PRELIMINARY OFFICIAL STATEMENT DATED APRIL 28, 2025

NEW ISSUE - Book-Entry-Only

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

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

THE COUNTY WILL DESIGNATE THE NOTES AS "QUALIFIED TAX – EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

$4,860,000*
GRAYSON COUNTY, TEXAS
TAX NOTES, SERIES 2025

Dated Date: May 1, 2025
Interest to accrue from Delivery Date

Due: August 15, as shown on page ii

PAYMENT TERMS . . . Interest on the $4,860,000* Grayson County, Texas Tax Notes, Series 2025 (the "Notes") will accrue from the Delivery Date (defined below) and will be payable on February 15 and August 15 of each year, commencing February 15, 2026. Interest on the Notes will be calculated on the basis of a 360-day year of twelve 30-day months. Grayson County, Texas (the "County") will utilize the Book-Entry-Only System of The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Notes, but has reserved the right on its behalf or on behalf of DTC to discontinue such system. Beneficial ownership of the Notes may be acquired in denominations of $5,000 or integral multiples thereof initially registered solely in the name of Cede & Co., as registered owner of DTC. **No physical delivery of the Notes will be made to the purchasers thereof**. Principal of and interest on the Notes will be payable by the Paying Agent/Registrar, initially, The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, to DTC, which will make distribution of the amounts so paid to DTC Participants for subsequent distribution to the beneficial owners of the Notes (see "THE NOTES - Paying Agent/Registrar" and "THE NOTES - Book-Entry-Only System" herein).

AUTHORITY FOR ISSUANCE . . . The Notes are being issued pursuant to the general laws of the State of Texas, particularly Chapter 1431, Texas Government Code, as amended, and an order to be adopted by the County Commissioners Court on May 13, 2025 authorizing the Notes (the "Order"). The Notes constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the County as provided in the Order (see "THE NOTES – Authority for Issuance of the Notes" and "— Security for the Notes" herein).

PURPOSE . . . The Notes are being issued for the purpose of paying contractual obligations to be incurred for (1) financing the reimbursement of costs that were incurred for the acquisition and improvement of real property used for County purposes and to finance the acquisition of equipment and vehicles to be used for County purposes, and (2) paying costs of issuance and professional services related thereto (see "PLAN OF FINANCING").

See Maturity Schedule, Interest Rates, Initial Yields,
and CUSIP Numbers and redemption provisions on page ii

LEGALITY . . . The Notes are offered for delivery when, as, and if issued and received by the initial purchaser of the Notes (the "Initial Purchaser") and subject to the approving opinion of the Attorney General of the State of Texas and the legal opinion of Bickerstaff Heath Delgado Acosta LLP, Austin, Texas, Bond Counsel (see "OTHER INFORMATION — Legal Opinions and No-Litigation Certificate" herein and "FORM OF BOND COUNSEL'S OPINION" attached hereto as Appendix C).

DELIVERY . . . It is expected that the Notes will be delivered to the Initial Purchaser through the services of DTC on or about June 11, 2025 (the "Delivery Date").

BIDS DUE MONDAY, MAY 12, 2025 AT 10:00 AM CDT

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* Preliminary, subject to change

MATURITY SCHEDULE, INTEREST RATES, INITIAL YIELDS, AND CUSIP NUMBERS [1]

CUSIP[1] Prefix: 389694

$4,860,000*
GRAYSON COUNTY, TEXAS
TAX NOTES, SERIES 2025

Maturity (August 15)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix [1]
2026	$ 680,000			
2027	755,000			
2028	795,000			
2029	835,000			
2030	875,000			
2031	920,000			

(Interest accrues from the Delivery Date)

REDEMPTION . . . The Notes will not be subject to redemption prior to stated maturity (see "THE NOTES – No Redemption of the Notes" herein).

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[1] CUSIP numbers will be assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the purchasers of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the County nor the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.
* Preliminary, subject to change.

For the purposes of compliance with Rule15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date of this Preliminary Official Statement, this document constitutes an Official Statement of the County with respect to the Notes, 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 and the information contained herein are subject to completion and amendment. Under no circumstances will this Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

No dealer, broker, salesman, or other person has been authorized to give any information, or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the County. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. Any information or expression of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create an implication that there has been no change in the affairs of the County or other matters described herein since the date hereof.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will under any circumstances create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the County's undertaking to provide certain information on a continuing basis.

The prices and other terms respecting the offering and sale of the Notes may be changed from time to time by the Initial Purchaser after the Notes are released for sale, and the Notes may be offered and sold at prices other than the initial offering prices, including sales to the Initial Purchaser and other dealers who may sell the Notes into investment accounts.

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

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

NONE OF THE COUNTY, THE FINANCIAL ADVISORS OR THE INITIAL PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

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

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 ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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

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

COUNTY ADMINISTRATION

ELECTED OFFICIALS

Commissioners Court	Length of Service	Term Expires
Bruce Dawsey County Judge	2.5 years	2026
Josh Marr Commissioner Precinct #1	Newly Elected	2028
Art Arthur Commissioner Precinct #2	2.5 years	2026
Lindsay Wright Commissioner Precinct #3	Newly Elected	2028
Matt Hardenburg Commissioner Precinct #4	2.5 years	2026

ADMINISTRATION

Name	Position	Years with the County
Suzette Smith	County Auditor	23 Years
Deana Patterson	County Clerk	14 Years
Bruce Stidham	Tax Assessor-Collector	10 Years
Gayla Hawkins	County Treasurer	11 Years
Tony Bennie	Sheriff	Newly Elected

CONSULTANTS AND ADVISORS

Bond Counsel .... Bickerstaff Heath Delgado Acosta LLP
Austin, Texas

Certified Public Accountants .... Pattillo, Brown & Hill, L.L.P.
Waco, Texas

Financial Advisor .... Estrada Hinojosa
Dallas, Texas

For additional information regarding the County, please contact:

Suzette Smith, CPA, County Auditor
Grayson County
100 W. Houston, Annex I
Sherman, Texas 75090
(903) 813-4245

David Gordon
Estrada Hinojosa
600 N. Pearl Street, Suite 2100
Dallas, Texas 75201
(214) 658-1670
(214) 658-1671 – Fax

PRELIMINARY OFFICIAL STATEMENT

Relating to

$4,860,000*
GRAYSON COUNTY, TEXAS
TAX NOTES, SERIES 2025

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Grayson County, Texas (the "County" or the "Issuer") of its Tax Notes, Series 2025 (the "Notes").

There follows in this Official Statement descriptions of the plan of financing, information regarding the Notes, and certain other information about the County and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of documents may be obtained from the County's Financial Advisor, Estrada Hinojosa, 600 N. Pearl Street, Suite 2100, Dallas, Texas 75201, upon payment of reasonable copying, mailing and handling charges.

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

PLAN OF FINANCING

The Notes are being issued for the purpose of paying contractual obligations to be incurred for (1) financing the reimbursement of costs that were incurred for the acquisition and improvement of real property used for County purposes and to finance the acquisition of equipment and vehicles to be used for County purposes, and (2) paying costs of issuance and professional services related thereto.

THE NOTES

AUTHORITY FOR ISSUANCE OF THE NOTES . . . The Notes are being issued pursuant to the general laws of the State of Texas, particularly Chapter 1431, Texas Government Code, as amended, and an order to be adopted by the County Commissioners Court on May 13, 2025 authorizing the Notes (the "Order"). The Notes constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the County as provided in the Order.

GENERAL DESCRIPTION OF THE NOTES . . . The Notes will be dated May 1, 2025, will mature on the dates and in the principal amounts and will bear interest at the rates set forth on page ii of this Official Statement. The Notes will be issued in fully registered form and will be in denominations of $5,000 or any integral multiple thereof. The Notes will bear interest from the Delivery Date (as defined on the cover page hereof), or from the most recent date to which interest has been paid or duly provided for, and interest will be paid semiannually on February 15 and August 15, commencing February 15, 2026.

Principal and interest on the Notes are payable in the manner described herein under "THE NOTES - Book-Entry-Only System". In the event the Book-Entry-Only System is discontinued, the interest on the Notes payable on an interest payment date will be payable to the registered owner as shown on the security register (the "Security Register") relating to the Notes maintained by the Paying Agent/Registrar (as hereinafter defined), as of the Record Date (as hereinafter defined), by check, mailed first-class, postage prepaid, to the address of such person on the Security Register or by such other method acceptable to the Paying Agent/Registrar requested by and at the risk and expense of the registered owner. In the event the Book-Entry-Only System is discontinued, principal of the Notes will be payable at stated maturity upon presentation and surrender thereof at the corporate trust office of the Paying Agent/Registrar.

If the date for the payment of the principal of or interest on the Notes is a Saturday, Sunday, a legal holiday, or a day when banking institutions in the County where the designated payment office of the Paying Agent/Registrar is located are authorized by law or executive order to close, or the United States Postal Service is not open for business, then the date for such payment will be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which banking institutions are authorized to close; and payment on such date will have the same force and effect as if made on the original date payment was due.

SECURITY FOR THE NOTES . . . In the Order, the County covenants that it will levy and collect an annual ad valorem tax, within the limitations prescribed by law, against all taxable property located within the County sufficient to meet the debt service requirements on the Notes. The Texas Constitution (Article VIII, Section 9) imposes a limit of $0.80 per $100 assessed valuation for all purposes of General Fund, Permanent Improvement Fund, Road and Bridge Fund and Jury Fund, including debt service of bonds, warrants or certificates of obligation issued against such funds. The Notes are payable from this limited tax. (See "TAX INFORMATION - Tax Rate Limitation").

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* Preliminary, subject to change.

PERFECTION OF SECURITY . . . Chapter 1208, Texas Government Code, as amended, applies to the issuance of the Notes and the pledge of the proceeds of ad valorem taxes and thereto, and such pledge is, therefore, valid, effective, and perfected. Should Texas law be amended at any time while the Notes are outstanding and unpaid, the result of such amendment being that the pledge of the ad valorem tax proceeds is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, in order to preserve to the registered owners of the Notes a security interest in such pledge, the County agrees to take such measures as it determines are reasonable and necessary to enable a filing of a security interest in said pledge to occur.

NO REDEMPTION OF THE NOTES . . . The Notes will not be subject to redemption prior to stated maturity.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Notes is to be transferred and how the principal of and interest on the Notes are to be paid to and credited by DTC while the Notes 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 Initial Purchaser believe the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

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

The DTC will act as securities depository for the Notes. The Notes 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 certificate will be issued for each stated maturity of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

To facilitate subsequent transfers, all Notes 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 Notes 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes 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 the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

So long as Cede & Co. is the registered owner of the Notes, the County will have no obligation or responsibility to the DTC Participants or Indirect Participants, or the persons for which they act as nominees, with respect to payment to or providing of notice to such Participants, or the persons for which they act as nominees.

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . . In reading this Official Statement it should be understood that while the Notes 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 Direct Participant or Indirect Participant acquires an interest in the Notes, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described in "THE NOTES – Book-Entry-Only System" herein, notices that are to be given to registered owners under the Order will be given only to DTC.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. The County covenants to maintain and provide a Paying Agent/Registrar at all times while the Notes are outstanding and any successor Paying Agent/Registrar must be a competent and legally qualified bank, trust company, financial institution or other agency to act as and perform the services of Paying Agent/Registrar for the Notes.

The County has reserved in the Order the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the County, the new Paying Agent/Registrar must accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the County will be a bank, a trust company, financial institution, or other entity duly qualified and legally authorized to serve and perform the duties of Paying Agent/Registrar for the Notes. Upon a change in the Paying Agent/Registrar for the Notes, the County will promptly cause a written notice thereof to be sent to each registered owner of the Notes at least 30 days prior to the effective date of such substitution by United States certified mail which notice will give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Notes may be transferred and exchanged on the Security Register only upon presentation and surrender thereof 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. A Note may be assigned by the execution of an assignment form on the Notes or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Note or Notes will be authenticated and delivered by the Paying Agent/Registrar, in lieu of the Notes being transferred or exchanged, at the principal 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 and under reasonable circumstances, new Notes issued in an exchange or transfer of Notes 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 Notes 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 Notes registered and delivered in an exchange or transfer will be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount, rate of interest and series as the Notes surrendered for exchange or transfer. See "THE NOTES - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Notes.

LIMITATION ON TRANSFER OF THE NOTES . . . Neither the County nor the Paying Agent/Registrar is required to exchange any Notes to an assignee of the owner of the Notes during the period of 15 days next preceding an interest payment date.

RECORD DATE FOR INTEREST PAYMENT . . . The date for identifying the person to whom the interest is payable on any interest payment date is the close of business on the last business day of the preceding month (the "Record Date").

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 past due interest ("Special Payment Date", which must be 15 days after the Special Record Date) will be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner of a Note appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

DEFAULT AND REMEDIES . . . In the Order, the following constitute an "event of default": (i) the failure to make payment of the principal or interest on the Notes when due, or (ii) defaults in the performance or observation of any covenants, agreements, or obligations set forth in the Order. Under State law, there is no right to the acceleration of maturity of the Notes upon the failure of the County to observe any covenant under the Order. Although a registered owner of a Note could presumably obtain a judgment against the County if a default occurred in payment of principal of or interest on any such Note, such judgment could not be satisfied by execution against any property of the County. Such registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the County to levy, assess, and collect an annual ad valorem tax sufficient to pay principal of and interest on the Notes as it becomes due. The enforcement of any such remedy may be difficult and time-consuming and a registered owner could be required to enforce such remedy on a periodic basis. The Order does not provide for the appointment of a trustee to represent the interest of the owners of the Notes 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.

Furthermore, the County is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code. Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the County avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of Bankruptcy Court (which could require that 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 Notes are qualified with respect to the customary rights of debtors relative to their creditors.

DEFEASANCE . . . The Order provides for the defeasance of the Notes when payment of the principal of and premium, if any, on such Notes, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or otherwise), is provided by irrevocably depositing with a paying agent (or other financial institution permitted by applicable law), in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times to ensure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for such Notes. The Order provides that the term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Notes. 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 approves the proceedings authorizing the issuance of refunding bonds, 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 and that, on the date the governing body of the County approves the proceedings authorizing the issuance of refunding bonds, have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent. 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 Notes. 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. The County has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the County moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Notes will no longer be regarded to be outstanding or unpaid and will no longer be entitled to the benefits and the rights afforded under the Order, including (but not limited to) the ad valorem tax pledge made therein.

AMENDMENTS. . . The County may amend the Order without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the County, may, with the written consent of the owners of a majority in aggregate principal amount of the Notes then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Order, except that without the consent of the registered owners of all of the Notes affected, no such amendment, addition or rescission may (1) make any change in the maturity of any of the outstanding Notes; (2) reduce the rate of interest borne by any of the outstanding Notes; (3) reduce the amount of the principal or maturity value of, or redemption premium, if any, payable on any outstanding Notes; (4) modify the terms of payment or of interest or redemption premium on outstanding Notes or any of them or impose any condition with respect to such payment; (5) give any preference to any Note over any other Note; or (6) change the minimum percentage amount of the Notes necessary to be held by registered owners for consent to such amendment.

SOURCES AND USES OF FUNDS . . . The proceeds of the Notes will be applied approximately as follows:

Sources of Funds:	
Principal Amount of the Notes	
Premium	
Total Sources of Funds	$ -
Uses of Funds:	
Deposit to Project Fund	
Costs of Issuance	
Total Uses of Funds	$ -

TAX INFORMATION

AD VALOREM TAX LAW . . . Title I of the Texas Tax Code, as amended (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 responsible for appraising property for all taxable units within the County. The appraisal of property within the County is the responsibility of the Grayson Central Appraisal District (the "Appraisal District"). Excluding timberland, agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Property Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. The Property Tax Code permits the Appraisal District to use alternative methods (cost, income, and market data comparison methods) to determine the market value of property. State law requires the appraised value of a residence homestead for a tax year to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered the highest and best use of the property. State law further limits the appraised value of a residence homestead for a tax year to an amount that would not exceed the lesser of (1) the property's market value for the most recent tax year in which it was appraised or (2) the sum (a) 10% of the property's appraised value for the preceding tax year, plus (b) the property's appraised value for the preceding tax year, plus (c) the market value of all new improvements to the property.

The value placed upon property within the Appraisal District is subject to review by an appraisal review board (the "Appraisal Review Board"), consisting of three members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least once every three years. The County may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the County by petition filed with the Appraisal Review Board. The Grayson County Tax Assessor-Collector collects taxes for the County.

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

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

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

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

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

State law and Article VIII, Section 2 of the Texas Constitution, mandate an additional property tax exemption for disabled veterans or the surviving spouse (for so long as the surviving spouse remains unmarried) or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000 depending upon the degree of disability or whether the exemption is applicable to a surviving spouse or children. Notwithstanding, a disabled veteran who receives from the United States Department of Veterans Affairs or its successor 100% disability compensation due to a service-connected disability and a rating of 100% disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. Furthermore, effective January 1, 2012, subject to certain conditions, surviving spouses of a deceased veteran who had received disability rating of 100% will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

Following the approval by the voters at a November 5, 2013 statewide election, a partially disabled veteran or the surviving spouse of a partially disabled veteran is entitled to an exemption equal to the percentage of the veteran’s disability, if the residence was donated at no cost to the veteran by a charitable organization.

Also approved by the November 5, 2013 election, was a constitutional amendment providing that the surviving spouse of a member of the armed forces who is killed in action is entitled to a property tax exemption for all or part of the market value of such surviving spouse’s residences homestead, if the surviving spouse has not remarried since the service member’s death and said property was the service member’s residence homestead at the time of death. Such exemption is transferable to a different property of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Under Article VIII of the Texas Constitution and State law, the governing body of a county, municipality or junior college district may provide for a freeze on the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such tax limitation, the total amount of taxes imposed on such homestead cannot be increased except for improvements, and such freeze is transferable to a different residence homestead and to the surviving spouse living in such homestead if (1) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (2) the surviving spouse was disabled or was 55 or older when the deceased spouse died and (3) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse. If improvements (other than repairs or improvements required to comply with governmental requirements) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following year. Once established, such freeze cannot be repealed or rescinded.

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

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation. The County does not tax nonbusiness personal property.

Article VIII, Section 1-j of the Texas Constitution provides for “freeport property” to be exempted from ad valorem taxation. Freeport property is defined as goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and other petroleum products, detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. The taxing units that took action prior to April 1, 1990 may continue to tax freeport property and decisions to continue to tax may be reversed in the future. However, decisions to exempt freeport property are not subject to reversal.

Article VIII, Section 1-n of the Texas Constitution provides for an exemption from taxation for "goods-in-transit," which are defined as (i) personal property acquired or imported into the State and transported to another location inside or outside the State, (ii) stored under a contract for bailment in public warehouses not in any way owned or controlled by the owner of the stored goods, and (iii) transported to another location inside or outside the State within 175 days of the date the property was acquired or imported into the State. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out- board motor, heavy equipment and manufactured housing inventory.

Pursuant to changes enacted during the 2011 Texas Legislative Special Session, all taxing units, including those that have previously taken official action to tax goods-in-transit, may not tax goods-in-transit in the 2012 tax year or thereafter, unless the governing body of the taxing unit holds a public hearing and takes action on or after October 1, 2011, to provide for the taxation of the goods-in-transit. After holding a public hearing, a taxing unit may take official action prior to January 1 of the first tax year in which the governing body proposes to tax goods-in-transit. After taking such official action, the goods-in-transit remain subject to taxation by the taxing unit until the governing body of the taxing unit rescinds or repeals its previous action to tax goods-in- transit. If, however, a taxing unit took official action prior to October 1, 2011 to tax goods-in- transit and pledged the taxes imposed on the goods-in-transit for the payment of a debt, taxes may continue to be imposed on goods-in-transit until the debt is discharged, if cessation of the imposition of the tax would impair the obligation of the contract by which the debt was created.

The County also may enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property and to meet certain requirements regarding investment value, job creation, local minority/woman owned business contracting, etc. The County in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. The value of property subject to abatement is shown in "TAX INFORMATION – Table 1 – Valuation, Exemptions and Debt Obligations".

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 the voters of the County. The County may contract with the federal government, the State of Texas, 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 orders of the Appraisal Review Board by filing a notice of appeal with that Board and a timely petition for review in district court within 45 days after notice is received that a final order has been entered. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party, or through binding arbitration, if requested by the taxpayer. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

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

LEVY AND COLLECTION OF TAXES . . . The County is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. By the later of September 30 or the 60th day after the certified appraisal role is received by the County from the Appraisal District, the rate of taxation is set by the County based upon the valuation of property within the County as of the preceding January 1. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. The valuation assessment of oil and gas reserves depends upon pricing information in either the standard edition of the Annual Energy Outlook or, if the most recently published edition of the Annual Energy Outlook was published before December 1 of the preceding calendar year, the Short-Term Energy Outlook report published in January of the current calendar year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1. A delinquent tax incurs a penalty of 6% of the amount of the tax for the first calendar month it is delinquent, plus 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 12% regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to 20% if imposed by the County related to the attorney's collection fee. The delinquent tax also accrues interest at a rate of 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 under certain circumstances. The County does not allow split payments or discounts (see DEBT INFORMATION - Table 8 – Property Tax Rates and Collections).

COUNTY APPLICATION OF THE TAX CODE

The County grants a local exemption of $12,000 to the market value of the residence homestead of persons 65 years of age or older. The County does not offer a disabled homestead exemption.

The County began granting the additional exemption of up to 20% of the market value of residence homesteads (minimum exemption of $5,000) in tax year 2006.

See "TAX INFORMATION - Table 1 – Valuation, Exemptions and Debt Obligations" for a listing of the amounts of the exemptions described above.

The County's taxes are collected by the Grayson County Tax Assessor-Collector.

The County does not tax nonbusiness personal property.

The County does not permit split payments or discounts.

The County does grant the exemption for Article VIII, Section 1-j ("freeport property").

The County participates in the following Tax Increment Reinvestment Zones:

Denison Reinvestment Zone Number One ("DTIRZ1") was created on December 17, 2012. The County entered into an agreement with the City of Denison on January 14, 2014 to contribute to the DTIRZ1 fund 50% of its tax increment revenues derived from the County's General Fund rate generated within DTIRZ1 area for the life of the zone.

Denison Reinvestment Zone Number Two ("DTIRZ2") was created on September 23, 2013. The County entered into an agreement with the City of Denison on October 7, 2013 to contribute to the DTIRZ2 fund 32% of its tax increment revenues derived from the County's General Fund rate generated within DTIRZ2 area for the life of the zone.

Denison Reinvestment Zone Number Three ("DTIRZ3") was created on November 21, 2016. The County entered into an agreement with the City of Denison on December 6, 2016 to contribute to the DTIRZ3 fund 75% of its tax increment revenues derived from the County's General Fund rate generated within DTIRZ3 area for the life of the zone.

Denison Reinvestment Zone Number Four ("DTIRZ4") was created on December 7, 2020. The County entered into an agreement with the City of Denison on December 8, 2020 to contribute to the DTIRZ4 fund 75% of its tax increment revenues derived from the County's General Fund rate generated within DTIRZ4 area for the life of the zone.

Denison Reinvestment Zone Number Five ("DTIRZ5") was created on December 7, 2020. The County entered into an agreement with the City of Denison on December 8, 2020 to contribute to the DTIRZ5 fund 50% of its tax increment revenues derived from the County's General Fund rate generated within DTIRZ5 area for the life of the zone.

Sherman Reinvestment Zone Number Five ("STIRZ5") was created on February 20, 2017. The County entered into an agreement with the City of Sherman on August 1, 2017 to contribute to the STIRZ5 fund 75% of its tax increment revenues derived from the County's General Fund rate generated within STIRZ5 area for the life of the zone.

Sherman Reinvestment Zone Number Six ("STIRZ6") was created on February 20, 2017. The County entered into an agreement with the City of Sherman on August 1, 2017 to contribute to the STIRZ6 fund 75% of its tax increment revenues derived from the County's General Fund rate generated within STIRZ6 area for the life of the zone.

Sherman Reinvestment Zone Number Seven ("STIRZ7") was created on December 4. 2017 and enlarged on November 18 2019. The County entered into an agreement with the City of Sherman on November 18, 2019 to contribute to the STIRZ7 fund 75% of its tax increment revenues derived from the County's General Fund rate generated within STIRZ7 original area for the life of the zone, and 50% of its tax increment revenues derived from the County's General Fund rate generated within STIRZ7 expanded are for the life of the zone.

Sherman Reinvestment Zone Number Eight ("STIRZ8") was created on May 2, 2022. The County entered into an agreement with the City of Sherman on May 2, 2022 to contribute to the STIRZ8 fund 50% of its tax increment revenues derived from the County's General Fund rate generated within STIRZ8 original area for the life of the zone.

Sherman Reinvestment Zone Number Nine ("STIRZ9") was created on May 2, 2022. The County entered into an agreement with the City of Sherman on May 2, 2022 to contribute to the STIRZ9 fund 50% of its tax increment revenues derived from the County's General Fund rate generated within STIRZ9 original area for the life of the zone.

Pottsboro Reinvestment Zone Number One ("PTIRZ1") was created on December 4, 2017. The County entered into an agreement with the City of Pottsboro on December 5, 2017 to contribute to the PTIRZ1 fund 50% of its tax increment revenues derived from the County's General Fund rate generated within PTIRZ1 area for the life of the zone.

Grayson County Tax Increment Zone No. 2 was created on November 29, 2022 for encouraging the development and construction of infrastructure at Grayson County's regional airport. The County contributes 50% of its ad valorem taxes collected on incremental increases in the zone's base year of 2024.

Grayson County Tax Increment Zone No. 1 was created November 29, 2022 to support the extension of the tollway in Grayson County. The County contributes 50% of its ad valorem taxes collected on incremental increases in the zone's base year of 2024.

The County has implemented a tax freeze (beginning with the 2004 tax year) on the residence homesteads of the elderly and the disabled pursuant to an order adopted by the Commissioners' Court on November 17, 2003.

In November 2021, Texas Instruments ("TI") selected a location in the City of Sherman, which is the county seat of Grayson County, for a new manufacturing plant. TI plans to construct a 4.7 million-square-foot semiconductor wafer fabrication facility (the "Facility") to be located on an existing site owned by TI equal to approximately 560-acres. It is contemplated the Facility could comprise up to four separate fabrication plants. The County entered into incentive agreements with TI pledging a 90% property tax abatement over the first ten years and a 90% refund agreement for years 11 to 30.

In June 2022, GlobiTech, a subsidiary of GlobalWafers Co., Ltd. ("GlobiTech") selected the City of Sherman to establish a manufacturing facility to produce silicon wafers. The County has entered into incentive agreements with GlobiTech pledging an 85% property tax abatement over the first ten years and a 75% refund agreement for years 11 to 30.

In addition to the agreements with TI and GlobiTech, the County has tax abatement agreements with the businesses listed below and has adopted criteria therefor, which is a prerequisite to the execution of abatement agreements. For the 2024 Tax Year, the total aggregate amount of the County's abated tax amounts equals $710,169 and the latest expiration date for any of the agreements is December 31, 2028.

Denson Walker Properties, LLC
Panda Sherman Power, LLC
Texas Instruments Incorporated
Whitesboro Solar, LLC
Highway 56 Solar, LLC
Finisar Phase I
Finisar Phase II
West Moore Solar, LLC

COUNTY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the County are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local 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, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two years after the purchaser's deed issued at the foreclosure sale is filed in the County records) or by bankruptcy proceedings which restrict the collection of taxpayer debts**. Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents enforcement of 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.**

TAX RATE LIMITATION

General Operations: Limited Tax Bonds, Time Warrants and Certificates of Obligation. The Texas Constitution (Article VIII, Section 9) imposes a limit of $0.80 per $100 assessed valuation of all taxable property within the County (the "$0.80 Tax Limitation") for all purposes of General Fund, Permanent Improvement Fund, Road and Bridge Fund and Jury Fund, including debt service of bonds, warrants or certificates of obligation issued against such funds. Administratively, the Attorney General of the State of Texas will not approve the issuance of limited tax obligations in an amount which produces debt service requirements exceeding that which can be paid from $0.40 per $100 valuation, at a 90% collection rate, of the $0.80 Tax Limitation. The debt service of the Notes is subject to the $0.80 Tax Limitation.

Road Bonds. Article III, Section 52 of the Texas Constitution permits counties to levy an unlimited tax for road purposes if approved by a majority of participating voters in an election held to approve the issuance of such bonds; however, total unlimited tax debt cannot exceed 25% of the County's assessed valuation of real property. The Notes are not unlimited tax debt.

Road Maintenance (Special Road and Bridge Tax). Article VIII, Section 9 of the Texas Constitution permits counties to levy a $0.15 per $100 of assessed valuation tax upon adoption by election for road maintenance; no part of this tax, however, may be used for debt service on County debt, including the Notes.

Farm-to-Market Roads and/or Flood Control Purposes. Article VIII, Section 1-a of the Texas Constitution permits counties to levy a $0.30 per $100 of assessed valuation tax upon adoption by election (after a homestead exemption of up to $3,000) for debt service and maintenance expenses associated with farm-to-market roads and flood control purposes. No allocation is prescribed by statute between debt service and maintenance.

Adoption of Tax Rate. Before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit, the Commissioners Court adopts a tax rate per $100 taxable value for the current year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Property Tax Code:

The County must annually calculate and publicize its "No New Revenue Rate" and "Voter Approval Rate". The Commissioners Court may not adopt a tax rate that if applied to the total taxable value would impose an amount of taxes that exceeds last year's levy until it has held two public hearings on the proposed increase following notice to the taxpayers and otherwise complied with the Property Tax Code. If the adopted tax rate exceeds the voter approval tax rate, the qualified voters of the County by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the voter approval tax rate.

"No New Revenue Rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted).

"Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Voter Approval Rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.035 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

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.

Optional Sales Tax. The Tax Code provides certain cities and counties the option of assessing a maximum one-half percent (½%) sales 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 tax is approved and levied, the ad valorem property tax levy must be reduced by the amount of the estimated sales tax revenues to be generated in the current year. The County does not assess the optional sales tax.

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TABLE 1 - VALUATION, EXEMPTIONS AND DEBT OBLIGATIONS

2024 Actual Market Value of Taxable Property (100% of Actual)		$42,070,078,045
Less Exemptions:		
Local Optional Over 65 and Disabled Homestead	$175,364,634	
Local Optional Percentage Homestead	2,214,891,875	
Disabled and Deceased Veterans'	348,010,082	
Freeport Property	263,106,534	
Pollution Control	75,613,952	
Productivity Loss	10,491,038,603	
Tax Abatements	83,085,078	
Solar/Wind/Partial Exempt/Other	996,435	
Homestead 10% Cap	1,805,346,547	
Community Housing	4,014,567	
Personal Pvt. Vehicle	646,183	
Member Armed Svc Surviving Spouse	25,591	
First Responder Surviving Spouse	870,414	
Totally Exempt Property	4,133,421,700	19,596,432,195
2024 Net Taxable Assessed Valuation		$ 22,473,645,850
Freeze Loss for Over 65 and/or Disabled		$ 2,739,909,018
Less Transfer Adjustment		1,653,728
2024 Freeze Adjusted Net Taxable Assessed Valuation		$ 19,732,083,104

Source: Grayson Central Appraisal District

TABLE 2 – GENERAL OBLIGATION BONDED DEBT

General Obligation Debt Principal Outstanding (as of 06/11/2025)		
Pass-Through Toll Revenue & Limited Tax Refunding Bonds, Series 2013		5,295,000
Combination Tax and Revenue Certificates of Obligation, Series 2018		4,155,000
Certificates of Obligation, Series 2023		21,465,000
The Notes		4,860,000 (1)
Total Gross General Obligation Debt Principal Outstanding Following the Issuance of the Certificates		35,775,000 (1)
General Obligation Interest and Sinking Fund Balance as of 9/30/2024		1,064,935
Total Net General Obligation Debt Principal Outstanding following Issuance of the Notes:		34,710,065 (1)
Ratio of Gross General Obligation Debt to 2024 Freeze Adjusted Net Taxable Assessed Valuation		0.18%
Tax Year 2024 Freeze Adjusted Net Taxable Assessed Valuation		$19,732,083,104
Population: 1980 - 89,796; 1990 - 95,021; 2000 - 110,595; 2010 - 120,877; 2020 - 135,543; 2025 -154,325		
Per Capita 2024 Freeze Adjusted Net Taxable Assessed Valuation	$	127,861
Per Capita Net General Obligation Debt Principal	$	225

(1) Preliminary, subject to change.
Source: Texas Municipal Reports and information from the Issuer.

TABLE 3 – OTHER OBLIGATIONS – CAPITAL LEASES

The County has financed the purchase of equipment for each of its Road & Bridge precincts and Justice Center. The financing arrangements mature from fiscal years 2025 to 2027 and carry interest rates ranging from 2.34% - 6.95%. Annual payments range from $33,526 to $291,420. As of September 30, 2024, annual debt service requirements to maturity for financed purchases are as follows:

Fiscal Year Ending	Principal	Interest	Total
2025	$ 698,506	$ 57,528	$ 756,034
2026	164,532	16,902	181,434
2027	127,894	8,173	136,067
	$ 990,932	$ 82,603	$ 1,073,535

In 2024, the County had 4 active subscriptions. The subscriptions have payments that range from $16,000 to $91,080 and interest rates that range from 2.43% to 3.74%. As of September 30, 2024, the total combined value of the subscription liability is $338,199, and the total combined value of the short-term subscription liability is $139,076. The combined value of the right to use asset, as of September 30, 2024 of $634,627 with accumulated amortization of $196,789 is included within the subscription class activities table found below. The subscriptions had $0 of variable payments and $0 of Other Payments, not included in the subscription liability, within the fiscal year.

Fiscal Year Ending	Principal	Interest	Total
2025	$ 139,076	$ 9,204	$ 148,280
2026	110,422	5,358	115,780
2027	88,703	2,379	91,082
	$ 338,201	$ 16,941	$ 355,142

TABLE 4 – INTEREST AND SINKING FUND MANAGEMENT INDEX

Estimated Tax Debt Service Requirements, Fiscal Year Ending 9/30/2025		$ (8,965,600)
Interest and Sinking Fund, 10/1/2024	$ 1,064,935	
Tax Year 2024 Interest and Sinking Fund Tax Levy	3,648,202	
Investment Income	15,000	
Other Sources	5,376,150	10,104,287
Estimated Ending Fund Balance, 9/30/2025		$ 1,138,687

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TABLE 5 – PRO FORMA TAX DEBT SERVICE REQUIREMENTS

Year Ended 09/30	Outstanding General Obligation Debt [1]			The Notes [2]			General Obligation Debt Outstanding	Principal Retired
	Principal	Interest	Total	Principal	Interest	Total		
2025	$ 7,465,000	$ 1,500,600	$ 8,965,600	$ -	$ -	$ -	$ 8,965,600	
2026	7,755,000	1,211,175	8,966,175	680,000	286,200	966,200	9,932,375	
2027	2,575,000	1,018,900	3,593,900	755,000	209,000	964,000	4,557,900	
2028	2,690,000	900,750	3,590,750	795,000	171,250	966,250	4,557,000	
2029	2,815,000	777,250	3,592,250	835,000	131,500	966,500	4,558,750	64.48%
2030	2,955,000	636,500	3,591,500	875,000	89,750	964,750	4,556,250	
2031	3,100,000	488,750	3,588,750	920,000	46,000	966,000	4,554,750	
2032	3,255,000	333,750	3,588,750	-	-	-	3,588,750	
2033	3,420,000	171,000	3,591,000	-	-	-	3,591,000	100.00%
	$ 36,030,000	$ 7,038,675	$ 43,068,675	$ 4,860,000	$ 933,700	$ 5,793,700	$ 48,862,375	

(1) The Pass Through Toll Revenue and Limited Tax Refunding Bonds, Series 2013 are approximately 100% self-supporting through a pass through agreement with TxDOT.

(2) Interest calculated at an assumed rate for purposes of illustration. Preliminary, subject to change.

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DEBT INFORMATION

TABLE 6 – TAX ADEQUACY

2024 Freeze Adjusted Net Taxable Assessed Valuation	$ 19,732,083,104
Maximum Annual Debt Service Requirements	9,932,375 [(1)]
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	0.051363

Note: Above computation is exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

(1) Approximately $5,376,150 of the debt service payment in fiscal year ending 2025 will be paid by TxDOT pass through payments for the Pass Through Toll Revenue and Limited Tax Refunding Bonds, Series 2013.

TABLE 7 – TAX RATE DISTRIBUTION

	Tax Year				
Fund	2024	2023	2022	2021	2020
Maintenance & Operations Funds	$ 0.286234	$ 0.281609	$ 0.296137	$ 0.328202	$ 0.364455
Interest & Sinking Fund	0.018866	0.023491	0.008963	0.010798	0.012245
Total	$ 0.305100	$ 0.305100	$ 0.305100	$ 0.339000	$ 0.376700

Sources: Texas Municipal Report published by the Municipal Advisory Council of Texas, Grayson County

TABLE 8 – PROPERTY TAX RATES AND COLLECTIONS [(a)]

Tax Year	Net Taxable Assessed Valuation [(b)(c)]	Tax Rate	% Collections[(d)] Current	% Collections[(d)] Total	Fiscal Year Ended
2015	$ 6,573,730,187	$ 0.490900	96.40%	97.69%	9-30-16
2016	7,053,716,775	0.473719	98.70%	99.74%	9-30-17
2017	7,572,527,210	0.460366	98.00% [(e)]	99.20% [(e)]	9-30-18
2018	8,269,297,802	0.441810	97.69%	97.69%	9-30-19
2019	9,243,299,145	0.416429	97.30%	98.19%	9-30-20
2020	10,001,316,225	0.376700	98.87%	99.78%	9-30-21
2021	10,829,032,110	0.339000	99.57%	99.43%	9-30-22
2022	13,492,152,162	0.305100	99.10%	98.93%	9-30-23
2023	16,387,070,474	0.305100	98.25%	98.45%	9-30-24
2024	19,732,083,104	0.305100	97.50%	97.50%	9-30-25

(a) See "TAX INFORMATION - Levy and Collection of Taxes" in the body of the Official Statement for a complete discussion of the County's tax provisions.
(b) Valuations may change during year due to supplements / protests and may not match valuations in other tables.
(c) Represents Freeze Adjusted Net Taxable Assessed Valuation.
(d) Does not include penalties and interest.
(e) Unaudited.

Note: Table 9 has been purposefully omitted.

TABLE 10 – TAXABLE ASSESSED VALUATION

Fiscal Year	Net Taxable Assessed Valuation [(a)]	Change from Preceeding Year Amount	Change from Preceeding Year Percent
2021	$ 10,001,316,225	$ 758,017,080	8.20%
2022	10,829,032,110	827,715,885	8.28%
2023	13,492,152,162	2,663,120,052	24.59%
2024	16,387,070,474	2,894,918,312	21.46%
2025	19,732,083,104	3,345,012,630	20.41%

[(a)] Represents Freeze Adjusted Net Taxable Assessed Valuation.

TABLE 11 – PRINCIPAL TAXPAYERS FOR FISCAL YEAR 2024

Name	Type of Property	2024 Net Taxable Assessed Valuation	% of Total 2024 Assessed Valuation[(1)]
Texas Instruments Inc.	Technology	$1,625,000,000	8.24%
Global Wafers America LLC	Food Packaging/Processing	$424,071,750	2.15%
Rayburn Energy Station LLC	Electric Utility/Power Plant	$331,489,610	1.68%
UHS of Texoma Inc.	Hospital	$198,199,779	1.00%
Oncor Electric Delivery Co. LLC	Electric Utility/Power Plant	$177,905,280	0.90%
Seaway Crude Pipeline LP	Oil & Gas Pipeline	$89,717,173	0.45%
Union Pacific Railroad Co.	Railroad	$69,959,087	0.35%
Atmos Energy	Electric Utility/Power Plant	$65,971,169	0.33%
Ameritex Pipe & Products LLC	Industrial Manufacturing	$63,948,044	0.32%
Ameritex Real Estate Lease LLC	Residential Homes	$63,728,280	0.32%
Total		$3,109,990,172	15.76%

Source: Grayson Central Appraisal District.
[(1)] Based on a Tax Year 2024 Freeze Adjusted Net Taxable Assessed Valuation of $19,732,083,104.

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TABLE 12 – CLASSIFICATION OF ASSESSED VALUATION

Category	2024-2025	% of Total	2023-2024	% of Total	2022-2023	% of Total	2021-2022	% of Total	2020-2021	% of Total
Real, Residential, Single Family	$13,055,367,114	31.03%	$12,970,827,019	34.12%	$10,731,884,840	38.35%	$7,791,323,411	38.39%	$6,972,083,025	37.47%
Real, Residential, Multi-Family	866,207,444	2.06%	717,366,672	1.89%	596,683,798	2.13%	476,571,805	2.35%	362,280,088	1.95%
Real, Vacant Lots/Tract	649,154,226	1.54%	610,011,747	1.60%	472,482,463	1.69%	302,493,938	1.49%	281,102,910	1.51%
Real Acreage (Farm & Ranch)	10,656,439,057	25.33%	10,340,247,800	27.20%	6,391,902,255	22.84%	5,310,143,524	26.17%	3,532,298,185	18.98%
Farm & Ranch Improvements	3,602,197,076	8.56%	2,796,128,573	7.36%	2,123,441,664	7.59%	86,065,450	0.42%	1,368,202,240	7.35%
Real, Commercial	2,942,203,849	6.99%	2,523,236,186	6.64%	2,264,744,954	8.09%	1,854,759,774	9.14%	1,784,785,824	9.59%
Real, Industrial	2,970,515,231	7.06%	905,288,042	2.38%	715,467,718	2.56%	634,445,585	3.13%	594,741,187	3.20%
Real, Oil, Gas, Minerals	186,007,917	0.44%	222,615,221	0.59%	170,223,786	0.61%	94,746,224	0.47%	131,208,256	0.71%
Real & Tangible, Personal Utilities	661,639,531	1.57%	633,265,658	1.67%	581,236,323	2.08%	559,150,845	2.76%	538,796,886	2.90%
Tangible Personal, Commercial	942,157,230	2.24%	872,900,893	2.30%	779,709,287	2.79%	660,763,607	3.26%	632,130,023	3.40%
Tangible Personal, Industrial	949,437,859	2.26%	947,685,549	2.49%	839,479,614	3.00%	755,051,129	3.72%	841,478,818	4.52%
Tangible Personal, Mobile Homes	101,803,818	0.24%	108,090,220	0.28%	96,115,630	0.34%	67,124,033	0.33%	62,331,252	0.33%
Intangible Property / Uncertified Property	246,523,900	0.59%	237,224,204	0.62%	-	0.00%	17,474	0.00%	-	0.00%
Residential / Special Inventory	66,483,123	0.16%	69,995,664	0.18%	185,842,261	0.66%	137,877,826	0.68%	145,417,729	0.78%
Totally Exempt Property	4,173,940,670	9.92%	4,060,706,358	10.68%	2,036,217,137	7.28%	1,562,512,011	7.70%	1,361,259,395	7.32%
Total Market Value	$ 42,070,078,045	100.00%	$ 38,015,589,806	100.00%	$ 27,985,431,730	100.00%	$ 20,293,046,636	100.00%	$ 18,608,115,818	100.00%
Less Exemptions:										
Local Optional Over 65 and Disabled Homestead	$175,364,634		$157,581,828		$152,113,739		$149,048,461		$146,708,387	
Local Optional Percentage Homestead Exempt.	2,214,891,875		2,079,150,034		1,717,277,966		1,246,005,406		1,119,942,393	
Disabled and Deceased Veterans'	348,010,082		273,840,540		215,071,364		175,652,625		150,449,622	
Freeport Property	263,106,534		259,108,942		226,301,308		205,020,197		223,291,147	
Pollution Control	75,613,952		59,413,792		58,557,253		45,535,107		25,807,272	
Productivity Loss	10,491,038,603		10,181,123,477		6,249,333,036		3,745,827,611		3,409,233,646	
Tax Abatements	83,085,078		232,505,174		234,033,153		261,688,348		304,896,986	
Solar/Wind/Partial Exempt/Other	996,435		8,573,020		4,434,892		2,647,175		1,709,678	
10% Cap	1,805,346,547		2,171,508,389		1,648,053,240		389,668,279		372,391,277	
Personal Private Vehicle and Others	5,556,755		5,550,568		5,064,492		8,314,836		4,479,820	
Totally Exempt Property	4,133,421,700		4,056,006,255		2,032,153,948		1,555,199,163		1,357,142,429	
Total Exemptions	$ 19,596,432,195		$ 19,484,362,019		$ 12,542,394,391		$ 7,784,607,208		$ 7,116,052,657	
Net Taxable Assessed Valuation	$ 22,473,645,850		$ 18,531,227,787		$ 15,443,037,339		$ 12,508,439,428		$ 11,492,063,161	
Freeze Loss for Over 65/Disabled	$2,739,909,018		$2,143,086,905		$1,950,885,177		$1,677,789,877		$1,489,007,360	
Transfer Adjustment	$1,653,728		$1,070,408		$ -		$1,617,441		$1,739,576	
Freeze Adjusted Net Taxable Assessed Valuation	$ 19,732,083,104		$ 16,387,070,474		$ 13,492,152,162		$ 10,829,032,110		$ 10,001,316,225	

Source: State Comptroller of Public Accounts as reported by the Grayson Central Appraisal District.
Valuations may be revised by the Grayson Central Appraisal District after being reported to the Texas Comptroller of Public Accounts.

Note: Assessed valuations may change during the year due to various supplements and protests. Valuations on different dates or in other tables of this Official Statement may not match those shown on this table. Valuations shown do not include property under protest.

Source: GCAD Certified Totals Report

TABLE 13 – DIRECT AND OVERLAPPING DEBT DATA AND INFORMATION

Taxing Jurisdiction	FYE 2025 Taxable Assessed Valuation	FYE 2025 Rate	Total Tax Debt As of 6/11/2025	Estimated % Applicable	Overlapping Tax Debt As Of 6/11/2025	Authorized But Unissued Debt As Of 4/4/2025
Grayson County	$ 19,732,083,104	$ 0.305100	$ 35,775,000 [(1)]	100.00	$ 35,775,000 [(1)]	$ -
Bells Independent School District	394,941,240	1.136300	40,318,000	100.00	40,318,000	-
Bells, City of	147,495,412	0.572879	24,000	100.00	24,000	-
Celina Independent School District	5,385,106,987	1.236000	480,070,000	0.10	480,070	180,000,000
Collinsville Independent School District	363,825,329	1.160200	22,531,000	98.78	22,256,122	-
Collinsville, City of	201,638,562	0.610000	4,766,000	100.00	4,766,000	-
Denison Independent School District	3,322,357,070	1.160200	203,470,000	100.00	203,470,000	-
Denison, City of	3,255,733,742	0.712034	179,215,000	100.00	179,215,000	-
Grayson College	24,687,192,156	0.145990	112,060,000	100.00	112,060,000	346,500,000
Gunter Independent School District	986,653,506	1.255200	86,680,000	99.89	86,584,652	-
Gunter, City of	462,703,180	0.493101	2,385,000	100.00	2,385,000	-
Howe Independent School District	512,426,156	1.045000	19,140,482	100.00	19,140,482	-
Howe, City of	259,459,273	0.534279	925,000	100.00	925,000	-
Pilot Point Independent School District	1,527,993,704	1.026000	43,125,000	4.28	1,845,750	-
Pilot Point, City of	928,887,986	0.586000	79,635,000	2.94	2,341,269	3,985,000
Pottsboro Independent School District	1,581,526,429	0.934400	57,420,000	100.00	57,420,000	
Pottsboro, City of	371,900,527	0.544401	1,140,000	100.00	1,140,000	-
S & S Consolidated School District	657,710,781	1.038200	24,725,000	100.00	24,725,000	-
Sherman Independent School District	7,553,257,466	1.234200	399,725,000	100.00	399,725,000	286,290,000
Sherman, City of	8,471,962,409	0.508000	192,040,000	100.00	192,040,000	-
Tioga Independent School District	211,533,541	1.226900	13,449,977	100.00	13,449,977	-
Tioga, City of	173,321,223	0.493155	7,895,000	100.00	7,895,000	-
Tom Bean Independent School District	409,582,466	0.923900	7,131,197	100.00	7,131,197	-
Trenton Independent School District	518,688,162	1.255000	53,585,000	2.58	1,382,493	7,555,000
Van Alstyne Independent School District	1,888,955,678	1.222800	209,560,000	93.92	196,818,752	146,500,000
Van Alstyne MUD #1	124,357,646	1.000000	17,675,000	100.00	17,675,000	1,643,432,500
Van Alstyne, City of	946,430,930	0.553713	53,140,000	100.00	53,140,000	-
Whitesboro Independent School District	1,464,861,440	1.131200	85,690,000	89.90	77,035,310	30,000,000
Whitesboro, City of	457,698,906	0.387645	84,235,000	100.00	84,235,000	-
Whitewright Independent School District	477,301,952	0.986300	17,475,000	85.43	14,928,893	1,500,000
Total Direct and Overlapping Tax Debt					$ 1,860,327,966	
Ratio of Direct and Overlapping Tax Debt to Taxable Assessed Valuation						11.35%
Per Capita Overlapping Tax Debt						$13,351

Sources: "Texas Municipal Reports" published by the Municipal Advisory Council of Texas and Grayson Central Appraisal District.
[(1)] Includes the Notes.

Note: Tables 14 and 15 have been purposefully omitted. Information from those tables is now included in Table 13.

TABLE 16 – FUND BALANCES

	FYE 2024
General Fund	$ 16,684,476
Special Revenue Fund	16,479,083
Debt Service Fund	1,515,318
Capital Projects Fund	29,502,696
Permanent Fund	81,336
Enterprise Fund	16,321,130
	$ 80,584,039

Source: The Issuer.

PENSION FUND

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

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

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

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

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

Contributions: The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participate over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the County were required to contribute 4% of their annual gross earnings during the fiscal year. The contribution rates for the County were 9.07% and 9.24% in calendar years 2023 and 2024, respectively. The County's contributions to TCDRS for the year ended September 30, 2024, were $3,342,952 and were equal to the required contributions.

Post Retirement Benefits: The County provides certain health care benefits through a single-employer defined benefit Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other Than Pensions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Regular, fulltime employees are eligible to participate in the health care plan as a retiree at a rate that is subsidized by the County. The retiree pays from 35% to 70% of the premium, depending on the plan in which they participate. Members are eligible at any age with 30 years of service or at age 60 with 8 years of service, or if the retiree's age plus service equals 75. Spouses and dependents of eligible retirees are also eligible.

When a regular, fulltime employee retires they are eligible to continue to participate in the County's group health insurance plan up until age 65. Members who terminate employment prior to retirement are not eligible for retiree health care benefits. Retirees are eligible for health care until they become Medicare eligible. The retiree pays full Medicare premiums. Retirees who decide to opt-out for the health care plan are not eligible to opt back in when coverage from another entity ceases. As of January 1, 2020, the County ended the Medicare Supplement Plan for Post 65 Retirees.

Retirees are responsible for payment of premiums for any dependent coverage, and the County pays a portion of the retirees premiums. The County's contributions to the OPEB for the year ended September 30, 2024, were $572,233, which equal benefit payments for retirees.

OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described above, the County provides certain other post-retirement benefits to retired employees and their dependents that fall within the scope of Governmental Standards Board's Statement of General Accounting Standards No. 45 ("GASB 45"). The County has implemented and is in compliance with the requirements of GASB 45. For additional information concerning the County's other post-retirement benefits, see Notes in "Excerpts from the Grayson County, Texas Annual Financial Report" found in Appendix B.

FINANCIAL INFORMATION

TABLE 17 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal year ended September 30				
	20024	2023	2022	2021	2020
Revenues					
Taxes (including penalties / interest)	$42,918,068	$38,438,591	$ 36,243,646	$ 36,968,481	$ 37,335,301
Licenses and Permits	634,557	587,656	618,892	419,247	349,013
Intergovernmental Revenues and Grants	1,935,953	1,881,718	1,046,024	1,192,308	1,171,523
Fees of Office	4,751,631	4,721,063	4,915,560	4,690,607	4,318,048
Fines and Forfeitures	34,650	20,700	25,000	-	152,850
Investment Earnings	1,251,794	974,665	328,371	272,164	460,930
Miscellaneous Revenues	341,995	311,586	323,688	373,649	593,317
Total Revenues	$ 51,868,648	$ 46,935,979	$ 43,501,181	$ 43,916,456	$ 44,380,982
Expenditures					
Current:					
General Government	$12,658,748	$10,136,036	$ 28,927,669 [1]	$ 9,036,629	$ 9,334,143
Judicial	9,667,027	9,268,674	8,537,701	8,201,986	8,664,545
Public Safety	22,026,475	21,582,090	19,829,317	18,730,097	18,397,386
Health and Welfare	5,252,355	4,136,313	3,474,154	3,968,624	3,884,199
Cultural & recreational	158,599	156,120	105,462	106,891	174,687
Conservation & development	691,997	580,436	574,019	501,523	434,220
Debt Service:					
Principal Retirement	194,348	140,612	46,500	-	-
Interest and Fiscal Charges	10,880	-	277	-	-
Capital Outlay	875,686	1,007,206	338,435	601,352	834,331
Intergovernmental	253,500	207,033	206,934	207,186	206,880
Total Expenditures	$ 51,789,615	$ 47,214,520	$ 62,040,468	$ 41,354,288	$ 41,930,391
Excess of Revenues Over (Under) Expenditures	$ 79,033	$ (278,541)	$ (18,539,287) [1]	$ 2,562,168	$ 2,450,591
Other Financing Sources (Uses)					
Sale of Real and Personal Property	$51,106	$57,764	$ 130	$ 1,475	$ 8,186
Operating Transfers In	465,410	-	8,000,000	1,769,196	148,556
Insurance Settlements Proceeds	559,392	572,558	7,206	29,250	41,767
Operating Transfers Out	(462,030)	(317,965)	(835,158)	(1,160,113)	(487,440)
Proceeds from Capital Leases	191,403	432,226	3,217	-	-
Total Other Financing Sources (Uses)	$ 805,281	$ 744,583	$ 7,175,395	$ 639,808	$ (288,931)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	$ 884,314	$ 466,042	$ (11,363,892) [1]	$ 3,201,976	$ 2,161,660
Fund Balance October 1 (Beginning)	$ 15,800,162	$ 15,334,120	$ 26,698,012	$ 23,496,036	$ 21,334,376
Fund Balances at End of Year	$ 16,684,476	$ 15,800,162	$ 15,334,120	$ 26,698,012	$ 23,496,036

Source: The Issuer's Annual Financial Reports and other financial data from the Issuer.

[1] The County disbursed $12,582,000 of General Fund balance and $7,128,000 of ARPA funds for a $19,710,000 advance funding to TXDOT for US Highway 75 construction.

FINANCIAL ADMINISTRATION . . . Under the Texas Constitution and Texas law, the financial administration of the County is the responsibility of the Commissioners Court, both as to policy and execution. The County Judge has been designated the Budget Officer, and he assists the Commissioners Court in budget preparation. The County Auditor also assists the Judge and the Commissioners Court in budget preparation, financial record keeping, and auditing. The County Treasurer is the custodian of the County's funds. The County adheres to financial policies as established by the Governmental Accounting Standards Board ("GASB") and the Government Finance Officers Association ("GFOA"). Objectives of financial management include: exercise a discipline which will allow the County to retain a good financial position; strive to retain the best possible bond rating; give recognition to the community's needs and ability to pay; and provide future generations with the ability to borrow capital without severe financial burden. These objectives are accomplished by prudent budgeting and effective budget control, budgeted replacement of capital equipment as the need arises, providing working capital in all funds sufficient to meet current operating needs, financial accounting and reporting in accordance with methods prescribed by the GASB and the GFOA and making such reports available to bond rating agencies and other financially interested organizations, and trying to achieve and maintain a fund balance that is at least equivalent to 20% of the general operating budget. This should be sufficient to provide financing for necessary projects and to meet unanticipated needs.

FINANCIAL POLICIES

BASIS OF ACCOUNTING . . . The County's policy is to adhere to the accounting principles set out by the GASB.

FUND BALANCE IN OPERATING FUNDS . . . The County's practice is to maintain surplus and unencumbered funds equal to at least two months of expenditures (approximately 20% of annual expenditures) in the General Fund and Special Revenue Funds. This allows the County to avoid interim borrowing pending tax receipts. The County attempts to divide each dollar of taxes collected into its component parts of Maintenance and Operations and Debt Service and to deposit the taxes into the proper fund upon receipt.

TAX COLLECTIONS FOR DEBT SERVICE . . . The County deposits interest and sinking fund taxes collected into separate accounts where such monies are invested until required.

CURRENT OPERATING AND DEBT SERVICE FUND BUDGETING PROCEDURES . . . Under the County's budgeting procedures, the County Budget Officer prepares a proposed budget for the fiscal year after consultation with department heads and representatives of members of the Commissioners Court. The proposed budget, together with revenue estimates furnished by the County Auditor, is submitted to the Commissioners Court for its consideration.

A public hearing on the budget is held by the Commissioners Court. The Court may increase or decrease any budget item prior to formal adoption of the budget. However, the total amount of the budget cannot exceed the County's cash balance at the commencement of the fiscal year plus the County Auditor's estimate of revenue for the budget year.

After a budget has been adopted by the Commissioners Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the member of the Commissioners Court advised of the condition of the various accounts. The Commissioners Court may transfer amounts among budget classifications in these funds, but no such transfers will increase the total budget unless additional funds are provided for that purpose. Purchase orders and contracts are not valid until the County Auditor clarifies that money is or will be available to make the payment.

Encumbrances against budgeted appropriations are recorded in the County's records upon execution of purchase orders, contracts or other appropriate documents. All encumbered amounts remaining unexpended at the end of the year lapse.

The County participates in a pooled health benefits program provided by the Texas Association of Counties.

INVESTMENTS . . . The County invests its 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 State 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 270 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 money market 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 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 includes a list of authorized investments for County funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, and a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis. 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.

Texas law requires that 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 investment officer of the County submits an investment report detailing: (1) the investment position of the County, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) fully accrued interest for the reporting period, (5) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (6) the maturity date of each separately invested asset, (7) the account or fund or pooled fund group for which each individual investment was acquired, and (8) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest County funds without express written authority from the Commissioners Court.

ADDITIONAL PROVISIONS . . . Under Texas law, the County is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt an order 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 said order or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Commissioners Court; (4) require the qualified representative of firms offering to engage in an investment transaction with the County to: (a) receive and review the County's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the County and the business organization that are not authorized by the County's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the County's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the County and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the County's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict the investment in mutual funds in the aggregate to 15% of the County's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the County.

CURRENT INVESTMENTS

The County's investments as of March 31, 2025 are shown below.

Bank Investments	$ 93,594,560
Certificates of Deposit (CDARS)	1,167,081
Investment Pools	29,018,076
Total Investments	$ 123,779,717

Source: The County

TAX MATTERS

TAX EXEMPTION . . . In the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Notes will be excludable from the gross income of the holders thereof for federal income tax purposes assuming continuing compliance by the County with the requirements of the Code. Interest on the Notes is not subject to the alternative minimum tax imposed on individuals under the Code.

In rendering its opinion, Bond Counsel has relied on the County's covenants contained in the Order and the County's covenants contained in the Arbitrage and Tax Certificate, that it will comply with the applicable requirements of the Code, relating to, inter alia, the use and operation of the project and the use and investment of proceeds of the Notes and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the County to comply with such covenants could result in the interest on the Notes being subject to federal income tax from the date of issue of the Notes. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Notes that may affect the tax-exempt status of the interest.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of the Notes.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems 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 Notes. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the County as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Notes could adversely affect the value and liquidity of the Notes during the pendency of the audit regardless of the ultimate outcome of the audit.

QUALIFIED TAX-EXEMPT OBLIGATIONS . . . The County has designated the Notes as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. Pursuant to that section of the Code, a qualifying financial institution will be allowed a deduction from its own federal corporate income tax for the portion of interest expense the financial institution is able to allocate to designated "bankqualified" investments.

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

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

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Notes received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Notes, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than designated "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN NOTES . . . The initial public offering price of certain discount Notes (the "Discount Notes") may be less than the amount payable on such Notes at maturity. An amount equal to the difference between the initial public offering price of a Discount Note (assuming that a substantial amount of the Discount Notes of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Note. A portion of such original issue discount allocable to the holding period of such Discount Note by the initial purchaser will, upon the disposition of such Discount Note (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Notes described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Note, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Note and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year. However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Note by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Note in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Note was held) is includable in gross income. Owners of Discount Notes should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Notes. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Notes may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Notes (the "Premium Notes") may be greater than the amount payable on such Notes at maturity. An amount equal to the difference between the initial public offering price of a Premium Note (assuming that a substantial amount of the Premium Notes of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Notes. The basis for federal income tax purposes of a Premium Note in the hands of such initial purchaser must be reduced each year by the amortizable Note premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Note. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Notes should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Notes.

STATE, LOCAL AND FOREIGN TAXES . . . Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Notes 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.

CHANGES IN FEDERAL AND STATE TAX LAW . . . From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value or marketability of the Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value or marketability of the Notes.

Prospective purchasers of the Notes should consult with their own tax advisors regarding any other federal income tax legislation, whether currently pending or proposed, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Notes and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

OTHER INFORMATION

RATINGS . . . The Notes have been rated "AA" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). The presently outstanding ad valorem tax debt of the County has unenhanced ratings of "Aa2" by Moody's and "AA" by S&P. An explanation of the significance of such ratings may be obtained from the companies furnishing the ratings. The ratings reflect only the views of such organizations and the County makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgement of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Notes.

LITIGATION . . . It is the opinion of the County Attorney and County officials that there is no pending litigation to their knowledge or threatened against the County in any court, agency or other administrative body (state or federal) which if decided adversely to the County would have a material adverse financial impact upon the County or its operations.

REGISTRATION AND QUALIFICATION OF NOTES FOR SALE . . . The sale of the Notes 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 Notes have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Notes been qualified under the securities acts of any jurisdiction. The County assumes no responsibility for qualification of the Notes under the securities laws of any jurisdiction in which the Notes may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Notes must not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Section 1201.041 of the Texas Government Code, provides that public securities such as the Notes constitute negotiable instruments, and are investment securities governed by Chapter 8, Texas Business & Commerce Code, notwithstanding any provisions of law or court decision to the contrary, and are legal and authorized investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and trustees, and for the sinking fund of cities, towns, villages, school districts, and other political subdivisions or public agencies of the State of Texas. The Notes are eligible to secure deposits of any public funds of the state, its agencies and 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 Notes are legal investments for various institutions in those states. **To determine whether the Notes described herein are eligible to secure public deposits, reference should be made to current ratings shown herein under "OTHER INFORMATION – Ratings".**

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

LEGAL OPINIONS AND NO-LITIGATION CERTIFICATE . . . The County will furnish the Initial Purchaser a complete transcript of proceedings relating to the authorization and issuance of the Notes, including the unqualified approving legal opinion of the Attorney General of Texas approving the initial Note, and to the effect that the Notes are valid and legally binding obligations of the County, and based upon examination of such transcript of proceedings, the legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Notes will be excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions, subject to the matters described under "TAX MATTERS" herein. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Notes, or which would affect the provision made for their payment or security, or in any manner questioning the validity of said Notes will also be furnished. In its capacity as Bond Counsel, Bickerstaff Heath Delgado Acosta LLP, Austin, Texas has reviewed the information included in this Official Statement under the captions "THE NOTES" (other than the information under the subcaptions "Book-Entry-Only System", "Use of Certain Terms in Other Sections of this Official Statement", "Default and Remedies" and "Sources and Uses of Funds"), "PLAN OF FINANCING", "TAX INFORMATION – Tax Rate Limitation," "TAX MATTERS", "OTHER INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas", "OTHER INFORMATION – Registration and Qualification of Notes for Sale", "OTHER INFORMATION – Legal Opinions and No-Litigation Certificate", and "CONTINUING DISCLOSURE OF INFORMATION" (other than the subcaption "Compliance with Prior Undertakings"), and such firm is of the opinion that the information relating to the Notes and the Order contained under such captions is a fair and accurate summary of the information purported to be shown and that the information and descriptions contained under such captions relating to the provisions of applicable state and federal laws are correct as to matters of law. The legal opinion of Bond Counsel will accompany the Notes deposited with DTC or will be printed on definitive Notes in the event of discontinuance of the Book-Entry-Only System. The fees to be paid to Bond Counsel are contingent upon sale and delivery of the Notes.

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

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION . . . The financial data and other information contained herein have been obtained from the County's records, audited financial statements and other sources 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 statues, 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.

FINANCIAL STATEMENTS . . . Appendix B to this Official Statement contains excerpts from the County's annual financial report for the fiscal year ended September 30, 2024. These financial statements and supplemental schedules have been audited by Pattillo, Brown & Hill, L.L.P., Waco, Texas, independent certified public accountants, as stated in the reports included with such financial statements in Appendix B.

FINANCIAL ADVISOR . . . Effective August 2, 2024, Texas State Bankshares, Inc., the registered bank holding company for Texas Regional Bank (collectively, "TRB"), completed its acquisition of Dallas-based investment banking group Estrada Hinojosa & Company, Inc. ("Estrada Hinojosa"). Estrada Hinojosa operates under TRB Capital Markets, LLC, a wholly-owned subsidiary of TRB, using the assumed name of "Estrada Hinojosa".

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

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

INITIAL PURCHASER OF THE NOTES . . . After requesting competitive bids for the Notes, the County accepted the bid of ______(the "Initial Purchaser") to purchase the Notes at the interest rates shown on page ii of this Official Statement at a price of ___% of par. Neither the County nor the Initial Purchaser can give no assurance that any trading market will be developed for the Notes after their sale by the County to the Initial Purchaser. The County has no control over the price at which the Notes are subsequently sold and the initial yield at which the Notes will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser.

RECENT EVENTS AND INVESTOR CONSIDERATIONS

GENERAL DISCLAIMER . . . Each prospective investor in the Notes should read this Official Statement in its entirety including its Appendices. Particular attention should be given to the considerations described which could affect the payment of debt service on the Notes, and which could also affect the marketability of the Notes to an extent that cannot be determined. (See "FORWARD-LOOKING STATEMENTS.")

CONTINUING DISCLOSURE OF INFORMATION

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

ANNUAL REPORTS . . . The County will provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the County of the general type included in this Official Statement under Tables numbered 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 16 and 17 and in Appendix B. The County will update and provide this information within six months after the end of each fiscal year ending in and after 2025. The financial information and operating data to be provided may be set forth in full in one or more publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements. If audited financial statements are not available by the required time, the County will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the County may be required to employ from time to time pursuant to State law or regulation.

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

DISCLOSURE EVENT NOTICES . . . The County shall notify the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, of any of the following events with respect to the Notes: (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 Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of holders of the Notes, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the County; (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or change in the name of the trustee, if material; (15) incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties. Neither the Notes nor the Order makes any provision for debt service reserves, credit enhancement, or liquidity enhancement. 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 the purposes of (a) the event identified in (12), the event 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 U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County, and (b) the words used in clauses (15) and (16) in the immediately preceding paragraph and "Financial Obligation" have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

The County shall also provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, notice of a failure by the County to provide required annual financial information and notices of material events. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

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

AVAILABILITY OF INFORMATION . . . The County has agreed to provide the foregoing information only to the MSRB through the EMMA system. Access to such filings will be provided, without charge to the general public, by the MSRB at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The County has agreed to update information and to provide notices of certain events only as described above. The County has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The County makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Notes 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 owners of Notes 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 Notes 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 owners of a majority in aggregate principal amount of the outstanding Notes 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 owners and beneficial owners of the Notes. 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 such amendment or repeal would not have prevented an underwriter from lawfully purchasing or selling Notes in the primary offering of the Notes. 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 of its continuing disclosure agreements pursuant to the Rule.

During the last five years, the County's audited financial statements have not been available by the filing deadline provided in its prior undertakings made in accordance with the Rule (the "Undertakings"), which is six months following the close of its fiscal year (the "Filing Deadline"). As provided in the Undertakings, the County agreed to file "unaudited financial statements" by the Filing Deadline when the audited financial statements were not available by the Filing Deadline and to file the audited financial statements when such audited financial statements became available. In each year, the County filed unaudited information in the form of "Table 17-General Fund Revenues and Expenditure History" herein by the Filing Deadline and for fiscal years ended 2022 and 2023 the County filed unaudited financial statements by the Filing Deadline and the audited financial statement for such years within 6 days of receipt.

FORWARD - LOOKING STATEMENTS

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. It is important to note that the County's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements 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 would prove to be accurate.

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

The Order authorizing the issuance of the Notes will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Notes by the Initial Purchaser.

This Official Statement will be approved by the Commissioners Court for distribution in accordance with the provisions of the Rule.

/s/ ______________________________

County Judge
Grayson County, Texas

ATTEST:

/s/ ______________________________

County Clerk
Grayson County, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE COUNTY AND SURROUNDING AREA

LOCATION AND ECONOMY

Created in 1846 from Fannin County and encompassing an area of 954 square miles, Grayson County (the "County") is located in north central Texas and adjoins the southern border of the State of Oklahoma. Lake Texoma comprises much of the County's northern border. The County is traversed by United States Highway 75 and 82. The county seat is Sherman, which is the largest city in the County with 46,000 residents. There are 16 cities in the County and 14 school districts (2 school districts from neighboring counties include a small percentage of the local population) as well as 2 colleges. The area makes up the Sherman-Denison Metropolitan Statistical Area and the County is represented by the Grayson County Metropolitan Planning Organization for state and federal transportation funding decisions. The County's 2025 population was 154,325,, an increase of 14% over the 2020 population of 135,543.

Traversed by United States Highways 75 and 82, the City of Sherman (the "City") is located approximately 65 miles north of the Dallas/Fort Worth Metroplex and 195 miles south of Tulsa. The City's economy is primarily based on varied manufacturing, processing, and distribution centers for major companies. The City's 2020 census was 43,645, an increase of 11.74% over the 2010 population of 38,521.

Population Trends

Year	Grayson County
1990	95,021
2000	110,595
2010	120,877
2020	135,543

Source: U.S. Census Bureau Website, and Issuer Information

EMPLOYMENT STATISTICS

	Grayson County			Texas		
	February 2025	February 2024	February 2023	February 2025	February 2024	February 2023
Civilian Labor Force	72,323	70,799	68,900	15,840,511	15,473,132	15,122,155
Total Employment	69,428	67,942	65,949	15,163,796	14,817,758	14,462,262
Total Unemployment	2,895	2,857	2,951	676,715	655,374	659,893
Percentage Unemployment	4.00%	4.04%	4.28%	4.27%	4.24%	4.36%

Source: Texas Labor Market Information.

Education

Institutions of higher learning also have a presence in the County. Austin College is a small liberal arts college located in the City, which maintains an enrollment of approximately 1,200 students and a full-time faculty of approximately 95 instructors. The New York Times Selective Guides to Colleges has ranked Austin College among the top four colleges and universities in the State of Texas. The number of Austin College pre-medical students being accepted into medical school is more than twice the national average. Grayson County College in Denison, a junior college, has grown from an original enrollment of fewer than 1,000 in 1965 to a current enrollment which exceeds 5,000 students. Other universities within commuting distance include Southeastern Oklahoma State University in Durant, Oklahoma, Texas A&M University in Commerce, Texas and the University of North Texas in Denton, Texas.

Utilities

Utility services are provided by Oncor Electric and Grayson Collin Electric Cooperative (GCEC) for electricity, Atmos Energy for natural gas, and the cities and some rural water districts for water services.

Economy

In 2021, Grayson County along with the City of Sherman, Grayson College and Sherman ISD, partnered to achieve the largest economic development project in the history of the State of Texas. Texas Instruments is planning on a 4 phase, $30 billion dollar project to produce chips from 300mm wafers. The County pledged a 90 percent abatement over the first 10 years and a 90 percent refund agreement for years 11 to 30.

Global Wafers plans to produce silicon to manufacture 300mm wafers (as used by Texas Instruments). This will be the largest silicon wafer manufacturing plant in the United States and is seen as a critical element to insure the US supply chain for semi-conductors. The plant value will be just over 5 billion dollars over 4 phases. The incentive for this company is 85 percent abatement over the first 10 years and a 75 percent refund for years 11 to 30.

An analysis of projected tax revenues (after incentives) include almost $75 million in new revenues during the first 10 years. During the 50 years in which each phase comes on line and the incentives expire, Grayson County will receive over $1.79 billion in tax revenues. These revenues are projected from the two facilities alone and don't include the economic impact of 4000 new employees, new residential properties needed, ancillary and support business to supply the companies or the multitudes of new retail and restaurants to support the larger population.

Health Care

The area is served by two major hospitals with capacity of 739 beds. In addition there are three specialty hospitals and numerous outpatient clinics. The County operates a clinic for indigent care, as well as the health department which has oversight of WIC programs and food establishments. There are currently over 400 doctors practicing in the County.

Transportation

The County has begun experiencing rapid growth from the Dallas-Fort Worth Metroplex, influenced by 2 US highways and 2 State highways as north/south corridors. The County has 1 US highway and 1 State highway as primary east-west corridor at this time. In addition construction has begun for the ultimate extension of the Dallas North Tollway from the southern county line, north to FM 121. The County, partnering with all the cities in the County, has a consolidated thoroughfare plan, which includes planning for expansion of 2 east/west farm to market roads to improve connectivity with our north south growth corridors.

Over the last three years, the County, in cooperation with the Grayson County Metropolitan Planning Organization and the cities of Van Alstyne, Sherman and Denison, has secured funding for the expansion and improvement of US 75 from the Collin County border to FM 120 in Denison. This project will expand the highway to 6 lanes from the current 4 and bring the highway up to US interstate standards.

There was a 4.5 mile section of US 75 from FM 902 to FM 1417 that had not been included in the state project, creating a bottle neck gap in front of our largest industrial complex. As part of the effort to secure the Texas Instruments facility, the County provided $20 million local funding match from a combination of ARPA funds and a general fund balance to successfully get that section added to the state project. Work on that project is ongoing and is expected to be complete by 2027.

Local air transportation is served by the North Texas Regional Airport, which has a 9000' lighted runway with a control tower, as well as the Sherman Municipal Airport. Commercial airline service is available at Dallas Love Field (68 miles south of the courthouse) and DFW International (67 miles southwest of the courthouse).

Additionally, there are nine motor freight lines and two railroad companies, which serve the County's ground transportation needs.

Recreation and Tourism

Lake Texoma, an 89,000 acre reservoir, receives more than 11 million visitors each year. Other facilities include the Hagerman National Wildlife refuge, Lake Ray Roberts and numerous city parks throughout the County. Museums and cultural activities include, Eisenhower Birthplace, the Finley Theater, Red River Historical Museum, Grayson County Frontier Village, Perrin AFB Museum, Harber Wildlife Museum, Red river Railroad Museum.

For fans of casino gambling and major musical entertainment, one of the largest casinos in the world is located 27 miles north of the courthouse at Choctaw Casino Resort in Durant, Oklahoma.

____
Source: The Issuer

APPENDIX B

**EXCERPTS FROM THE
GRAYSON COUNTY, TEXAS
ANNUAL FINANCIAL REPORT**

For the Year Ended September 30, 2024

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

INDEPENDENT AUDITOR'S REPORT

Honorable County Judge
and Members of the Commissioners' Court
Grayson County, Texas

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund financial of Grayson County, Texas as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Grayson County, Texas' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2024, and the respective changes in financial position 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. 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 information, and pension and OPEB information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and schedule of expenditures of federal and state awards, as required by *Title 2 U.S. Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State of Texas 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Financial Report

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2025, on our consideration of the Grayson County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grayson County's internal control over financial reporting and compliance.

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

Waco, Texas
March 28, 2025

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MANAGEMENT'S
DISCUSSION AND ANALYSIS

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As Management of Grayson County, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2024.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Grayson County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $66.8 million (net position).

- The County's total net position increased by $9.2 million in fiscal year 2024 due mostly to increases in property tax revenues resulting from increases in appraised values throughout the County.

- As of the close of the current fiscal year, Grayson County's governmental funds reported combined ending fund balances of $64.3 million, an increase of $3.9 million in comparison with the prior year. The increase is primarily attributed to the increase in property tax revenues mentioned above. Of the total fund balance, $13.9 million is available for spending at the government's discretion as unassigned fund balance.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $15.1 million, or 29.2% of total General Fund expenditures. The total fund balance for the General Fund was $16.7 million, or 30% of General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to Grayson County's basic financial statements. The County's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to private-sector business. The analysis of the County's overall financial condition and operations begins on page 12. Its primary purpose is to show whether the County is better or worse off as a result of the year's activities.

The *Statement of Net Position* presents information on all of the County's assets, deferred outflows/inflows of resources, and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is changing.

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

Both of the government-wide financial statements distinguish functions of the 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 *(business-type activities)*. The governmental activities of the County include general government, public safety, judicial and legal, highways and streets, and health and welfare. The business-type activity of the County is the operation of an airport.

The government-wide financial statements can be found on pages 12 – 14 of this report.

Fund Financial Statements

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

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

  Because the focus of governmental funds is narrower than 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 funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

  The County maintains 40 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Road and Bridge Fund, Local Provider Participation Fund, American Rescue Plan Fund, Jail Expansion Project Fund, and the State Highway 289 Bonds Fund, all of which are considered to be major funds. Data from the other 34 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

  The County adopts an annual appropriated budget for its major debt service and special revenue funds. Budgetary comparison schedules have been provided for the General Fund and major Special Revenue Funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 15 – 20 of this report.

- **Proprietary funds –** Grayson County maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Grayson County uses an Enterprise Fund to account for its airport operations.

  Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the airport operation. The basic proprietary fund financial statements can be found on pages 21 – 23 of this report.

- **Fiduciary Funds-** Fiduciary funds are used to account for custodial accounts held for various agencies, entities, and individuals. The fiduciary fund financial statements can be found on pages 24-25 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements on pages 26 – 47 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 48 – 57 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $66.8 million as of September 30, 2024, an increase of $9.2 million as compared with the previous fiscal year, as discussed earlier.

By far, the largest portion of Grayson County's net position ($38.0 million or 56.9% percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. Grayson County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Grayson County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

GRAYSON COUNTY, TEXAS' NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current and other assets	$ 96,463,827	$ 96,798,693	$ 14,951,346	$ 13,253,470	$ 111,415,173	$ 110,052,163
Capital assets	27,984,462	27,166,918	13,592,054	13,563,413	41,576,516	40,730,331
Total assets	124,448,289	123,965,611	28,543,400	26,816,883	152,991,689	150,782,494
Deferred outflows of resources	4,766,797	7,478,831	36,357	50,465	4,803,154	7,529,296
Current liabilities	18,897,501	17,907,565	101,394	93,362	18,998,895	18,000,927
Long-term liabilities	54,654,520	65,418,495	113,479	122,214	54,767,999	65,540,709
Total liabilities	73,552,021	83,326,060	214,873	215,576	73,766,894	83,541,636
Deferred inflows of resources	5,215,941	6,343,466	12,043,754	10,834,463	17,259,695	17,177,929
Net position:						
Net investment in capital assets	24,378,947	20,672,038	13,592,054	13,563,413	37,971,001	34,235,451
Restricted	22,688,340	20,474,092	-	-	22,688,340	20,474,092
Unrestricted	3,379,837	628,786	2,729,076	2,253,896	6,108,913	2,882,682
Total net position	$ 50,447,124	$ 41,774,916	$ 16,321,130	$ 15,817,309	$ 66,768,254	$ 57,592,225

Changes in net position are summarized as follows:

GRAYSON COUNTY, TEXAS' CHANGES IN NET POSITION

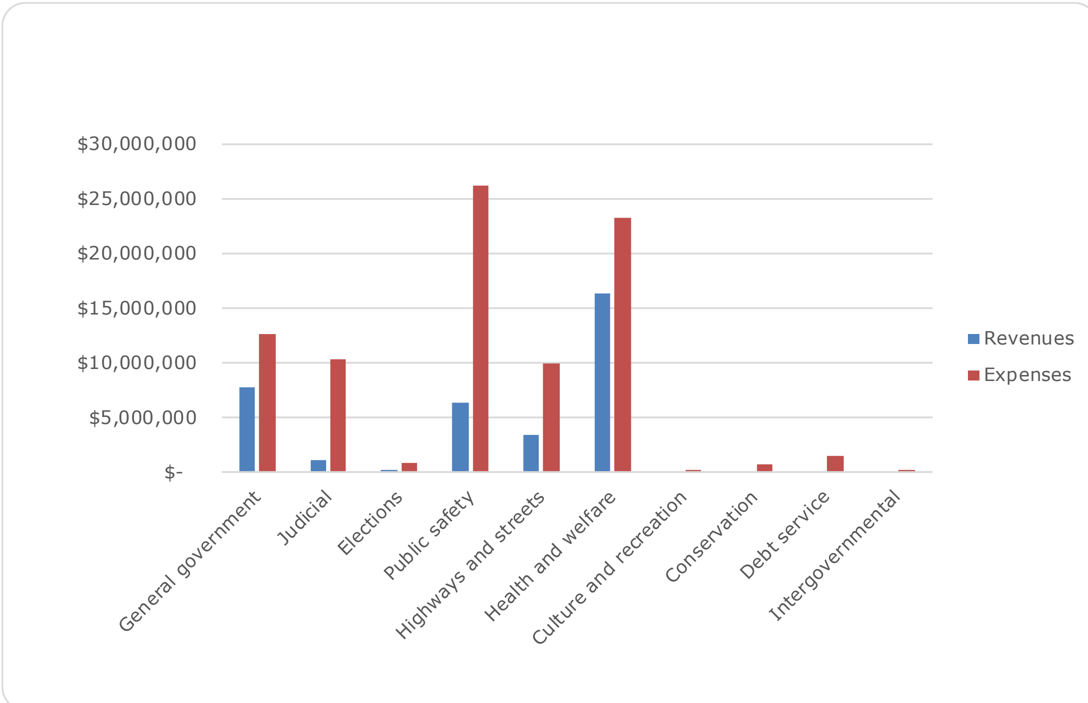
	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	$ 16,484,309	$ 16,245,571	$ 1,794,283	$ 1,485,025	$ 18,278,592	$ 17,730,596
Operating grants and contributions	18,694,355	8,368,382	104,625	60,532	18,798,980	8,428,914
General revenues:						
Property taxes	53,930,561	45,477,070	-	-	53,930,561	45,477,070
Other taxes	1,010,086	910,832	-	-	1,010,086	910,832
Miscellaneous	1,223,468	1,089,348	106,826	8,221	1,330,294	1,097,569
Investment earnings	3,352,111	2,310,412	322,732	255,951	3,674,843	2,566,363
Total revenues	94,694,890	74,401,615	2,328,466	1,809,729	97,023,356	76,211,344
Expenses:						
General government	12,660,158	10,418,036	-	-	12,660,158	10,418,036
Judicial	10,367,525	10,044,778	-	-	10,367,525	10,044,778
Elections	882,176	599,744	-	-	882,176	599,744
Public safety	26,279,631	25,982,097	-	-	26,279,631	25,982,097
Highways and streets	9,908,287	10,486,184	-	-	9,908,287	10,486,184
Health and welfare	23,344,845	20,395,218	-	-	23,344,845	20,395,218
Culture and recreation	181,820	152,758	-	-	181,820	152,758
Conservation and development	671,543	582,862	-	-	671,543	582,862
Interest on long-term debt	1,455,797	1,139,550	-	-	1,455,797	1,139,550
Intergovernmental	270,900	219,798	-	-	270,900	219,798
Airport	-	-	1,824,645	1,693,138	1,824,645	1,693,138
Total expenses	86,022,682	80,021,025	1,824,645	1,693,138	87,847,327	81,714,163
Change in net position	8,672,208	(5,619,410)	503,821	116,591	9,176,029	(5,502,819)
Net position, beginning	41,774,916	47,394,326	15,817,309	15,700,718	57,592,225	63,095,044
Net position, ending	$ 50,447,124	$ 41,774,916	$ 16,321,130	$ 15,817,309	$ 66,768,254	$ 57,592,225

Property tax revenues accounted for approximately 57% percent of revenues for governmental activities. The next largest segment of revenues came from grants and contributions, which accounted for 20% percent of total governmental revenues, with charges for services accounting for approximately 17% percent of total governmental revenues.

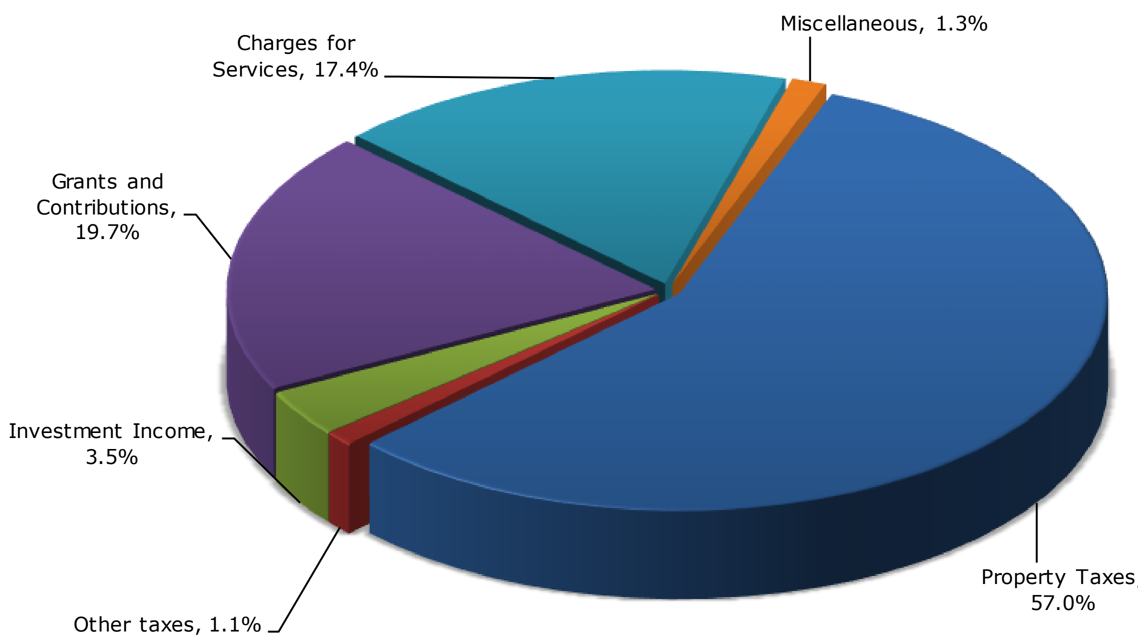
Governmental Activities

The County's total governmental net position increased by $9.2 million in comparison with the prior fiscal year's decrease of $5.5 million. The total cost of all governmental activities this year was $86.0 million, an increase of 7.5% over the prior fiscal year. The amount that our taxpayers paid for these activities through property taxes was $53.9 million or 62.7% of total governmental expenses. Another large segment of revenues came from charges for services, which accounted for $16.5 million or 19.2% of total governmental expenses.

Expenses and Program Revenues – Governmental Activities



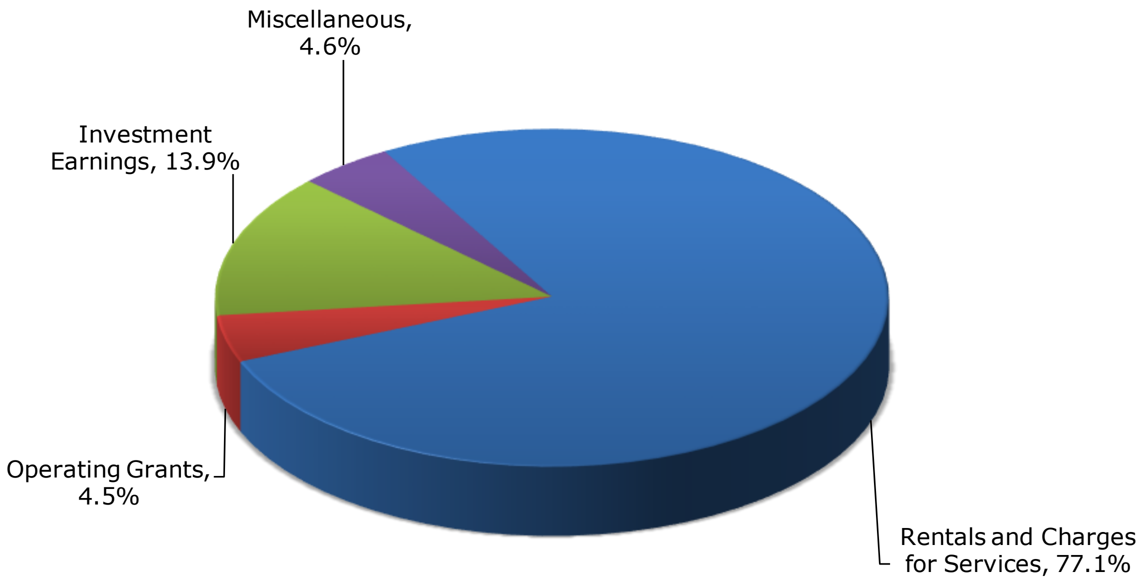
Revenues by Source – Governmental Activities



Business-type Activities

The business-type activity of the County is the operations of a regional airport. Approximately 77.1% of airport revenue is generated by tenant payments for rental of industrial and aircraft facilities. Operating grants comprise another 4.5%.

Revenues by Source – Business-type Activities



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds

The focus on Grayson County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Grayson County's governmental funds reported combined ending fund balances of $64.3 million, an increase of approximately $3.9 million in comparison with the prior year. Approximately 21.7% percent of this total amount, $13.9 million, constitutes unassigned fund balance, which is available for spending at the government's discretion. Approximately $48.6 million is restricted for construction and other purposes. The remainder of fund balance is classified to indicate that it is not available for new spending because it is restricted to pay nonspendable items, which total $1.7 million.

The General Fund is the chief operating fund of Grayson County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $15.1 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. At September 30, 2024, unassigned fund balance represents 29.2% of the total General Fund expenditures.

The fund balance of the County's General Fund increased by $0.9 million during the current fiscal year resulting from an increase in property tax revenue.

Grayson County maintains four road and bridge budgetary funds that are combined for financial statement reporting purposes. Each of the four funds is segregated for each of the four road and bridge precincts. The combined fund balance at September 30, 2024, is $5.6 million, which is fully restricted for road construction purposes. The road and bridge precinct fund balances increased $1.3 million during the fiscal year.

The Local Provider Participation Fund had a decrease in fund balance during the current year of $1.7 million. The decrease was due to a timing difference between mandatory collections received being less than payments made to the state.

The American Rescue Plan fund accounts for resources received from the federal government to respond to the COVID-19 pandemic. Fund balance ended at $0.8 million at the end of the year.

The State Highway 289 Bonds fund balance ended at $46,509, or an increase of $22,893. The increase was caused by intergovernmental revenue and property tax revenue exceeding debt service expeditures.

The Jail Expansion Project Fund was a new fund in 2023. The fund accounts for bonds issued to expand the County's Jail and ended with fund balance of $25.8 million.

Proprietary Funds

Grayson County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Airport at the end of the year amounted to $2.7 million. The total increase in net position for the fund was $504 thousand. Other factors concerning the finances of this fund have already been addressed in the discussion of Grayson County's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and (3) increases in appropriations that become necessary to maintain services.

Revenues were more than budgeted amounts mainly in the areas of intergovernmental revenue, grants, and other revenue. Expenditures were less than budgeted amounts in all areas, but the intergovernmental expenditure account. The County will continue their approach of conservative budgeting in subsequent years.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Grayson County's investment in capital assets as of September 30, 2024, amounts to $41.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, and bridges.

The following are the County's major capital asset additions:

- Construction in Progress for Jail Expansion $647,000
- John Deere 672G Motor Grader $383,000
- BOMAG BW211PD-5 Roller $173,000
- John Deere 544G Wheel Loader $202,000
- BOMAG BW11RH-5 Roller $122,000
- Caterpillar Model 140 Motor Grader $311,000
- Caterpillar 420 C4EX Backhoe Loader $149,000
- Construction in Progress for Dispatch Trunking upgrades and VHF retention $148,000

GRAYSON COUNTY'S CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	$ 3,460,349	$ 3,460,349	$ 2,829,106	$ 2,829,106	$ 6,289,455	$ 6,289,455
Construction in progress	2,808,612	2,013,698	-	-	2,808,612	2,013,698
Infrastructure	5,395,336	5,339,572	8,650,262	9,061,704	14,045,598	14,401,276
Buildings	7,254,650	7,911,280	1,087,023	1,145,662	8,341,673	9,056,942
Improvements other than buildings	321,660	349,008	832,031	339,455	1,153,691	688,463
Software	437,838	393,825	-	-	437,838	393,825
Machinery and equipment	8,306,017	7,699,186	193,632	187,486	8,499,649	7,886,672
Total capital assets	$ 27,984,462	$ 27,166,918	$ 13,592,054	$ 13,563,413	$ 41,576,516	$ 40,730,331

Additional information regarding the County's capital assets can be found in Note II C on pages 34-35 of this report.

Long-term Debt

At the end of the current fiscal year, Grayson County had total bonded debt of $36.0 million. A small portion of the debt service payments on this amount are funded through property taxes assessed annually. The larger portion of the debt payable will be funded using pass-through toll payments to be received from the Texas Department of Transportation (TxDOT) in connection with an agreement between TxDOT and the County to reimburse the County for debt incurred for Highway 289 expansion and upgrade costs.

GRAYSON COUNTY'S OUTSTANDING DEBT AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Pass-through Toll Revenue Bonds payable	$ 10,410,000	$ 15,315,000	$ -	$ -	$ 10,410,000	$ 15,315,000
Premium on Pass-through Toll Bonds	2,749,284	3,258,273	-	-	2,749,284	3,258,273
Certificates of Obligation payable	25,620,000	27,810,000	-	-	25,620,000	27,810,000
Subscriptions	338,201	341,146	-	-	338,201	341,146
Financed purchase	990,932	728,070	-	-	990,932	728,070
Compensated absences payable	1,360,161	1,381,743	17,737	15,782	1,377,898	1,397,525
Total	$ 41,468,578	$ 48,834,232	$ 17,737	$ 15,782	$ 41,486,315	$ 48,850,014

In 2007, Grayson County issued $63,725,000 of Pass-through Toll Revenue and Limited Tax Bonds. Proceeds from this bond issue was used to finance expansion of and improvements to State Highway 289 within the County, as well as pay for part of the costs of issuance of the bonds. In 2012 and 2013, a portion of the debt was refunded to take advantage of favorable interest rates. At September 30, 2024, the total remaining debt was $10,410,000. Certificates of Obligation have been issued in 2018 and 2023 to finance various projects.

Additional information on Grayson County's long-term debt can be found in Note II G on pages 37 – 37 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for Grayson County on September 30, 2024, is 3.8 percent, which is slightly more than the rate of 3.7 percent a year ago. This rate is lower than the state's unemployment rate of 4.0 percent, and lower than the national average of 3.9 percent.
- The continued growth northward from the Dallas area will continue to put demands on all aspects of County government.
- Grayson County is anticipating an expanding of the tax base in 2024, with indications that the tax base will continue to grow.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Grayson County Auditor, 100 West Houston Street, Sherman, Texas 75090.

BASIC
FINANCIAL STATEMENTS

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GRAYSON COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 79,508,300	$ 2,577,085	$ 82,085,385
Receivables (net of allowance for uncollectibles)	5,030,774	12,284,880	17,315,654
Intergovernmental receivable	11,415,722	-	11,415,722
Prepaid items	509,031	89,381	598,412
Capital assets not being depreciated	6,268,961	2,829,106	9,098,067
Capital assets, net of accumulated depreciation	21,715,501	10,762,948	32,478,449
Total assets	124,448,289	28,543,400	152,991,689
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	2,899,491	23,741	2,923,232
OPEB related	1,867,306	12,616	1,879,922
Total deferred outflows of resources	4,766,797	36,357	4,803,154
LIABILITIES			
Accounts payable	2,035,914	43,900	2,079,814
Intergovernmental payable	487,715	-	487,715
Accrued interest payable	405,365	-	405,365
Arbitrage payable	741,687	-	741,687
Accrued wages payable	1,463,192	16,856	1,480,048
Security deposits payable	-	40,638	40,638
Due to other governments	13,889	-	13,889
Unearned revenue	13,749,739	-	13,749,739
Noncurrent liabilities:			
Due within one year:			
Long-term debt	8,642,622	4,434	8,647,056
Total OPEB liability	490,482	3,291	493,773
Due in more than one year:			
Long-term debt	32,825,956	13,303	32,839,259
Net pension liability	4,648,642	38,064	4,686,706
Total OPEB liability	8,046,818	54,387	8,101,205
Total liabilities	73,552,021	214,873	73,766,894
DEFERRED INFLOWS OF RESOURCES			
Pension related	274,984	2,252	277,236
OPEB related	3,779,395	25,534	3,804,929
Lease related	1,161,562	12,015,968	13,177,530
Total deferred inflows of resources	5,215,941	12,043,754	17,259,695
NET POSITION			
Net investment in capital assets	24,378,947	13,592,054	37,971,001
Restricted for:			
Debt service	1,553,173	-	1,553,173
Capital projects	4,450,635	-	4,450,635
Road and bridge	6,102,221	-	6,102,221
Public health	3,570,799	-	3,570,799
Juvenile services	2,533,662	-	2,533,662
Election administration	108,200	-	108,200
Emergency management	257,796	-	257,796
Records management	1,879,412	-	1,879,412
Court security and technology	91,348	-	91,348
Tax accessor-collector operations	79,017	-	79,017
Law enforcement	246,767	-	246,767
Inmate welfare	662,713	-	662,713
Court management	971,537	-	971,537
Purpose of trust	81,336	-	81,336
Other	99,724	-	99,724
Unrestricted	3,379,837	2,729,076	6,108,913
Total net position	$ 50,447,124	$ 16,321,130	$ 66,768,254

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

GRAYSON COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions
Primary government			
Governmental activities:			
General government	$ 12,660,158	$ 5,788,785	$ 1,985,128
Judicial	10,367,525	577,984	555,276
Elections	882,176	-	165,983
Public safety	26,279,631	5,068,673	1,245,460
Highways and streets	9,908,287	3,361,317	23,008
Health and welfare	23,344,845	1,687,550	14,719,500
Culture and recreation	181,820	-	-
Conservation and development	671,543	-	-
Bond interest	1,455,797	-	-
Intergovernmental	270,900	-	-
Total governmental activities	86,022,682	16,484,309	18,694,355
Business-type activities:			
Grayson County Airport	1,824,645	1,794,283	104,625
Total business-type activities	1,824,645	1,794,283	104,625
Total primary government	$ 87,847,327	$ 18,278,592	$ 18,798,980

General revenues:
Taxes:
Property taxes, levied for general purposes
Property taxes, levied for debt service
Other taxes
Penalty and interest
Miscellaneous revenue
Investment earnings
Total general revenues

Change in net position

Net position - beginning

Net position - ending

Net (Expense) Revenue and Changes in Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ (4,886,245)	$ -	$ (4,886,245)
(9,234,265)	-	(9,234,265)
(716,193)	-	(716,193)
(19,965,498)	-	(19,965,498)
(6,523,962)	-	(6,523,962)
(6,937,795)	-	(6,937,795)
(181,820)	-	(181,820)
(671,543)	-	(671,543)
(1,455,797)	-	(1,455,797)
(270,900)	-	(270,900)
(50,844,018)	-	(50,844,018)
-	74,263	74,263
-	74,263	74,263
(50,844,018)	74,263	(50,769,755)
53,805,683	-	53,805,683
124,878	-	124,878
374,726	-	374,726
635,360	-	635,360
1,223,468	106,826	1,330,294
3,352,111	322,732	3,674,843
59,516,226	429,558	59,945,784
8,672,208	503,821	9,176,029
41,774,916	15,817,309	57,592,225
$ 50,447,124	$ 16,321,130	$ 66,768,254

GRAYSON COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

		Special Revenue Funds		
	General	Road and Bridge	Local Provider Participation	American Rescue Plan
ASSETS				
Cash and investments	$ 17,499,570	$ 5,899,192	$ 1,123,838	$ 14,487,343
Taxes receivable	1,312,193	189,928	-	-
Receivables (net of allowances)	163,626	525,510	701,098	-
Intergovernmental receivables	68,520	100,300	-	-
Due from other funds	172,193	-	-	-
Advance to other funds	1,172,047	-	-	-
Prepaid items	395,872	-	-	-
Total assets	20,784,021	6,714,930	1,824,936	14,487,343
LIABILITIES				
Accounts payable	747,000	382,849	-	679,728
Accrued wages payable	1,082,791	143,023	-	-
Due to other funds	-	-	-	-
Intergovernmental payable	487,715	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	500,000	-	-	12,969,114
Arbitrage Payable	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	2,817,506	525,872	-	13,648,842
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	1,153,829	165,172	-	-
Unavailable revenue-court fines	128,210	416,224	-	-
Unavailable revenue-TXDOT revenue	-	-	-	-
Deferred inflows - leases	-	-	-	-
Total deferred inflows of resources	1,282,039	581,396	-	-
FUND BALANCES				
Nonspendable:				
Advance to other funds	1,172,047	-	-	-
Prepaid items	395,872	-	-	-
Restricted for:				
Public health	-	-	1,824,936	838,501
Juvenile services	-	-	-	-
Election administration	-	-	-	-
Emergency management	-	-	-	-
Records management	-	-	-	-
Holiday lights	-	-	-	-
Court security and technology	-	-	-	-
Tax assessor-collector operations	-	-	-	-
Historical commission	-	-	-	-
District attorney operations	-	-	-	-
Law enforcement	-	-	-	-
Inmate welfare	-	-	-	-
Court management	-	-	-	-
Road and bridge	-	5,607,662	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Purpose of trust	-	-	-	-
Unassigned	15,116,557	-	-	-
Total fund balances	16,684,476	5,607,662	1,824,936	838,501
Total liabilities, fund balances, and deferred inflows of resources	$ 20,784,021	$ 6,714,930	$ 1,824,936	$ 14,487,343

Debt Service Fund State Highway 289 Bonds	Capital Projects Fund Jail Expansion Project	Other Governmental Funds	Total Governmental
$ 46,509	$ 26,595,058	$ 13,856,790	$ 79,508,300
-	-	79,648	1,581,769
-	-	2,058,771	3,449,005
10,563,250	-	683,652	11,415,722
-	-	-	172,193
-	-	-	1,172,047
-	-	113,159	509,031
10,609,759	26,595,058	16,792,020	97,808,067
-	-	226,337	2,035,914
-	-	237,378	1,463,192
-	-	172,193	172,193
-	-	-	487,715
-	-	13,889	13,889
-	-	280,625	13,749,739
-	741,687	-	741,687
-	-	1,172,047	1,172,047
-	741,687	2,102,469	19,836,376
-	-	68,014	1,387,015
-	-	52,521	596,955
10,563,250	-	-	10,563,250
-	-	1,161,562	1,161,562
10,563,250	-	1,282,097	13,708,782
-	-	-	1,172,047
-	-	113,159	509,031
-	-	907,362	3,570,799
-	-	2,533,662	2,533,662
-	-	108,200	108,200
-	-	257,796	257,796
-	-	1,879,412	1,879,412
-	-	249,641	249,641
-	-	91,348	91,348
-	-	79,017	79,017
-	-	7,646	7,646
-	-	99,724	99,724
-	-	246,767	246,767
-	-	662,713	662,713
-	-	971,537	971,537
-	-	373,617	5,981,279
46,509	-	1,468,809	1,515,318
-	25,853,371	4,447,755	30,301,126
-	-	81,336	81,336
-	-	(1,172,047)	13,944,510
46,509	25,853,371	13,407,454	64,262,909
$ 10,609,759	$ 26,595,058	$ 16,792,020	$ 97,808,067

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GRAYSON COUNTY, TEXAS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

Total fund balances, governmental funds	$ 64,262,909
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	27,984,462
Deferred outflows of resources for pension-related activities are not included in the fund financial statements, but are included in the Statement of Net Position.	2,899,491
Deferred outflows of resources for OPEB-related activities are not included in the fund financial statements, but are included in the Statement of Net Position.	1,867,306
Some liabilities, such as long-term bonds payable, leases, and compensated absences, are not due and payable in the current period and are not included in the fund financial statements, but are reported in the Statement of Net Position.	
Bonds payable	(38,779,284)
Financed purchases	(990,932)
Subscriptions	(338,201)
Compensated absences	(1,360,161)
Net pension liability	(4,648,642)
Total OPEB liability	(8,537,300)
Interest on long-term debt	(405,365)
The portion of certain receivable not collected soon enough to pay for the current period's expenditures are deferred in the funds.	
Intergovernmental	10,563,250
Property taxes	1,387,015
Court fines	596,955
Deferred inflows of resources for pension-related activities are not included in the fund financial statements, but are included in the Statement of Net Position.	(274,984)
Deferred inflows of resources for OPEB-related activities are not included in the fund financial statements, but are included in the Statement of Net Position.	(3,779,395)
Net position of governmental activities	$ 50,447,124

GRAYSON COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

		Special Revenue Funds		
	General	Road and Bridge	Local Provider Participation	American Rescue Plan
REVENUES				
Taxes:				
Property	$ 42,030,252	$ 7,504,192	$ -	$ -
Other	374,726	-	-	-
Penalty and interest on taxes	513,090	82,360	-	-
Licenses and permits	634,557	-	-	-
Intergovernmental revenue	1,935,953	238,856	-	794,914
Charges for services	2,811,828	521,537	-	-
Fines	-	736,184	-	-
Forfeits	34,650	-	-	-
Vehicle registration fees	1,939,803	1,794,712	-	-
Investment earnings	1,251,794	292,714	-	620,033
Contributions and donations	221,000	23,008	13,373,929	-
Other revenue	120,995	845	-	-
Total revenues	51,868,648	11,194,408	13,373,929	1,414,947
EXPENDITURES				
Current:				
General government	11,818,863	-	-	-
Judicial	9,667,027	-	-	-
Elections	839,885	-	-	-
Public safety	22,026,475	-	-	-
Highways and streets	-	8,973,207	-	-
Health and welfare	5,252,355	-	15,113,072	647,075
Culture and recreation	158,599	-	-	-
Conservation and development	691,997	-	-	-
Debt service:				
Principal	194,348	524,703	-	-
Interest	10,880	31,430	-	-
Capital outlay	875,686	1,250,030	-	147,839
Intergovernmental	253,500	-	-	-
Total expenditures	51,789,615	10,779,370	15,113,072	794,914
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	79,033	415,038	(1,739,143)	620,033
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	51,106	89,712	-	-
Issuance of subscriptions	191,403	-	-	-
Issuance of financed purchase	-	808,097	-	-
Insurance recoveries	559,392	9,828	-	-
Transfers in	465,410	-	-	-
Transfers out	(462,030)	-	-	(465,410)
Total other financing sources and uses	805,281	907,637	-	(465,410)
NET CHANGE IN FUND BALANCES	884,314	1,322,675	(1,739,143)	154,623
FUND BALANCES, BEGINNING	15,800,162	4,284,987	3,564,079	683,878
FUND BALANCES, ENDING	$ 16,684,476	$ 5,607,662	$ 1,824,936	$ 838,501

Debt Service Fund State Highway 289 Bonds	Capital Projects Fund Jail Expansion Project	Other Governmental Funds	Total Governmental
$ 78,875	$ -	$ 4,228,783	$ 53,842,102
-	-	-	374,726
38,563	-	1,347	635,360
-	-	336,568	971,125
5,281,625	-	3,578,406	11,829,754
-	-	6,227,238	9,560,603
-	-	43,529	779,713
-	-	61,442	96,092
-	-	-	3,734,515
3,218	642,128	561,827	3,371,714
-	-	220,293	13,838,230
-	-	2,926	124,766
5,402,281	642,128	15,262,359	99,158,700
575	-	759,860	12,579,298
-	-	1,033,718	10,700,745
-	-	51,289	891,174
-	-	4,559,753	26,586,228
-	-	328,255	9,301,462
-	-	2,393,533	23,406,035
-	-	64,734	223,333
-	-	-	691,997
4,905,000	-	2,210,532	7,834,583
473,813	-	1,449,474	1,965,597
-	-	248,486	2,522,041
-	-	17,400	270,900
5,379,388	-	13,117,034	96,973,393
22,893	642,128	2,145,325	2,185,307
-	-	18,758	159,576
-	-	-	191,403
-	-	-	808,097
-	-	-	569,220
-	-	627,351	1,092,761
-	-	(165,321)	(1,092,761)
-	-	480,788	1,728,296
22,893	642,128	2,626,113	3,913,603
23,616	25,211,243	10,781,341	60,349,306
$ 46,509	$ 25,853,371	$ 13,407,454	$ 64,262,909

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GRAYSON COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net change in fund balances - governmental funds balance sheet	$ 3,913,603
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	
Capital outlay	4,279,810
Depreciation	(3,430,569)
Disposal of capital assets	(31,697)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	
Property taxes	88,459
Court fines	32,257
Intergovernmental	(5,281,625)
Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of debt principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.	
Issuance of bonds, leases and subscriptions, financed purchases	(999,500)
Principal repayment	7,834,583
Amortization of premiums	508,989
Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in the governmental funds:	
Interest	811
Pension cost	1,749,867
Other postemployment benefits cost	(14,362)
Compensated absences	21,582
Change in net position of governmental activities	$ 8,672,208

GRAYSON COUNTY, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2024

	Grayson County Airport
ASSETS	
Current assets:	
Cash and investments	$ 2,577,085
Accounts receivable	12,284,880
Prepaid expenses	89,381
Total current assets	14,951,346
Noncurrent assets:	
Capital assets:	
Land	2,829,106
Infrastructure	29,827,976
Buildings	6,284,964
Improvements other than buildings	986,867
Machinery and equipment	559,349
Accumulated depreciation	(26,896,208)
Total noncurrent assets	13,592,054
Total assets	28,543,400
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	23,741
OPEB related	12,616
Total deferred outflows of resources	36,357
LIABILITIES	
Current liabilities:	
Accounts payable	43,900
Accrued wages payable	16,856
Security deposits payable	40,638
Compensated absences	4,434
Total OPEB liability	3,291
Total current liabilities	109,119
Noncurrent liabilities:	
Compensated absences	13,303
Net pension liability	38,064
Total OPEB liability	54,387
Total noncurrent liabilities	105,754
Total liabilities	214,873
DEFERRED INFLOWS OF RESOURCES	
Pension related	2,252
OPEB related	25,534
Lease related	12,015,968
Total deferred inflows of resources	12,043,754
NET POSITION	
Net investment in capital assets	13,592,054
Unrestricted	2,729,076
Total net position	$ 16,321,130

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

GRAYSON COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Grayson County Airport
OPERATING REVENUES	
Rents and royalties	$ 1,555,679
Charges for services	238,604
Other revenue	106,826
Total operating revenues	1,901,109
OPERATING EXPENSES	
Salaries and benefits	400,980
Purchased professional services	237,840
Purchased property services	482,370
Other operating expenses	26,008
Depreciation	677,447
Total operating expenses	1,824,645
OPERATING INCOME (LOSS)	76,464
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental revenue	104,625
Investment earnings	322,732
Total nonoperating revenues (expenses)	427,357
CHANGE IN NET POSITION	503,821
TOTAL NET POSITION, BEGINNING	15,817,309
TOTAL NET POSITION, ENDING	$ 16,321,130

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

GRAYSON COUNTY, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Grayson County Airport
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	$ 1,901,109
Cash payments to employees for services	(370,600)
Cash payments for other operating expenses	(854,853)
Net cash provided (used) by operating activities	675,656
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(706,088)
Net cash provided (used) by capital and related financing activities	(706,088)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from other governments	104,625
Net cash provided (used) by noncapital financing activities	104,625
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	322,732
Net cash provided (used) by investing activities	322,732
NET INCREASE IN CASH AND CASH EQUIVALENTS	396,925
CASH AND CASH EQUIVALENTS, BEGINNING	2,180,160
CASH AND CASH EQUIVALENTS, ENDING	$ 2,577,085
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating gain (loss)	$ 76,464
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	677,447
Changes in assets and liabilities:	
Decrease (increase) in due from other receivables	(1,283,997)
Decrease (increase) in prepaid expenses	(16,954)
Decrease (increase) in deferred outflows	14,108
Increase (decrease) in accounts payable	(19,046)
Increase (decrease) in accrued wages payable	3,115
Increase (decrease) in security deposits payable	23,963
Increase (decrease) in compensated absences	1,955
Increase (decrease) in net pension liability (asset)	(28,136)
Increase (decrease) in total OPEB liability	17,446
Increase (decrease) in deferred inflows related to pensions	(2,071)
Increase (decrease) in deferred inflows	1,211,362
Net cash provided (used) by operating activities	$ 675,656

GRAYSON COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

ALL FIDUCIARY FUNDS

SEPTEMBER 30, 2024

	Custodial Funds
ASSETS	
Cash and cash equivalents	$ 17,151,505
Total assets	17,151,505
LIABILITIES	
Due to other governments	4,189,417
Due to individuals and organizations	16,642
Total liabilities	4,206,059
NET POSITION	
Restricted for:	
Trust beneficiaries	11,885,291
Individuals and organizations	1,060,155
Total net position	$ 12,945,446

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

GRAYSON COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

ALL FIDUCIARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Custodial Funds
ADDITIONS	
Registry deposits	$ 9,551,462
Receipts from inmates	998,254
State fee collections	854,979
Appellate justice system collections	14,978
Restitution collections	395,369
Hot check collections	193,206
Tax collections	287,731,494
Vehicle registration collections	39,998,085
Cash bond receipts	371,831
Investment earnings	119,240
Total additions	340,228,898
DEDUCTIONS	
Registry withdrawals	5,775,881
Inmate disbursements	244,988
Disbursements to others	758,640
State fee disbursements	854,979
Appellate justice system disbursements	14,978
Seizure disbursements	80,714
Restitution paid	395,369
Hot check disbursements	193,206
Tax disbursements	287,731,494
Vehicle registration disbursements	39,998,085
Refunds	321,881
Total deductions	336,370,215
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	3,858,683
NET POSITION, BEGINNING	9,086,763
NET POSITION, ENDING	$ 12,945,446

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of Grayson County, Texas (the "County"), have been prepared in conformity with generally accepted accounting principles (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. These notes to the financial statements are an integral part of the basic financial statements of the County. The following is a discussion of the more significant accounting policies utilized by the County.

A. Reporting Entity

Accounting standards establish criteria that should be considered and evaluated along with other judgmental factors before a decision is made to include one governmental unit with another governmental unit for the purpose of issuing basic financial statements. The five criteria considered were 1) financial accountability, 2) appointment of a voting majority, 3) imposition of will, 4) financial benefit to or a burden on a primary government, and 5) financial accountability as a result of fiscal dependency.

In evaluating how to define the County for financial reporting purposes, management has considered all potential component units. The decision on whether or not to include a potential component unit in the reporting entity was made by applying the criteria set forth in the preceding paragraph.

The County is a partner in a joint venture with various local governmental units. These governments have formed the Juvenile Detention Center of Grayson, Cooke, and Fannin Counties, which provides residential services for juveniles of any County. This joint venture does not meet the criteria stated above for inclusion in the County's financial statements and has no equity interest to require its inclusion as an investment in the County's financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and service charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements because they cannot be used for the County's operations. Major individual governmental funds and the major individual Enterprise Fund are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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 are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The County reports the following major governmental funds:

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

The ***Road and Bridge Fund*** is used to account for the operation, construction and maintenance of roads and bridges. Financing is provided by a special annual property tax levy to the extent miscellaneous revenue (principally fines and fees of office) are not sufficient to provide such financing. The County is divided into four precincts; each precinct is provided with a separate budget administered by the County Commissioner elected from such precinct.

The ***Local Provider Participation Fund*** is used to account for the revenues from mandatory payments that may be required by the County from an institutional healthcare provider to fund certain intergovernmental transfers and indigent care programs.

The ***American Rescue Plan Fund*** is used to account for monies received from the Coronavirus State and Local Fiscal Recovery Fund as part of the American Rescue Plan Act that was passed by the Federal Government in response to the COVID-19 pandemic.

The ***State Highway 289 Bonds Fund*** is used to accumulate monies for payment of obligations related to the issuance of debt for the costs of upgrading Highway 289. Monies received through the Toll Revenue Agreement with Texas Department of Transportation are legally restricted to servicing this debt until the bond issue is retired.

The ***Jail Expansion Project Fund*** is used to accumulate monies from Certificates of Obligation Series 2023, which will be used to fund the expansion of the County jail in downtown Sherman, Texas.

Additionally, the County reports the following proprietary fund:

Enterprise Funds account for the operation of the North Texas Regional Airport. All activities necessary to provide for the Airport's services are accounted for in this fund, including, but not limited to, administration, operations, and maintenance.

Additionally, the County reports the following fiduciary fund types:

Custodial funds account for monies held for various agencies and entities, but not held in a trust.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

1. Cash and Investments

Cash includes amounts in demand deposit and savings accounts, as well as short-term investments with a maturity date within three months of the date acquired by the County.

The County is legally permitted to purchase as investments or collateralize deposits with the following types of instruments: (1) obligations of the United States or its agencies; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities and other political subdivisions of any state having an investment quality rating of A; (5) certificates of deposit issued by state or national banks domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or secured by obligations described in (1) through (4) above; and (6) fully collateralized direct repurchase agreements.

2. Inventories and Prepaid Items

Inventories of supplies are no longer maintained on hand. Supplies are expensed when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

3. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of sixty days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is based on historical collection experience.

Property taxes are levied prior to October 1 of each year and become delinquent on the subsequent February 1. Delinquent real property taxes are expected to be collected, as these delinquent amounts are a lien against the related property until paid. These amounts are classified as noncurrent and are reflected on the balance sheets of the related funds. A corresponding balance is reflected as deferred revenue as these amounts are not available spendable resources.

Collections of the current year's levy are reported as current revenue if received by September 30 (within 8 months of the January 31 due date). Collections received thereafter are reported as delinquent tax revenue.

4. *Leases and Subscription-based Information Technology Arrangements*

The County is a participant in noncancellable leases of equipment and subscription-based IT arrangements (SBITAs). The County recognizes liabilities and intangible right-to-use assets (assets) in the government-wide financial statements.

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

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

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

- The agreement term includes the noncancellable period of the lease or SBITA.

- The payments included in the measurement of the liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its leases and SBITAs and will remeasure the assets and liabilities if certain changes occur that are expected to significantly affect the amount of the liabilities.

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

<u>The County as a Lessor</u>

The County is a lessor in several lease arrangements. Accounting standards require the lessor to recognize a lease receivable at the present value of lease payments anticipated to be received during the lease term, reduced by any provisions for estimated uncollectible amounts. A deferred inflow is recorded at the initial value of the lease receivable, plus the amount of any payments received at or before the commencement of the least term that relate to future periods. The County continues to report the underlying lease asset in its financial statements.

The County reports lease revenue systematically over the term of the lease. Interest revenue is calculated using the discount rate on each lease receivable in subsequent financial reporting periods.

5. Capital Assets

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

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

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

Assets	Years
Buildings	20 - 50
Improvements	5 - 50
Equipment	5 - 20
Infrastructure	35 - 125
Right-to-use equipment	5 - 20
Right-to-use subscriptions	3 - 5

6. Deferred Outflows/Inflows of Resources

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

- Deferred charge on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.

- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

- Changes in actuarial assumptions – The changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

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

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

- Difference in projected and actual earnings on pension liability – The difference is deferred and amortized over a closed five-year period.

- Changes in actuarial assumptions – The changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

7. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Accrued sick pay benefits are lost upon termination. The maximum amount of vacation leave that can be carried over at the end of the calendar year is 160 hours. Time in excess of the 160-hour limit will not be advanced to the next calendar year. Payments in lieu of accrued vacation may be made from the elected official's budget for time in excess of the 160-hour limit if approved by Commissioners' Court. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

8. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. In the fund financial statements, the face amount of debt issued is reported as other financing sources for the governmental fund types. For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as another financing source. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are charged to current operations rather than being deferred and amortized due to the relatively immaterial effect on the basic financial statements taken as a whole.

9. Pensions

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

10. Other Post-Employment Benefits

For purposes of measuring the total OPEB liability, related deferred outflows and inflows of resources, and total OPEB expense under the retiree health plan, information about the plan is obtained from a report prepared for the County by the consulting actuary, GRS.

11. Net Position Flow Assumption

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

12. Fund Balance Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

13. Fund Balance Classification

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

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

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

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

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

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

14. Net Position

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. (Net investment in capital assets, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.) Net position is reported as restricted when there are limitations improved on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

II. DETAILED NOTES ON ALL FUNDS

A. <u>Cash and Investments</u>

Legal and Contractual Provisions Governing Deposits and Investments

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

At September 30, 2024, the total reported value of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was:

	Reported Value	Weighted Average Maturity (Days)
Cash Deposits	$ 52,592,586	n/a
Simmons Bank - CDARS	1,141,690	248
Texas Connect	2,013,741	31
Logic	26,337,368	46
Total	$ 82,085,385	
Portfolio weighted average maturity		53

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

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

TexPool and Logic have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy. That policy addresses the following risks:

Custodial Credit Risk – Cash 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 investment policy requires that all County funds be collateralized or insured consistent with federal and state law and the current bank depository contract through either FDIC insurance coverage or with obligations of the United States or its agencies and instrumentalities. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2024, 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.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of September 30, 2024, TexPool's investment credit quality rating was AAAm and LOGIC's investment credit quality rating was Aaa/MRI+ as rated by Standard & Poor's.

B. Property Taxes

Property subject to taxation consists of real property and certain personal property situated in the County. Certain properties of religious, educational and charitable organizations, including the federal government and the State of Texas, are exempt from taxation. Additionally, there are other exemptions, in arriving at the total assessed valuation of property subject to County taxation. The valuations are subject to countywide revaluation every year. The effective tax rate is computed based upon the previous year's total assessed valuation.

Portions of the adopted tax rate are assessed and designated for specific purposes. These designated tax revenues are deposited into funds created for the accumulation and disbursement of these revenues. The following schedule details the components of the 2023 tax rate allocated to each fund:

	Rate Per $100
Road and bridge fund (special revenue)	$ 0.041844
Permanent improvement fund (capital projects)	0.000612
Debt Service	0.023491
General fund	0.239153
Total	$ 0.305100

Ad valorem taxes are levied prior to October 1 and are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty. Taxes become delinquent February 1 of each year and are subject to simple interest of 12% per annum, plus a 6% penalty for the first calendar month such taxes are delinquent, plus an additional 2 percent each month thereafter not to exceed 12%.

Taxes on real property attach as an enforceable lien as of January 1 and are a lien against such property until paid. The County may foreclose on real property upon which it has a lien for unpaid taxes. Delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title to the property. Any liens and subsequent suits against the taxpayer for payment of delinquent personal property taxes are barred unless instituted within four years from the time such taxes become delinquent. Unlike real property, the sale or transfer of most personal property does not require any evidence that taxes thereon are paid.

C. Capital Assets

Capital assets activity for the year ended September 30, 2024, are as follows:

	Beginning Balance	Additions	Reclassifications/ Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 3,460,349	$ -	$ -	$ 3,460,349
Construction in progress	2,013,698	794,914	-	2,808,612
Total assets not being depreciated	5,474,047	794,914	-	6,268,961
Capital assets, being depreciated:				
Infrastructure	104,118,229	869,627	(320,006)	104,667,850
Buildings	29,728,931	-	-	29,728,931
Improvements other than buildings	1,093,916	19,966	(38,547)	1,075,335
Right-to-use subscriptions	442,224	192,403	-	634,627
Machinery and equipment	27,808,300	2,402,900	(788,861)	29,422,339
Total capital assets being depreciated	163,191,600	3,484,896	(1,147,414)	165,529,082
Less accumulated depreciation:				
Infrastructure	(98,778,657)	(813,863)	320,006	(99,272,514)
Buildings	(21,817,651)	(656,630)	-	(22,474,281)
Improvements other than buildings	(744,908)	(48,429)	39,662	(753,675)
Right-to-use subscriptions	(48,399)	(148,390)	-	(196,789)
Machinery and equipment	(20,109,114)	(1,763,257)	756,049	(21,116,322)
Total accumulated depreciation	(141,498,729)	(3,430,569)	1,115,717	(143,813,581)
Total capital assets being depreciated, net	21,692,871	54,327	(31,697)	21,715,501
Governmental activities capital assets, net	$ 27,166,918	$ 849,241	$ (31,697)	$ 27,984,462

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 2,829,106	$ -	$ -	$ 2,829,106
Total assets not being depreciated	2,829,106	-	-	2,829,106
Capital assets, being depreciated:				
Infrastructure	29,733,931	94,045	-	29,827,976
Buildings	6,284,964	-	-	6,284,964
Improvements other than buildings	426,886	559,981	-	986,867
Machinery and equipment	507,287	52,062	-	559,349
Total capital assets being depreciated	36,953,068	706,088	-	37,659,156
Less accumulated depreciation:				
Infrastructure	(20,672,227)	(505,487)	-	(21,177,714)
Buildings	(5,139,302)	(58,639)	-	(5,197,941)
Improvements other than buildings	(87,431)	(67,405)		(154,836)
Machinery and equipment	(319,801)	(45,916)	-	(365,717)
Total accumulated depreciation	(26,218,761)	(677,447)	-	(26,896,208)
Total capital assets being depreciated, net	10,734,307	28,641	-	10,762,948
Business-type activities capital assets, net	$ 13,563,413	$ 28,641	$ -	$ 13,592,054

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

Governmental activities:	
General government	$ 503,829
Judicial	17,404
Public safety	1,180,382
Health and welfare	57,380
Highways and streets	1,671,574
Total	$ 3,430,569
Business-type activities:	
Airport	$ 677,447
Total	$ 677,447

D. Interfund Receivables, Payables, Advances and Transfers

Interfund balances during the year ended September 30, 2024, consisted of the following amounts:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	$ 172,193

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

Interfund advances during the year ended September 30, 2024, consisted of the following amounts:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	$ 1,172,047

The amounts payable to the General Fund relate to working capital loans made to the Detention Center Renovation Fund.

Interfund transfers during the year ended September 30, 2024, consisted of the following amounts:

Transfer From	Transfer To	Amount	Explanation
General fund	Nonmajor governmental	$ 462,030	Supplement fund resources
American Rescue Plan	General fund	465,410	Reimburse grant expenditures
Nonmajor governmental	Nonmajor governmental	165,321	Supplement fund resources
Total		$ 1,092,761	

E. Leases Receivable

The County has entered into various leases for buildings, land, and hangar space as a lessor. The leases carry interest rates ranging from 0.25% to 4.26% and monthly payment amounts range from $97 to $16,500.

Principal and interest receipts to maturity are as follows:

Year Ending	Business-type Activities		Governmental Activities		
September 30,	Principal	Interest	Principal	Interest	Total
2025	$ 1,380,741	$ 219,883	$ 71,441	$ 18,559	$ 1,690,624
2026	1,143,402	196,668	72,598	17,402	1,430,070
2027	1,096,846	177,737	73,774	16,226	1,364,583
2028	905,829	159,505	74,969	15,031	1,155,334
2029	798,539	142,948	76,183	13,817	1,031,487
2030 - 2034	2,826,071	514,933	399,826	50,174	3,791,004
2035 - 2039	939,328	348,667	418,260	16,741	1,722,996
2040 - 2044	636,839	274,917	-	-	911,756
2045 - 2049	586,649	212,801	-	-	799,450
2050 - 2054	432,124	163,807	-	-	595,931
2055 - 2059	429,201	124,263	-	-	553,464
2060 - 2064	451,694	82,763	-	-	534,457
2065 - 2069	491,130	38,595	-	-	529,725
2070 - 2074	156,574	2,344	-	-	158,918
Total	$ 12,274,967	$ 2,659,831	$ 1,187,051	$ 147,950	$ 16,269,799

F. Investments in Joint Venture

The Cooke, Fannin, and Grayson County Juvenile Detention Center (Detention Center) was established under an interlocal agreement between the three participating counties (Participants) dated July 13, 1983. The Center provides probation, detention and diagnostic services for juveniles under the jurisdiction of the Participants and is available to other entities on a fee basis. The Detention Center is managed by a board of directors, which is composed of seven members, three appointed by the Commissioners of Grayson County, and two members each appointed by the Commissioners of Cooke and Fannin Counties, respectively. The Detention Center was constructed with grant funds and amounts contributed by the three Participants. Grayson County has been recognized as the administrative entity for financial activities and personnel support and benefits by contract dated October 31, 1983. All costs associated with the Detention Center after applicable charges and grants are shared by the Participants and are allocated as follows: Cooke, 20%; Fannin, 20%; and Grayson, 60%. The County has an ongoing financial responsibility because the Detention Center's continued existence depends upon the continual funding by its members. The Detention Center does not have stock and the members do not have an explicit, measurable right to the net resources of the Detention Center; therefore, no equity interest exists.

Complete financial statements of the individual joint venture can be obtained from its administrative office as follows: Cooke, Fannin and Grayson County, Juvenile Detention Center, 86 Dyess Street, Denison, Texas 75020.

G. Long-term Debt

Pass-through Toll Revenue and Limited Tax Bonds

On February 1, 2007, Grayson County issued $63,725,000 of Pass-through Toll Revenue and Limited Tax Bonds, Series 2007 (the "Bonds"). The Bonds were issued pursuant to the authority granted to the County by Chapter 1479, Texas Government Code, as amended; and the "Order Authorizing the Issuance of Grayson County, Texas Pass-through Toll Revenue and Limited Tax Bonds, Series 2007" adopted by the Commissioners' Court on January 22, 2007, (the "Order"). The Order authorizes the issuance of the Bonds payable in whole or in part from payments (the "Payments") received by the County pursuant to a Pass-through Toll Agreement effective as of November 17, 2006, (the "Agreement") between the County and the Texas Department of Transportation (the "Department"), an agency of the State of Texas charged with administering state and federal funds for highway construction and maintenance.

Proceeds from the sale of the Bonds were used for (i) designing, developing, financing, constructing, extending, expanding or improving a non-toll project or facility for State Highway 289, a part of the state highway system located in the County, (ii) capitalizing a portion of the interest on the Bonds, and (iii) paying the costs of issuing the Bonds.

In June 2012 and March 2013, the County issued Pass-through Toll Revenue and Limited Tax Refunding Bonds, Series 2012 and Series 2013, respectively. The bonds were issued to refund the Series 2007 bonds mentioned above and carry interest rates ranging from 3.0% to 5.0% and 1.62% and 4.5%, respectively. The Bonds were issued pursuant to the authority granted to the County by Chapter 1479, Texas Government Code, as amended; Chapter 1207, Texas Government Code, as amended; and an Order adopted by the Commissioners Court of the County. The Bonds are obligations of the County which are payable in whole or in part from a first lien on the Payments, including the pledged revenues and the payments, and are further secured by the County's pledge of an ad valorem tax upon all taxable property within the County to the extent the Security is not sufficient. It should be noted that the Series 2012 bond matured during fiscal year 2022, therefore any maturity schedules will only reflect the Series 2013 bond.

Combination Tax and Revenue Certificates of Obligation

Certificate of Obligation, Series 2018

In October 2018, Grayson County issued $9,415,000 of Combination Tax and Revenue Certificates of Obligation, Series 2018. The Bonds were issued pursuant to the general laws of the State of Texas, including Subchapter C of Chapter 271, Texas Local Government Code, as amended, Chapter 502, Texas Transportation Code, and an order adopted by the Commissioners Court of the County. The certificates constitute direct obligations of the County, payable from a combination of the (i) levy and collection of a direct and continuing ad valorem tax on all taxable property within the County and (ii) limited pledge (not to exceed $1,000) of the revenues the County receives from vehicle registration fees authorized pursuant to Chapter 502, Texas Transportation Code.

The Certificates are being issued for the purpose of paying contractual obligations for constructing or improving any road in the County and paying costs of issuance.

Certificate of Obligation, Series 2023

In June 2023, Grayson County issued $22,715,0000 of Combination Tax and Revenue Certificates of Obligation, Series 2023. The Bonds were issued pursuant to the general laws of the State of Texas, including Subchapter C of Chapter 271, Texas Local Government Code, as amended and an order adopted by the Commissioners Court of the County. The certificates constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax on all property within the County.

The Certificates are being issued for the purpose of paying contractual obligations for expanding, renovating, repairing, improving, and equipping the existing county jail.

Remedy in the Event of Default

Should the County default on the Certificates noted above, the registered owners of the Certificates only practical remedy is a mandamus or mandatory injunction proceeding to compel the County to levy, assess, and collect an annual ad valorem tax sufficient to pay principal of and interest on the Certificates as they become due.

Debt Service Requirements

Annual debt service requirements to maturity for the Pass-through Revenue and Limited Tax Bonds, Series 2013 are as follows:

Year Ending	Governmental Activities		Total
September 30,	Principal	Interest	Requirements
2025	5,115,000	261,150	5,376,150
2026	5,295,000	79,425	5,374,425
Total	$ 10,410,000	$ 340,575	$ 10,750,575

Annual debt service requirements to maturity for the Combination Tax and Revenue Certificates of Obligations, Series 2018 are as follows:

Year Ending	Governmental Activities		Total
September 30,	Principal	Interest	Requirements
2025	980,000	166,200	1,146,200
2026	1,015,000	127,000	1,142,000
2027	1,060,000	86,400	1,146,400
2028	1,100,000	44,000	1,144,000
Total	$ 4,155,000	$ 423,600	$ 4,578,600

Annual debt service requirements to maturity for the Combination Tax and Revenue Certificates of Obligations, Series 2023 are as follows:

Year Ending	Governmental Activities		Total
September 30,	Principal	Interest	Requirements
2025	1,370,000	1,073,250	2,443,250
2026	1,445,000	1,004,750	2,449,750
2027	1,515,000	932,500	2,447,500
2028	1,590,000	856,750	2,446,750
2029-2033	15,545,000	2,407,250	17,952,250
Total	$ 21,465,000	$ 6,274,500	$ 27,739,500

Subscriptions Payable

In 2024, the County had 4 active subscriptions. The subscriptions have payments that range from $16,000 to $91,080 and interest rates that range from 2.43% to 3.74%. As of September 30, 2024, the total combined value of the subscription liability is $338,199, and the total combined value of the short-term subscription liability is $139,076. The combined value of the right to use asset, as of September 30, 2024 of $634,627 with accumulated amortization of $196,789 is included within the subscription class activities table found below. The subscriptions had $0 of variable payments and $0 of Other Payments, not included in the subscription liability, within the fiscal year.

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

Year Ending	Governmental Activities		Total
September 30,	Principal	Interest	Requirements
2025	139,076	9,204	148,280
2026	110,422	5,358	115,780
2027	88,703	2,379	91,082
Total	$ 338,201	$ 16,941	$ 355,142

Financed Purchases

The County has financed the purchase of equipment for each of its Road & Bridge precincts and Justice Center. The financing arrangements mature from fiscal years 2025 to 2027 and carry interest rates ranging from 2.34% - 6.95%. Annual payments range from $33,526 to $291,420.

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

Year Ending September 30,	Governmental Activities Principal	Governmental Activities Interest	Total Requirements
2025	$ 698,506	$ 57,528	$ 756,034
2026	164,532	16,902	181,434
2027	127,894	8,173	136,067
Total	$ 990,932	$ 82,603	$ 1,073,535

Changes in Long-term Liabilities

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

Description	Beginning Balance	Additions	Retirements	Ending Balance	Due within One year
Governmental activities:					
Pass-through toll revenue and limited tax refunding bonds, Series 2013	$ 15,315,000	$ -	$ 4,905,000	$ 10,410,000	$ 5,115,000
Combination Tax and Revenue Certificates of Obligation, Series 2018	5,095,000	-	940,000	4,155,000	980,000
Combination Tax and Revenue Certificates of Obligation, Series 2023	22,715,000	-	1,250,000	21,465,000	1,370,000
Premium on pass-through toll revenue and limited tax bonds	3,258,273	-	508,989	2,749,284	-
Financed purchases	728,070	808,097	545,235	990,932	698,506
Subscriptions	341,146	191,403	194,348	338,201	139,076
Compensated absences	1,381,743	1,998,888	2,020,470	1,360,161	340,040
Governmental activities long-term liabilities	$ 48,834,232	$ 2,998,388	$ 10,364,042	$ 41,468,578	$ 8,642,622
Business-type activities:					
Compensated absences	$ 15,782	$ 14,051	$ 12,096	$ 17,737	$ 4,434
Business-type activities long-term liabilities	$ 15,782	$ 14,051	$ 12,096	$ 17,737	$ 4,434

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

H. <u>Disaggregation of Receivables</u>

Receivables on the fund financial statements at September 30, 2024, are as follows:

	General	Road and Bridge	Local Provider Participation	State Highway 289 Bonds	Other Governmental	Total Governmental Activities
Governmental activities:						
Property taxes	$ 2,411,827	$ 349,092	$ -	$ -	$ 146,394	$ 2,907,313
Accounts	532,129	1,834,715	701,098	-	1,017,524	4,085,466
Accrued interest	-	-	-	-	1,590	1,590
Leases	-	-	-	-	1,187,051	1,187,051
Intergovernmental	68,520	100,300	-	10,563,250	683,652	11,415,722
Gross receivable	3,012,476	2,284,107	701,098	10,563,250	3,036,211	19,597,142
Less: allowance for uncollectibles	(1,468,137)	(1,468,369)	-	-	(214,140)	(3,150,646)
Total	$ 1,544,339	$ 815,738	$ 701,098	$ 10,563,250	$ 2,822,071	$ 16,446,496

I. Federal Arbitrage

The Tax Reform act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, it could result in a substantial liability to the County. The County has engaged an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations and the County has reported an arbitrage liability at year end in the amount of $741,687.

J. Commitments and Contingencies

Contingent Liabilities

The County is in compliance with all terms of bond indenture agreements, all contracts, and federal, state and local laws and regulations. The various federal and state financial awards and contracts in which the County participates are subject to program compliance audits. The audits of these programs have not yet been accepted by the granting agencies. The amount, if any, which may be disallowed, cannot be determined at this time, although the County expects such amounts, if any, to not be material. Accordingly, no liabilities have been accrued as a contingency related to compliance matters.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

Economic Development Agreement

The County negotiates property tax abatement agreements on an individual basis. The County has tax abatements with twelve entities as of September 30, 2024:

Purpose	Percent abated during fiscal year	Dollar amount abated during fiscal year
Taxpayer will build 120 room hotel with a 23,000 sq/ft converence center.	100%	$ 44,081
Taxpayer commits to continued local development.	46%	401,267
Taxpayer commits to improvements to property within Industrial Reinvestment Zone.	45%	11,875
Taxpayer will invest up to $6 milion for facilities, equipment and personal property	40%	10,625
Taxpayer invest a minimum of $6 million.	40%	6,068
Taxpayer will invest and $20 - $30 million in real property in the County and $120 million in equipment.	55%	169,760
Taxpayer will invest $50 million in improvements and add 100 new employees.	50%	56,766
Taxpayer will invest $10 - $12 million in real property and personal property in the County.	50%	9,727
Total		$ 710,169

K. Defined Benefit Pension Plan

Plan Description

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

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

Benefits Provided

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

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

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

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	383
Inactive employees entitled to but not yet receiving benefits	583
Active employees	572
Total	1,538

Contributions

The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participate over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the County were required to contribute 4% of their annual gross earnings during the fiscal year. The contribution rates for the County were 9.07% and 9.24% in calendar years 2023 and 2024, respectively. The County's contributions to TCDRS for the year ended September 30, 2024, were $3,342,952 and were equal to the required contributions.

Net Pension Liability

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

Actuarial Assumptions

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

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	7.50% (Gross of administrative expenses)

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

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

The actuarial assumptions that determined the total pension liability as of December 31, 2023, were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020, except for mortality assumptions. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted.

The long-term expected rate of return on pension plan investments is 7.50%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. The application of the investment return assumption was changed for purposes of determining plan liabilities in the 2018 actuarial valuation. All plan liabilities are now valued using an 7.60% discount rate. Previously, some liabilities were valued using a 8% discount rate and others were valued using a 9% discount rate.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2023 information for a 10-year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2023. The target allocation and best estimates of geometric real rates return for each major asset class are summarized in the following table:

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

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

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

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

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

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

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.6%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statue. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2022	$ 144,264,871	$ 134,625,061	$ 9,639,810
Changes for the year:			
Service cost	2,996,553	-	2,996,553
Interest on total pension liability (1)	10,912,077	-	10,912,077
Effect of economic/demographic gains or losses	135,890	-	135,890
Refund of contributions	(289,664)	(289,664)	-
Benefit payments	(7,150,173)	(7,150,173)	-
Administrative expenses	-	(76,332)	76,332
Member contributions	-	1,348,769	(1,348,769)
Net investment income	-	14,765,354	(14,765,354)
Employer contributions	-	3,058,338	(3,058,338)
Other (2)	-	(98,505)	98,505
Balance at 12/31/2023	$ 150,869,554	$ 146,182,848	$ 4,686,706

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

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

In governmental activities, the net pension liability is typically liquidated by the General Fund.

Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 7.6%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.6%) or 1-percentage-higher (8.6%) than the current rate:

	1% Decrease 6.6%	Current Discount Rate 7.6%	1% Increase 8.6%
Total pension liability	$ 170,232,408	$ 150,869,554	$ 134,634,330
Fiduciary net position	146,182,848	146,182,848	146,182,848
Net pension liability/(asset)	$ 24,049,560	$ 4,686,706	$ (11,548,518)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2024, the County recognized pension expense of $1,534,912.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 124,158	$ 194,024
Changes in actuarial assumptions	-	83,212
Difference between projected and actual investment earnings	403,585	-
Contributions subsequent to the measurement date	2,395,489	-
Total	$ 2,923,232	$ 277,236

$2,395,489 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended September 30,	
2025	$ (1,274,002)
2026	(517,460)
2027	2,972,675
2028	(930,706)

L. Postemployment Benefits Other Than Pensions (OPEB) – Retiree Health Plan

Plan Description. The County provides certain health care benefits through a single-employer defined benefit Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other Than Pensions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Regular, fulltime employees are eligible to participate in the health care plan as a retiree at a rate that is subsidized by the County. The retiree pays from 35% to 70% of the premium, depending on the plan in which they participate. Members are eligible at any age with 30 years of service or at age 60 with 8 years of service, or if the retiree's age plus service equals 75. Spouses and dependents of eligible retirees are also eligible.

Benefits and Contributions. When a regular, fulltime employee retires they are eligible to continue to participate in the County's group health insurance plan up until age 65. Members who terminate employment prior to retirement are not eligible for retiree health care benefits. Retirees are eligible for health care until they become Medicare eligible. The retiree pays full Medicare premiums. Retirees who decide to opt-out for the health care plan are not eligible to opt back in when coverage from another entity ceases. As of January 1, 2020, the County ended the Medicare Supplement Plan for Post 65 Retirees.

Retirees are responsible for payment of premiums for any dependent coverage, and the County pays a portion of the retirees premiums. The County's contributions to the OPEB for the year ended September 30, 2024, were $572,233, which equal benefit payments for retirees.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	38
Active members	480
Total	518

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	December 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Inflation Rate	2.50%
Salary Increases	0.40% to 5.25%, not including wage inflation of 3.00%
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2020 as conducted for the Texas County and District Retirement System (TCDRS).
Mortality	For healthy retirees, the Pub-2010 General Retirees Tables for males and females are used with male rates multiplied by 135% and female rates 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.
Health care cost trend rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years.
Participation rates	65% for eligible retirees
Discount rate	3.77% as of December 31, 2023

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

A Single Discount Rate of 3.77% was used to measure the total OPEB liability. This Single Discount Rate was based on the municipal bond rates as of the measurement date. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2023.

Changes in the Total OPEB Liability

The County's total OPEB liability of $8,594,978 was measured as of December 31, 2023 and was determined by an actuarial valuation as of December 31, 2022.

	Total OPEB Liability
Balance at 12/31/2022	$ 7,077,885
Changes for the year:	
Service cost	575,932
Interest on the total liability	288,681
Difference between expected and actual experience	213,587
Changes in assumptions and other inputs	929,376
Benefit payments	(490,483)
	1,517,093
Balance at 12/31/2023	$ 8,594,978

In the governmental activities, the total OPEB liability is typically liquidated by the General Fund.

Changes in assumptions and other inputs reflect a change in the discount rate from 4.05% to 3.77%.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.77%) in measuring the total OPEB liability.

	1% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
County's total OPEB liability	$ 9,344,353	$ 8,594,978	$ 7,915,033

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
County's total OPEB liability	$ 7,671,683	$ 8,594,978	$ 9,690,626

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

For the year ended September 30, 2024, the County recognized OPEB expense $572,233. At September 30, 2024, the County reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 328,690	$ 710,218
Changes in actuarial assumptions	1,161,314	3,094,711
Contributions subsequent to the measurement date	389,918	-
Total	$ 1,879,922	$ 3,804,929

$389,918 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the County paid with own assets and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2025. Other amounts of the reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2025	$ (382,168)
2026	(419,547)
2027	(340,273)
2028	(421,680)
2029	(421,680)
Thereafter	(329,577)

M. <u>Stewardship, Compliance, and Accountability</u>

As of year-end, the Detention Center Renovation had a deficit fund balance of $1,172,047. The deficit in this fund will be eliminated as resources are obtained (e.g. from future revenues and transfers in).

N. <u>Risk Management</u>

The County provides medical insurance for its employees through Texas Association of Counties. The County pays an average of $1,150 per month per participating employee for this coverage. The total cost to the County for providing medical insurance benefits for its employees for the year ended September 30, 2024, was $6,515,522.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

_______________, 2025

$___________
GRAYSON COUNTY, TEXAS
TAX NOTES, SERIES 2025

WE HAVE ACTED AS BOND COUNSEL in connection with the issuance by Grayson County, Texas (the "County") of its $___________ aggregate original principal amount of Tax Notes, Series 2025, dated May 1, 2025 (the "Notes").

IN OUR CAPACITY AS BOND COUNSEL, we have examined the Notes for the sole purpose of rendering an opinion with respect to the legality and validity of the Order of the Commissioners Court of the County authorizing the issuance of the Notes (the "Order") and of the Notes under the Constitution and laws of the State of Texas, and with respect to the excludability of the interest on the Notes from gross income for federal income tax purposes. We have not been requested to investigate or verify, and have not investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the County.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas. We have also examined applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations, and published rulings of the Internal Revenue Service as we have deemed relevant, a transcript of certified proceedings of the County and other pertinent instruments authorizing and relating to the issuance of the Notes, including: (1) the Order, (2) the registered Initial Note numbered I-1 and (3) the County's Arbitrage and Tax Certificate.

BASED ON OUR EXAMINATION, we are of the opinion that:

1. The Notes are valid and legally binding obligations of the County enforceable in accordance with their terms, except as their enforceability may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights generally and as may be affected by matters involving the exercise of equitable or judicial discretion.

2. The Notes are secured by and payable from the levy of a direct and continuing annual ad valorem tax upon all taxable property within the County, without legal limit as to rate or amount, sufficient for said purposes, as provided in the Order.

3. Interest on the Notes is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code and will not constitute a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax.

In rendering this opinion, we have assumed continuing compliance by the County with the covenants contained in the Order and the Arbitrage and Tax Certificate, that it will comply with the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the Notes and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the County to comply with such covenants could result in the interest on the Notes being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the Notes.

The opinions set forth above 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 these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; 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. We observe that the County has covenanted in the Order 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 Notes as includable in gross income for federal income tax purposes.

Respectfully,

Financial Advisory Services
Provided By

ESTRADA HINOJOSA
INVESTMENT BANKERS