74	20.7	20.7	25.3	25.3	23.0
75 & Above	100.0	100.0	100.0	100.0	100.0

The actuarial assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017 - 2020. Assumptions were recommended by Milliman, Inc., adopted by the TCDRS Board of Trustees in 2021.

There were no changes in methods or assumptions reflected in the December 31, 2024, actuarial valuation.

Discount Rate

The discount rate used to measure the total pension liability did not change from the rate used in the prior year valuation, 7.60%.

In order to determine the discount rate to be used, we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under our funding policy and the legal requirements under the TCDRS Act:

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

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

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

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

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS's investment consultant, Cliffwater LLC. The numbers shown are based on January 2025 information for a ten-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is based on a long-term time horizon. The TCDRS Board of Trustees adopted the most current assumptions at their March 2021 meeting. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

Asset Class	Benchmark	Target Allocation[a]	Geometric Real Rate of Return[b]
US Equities	Dow Jones US Total Stock Market Index	13.00%	5.35%
Global Equities	MSCI World (net) Index	4.00%	5.15%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	6.00%	4.75%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	0.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays US Aggregate Bond Index	3.00%	2.55%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.70%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.85%
Distressed Debt	Cambridge Associates Distressed Securities Index[c]	4.00%	6.80%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.95%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	4.95%
Commodities	Bloomberg Commodities Index	2.00%	1.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index[d]	6.00%	5.75%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index[e]	25.00%	8.15%
Hedge Funds	HFR, Inc. Fund of Funds Composite Index	6.00%	3.60%
Cash Equivalents	90-Day US Treasury	2.00%	1.10%

[a] Target asset allocation adopted at the March 2025 TCDRS Board meeting.

[b] Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.35%, per Cliffwater's 2025 capital market assumptions.

[c] Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

[d] Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

[e] Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

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

At September 30, 2025, the County reported a net pension liability of $2,454,140 for its net pension liability measured at December 31, 2024. For the year ended September 30, 2025, the County recognized pension expense of $2,539,324.

Changes to the real rate of return, inflation, long-term investment return, and the payroll growth assumptions affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in the net pension liability/(asset) for the year ended December 31, 2024, are as follows:

	Increase (Decrease)		
Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances at December 31, 2023	$ 175,049,826	$ 168,026,401	$ 7,023,425
Changes for the year			
Service cost	4,761,187	-	4,761,187
Interest on total pension liability[a]	13,328,295	-	13,328,295
Effect of plan changes[b]	1,514,611	-	1,514,611
Effect of economic/demographic gains or losses	778,104	-	778,104
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(543,138)	(543,138)	-
Benefit payments	(8,499,862)	(8,499,862)	-
Administrative expenses	-	(100,127)	100,127
Member contributions	-	2,856,437	(2,856,437)
Net investment income	-	17,104,386	(17,104,386)
Employer contributions	-	5,100,795	(5,100,795)
Other[c]	-	(10,009)	10,009
Balances as of December 31, 2024	$ 186,389,023	$ 183,934,883	$ 2,454,140

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

[b]No plan changes valued.

[c]Relates to the allocation of system-wide items.

Discount Rate Sensitivity Analysis

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

	1% Decrease (6.60%)	Discount Rate (7.60%)	1% Increase (8.60%)
Total pension liability	$ 210,681,771	$ 186,389,023	$ 166,101,732
Fiduciary net position	183,934,883	183,934,883	183,934,883
Net pension liability (asset)	$ 26,746,888	$ 2,454,140	$ (17,833,151)

At September 30, 2025, the County reported its deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,153,110	$ 365,734
Net difference between projected and actual earnings	-	1,766,379
Contributions paid to TCDRS subsequent to the measurement date	4,105,764	-
Total	$ 5,258,874	$ 2,132,113

$4,105,764 reported as deferred outflows of resources related to pensions resulting from contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended September 30, 2026. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended September 30,	
2026	$ (1,029,128)
2027	2,652,636
2028	(1,726,712)
2029	(875,799)
2030	-
Thereafter	-
Total	$ (979,003)

Note 12 - Fund Balance and Net Position

The County classifies governmental fund balance in the following categories:

Nonspendable fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. At September 30, 2025, the County had $130,731 in nonspendable fund balance for prepaid items and inventories.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Debt service fund balance restricted for the retirement of funded indebtedness totaled $2,096,158 as of September 30, 2025. Fund balance restricted for capital projects totaled $11,273,783 as of September 30, 2025. Special revenue fund balance restricted for specific programs included grants, technology, security, enabling legislation, and law enforcement and totaled $53,484, $256,690, $529,499, $8,425,334, and $679,820, respectively, as of September 30, 2025.

Committed fund balance is established and modified by a resolution from the Commissioners' Court and can be used only for the specified purposes determined by the Court's resolution. At September 30, 2025, the County had $1,586,771 in fund balance committed for road and bridge and $3,033,768 for other purposes.

Assigned fund balance is intended to be used by the County for specific purposes but does not meet the criteria to be classified as restricted or committed. Fund balance can be assigned by the Commissioners' Court or by a Court designee. At September 30, 2025, the County had no assigned fund balance.

Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications, as well as negative unassigned fund balance in other governmental funds.

The County uses restricted amounts first when both restricted and unrestricted fund balance and net position are available. Additionally, the County would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when the expenditures are made.

The County aims to maintain the following minimum fund balances:

General fund: Unassigned fund balance of approximately 20-30% of budgeted expenditures for the fiscal year, to be used for unanticipated needs.

Debt service funds: Restricted fund balances of approximately 25-50% of the following year's debt service requirements, to be used for debt service.

Note 13 - Postemployment Healthcare Benefits

Plan Description

The County provides certain health care benefits through a single-employer defined benefit other post-retirement benefits (OPEB) plan. Permanent full-time employees who retire under TCDRS eligibility rules are eligible to participate in the County's health care plan as a retiree at their own expense. The retiree pays 100% of the premiums for the insurance. Members are eligible at any age with 30 years of service or at age 60 with eight years of service or when the retirees age plus years of service equals 75. Spouses and dependents of retirees are also eligible.

When a regular full-time employee retires and is currently enrolled in the health care plan, he or she is eligible to continue to participate in the County's group health insurance and prescription plans. Members who terminate employment prior to retirement are not eligible for retiree health care benefits.

Texas Local Government Code Section 157.101 assigns the authority to establish and amend benefit provisions to the Commissioners' Court. The plan is not administered by a trust, and there are no assets accumulated in a trust.

Contributions

The funding policy of the plan is to ensure that adequate resources are available to meet the required insurance premiums for the upcoming year. It is not the intent of the funding policy to pre-fund retiree health insurance during employees' entire careers. Total contributions paid by the County equaled $381,253 for the year ended December 31, 2024.

Benefits Provided

Retirees may purchase retiree health care coverage through the County's health care plan as a retiree and for eligible spouses and dependents at their own expense. Surviving spouses and dependents of deceased retired members may continue retiree health care coverage up to age 65 for spouses and to age 26 for dependents.

A spouse or dependent must be on the plan prior to retirement of the employee to be eligible. Retirees are required to enroll in Medicare Parts A and B once eligible.

Membership

Inactive Employees' Accounts	
Receiving benefits	36
Entitled to but not yet receiving benefits	-
Total	36
Active Employees' Accounts	579

Actuarial Assumptions

The total OPEB liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2023
Actuarial cost method	Individual entry-age normal
Amortization method	Level as a percentage of payroll
Remaining amortization period	8.1 years
Inflation	2.50%
Discount rate	4.08%
Long-term expected investment rate of return	4.08%
Salary increases*	0.40% to 5.25%
Payroll growth rate	3.00%
Health care trend rates	Pre-65: 7.20% declining to an ultimate rate of 4.25 % after 15 years
	Post-65: 5.10% declining to an ultimate rate of 4.25 % after 9 years
Participation rates	35% for employees who retire prior to age 65
	10% for employees who retire after age 65

**Not including wage inflation of 3.00%*

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far in the future. Examples include assumptions about future employment, mortality, and the health care cost trends. Amounts determined regarding the funded status and the annual required contributions of the County's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Mortality rates for healthy retirees were based on the Pub-2010 General Retiree Tables for males and females with males multiplied by 135% and females multiplied by 120%. Those rates are projected on a fully generational basis based on 100% of the ultimate rates of mortality improvement scale MP-2021. Mortality rates for disabled retirees were based on the gender-distinct Pub-2010 Disabled Retiree Tables with rates for males multiplied by 160% and female rates multiplied by 125%. For disabled retirees, the valuation employs fully generational mortality projections based on 100% of the ultimate rates of mortality improvement scale MP-2021.

Disability rates for males and females were as follows:

Ordinary Disability	
Age	Male & Famale
35	0.0252
40	0.0420
45	0.0740
50	0.1170
55	0.0162
60	0.0000

Service retirement rates for males and females were as follows:

Age	Active Scv<15	Active Scv 15-24	Active Scv 25-29	Active Scv 30+
40-49	5.25 %	6.30 %	7.70 %	8.75 %
50-51	5.63	6.75	8.25	9.38
52-53	6.00	7.20	8.80	10.00
54-56	6.75	8.10	9.90	11.25
57-59	7.50	9.00	11.00	12.50
60-61	9.00	10.80	13.20	15.00
62	13.50	16.20	19.80	22.50
63-64	11.25	13.50	16.50	18.75
65-66	22.50	22.50	27.50	27.50
67	21.60	21.60	26.40	26.40
68-69	18.90	18.90	23.10	23.10
70-74	20.70	20.70	25.30	25.30
75 & Above	100.00	100.00	100.00	100.00

The actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2024, were based on results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, as conducted by TCDRS.

Discount Rate

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 4.08% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The discount rate was 3.77% as of the prior measurement date.

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2025, the County reported a total OPEB liability of $7,826,698 measured at December 31, 2024. For the year ended September 30, 2025, the County recognized OPEB expense of $139,700.

There was a change in the discount rate from 3.77% as of December 31, 2023, to 4.08% as of December 31, 2024. The trend rates were updated to reflect the plan's anticipated experience.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Changes in the total OPEB liability for the measurement year ended December 31, 2024, are as follows:

Changes in Total OPEB Liability	Total OPEB Liability
Balances at December 31, 2023	$ 7,454,535
Changes for the year	
Service cost	654,103
Interest on the total OPEB liability	284,607
Changes of benefit terms	-
Difference between expected and actual experience of the total OPEB liability	192,208
Changes of assumptions	(294,071)
Benefit payments	(464,684)
Balances at December 31, 2024	$ 7,826,698

At December 31, 2024, the County reported its deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 679,183	$ 1,779,933
Changes of assumptions	930,977	4,723,067
Contributions subsequent to the measurement date	483,538	-
Total	$ 2,093,698	$ 6,503,000

$483,538 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2026. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year ended September 30,	
2026	$ (806,127)
2027	(870,550)
2028	(835,920)
2029	(810,244)
2030	(987,543)
Thereafter	(582,456)
Total	$ (4,892,840)

Discount Rate Sensitivity Analysis

The following presents the total OPEB liability of the County, calculated using the discount rate of 4.08%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08%) or one percentage point higher (5.08%) than the current rate:

	1% Decrease (3.08%)	Discount Rate (4.08%)	1% Increase (5.08%)
Total OPEB liability	$ 8,787,513	$ 7,826,698	$ 7,012,226

Healthcare Cost Trend Rate Sensitivity Analysis

The following presents the total OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the total OPEB liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the assumed healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB liability	$ 6,744,215	$ 7,826,698	$ 9,182,058

Note 14 - Other Retirement and Miscellaneous Benefits

The County makes available to all of its full-time employees a deferred compensation plan under Internal Revenue Code Section 457. The County does not contribute to this plan. All contributions are made by employees who elect to participate in the plan. The County remits employee contributions to the plan trustee on a regular basis. The County does not administer the Section 457 plan, nor does it provide investment advice to the plan. Accordingly, the Section 457 plan is not part of the County's reporting entity.

Note 15 - Related-Party Transactions

The County provides funding to the Taylor County Expo Center, a separate legal entity, for marketing and repairs and maintenance of the Expo Center's facilities. For the year ended September 30, 2025, the County paid $362,641 toward Expo Center expenditures.

The County provides funding to the Buffalo Gap Historic Village, a separate legal entity, for safety and maintenance expenses. For the year ended September 30, 2025, the County paid $30,353 toward Historic Village expenditures.

Note 16 - Leases

The County, as of September 30, 2025, has entered into eight lease agreements for postage equipment and copier machines. The County is required to make principal and interest payments through July 2028. The lease liability was valued using discount rates between 2.8% and 3.8% based on the County's incremental borrowing rate at the inception of the leases.

The County has entered into two lease agreements for tower usage for radio equipment. The County is required to make principal and interest payments through November 2025. The lease liability was valued using a discount rate of 3.12% based on the County's incremental borrowing rate at the inception of the leases.

Note 17 - Subscription-Based Information Technology Arrangements

The County, as of September 30, 2025, has entered into five subscription-based information technology arrangement contracts for law enforcement software. The County is required to make principal and interest payments through December 2027. The subscription-based information technology arrangement liability was valued using discount rates between 3.02% and 6.45% based on the County's incremental borrowing rate at the inception of the leases.

Note 18 - Restatements

During fiscal year ended September 30, 2025, there was a change within the financial reporting entity which resulted in the Road and Bridge Fund being reported as a nonmajor fund instead of as a major fund. This resulted in adjustments to and restatements of beginning fund balance as follows:

	Governmental Funds	
	Road and Bridge Fund	Other Nonmajor Governmental Funds
Beginning, as previously reported on September 30, 2024	$ 2,384,070	$ 17,971,197
Change to or within the financial reporting entity	(2,384,070)	2,384,070
Beginning, as restated on October 1, 2024	$ -	$ 20,355,267

Note 19 - Tax Abatements

The County has entered into property abatement agreements with local businesses under Texas Local Government Code Section 501.159. Under the Code, local governments may grant property tax abatements. The County is under no obligation to provide tax abatement to any specific applicant and reserves the right to do so on a case-by-case basis as stimulation for economic development within the Reinvestment Zones established by the County. The abatements may be granted to any business located within or promising to relocate to the service area of Taylor County.

For fiscal year ended September 30, 2025, the County abated no property taxes under these programs. The County signed the following agreement, expected to result in property tax abatements in the tax year following completion of facility construction and the receipt of the related certificate of occupancy by the abatement recipient:

Lancium, LLC

- Commitments:
  - Expenditures exceeding $350,000,000, with a target investment of as much as $500,000,000 on improvements to real property by March 31, 2026.
  - Construction of a permanent facility exceeding 100,000 square feet in size, and receipt of the related Certificate of Occupancy by June 30, 2026. Property shall have a minimum taxable assessed value of $200,000,000.
  - Employ 57 full-time equivalent positions by February 1, 2027, and maintain them during the course of the agreement
- Terms of abatement: 80% exemption from property taxes on all land, real property, improvements, and tangible personal property for 10 years from January 1st of the first tax year following the date of receipt of the certificate of occupancy. A subsequent 10-year term at 80% exemption on new tangible personal property is also in place.
- The certificate of occupancy had not been received as of September 30, 2025. No related tax abatement received during the year under audit.

Project SURF

- Commitments:
  - Development of an approximately 70,000 square foot retail development and creation of 75 new full time employed individuals.
- Terms of abatement: 50% exemption from property taxes on all land, real property, improvements, and tangible personal property for 10 years or until such time as the total rebate payments made amount to $909,589, whichever occurs first, as authorized by Chapter 38 of the Texas Local Government Code.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

McCALL
PARKHURST & HORTON

Proposed Form of Opinion of Bond Counsel

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

TAYLOR COUNTY, TEXAS
LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, SERIES 2026
IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____

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

WE HAVE EXAMINED the Constitution and laws of the State of Texas, certified copies of the proceedings of the Issuer and other documents authorizing and relating to the issuance of said Bonds, including the executed Bonds.

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

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

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

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.

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

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

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

Respectfully,

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