HTS Continuing Disclosure Services
A Division of Hilltop Securities.

(See "Continuing Disclosure Information" herein.)

PRELIMINARY OFFICIAL STATEMENT

Dated: November 8, 2024

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

NEW ISSUE - Book-Entry-Only

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

THE CERTIFICATES ***WILL NOT BE*** DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

$318,765,000*
ECTOR COUNTY, TEXAS
CERTIFICATES OF OBLIGATION, SERIES 2024

Dated Date: December 1, 2024
(Interest accrues from Date of Delivery)

Due: February 15, as shown on page 2

PAYMENT TERMS... Interest on the $318,765,000* Ector County, Texas Certificates of Obligation, Series 2024 (the "Certificates"), will accrue from the date of initial delivery to the underwriters shown below (the "Underwriters"), will be payable initially on February 15, 2025 and each August 15 and February 15 thereafter, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Certificates will be issued as fully registered obligations in denominations of $5,000 of principal amount or any integral multiple thereof for any one stated maturity. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in authorized denominations thereof. No physical delivery of the Certificates will be made to the beneficial owners thereof. The principal of and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "THE CERTIFICATES - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "THE CERTIFICATES - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE... The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and an order to be passed by the Commissioners' Court of the County on November 19, 2024 (the "Order"). The Certificates constitute direct obligations of Ector County, Texas (the "County"), payable from a continuing ad valorem tax levied on all taxable property within the County, within the limits prescribed by law, and a limited pledge of certain revenues derived from the operation of the County's jail, as provided in the Order (see "THE CERTIFICATES - Authority for Issuance").

PURPOSE... Proceeds from the sale of the Certificates will be used for (i) the designing, constructing, renovating, equipping, enlarging, and improving a new county courthouse facility, including related parking facilities, site improvements and infrastructure, the acquisition of land and rights of way therefor and any necessary or related removal of existing facilities in connection therewith; (ii) designing, constructing, renovating, equipping, enlarging, and improving juvenile detention facilities, including the acquisition of land and rights-of-way therefor and (iii) the payment of professional services and costs of issuance related to the Certificates (see "THE CERTIFICATES – Purpose" and "THE CERTIFICATES – Sources and Uses of Proceeds").

MATURITY SCHEDULE - SEE SCHEDULE ON PAGE 2
CUSIP PREFIX: 279245

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

DELIVERY...It is expected that the Certificates will be available for delivery through DTC on December 19, 2024 (the "Date of Delivery").

FROST BANK

ESTRADA HINOJOSA
RAYMOND JAMES

PNC CAPITAL MARKETS LLC
SIEBERT WILLIAMS SHANK

* Preliminary, subject to change.

MATURITY SCHEDULE*

Principal Amount	Maturity (2/15)	Interest Rate	Initial Yield	CUSIP [(1)]	Principal Amount	Maturity (2/15)	Interest Rate	Initial Yield	CUSIP [(1)]
$ 4,965,000	2026				$ 13,840,000	2039			
5,215,000	2027				14,550,000	2040			
5,485,000	2028				15,295,000	2041			
5,760,000	2029				16,080,000	2042			
6,060,000	2030				16,905,000	2043			
6,370,000	2031				17,770,000	2044			
6,695,000	2032				18,680,000	2045			
7,040,000	2033				19,640,000	2046			
7,405,000	2034				20,645,000	2047			
7,780,000	2035				21,705,000	2048			
10,190,000	2036				22,820,000	2049			
10,715,000	2037				23,990,000	2050			
13,165,000	2038								

(Interest to accrue from the Date of Delivery)

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

* Preliminary, subject to change.

(1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the County, the Financial Advisor, or the Underwriters take any responsibility for the accuracy of such numbers.

USE OF INFORMATION IN THE OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended and in effect on the date of this Preliminary Official Statement ("Rule 15c2-12"), this document constitutes an "official statement" of the County with respect to the Certificates that has been "deemed final" by the County as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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

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

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

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

NONE OF THE COUNTY, THE UNDERWRITERS OR THE FINANCIAL ADVISOR MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION WAS PROVIDED BY THE DEPOSITORY TRUST COMPANY.

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

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

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

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

TABLE OF CONTENTS

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

OFFICIAL STATEMENT SUMMARY

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

THE COUNTY	Ector County, Texas (the "County") is a political subdivision of the State of Texas located in west Texas. The County covers approximately 906 square miles (see "INTRODUCTION - Description of the County").
THE CERTIFICATES	The $318,765,000* Certificates of Obligation, Series 2024 (the "Certificates") are issued as serial Certificates maturing on February 15 in the years 2026 through 2050, inclusive (see "THE CERTIFICATES - Description of the Certificates").
PAYMENT OF INTEREST	Interest on the Certificates accrues from the date of their delivery to the Underwriters and is payable on February 15, 2025 and each August 15 and February 15 thereafter until maturity or prior redemption (see "THE CERTIFICATES - Description of the Certificates").
AUTHORITY FOR ISSUANCE	The Certificates are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and an order to be passed by the Commissioners' Court of the County on November 19, 2024. The Certificates constitute direct obligations of the County, payable from a continuing ad valorem tax levied on all taxable property within the County, within the limits prescribed by law, and a limited pledge of certain revenues derived from the operation of the County's jail, as provided in the Order authorizing the Certificates (the "Order") (see "THE CERTIFICATES - Authority for Issuance").
SECURITY FOR THE CERTIFICATES	The Certificates constitute direct obligations of the County, payable from a direct and continuing annual ad valorem tax levied on all taxable property within the County, within the legal limits prescribed by law, and a limited pledge ($1,000) of certain revenues derived from the operation of the County's Jail, as provided in the Order (see "THE CERTIFICATES - Security and Source of Payment").
NOT QUALIFIED TAX-EXEMPT OBLIGATIONS	The Certificates will not be designated as "Qualified Tax-Exempt Obligations" for financial institutions (see "TAX MATTERS").
REDEMPTION	The County reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 20__, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption (see "THE CERTIFICATES – Optional Redemption").
TAX EXEMPTION	In the opinion of Bond Counsel, the interest on the Certificates is excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel.
USE OF PROCEEDS	Proceeds from the sale of the Certificates will be used for (i) the designing, constructing, renovating, equipping, enlarging, and improving a new county courthouse facility, including related parking facilities, site improvements and infrastructure, the acquisition of land and rights of way therefor and any necessary or related removal of existing facilities in connection therewith; (ii) designing, constructing, renovating, equipping, enlarging, and improving juvenile detention facilities, including the acquisition of land and rights-of-way therefor and (iii) the payment of professional services and costs of issuance related to the Certificates (see "THE CERTIFICATES – Purpose" and "THE CERTIFICATES – Sources and Uses of Proceeds").
RATINGS	The Certificates and the presently outstanding tax supported debt of the County are rated "AA-" by Fitch Ratings ("Fitch") and "AA-" by S&P Global Inc. ("S&P") without regard to credit enhancement (see "OTHER INFORMATION - Ratings").

* Preliminary, subject to change.

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

PAYMENT RECORD .... The County has never defaulted in payment of its general obligation tax debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated County Population [1]	Taxable Assessed Valuation [2]	Per Capita Taxable Assessed Valuation	Funded Tax Debt At End of Year	Per Capita Funded Tax Debt	Ratio Funded Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections
2021	137,130	$ 15,599,160,860	$ 113,755	$ 44,070,000	$ 321	0.28%	98.57%
2022	165,171	15,289,495,515	92,568	41,955,000	254	0.27%	98.48%
2023	165,171	17,291,300,162	104,687	39,735,000	241	0.23%	98.79%
2024	165,171	20,475,898,056	123,968	37,405,000	226	0.18%	97.70% [4]
2025	170,806 [3]	20,403,301,171	119,453	353,720,000 [3]	2,071 [3]	1.73% [3]	N/A

____
(1) Source: the U.S. Census.
(2) Odessa Texas Economic Development
(3) As reported by the Ector County Appraisal District on the County's annual State Property Tax Board Reports; subject to change during the ensuing year.
(4) Includes the Certificates. Preliminary, subject to change.
(5) Unaudited collections through September 30, 2024.

GENERAL FUND REVENUE AND EXPENDITURE SUMMARY

	Fiscal Year Ended September 30,				
	2024[1]	2023	2022	2021	2020
Beginning Balance	$ 26,355,350	$ 20,844,324	$ 17,196,040	$ 18,534,198	$ 19,849,302
Total Revenue	77,462,163	70,551,357	63,178,493	65,633,705	67,948,925
Total Expenditures	67,100,440	64,672,044	61,442,685	61,065,757	65,381,293
Net Transfers	-	(368,287)	1,912,476	(5,906,106)	(3,882,736)
Ending Balance	$ 36,717,073	$ 26,355,350	$ 20,844,324	$ 17,196,040	$ 18,534,198

____
(1) Unaudited.

COUNTY OFFICIALS, STAFF AND CONSULTANTS

ELECTED AND APPOINTED OFFICIALS

County Officials	Title	Length of Service to County	Term Expires
Dustin Fawcett	County Judge	2 years	12/31/2026
Mike Gardner	County Commissioner, Precinct No. 1	3 Years	12/31/2028
Greg Simmons	County Commissioner, Precinct No. 2	25 Years	12/31/2026
Don Stringer	County Commissioner, Precinct No. 3	3 Years	12/31/2024
Billy Hall	County Commissioner, Precinct No. 4	2 Years	12/31/2026
Tristan Marquez	County Auditor	16 Years	9/30/2025
Cleopatra Anderson-Callaway	County Treasurer	30 Years	12/31/2026
Jennifer Martin	County Clerk	24 Years	12/31/2026

CONSULTANTS AND ADVISORS

Auditors .... Whitley Penn LLP
Odessa, Texas

Bond Counsel .... Norton Rose Fulbright US LLP
Dallas, Texas

Financial Advisor.. Hilltop Securities Inc.
Dallas, Texas

For additional information regarding the County, please contact:

Tristan Marquez County Auditor Ector County 1010 East 8th Street Odessa, TX 79761 (432) 498-4099	or	George H. Williford Managing Director Hilltop Securities Inc. 717 N. Harwood Street, Suite 3400 Dallas, Texas 75201 (214) 953-8705

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PRELIMINARY OFFICIAL STATEMENT

RELATING TO

$318,765,000*
ECTOR COUNTY, TEXAS
CERTIFICATES OF OBLIGATION, SERIES 2024

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $318,765,000* Ector County, Texas, Certificates of Obligation, Series 2024 (the "Certificates"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Order (hereinafter defined) authorizing the issuance of the Certificates, except as otherwise indicated herein.

This Official Statement contains descriptions of the Certificates and certain information regarding Ector County, Texas (the "County") and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the County's Financial Advisor, Hilltop Securities Inc., Dallas, Texas.

DESCRIPTION OF THE COUNTY... The County was organized in 1891 and operates as specified under the Constitution of the State of Texas and statutes which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one from each of four geographical Commissioners Precincts. The County Judge is elected for a term of four years and the Commissioners for four year staggered terms. Other major County elective officers include the County Clerk and County Treasurer. The County Auditor is appointed for a term of two years by and serves at the will of the District Judges whose courts are located in Ector County. The 2024 estimated population for the County is 170,806. The County covers approximately 902 square miles.

THE CERTIFICATES

DESCRIPTION OF THE CERTIFICATES ... The Certificates are dated December 1, 2024. Interest on the Certificates will accrue from the date of their delivery to the Underwriters, and such interest is payable on February 15 and August 15 in each year, commencing on February 15, 2025, until maturity or prior redemption. The Certificates will mature on the dates, in the principal amounts, and will bear interest at the rates set forth on page 2 of this Official Statement, and such interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

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

The Certificates will be issued only in fully registered form and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. The Certificates will be issued in denominations of $5,000 of principal amount or any integral thereof within a maturity. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** The principal of and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "THE CERTIFICATES - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE… The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and an order to be passed by the Commissioners' Court of the County on November 19, 2024 (the "Order"). The Certificates constitute direct obligations of Ector County, Texas (the "County"), payable from a continuing ad valorem tax levied on all taxable property within the County, within

* Preliminary, subject to change.

the limits prescribed by law, and a limited pledge ($1,000) of certain revenues derived from the operation of the County's Jail, as provided in the Order.

PURPOSE… Proceeds from the sale of the Certificates will be used for (i) the designing, constructing, renovating, equipping, enlarging, and improving a new county courthouse facility, including related parking facilities, site improvements and infrastructure, the acquisition of land and rights of way therefor and any necessary or related removal of existing facilities in connection therewith; (ii) designing, constructing, renovating, equipping, enlarging, and improving juvenile detention facilities, including the acquisition of land and rights-of-way therefor and (iii) the payment of professional services and costs of issuance related to the Certificates (see "THE CERTIFICATES – Sources and Uses of Proceeds").

SECURITY AND SOURCE OF PAYMENT. . .The Certificates constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property in the County, and a limited pledge ($1,000) of certain revenues derived from the operation of the County's jail, as provided in the Order.

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

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

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

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

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

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

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

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

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

Optional Redemption... The County reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 20__, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

If less than all of the Certificates are to be redeemed, the County may select the maturities of the Certificates to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed.

Notice of Redemption... Not less than 30 days prior to a redemption date for the Certificates, the County shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Certificates to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice.

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

ANY NOTICE SO MAILED WILL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, AND ANY CONDITIONS STATED IN THE NOTICE HAVING BEEN MET, THE CERTIFICATES CALLED FOR REDEMPTION WILL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY CERTIFICATE OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH CERTIFICATE OR PORTION THEREOF WILL CEASE TO ACCRUE.

The Paying Agent/Registrar and the County, so long as a Book-Entry-Only System is used for the Certificates, will send any notice of redemption, notice of proposed amendment to the Order or other notices only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates by the County will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Certificates held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificates from the beneficial owners. Any such selection of Certificates to be redeemed will not be governed by the Order and will not be conducted by the County or the Paying Agent/Registrar. Neither the County nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Certificates for redemption (see "THE CERTIFICATES - Book-Entry-Only System").

Defeasance... The Order provides for the defeasance of the Certificates when payment of the principal amount of the Certificates plus interest accrued on the Certificates to their due date (whether such due date be by reason of stated maturity, redemption or otherwise), is provided by irrevocably depositing with a paying agent, or other authorized escrow agent, in trust (1) money in an amount sufficient to make such payment and/or (2) Government Securities, which Government Securities have been certified by its financial advisor, the Paying Agent/Registrar, an independent certified public accountant, or another qualified third party to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Certificates, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof. The County has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the County moneys in excess of the amount required for such defeasance. The Order provides that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America and (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the County authorizes the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Government Security will be maintained at any particular rating category.

Upon such deposit as described above, such Certificates shall no longer be regarded as being outstanding or unpaid and will cease to be outstanding obligations secured by the Order or treated as debt of the County for purposes of taxation or applying any limitation on the County's ability to issue debt or for any purpose other than to receive payment. The County has reserved the option, however, to be exercised at the time of the defeasance of the Certificates, to call for redemption, at an earlier date, those Certificates which have been defeased to their maturity date, if the County: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call such Certificates for redemption; (ii) gives notice of the reservation of that right to the owners of such Certificates immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

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

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered 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 maturity of the Certificates, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

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

Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's 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 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name”, and will be the responsibility of such Participant and not of DTC or its nominee, the Paying Agent/Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments on the Certificates to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the County or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT…In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

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

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

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

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

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

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

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

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

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

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

AMENDMENT… The County may, without the consent of or notice to any holders, from time to time and at any time, amend the Order in any manner not detrimental to the interests of the holders, including the curing of any ambiguity, inconsistency, or formal defect of omission herein. In addition, the County may, with the consent of holders holding a majority in aggregate principal amount of the Certificates then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Order; provided that, without the consent of all holders of outstanding Certificates, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Certificates, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required to be held by holders for consent to any such amendment, addition, or rescission.

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

Sources of Funds	
Par Amount of Certificates	
Reoffering Premium	
Total Uses of Funds	$ -
Uses of Funds	
Deposit to Project/Construction Fund	
Cost of Issuance and Underwriters' Discount	
Deposit of Rounding Amount to Debt Service Fund	
Total Uses of Funds	$ -

AD VALOREM PROPERTY TAXATION

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

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

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

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

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

STATE MANDATED HOMESTEAD EXEMPTIONS . . . State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty. Effective January 1, 2024, appraisal districts are prohibited from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "Subjected Property") whose appraised values are not more than $5 million dollars (the "Maximum Property Value") to an amount not to exceed the lesser of: (1) the market value of the subjected property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the subjected property for the preceding tax year; (b) the appraised value of the subjected property for the preceding tax year; and (c) the market value of all new improvements to the subjected property (collectively, the "Appraisal Cap"). After the 2024 tax year, through December 31, 2026, the Appraisal Cap may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the Maximum Property Value.

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

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

PERSONAL PROPERTY . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

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

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or outside the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or outside the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

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

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

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER…The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. The Texas Legislature amended Section 11.35, Tax Code to clarify that "damage" for purposes of such statute is limited to "physical damage." For more information on the exemption, reference is made to Section 11.35 of the Property Tax Code, as amended.

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

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. For a discussion of how the various exemptions described above are applied by the County, see "AD VALOREM PROPERTY TAXATION - County Application of Tax Code" herein.

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

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

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

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

Public Hearing and Maintenance and Operations Tax Rate Limitations . . . The following terms as used in this section have the meanings provided below:

> “adjusted” means lost values are not included in the calculation of the prior year’s taxes and new values are not included in the current year’s taxable values.
>
> “de minimis rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted), plus the rate that produces an additional $500,000 in tax revenue when applied to the current year’s taxable value, plus the debt service tax rate.
>
> “foregone revenue amount” means the greater of zero or the amount expressed in dollars calculated according to the following formula: the voter-approval tax rate less the actual tax rate, then multiplied by the taxing unit’s current total value in the applicable preceding tax year.
>
> “no-new-revenue tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year’s total tax levy (adjusted) from the current year’s total taxable values (adjusted). Certain counties for which certain expenditures for indigent legal defense or certain hospital expenditures exceed the amount for such expenditures for the preceding tax year, may increase their no-new-revenue tax rate proportionately with such expenditures in the manner provided by the Property Tax Code.
>
> "preceding total value” means a taxing unit’s current total value in the applicable preceding tax year.
>
> “special taxing unit” means a county for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value.
>
> "unused increment rate" means the greater of (i) zero; or (ii) the sum of the foregone revenue amount for each of the tax years 2021 foregone revenue amount, the 2022 foregone revenue amount, and 2023 foregone revenue amount divided by the current total value.
>
> “voter-approval tax rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the unused increment rate.

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

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

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

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

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

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

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

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

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

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

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

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

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

COUNTY APPLICATION OF TAX CODE . . . The County grants an exemption of $25,000 to the market value of the residence homestead of persons 65 years of age or older and an exemption of $3,000 to the market value of the residence homestead of disabled persons.

The County has granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of $5,000.

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

The County has adopted the tax freeze for citizens who are disabled or are 65 years of age or older.

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

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

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

The County does not tax freeport property.

The County has taken action to tax goods-in-transit.

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

The County does participate in a TIF, the "County Energy Transportation Reinvestment Zone Number One, County of Ector" (the "Zone No. 1"). Zone No. 1 was created to collect an ad valorem tax increment to promote one or more transportation infrastructure projects in areas affected by increased oil and gas exploration or production in Ector County. The base year for purposes of determining the subsequent tax increment for the Ector County Energy Transportation Reinvestment Zone No. 1 was 2014, being the tax year of adoption of the Order Authorizing the Creation of a County Energy Transportation Reinvestment Zone, on January 27, 2014.

The County has not entered into any Chapter 380 agreements.

TAX ABATEMENT POLICY . . . The County has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must meet several criteria pertaining to job creation and property value enhancement. See Table 1 for more information.

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TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2024/2025 Market Valuation Established by the Ector County Appraisal District (excluding totally exempt property)		$ 23,090,344,377
Less Exemptions/Reductions at 100% Market Value:		
Residence Homestead	$ 1,309,222,524	
Over 65	363,282,233	
Disabled Veterans/Persons Exemptions	59,300,870	
Productivity Loss	386,258,980	
Cap Loss	46,385,912	
20% Cap Circuit Breaker	87,902,196	
Freeport Loss	173,941,125	
Pollution Control Loss	136,968,205	
Abatement Loss	122,771,866	
Tax Exempt Prorations	1,009,295	
		$ 2,687,043,206
2024/25 Taxable Assessed Valuation		$ 20,403,301,171
County Funded Debt Payable from Ad Valorem Taxes as of October 1, 2024		
Outstanding Debt	$ 34,955,000	
The Certificates [1]	318,765,000	
Funded Debt Payable from Ad Valorem Taxes		$ 353,720,000
Ratio General Obligation Debt to 2024/25 Taxable Assessed Valuation		1.73%

2024 Estimated Population - 165,171
Per Capita 2024/25 Taxable Assessed Valuation - $123,528
Per Capita Funded Debt Payable from Ad Valorem Taxes - $2,142

(1) Preliminary, subject to change.

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TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Fiscal Year Ended September 30,					
	2025		2024		2023	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	$ 9,256,811,361	40.09%	$ 8,634,205,682	37.82%	$ 8,219,208,847	41.79%
Real, Residential, Multi Family	796,096,463	3.45%	668,846,688	2.93%	592,377,630	3.01%
Real, Vacant Lots/Tracts	361,653,356	1.57%	328,079,779	1.44%	297,561,887	1.51%
Real, Acreage (Land Only)	398,220,978	1.72%	397,635,643	1.74%	392,260,265	1.99%
Farm and Ranch Improvements	51,537,703	0.22%	52,029,447	0.23%	90,348,022	0.46%
Real, Commercial and Industrial	3,822,036,613	16.55%	3,511,381,243	15.38%	3,373,176,170	17.15%
Real, Oil, Gas/Other Mineral Resrvs	2,043,185,301	8.85%	3,222,154,479	14.11%	2,017,938,502	10.26%
Real Tangible Personal, Utilities	1,622,332,409	7.03%	1,471,495,922	6.44%	962,262,830	4.89%
Personal Commercial and Industrial	4,102,305,363	17.77%	3,922,067,632	17.18%	3,114,145,098	15.84%
Mobile Homes	505,822,046	2.19%	504,475,830	2.21%	508,931,473	2.59%
Residential Real Inventory	5,161,855	0.02%	2,417,246	0.01%	4,230,436	0.02%
Special Property, Inventory	125,180,929	0.54%	116,823,382	0.51%	93,500,565	0.48%
Total Before Exemptions	$ 23,090,344,377	100.00%	$ 22,831,612,973	100.00%	$ 19,665,941,725	100.00%
Less: Total Exemptions/Reductions	(2,687,043,206)		(2,355,714,917)		(2,374,641,563)	
Taxable Assessed Value	$ 20,403,301,171		$ 20,475,898,056		$ 17,291,300,162	

	Fiscal Year Ended September 30,			
	2022		2021	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	$ 7,571,748,667	32.79%	$ 7,099,373,352	40.48%
Real, Residential, Multi Family	635,333,947	2.75%	712,079,510	4.06%
Real, Vacant Lots/Tracts	233,220,080	1.01%	199,037,367	1.13%
Real, Acreage (Land Only)	280,206,032	1.21%	290,475,812	1.66%
Farm and Ranch Improvements	65,585,365	0.28%	89,831,987	0.51%
Real, Commercial and Industrial	3,178,253,516	13.76%	3,185,119,492	18.16%
Real, Oil, Gas/Other Mineral Resrvs	1,071,387,505	4.64%	1,449,606,430	8.27%
Real Tangible Personal, Utilities	649,747,341	2.81%	519,262,501	2.96%
Personal Commercial and Industrial	3,188,595,882	13.81%	3,400,487,892	19.39%
Mobile Homes	505,089,599	2.19%	480,906,911	2.74%
Residential Real Inventory	4,716,966	0.02%	5,315,854	0.03%
Special Property, Inventory	86,316,945	75.29%	105,009,538	0.60%
Total Before Exemptions	$ 17,470,201,845	150.57%	$ 17,536,506,646	100.00%
Less: Total Exemptions/Reductions	(2,180,706,330)		(1,937,345,786)	
Taxable Assessed Value	$ 15,289,495,515		$ 15,599,160,860	

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

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TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population [1]	Taxable Assessed Valuation [2]	Taxable Assessed Valuation Per Capita	Tax Debt Outstanding at End of Year	Ratio Tax Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2021	137,130	$ 15,599,160,860	$ 113,755	$ 44,070,000	0.28%	$ 321
2022	165,171	15,289,495,515	92,568	41,955,000	0.27%	254
2023	165,171	17,291,300,162	104,687	39,735,000	0.23%	241
2024	165,171	20,475,898,056	123,968	37,405,000	0.18%	226
2025	165,171	20,403,301,171	123,528	353,720,000 [3]	1.73% [3]	2,142 [3]

(1) Source: County Officials.
(2) As reported by the Ector County Appraisal District on the County's annual State Property Tax Reports; subject to change during the ensuing year.
(3) Includes the Certificates. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	Actual Tax Levy	% Current Collections	% Total Collections
2020	$ 0.36500	$ 58,210,739	96.32%	97.74%
2021	0.36500	56,941,026	96.78%	98.57%
2022	0.36500	55,806,659	96.34%	98.48%
2023	0.35000	60,519,551	96.68%	98.79%
2024	0.35000	71,665,643	96.39% [1]	97.70% [1]

(1) Unaudited collections through September 30, 2024.

TABLE 5 - TAX RATE DISTRIBUTION

	Fiscal Year Ending September 30,				
	2025	2024	2023	2022	2021
Operating Fund	$ 0.331364	$ 0.331223	$ 0.328409	$ 0.339580	$ 0.342535
Interest and Sinking Fund	0.018636	0.018777	0.021591	0.025420	0.022465
Total Constitutional Tax Rate	$ 0.350000	$ 0.350000	$ 0.350000	$ 0.365000	$ 0.365000

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TABLE 6 - TEN LARGEST TAXPAYERS(1)

Name of Taxpayer	Nature of Property	2024/25 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Diamondback E&P LLC	Oil & Gas	$ 418,202,218	2.05%
Oncor Electric Delivery Company LLC	Utility	343,446,720	1.68%
Halliburton Manufacturing & LC LLC	Oil & Gas	305,516,550	1.50%
EOG Resources Inc.	Oil & Gas	222,500,622	1.09%
Fasken Oil & Ranch Ltd	Oil & Gas	219,513,073	1.08%
DCP Operating Company LP	Oil & Gas	201,417,579	0.99%
La Frontera Holdings LLC	Oil & Gas	174,704,441	0.86%
COG Operating LLC	Oil & Gas	161,191,985	0.79%
GCC Permian LLC	Oil & Gas	131,285,141	0.64%
Cipher Mining Technologies	Bitcoin Mining	121,197,953	0.59%
		$ 2,298,976,282	11.29%

(1) The 2024-2025 Top Ten Taxpayers in the County currently account for over 11% of the County's tax base, with the majority of such property comprised of oil and gas and related business activities, thereby creating a concentration risk for the County. Adverse developments in economic conditions, especially in the oil and gas industries, could adversely impact the businesses that own such properties in the County and the tax values in the County, resulting in less local tax revenue. Economic and market forces, such as a downturn in the economy, or legislative changes impacting county funding or property taxation, for example, can also affect assessed values, particularly as these forces might trigger an increase in foreclosures or in delinquent tax payments or in the number of requests submitted to the assessment appeals board for a reduction in assessed value of taxable property in the County.

TABLE 7 - TAX ADEQUACY(1)

2025 Principal and Interest Requirements	$ 11,780,188
$0.0602 Tax Rate at 96% Collection Produces	$ 11,791,476
Average Annual Principal and Interest Requirements, 2025 - 2050	$ 24,095,837
$0.1231 Tax Rate at 96% Collection Produces	$ 24,111,805
Maximum Annual Principal and Interest Requirements, 2034	$ 24,590,453
$0.1256 Tax Rate at 96% Collection Produces	$ 24,601,484

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

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TABLE 8 - ESTIMATED CONSOLIDATED OVERLAPPING DEBT

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

Taxing Jurisdiction	2024/25 Net Taxable Assessed Value	2024/25 Tax Rate	Total Tax Debt 10/15/2024	Estimated % Applicable	County's Overlapping Tax Debt 10/15/2024
Ector County	$ 20,403,301,171	$ 0.35000	$ 356,170,000 (1)	100.00%	$ 356,170,000 (1)
Ector County ISD	17,660,007,800	1.01400	339,570,000	100.00%	339,570,000
Ector County Hospital District	21,139,620,320	0.10037	26,640,000	100.00%	26,640,000
Odessa College District	20,375,149,535	0.17689	52,205,000	100.00%	52,205,000
City of Odessa	10,956,595,203	0.46628	247,409,464	87.74%	217,077,064
Total Direct and Overlapping Total Funded Debt					$ 991,662,064
Ratio of Direct and Overlapping Total Funded Debt to Taxable Assessed Valuation					4.86%
Per Capita Overlapping Total Funded Debt					$ 6,004

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

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DEBT INFORMATION

TABLE 9 - PRO FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Year Ended 9/30	Outstanding Debt Service Principal	Outstanding Debt Service Interest	Outstanding Debt Service Total	The Certificates [1] Principal	The Certificates [1] Interest	The Certificates [1] Total	Total Debt Service Requirements	% of Principal Retired
2025	$ 2,450,000	$ 1,361,063	$ 3,811,063	$ -	$ 7,969,125	$ 7,969,125	$ 11,780,188	0.69%
2026	2,575,000	1,235,438	3,810,438	4,965,000	15,814,125	20,779,125	24,589,563	
2027	2,710,000	1,103,313	3,813,313	5,215,000	15,559,625	20,774,625	24,587,938	
2028	2,845,000	964,438	3,809,438	5,485,000	15,292,125	20,777,125	24,586,563	
2029	2,990,000	825,513	3,815,513	5,760,000	15,011,000	20,771,000	24,586,513	
2030	3,110,000	703,838	3,813,838	6,060,000	14,715,500	20,775,500	24,589,338	12.40%
2031	3,220,000	594,138	3,814,138	6,370,000	14,404,750	20,774,750	24,588,888	
2032	3,325,000	488,438	3,813,438	6,695,000	14,078,125	20,773,125	24,586,563	
2033	3,425,000	387,188	3,812,188	7,040,000	13,734,750	20,774,750	24,586,938	
2034	3,530,000	281,828	3,811,828	7,405,000	13,373,625	20,778,625	24,590,453	
2035	3,640,000	172,178	3,812,178	7,780,000	12,994,000	20,774,000	24,586,178	27.12%
2036	1,765,000	87,831	1,852,831	10,190,000	12,544,750	22,734,750	24,587,581	
2037	1,820,000	29,575	1,849,575	10,715,000	12,022,125	22,737,125	24,586,700	
2038				13,165,000	11,425,125	24,590,125	24,590,125	
2039				13,840,000	10,750,000	24,590,000	24,590,000	
2040				14,550,000	10,040,250	24,590,250	24,590,250	45.66%
2041				15,295,000	9,294,125	24,589,125	24,589,125	
2042				16,080,000	8,509,750	24,589,750	24,589,750	
2043				16,905,000	7,685,125	24,590,125	24,590,125	
2044				17,770,000	6,818,250	24,588,250	24,588,250	
2045				18,680,000	5,907,000	24,587,000	24,587,000	69.45%
2046				19,640,000	4,949,000	24,589,000	24,589,000	
2047				20,645,000	3,941,875	24,586,875	24,586,875	
2048				21,705,000	2,883,125	24,588,125	24,588,125	
2049				22,820,000	1,770,000	24,590,000	24,590,000	
2050				23,990,000	599,750	24,589,750	24,589,750	100.00%
	$ 37,405,000	$ 8,234,775	$ 45,639,775	$ 318,765,000	$ 262,087,000	$ 580,852,000	$ 626,491,775	

(1) Preliminary, subject to change.

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

TABLE 10 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2025		$ 11,780,188
Unaudited Interest and Sinking Fund Balance, Fiscal Year Ending 9/30/24	424,439	
Budgeted Investment Interest Income	25,000	
Budgeted Interest and Sinking Fund Tax Collections FY 2025	3,810,420	
Capitalized Interest of the Certificates[1]	7,969,125	
		12,228,984
Estimated Balance, Fiscal Year Ending 9/30/25		$ 448,797

(1) Preliminary, subject to change.

TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

The County has no authorized but unissued general obligation bonds.

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

TABLE 12 - OTHER OBLIGATIONS

FINANCE PURCHASE AGREEMENT

During the year ended September 30, 2022, the County executed a purchase agreement for capital improvements. The finance purchase agreement has annual payments ranging from $453,934 to $605,000 and bears interest at 2.24% over fifteen years, maturing in 2035. The finance purchase agreement was recorded at the present value of their future minimum lease payments as of the inception date. Amounts due over the next five years and thereafter are:

Fiscal Year Ended 9/30	Principal	Interest	Total
2024	362,004	133,915	495,919
2025	381,700	125,797	507,497
2026	431,651	117,237	548,888
2027	454,498	107,556	562,054
2028	478,252	97,364	575,616
Thereafter	3,863,230	355,326	4,218,556
	$ 5,971,335	$ 937,195	$ 6,908,530

LEASES

The County is under contract for noncancellable lease agreements that convey control of the right to use of office equipment.

	Term			Lease Liability		Right-to-Use Lease Asset		
Description	Start Date	End Date	Interest Rate	Original Amount	Outstanding Balance	Original Amount	Accumulated Amortization	Net Amount
Governmental Activities:								
Office Equipment - Copiers	10/1/2021	09/30/25	0.48%	$ 19,733	$ 9,909	$ 19,733	$ 9,866	$ 9,867
Office Equipment - Copiers	10/1/2021	09/30/26	0.63%	371,767	222,108	371,767	150,921	220,846
	Total Governmental Activities			$ 391,500	$ 232,017	$ 391,500	$ 160,787	$ 230,713

The future principal and interest lease payments as of September 30, 2023, were as follows:

Fiscal Year Ended 9/30	Principal	Interest	Total
2024	$ 80,375	$ 1,208	$ 81,583
2025	80,868	715	81,583
2026	70,774	242	71,016
	$ 232,017	$ 2,165	$ 234,182

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAS)

The County is under contract for noncancellable SBITAs that convey control of the right to use software. The SBITA liabilities outstanding as of September 30, 2023, are as follows:

	Term			SBITA liability		SBITA Asset		
Description	Start Date	End Date	Interest Rate	Original Amount	Outstanding Balance	Value of SBITA Asset	Accumulated Amortization	Net Amount
Governmental Activities:								
Support Software	10/1/2022	10/31/24	3.21%	$ 1,066,713	$ 540,825	$ 1,066,713	$ 533,357	$ 533,357
		Total Governmental Activities		$ 1,066,713	$ 540,825	$ 1,066,713	$ 533,357	$ 533,357

All amounts paid were previously included in the measurement of the subscription liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any SBITA term and there were no impairment losses related to SBITA assets.

The future principal and interest payments as of September 30, 2023, were as follows:

Year Ending September 30,	Principal	Interest	Total
2024	$ 540,825	$ 17,344	$ 558,169
	$ 540,825	$ 17,344	$ 558,169

PENSION FUND…The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional, defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). Under the state law governing TCDRS, the contribution rate of the County is a fixed percent equal to the contribution rate payable by the employee member. The rate is not actuarially determined and is one of the rates that can be adopted in accordance with the TCDRS Act. However, the plan of benefits adopted by the employer at the time of plan inception and when benefit increases are adopted is limited by statute to what the actuary determines can be adequately financed by the commitment of the employer to contribute the same amount as the employee. The statute specifies that the actuary's determination is based on a maximum period for amortizing the unfunded pension benefit obligation of 30 years. For additional information on the retirement plan, please see the financial statements attached hereto in Appendix B.

The County's annual covered payroll and pension costs are actuarially valued on a calendar year basis. Because the County makes all the annually required contributions, no net pension obligation exists.

OTHER POST-EMPLOYMENT BENEFITS

Plan Description…The County is self-insured for employee and retiree and healthcare. The County provides post-employment healthcare benefits to its retired employees who meet the TCDRS retirement eligibility requirements. The plan provides medical and dental coverage to plan members.

Funding Policy…Local Government Code Section 157.1010 assigns the authority to establish and amend benefit provisions to Commissioners Court. The County is under no legal obligation to pay these premiums, and the decision to provide these benefits is made by the Commissioners Court on a year-to-year basis.

At September 30, 2023, retirees paid a premium of $75 and paid $260 per month for their dependent coverage. The rates are set annually by the commissioners Court based on the combination of premiums and prior year costs of the self-funded portion of the plan.

For more information concerning the County's employee and retiree healthcare, funding policies related thereto and related liabilities, as well as the County's historical unfunded actuarial accrued liability, see Appendix B, "Excerpts from the County's Comprehensive Annual Financial Report" - Note 8, page 54.

FINANCIAL INFORMATION

TABLE 13 - CHANGES IN NET ASSETS

	Fiscal Year Ending September 30,				
	2023	2022	2021	2020	2019
Program Revenues					
Charges for Services	$ 13,291,738	$ 15,670,762	$ 15,473,582	$ 15,961,832	$ 18,920,417
Operating Grants & Contributions	8,498,343	7,726,013	6,025,337	3,038,526	2,187,864
Capital Grants & Contributions	-	-	50,000	50,000	50,000
General Revenues					
Property Taxes	60,609,187	55,655,208	56,841,267	54,093,443	55,653,862
Bingo Taxes	125,002	115,095	83,049	102,956	133,394
Mixed Beverage Taxes	899,822	907,185	754,448	722,915	978,320
Hotel Occupancy Tax	723,811	590,257	405,174	882,768	1,185,106
Sales Tax	36,949,285	32,853,089	18,951,283	18,466,035	11,775,935
Unrestricted Investment Earnings	5,399,455	749,887	728,504	866,921	1,598,582
Miscellaneous	1,640,991	277,448	1,679,712	243,608	1,209,706
Total Revenues	$ 128,137,634	$ 114,544,944	$ 100,992,356	$ 94,429,004	$ 93,693,186
Expenses					
Administrative	$ 7,380,795	$ 2,073,173	$ 3,091,289	$ 1,609,947	$ 4,007,479
Judicial	18,509,904	18,364,557	19,995,903	18,089,869	16,883,400
Financial Administration	7,472,598	4,873,218	5,791,986	6,139,775	5,999,711
Law Enforcement	12,802,058	12,359,187	14,176,101	11,659,500	9,349,825
Correction	23,498,540	22,045,572	29,009,134	30,123,545	26,330,273
Health and Welfare	2,524,692	2,733,793	2,552,673	2,179,184	2,260,113
Fire Protection	911,638	870,120	883,941	885,915	895,105
Cultural/Recreation	842,209	976,627	889,071	1,228,306	979,244
Library	1,954,483	1,874,558	2,021,432	2,064,519	1,939,334
Maintenance	5,943,007	5,595,254	6,727,082	7,212,494	7,157,690
Conservation of Natural Resources	189,146	170,526	145,827	148,198	132,123
Highways and Streets	7,950,504	11,676,911	8,205,773	9,810,416	4,577,579
Planning and Development	767,152	-	-	-	-
Election	719,259	945,586	848,237	795,152	688,945
Interest on Long-Term Debt	1,306,554	1,415,728	1,602,865	852,667	883,755
Total Expenses	$ 92,772,539	$ 85,974,810	$ 95,941,314	$ 92,799,487	$ 82,084,576
Excess (Deficiency) Before Transfers/Gain on Sale of Assets	35,365,095	28,570,134	5,051,042	1,629,517	11,608,610
Gain (Loss) on Sale of Assets	199,923	46,348	-	9,181	225,974
Internal Balance	-	-	-	2,244	-
Transfers	-	-	(1,175,423)	100,000	222,092
Change in Net Assets	35,565,018	28,616,482	3,875,619	1,740,942	12,056,676
Net Assets, Beginning of Year	10,442,213	(21,496,259)	(25,371,878)	(27,112,820)	(39,169,496)
Prior Period Adjustment	-	3,321,990	-	-	-
Net Assets, End of Year	$ 46,007,231	$ 10,442,213	$ (21,496,259)	$ (25,371,878)	$ (27,112,820)

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TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ending September 30,				
Revenues	2024[(1)]	2023	2022	2021	2020
Property Tax, Penalties and Interest	$ 60,863,707	$ 56,500,179	$ 50,526,756	$ 51,602,992	$ 53,445,783
Fines and Forfeitures	1,802,913	1,788,033	1,715,933	1,553,588	1,505,193
Licenses and Permits	328,603	294,797	307,329	313,684	339,179
Intergovernmental Charges	1,169,312	2,424,789	2,545,114	2,178,260	2,337,346
Charges for Current Services	8,606,981	7,637,552	7,253,464	9,130,086	9,930,502
Investment Income	2,392,742	1,346,305	218,772	151,298	367,150
Other Revenue	2,297,905	559,702	611,125	703,797	23,772
Total Revenues	$ 77,462,163	$ 70,551,357	$ 63,178,493	$ 65,633,705	$ 67,948,925
Expenditures					
Administrative	$ 1,938,062	$ 1,656,612	$ 1,594,969	$ 1,440,112	$ 1,642,970
Judicial	17,784,521	17,470,431	16,224,144	14,207,252	14,331,461
Financial Administration	4,647,971	7,216,358	4,883,093	5,634,092	5,452,948
Law Enforcement	14,968,219	11,039,824	10,610,765	9,224,432	10,295,936
Correction	14,744,928	15,491,081	16,214,467	18,026,415	21,995,196
Health and Welfare	1,469,072	1,292,159	1,463,484	1,307,524	1,235,425
Fire Protection	-	-	869,478	882,917	880,538
Cultural - Recreation	454,743	528,808	527,419	465,794	534,985
Library	1,964,142	1,900,759	1,661,564	1,529,340	1,577,016
Maintenance	5,211,338	5,566,548	5,077,398	5,266,344	5,315,681
Conservation of Natural Resources	2,500	189,146	170,526	145,827	147,872
Nondepartmental and Other	3,914,944	1,234,019	1,637,055	2,935,708	1,971,265
Debt Service	-	1,086,299	508,323	-	-
Total Expenditures	$ 67,100,440	$ 64,672,044	$ 61,442,685	$ 61,065,757	$ 65,381,293
Excess (Deficiency) Revenues Over Expenditures	$ 10,361,723	$ 5,879,313	$ 1,735,808	$ 4,567,948	$ 2,567,632
Other Financing Sources (Uses):					
Transfers In (Out)	-	(368,287)	1,912,476	(5,906,106)	(3,882,736)
Excess (Deficiency) of Revenue and Other Sources Over Expenses	10,361,723	5,511,026	3,648,284	(1,338,158)	(1,315,104)
Fund Balance Beginning of Year	26,355,350	20,844,324	17,196,040	18,534,198	19,849,302
Fund Balance End of Year	$ 36,717,073	$ 26,355,350	$ 20,844,324	$ 17,196,040	$ 18,534,198

(1) Unaudited.

FINANCIAL POLICIES

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

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

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

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

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

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

INVESTMENTS

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

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

County, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the County is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party designated by the County, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

The County may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days. The County may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the County retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the County must do so by order, ordinance, or resolution.

The County is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

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

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

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

TABLE 14 - CURRENT INVESTMENTS

As of September 30, 2024, the County's investable funds were invested in the following categories:

Description	Market Value	Percent
Investment Pools	$ 132,438,359	90.1%
Treasury Bonds	14,554,600	9.9%
	$ 146,992,959	100.0%

No funds of the County are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity. All investments will mature within 34 months, and the market value of the investments is approximately 97% of its purchase price.

TAX MATTERS

TAX EXEMPTION . . .The delivery of the Certificates is subject to the opinion of Bond Counsel to the effect that interest on the Certificates for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. A form of Bond Counsel's opinion is reproduced as Appendix C. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinion, Bond Counsel will rely upon representations and certifications of the County made in a certificate dated the date of delivery of the Certificates pertaining to the use, expenditure, and investment of the proceeds of the Certificates and will assume continuing compliance by the County with the provisions of the Order subsequent to the issuance of the Certificates. The Order contains covenants by the County with respect to, among other matters, the use of the proceeds of the Certificates and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Certificates are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Certificates to be includable in the gross income of the owners thereof for federal income tax purposes from date of the issuance of the Certificates.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the County described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Certificates is commenced, under current procedures the IRS is likely to treat the County as the "taxpayer," and the owners of the Certificates would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Certificates, the County may have different or conflicting interests from the owners of the Certificates. Public awareness of any future audit of the Certificates could adversely affect the value and liquidity of the Certificates during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Certificates. Prospective purchasers of the Certificates should be aware that the ownership of tax-exempt obligations such as the Certificates may result in collateral federal 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, corporations subject to the alternative minimum tax on adjusted financial statement income, 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 purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than $1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Certificates. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Certificates.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Certificates 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 Certificates. Prospective purchasers of the Certificates should consult with their own tax advisors with respect to any proposed or future changes in tax law.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN CERTIFICATES The initial public offering price of certain Certificates (the "Discount Certificates") may be less than the amount payable on such Certificates at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Certificates 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 Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (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 Certificates 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 Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining 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, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the 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 Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Certificates should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Certificates for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Certificates. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Certificates may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Certificates (the "Premium Certificates") paid by an owner may be greater than the amount payable on such Certificates at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Certificate over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Certificate in the hands of such purchaser must be reduced each year by the amortizable bond 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 Certificate. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity (or, in some cases with respect to a callable Certificate, the yield based on a call date that results in the lowest yield on the Certificate).

Purchasers of the Premium Certificates should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Certificates for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Certificates.

CONTINUING DISCLOSURE OF INFORMATION

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

ANNUAL REPORTS . . . The County will provide certain updated financial information and operating data annually to the MSRB. The information to be updated includes financial information and operating data with respect to the County of the general type of included in this Official Statement under Tables numbered 1 through 7 and 9 through 14 (such information being the "Annual Operating Report"). The County will additionally provide financial statements of the County (the "Financial Statements"), that will be (i) 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 and shall be in substantially the form included in Appendix B and (ii) audited, if the County commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The County will update and provide the Annual Operating Report within six months after the end of each fiscal year and the Financial Statements within 12 months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2024. The County may provide the Financial Statements earlier, including at the time it provides its Annual Operating Report, but if the audit of such Financial Statements is not complete within 12 months after any such fiscal year end, then the County shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available.

The County may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule").

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

All financial information, operating data, financial statements and notices required to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB. Financial information and operating data to be provided as set forth above may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB's Internet Web site or filed with the Securities and Exchange Commission (the "SEC"), as permitted by the Rule.

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

For these purposes, (A) any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and Order of a court or governmental authority, or the entry of an Order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County, (B) as used in the above clauses (15) and (16), “Financial Obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule, and (C) the County intends the words used in the above clauses (15) and (16) and the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the “2018 Release”) and any further written guidance provided by the SEC or its staff with respect to the amendments to the Rule effected by the 2018 Release.

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

LIMITATIONS AND AMENDMENTS . . . The County has agreed to update information and to provide notices of certain specified events only as described above. The County has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The County makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The County disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Certificates may seek a writ of mandamus to compel the County to comply with its agreement.

The 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 Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Certificates consent to the amendment or (b) any person unaffiliated with the County (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. The County may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates. If the County so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

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

OTHER INFORMATION

RATINGS

The Certificates and the presently outstanding tax supported debt of the County are rated “AA-” by Fitch Ratings (“Fitch”) and “AA-” by S&P Global Inc. (“S&P”) without regard to credit enhancement. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The ratings reflect only the view of such organizations, and the County makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that one or both ratings will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of such companies, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Certificates. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

CYBERSECURITY

The County, like other counties in the State, utilizes technology in conducting its operations. As a user of technology, the County potentially faces cybersecurity threats (e.g., hacking, phishing, viruses, malware and ransomware) on its technology systems. Accordingly, the County may be the target of a cyber-attack on its technology systems that could result in adverse consequences to the County. The County employs a multi-layered approach to combating cybersecurity threats. While the County deploys layered technologies and requires employees to receive cybersecurity training, as required by State law, among other efforts, cybersecurity breaches could cause material disruptions to the County's finances or operations. The costs of remedying such breaches or protecting against future cyber-attacks could be substantial and there is no assurance that these costs will be covered by insurance. Further, cybersecurity breaches could expose the County to litigation and other legal risks, which could cause the County to incur other costs related to such legal claims or proceedings.

LITIGATION

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

REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments and investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Certificates be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the County has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

LEGAL OPINIONS

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

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

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

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

FINANCIAL ADVISOR

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

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

UNDERWRITERS

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

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

PNC Capital Markets LLC ("PNCCM"), one of the Underwriters of the Certificates, may offer to sell to its affiliate, PNC Investments, LLC ("PNCI"), securities in PNCCM's inventory for resale to PNCI's customers, including securities such as the Certificates. Additionally, PNCCM and PNC Bank, National Association are both wholly-owned subsidiaries of PNC Financial Services Group, Inc. PNCCM is not a bank, and is a distinct legal entity from PNC Bank, National Association. PNC Bank, National Association may from time to time have other banking and financial relationships with the County.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the County, that are not purely historical, are forward-looking statements, including statements regarding the County's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the County on the date hereof, and the

County assumes no obligation to update any such forward-looking statements. The County's actual results could differ materially from those discussed in such forward-looking statements.

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

MISCELLANEOUS

In the Order, the Board will approve (i) the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and (ii) the Underwriters' use of this Official Statement in connection with the public offering and the sale of the Certificates in accordance with the provisions of the Rule.

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APPENDIX A

GENERAL INFORMATION REGARDING THE COUNTY

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THE COUNTY

LOCATION

Ector County, organized in 1891, is located in the Permian Basin of West Texas and has an area of approximately 906 square miles. The City of Odessa, with a 2020 U.S. Census population of 114,428, is the County seat. The County is located approximately midway between El Paso and Dallas-Fort Worth.

POPULATION

Ector County[(1)]		City of Odessa[(1)]	
1970 Census	91,805	1970 Census	78,380
1980 Census	115,374	1980 Census	90,027
1990 Census	118,934	1990 Census	89,504
2000 Census	121,123	2000 Census	90,943
2010 Census	137,133	2010 Census	99,880
2020 Census	165,171	2020 Census	114,428
2024 Estimate[(2)]	170,806	2024 Estimate[(2)]	120,403

1) Source: U.S. Census
2) Odessa, TX Economic Development, and Ector County, TX Economic Development

ECONOMY

Ector County's economy is based primarily on petroleum production and service to the petroleum industry. The County is in the heart of the "Great Permian Basin" oil production area and is a major oil field supply center for Texas and other oil producing states. The Permian Basin is one of the United States' greatest mineral reservoirs with exploration and drilling for additional reserves continuing. Over 2 billion barrels of oil have been produced in Ector County since 1926. In addition, Ector County is a major retail, social, civic, sports and medical center for the area.

The Railroad Commission of Texas reports oil and gas production in Ector County as follows:

Ector County Statewide Onshore Oil/Gas Production
Annual Totals, 2020-2024

Date	Oil (BBL)	Casinghead (MCF)	GW Gas (MCF)	Condensate (BBL)
2020	17,720,407	40,205,878	2,378,984	4,670
2021	15,518,120	34,389,816	2,245,441	2,767
2022	18,420,443	37,130,071	1,958,625	4,877
2023	18,117,631	38,263,488	1,436,096	7,553
2024[(1)]	9,937,700	21,776,767	814,197	4,342

Source: Railroad Commission of Texas. MCF = thousand cubic feet.
3) Data through July 2024.

MAJOR EMPLOYERS

Company	Type of Business	Estimated Employees 2024
Ector County ISD	School District	4,200
Saulsbury Companies	Oilfield Service	2,468
Haliburton	Oilfield Service	2,400
NexTier Complete Solutions	Oilfield Service	1,500
Medical Center Hospital	Hospital	1,456
City of Odessa	Local Government	890
Ector County	Local Government	711
Sewell Family of Dealerships	Automotive	679
HEB	Grocery	635
University of Texas Permian Basin	Education	580

LABOR MARKET STATISTICS

	Annual Averages				
	2024[(1)]	2023	2022	2021	2020
Ector County					
Civilian Labor Force	87,192	86,162	83,257	80,887	82,540
Total Employment	84,096	83,293	79,976	74,420	73,412
Unemployment	3,096	2,869	3,281	6,467	9,128
Percent Unemployment	3.6%	3.3%	3.9%	8.0%	11.1%
State of Texas					
Civilian Labor Force	15,335,057	15,067,153	14,672,312	14,292,315	13,941,490
Total Employment	14,700,243	14,472,524	14,093,906	13,486,624	12,872,070
Unemployment	634,814	594,629	578,406	805,691	1,069,420
Percent Unemployment	4.1%	3.9%	3.9%	5.6%	7.7%

____
Source: Texas Workforce Commission
1) Data through August 2024.

EDUCATION

The Ector County Independent School District, with boundaries coterminous with Ector County had a fall 2023 enrollment of 33,477. The District owns and operates 40 instructional facilities which are fully accredited by the Texas Education Agency.

The Odessa Junior College District owns and operates Odessa College, a public, state-supported, accredited junior college with an approximate annual enrollment of 8,600 students.

The University of Texas of the Permian Basin, a part of the University of Texas system, offers more than 50 undergraduate, graduate and online programs; fall 2023 enrollment was approximately 5,800.

The Texas Tech University Regional Academic Health Center, a part of the Texas Tech University System, offers residency training and prepares medical school graduates for certification and practice in primary care disciplines. The residency programs include family practice, pediatrics, obstetrics and gynecology and internal medicine. The School of Nursing has offered continuing nursing education programs since 1981.

TRANSPORTATION

Highways…Interstate 20 borders Odessa on its Savannah, Georgia to Los Angeles, California route; Business I-20 serves local interest. U.S. Highway 385 and a well-developed system of arm-to-market roads also serve Odessa and Ector County.

Rail…Odessa is served by a main east-west line of the Union Pacific Railroad with daily freight schedules.

Aviation…Scheduled airline transportation at Midland International Airport is furnished by Southwest Airlines, American Airlines, Delta, and United Airlines. The airport has over twenty daily departures with non-stop service to Austin-Bergstrom, DFW, Dallas Love Field, Houston Intercontinental, Houston Hobby, Las Vegas, Phoenix and Denver. Passenger enplanements in fiscal year 2022 were 633,264. Extensive general aviation facilities are located at the Airport and at Airpark, a 500-acre airport located in North Midland.

Ector County/Odessa Schlemeyer Airport is located on Highway 385 and is leased to a fixed base operator who pays the County a fixed monthly fee, plus a percentage of aviation fuel sales, and T-Hangar rental.

HOSPITAL AND MEDICAL CARE

Two hospitals are located in the City of Odessa with a total of 627 licensed beds. Medical Center Hospital, a 402-bed general facility, is owned by the Ector County Hospital District. Odessa Regional Medical Center is a 225-bed, state-of-the-art hospital. Texas Tech Health Sciences Center also operates a teaching branch in Odessa. Over 200 physicians practice in Odessa. There are several State-licensed nursing homes and a drug and alcohol treatment facility located in the City of Odessa as well as a private psychiatric hospital located between Midland and Odessa.

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APPENDIX B

EXCERPTS FROM THE

ECTOR COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2023

The information contained in this Appendix consists of excerpts from the Ector County, Texas Annual Financial Report for the Fiscal Year Ended September 30, 2023, and is not intended to be a complete statement of the County's financial condition. Reference is made to the complete Report for further information.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ector County, Texas (the County), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2023, 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

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 ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules, 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, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 July 19, 2024 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Whitley Penn LLP

Odessa, Texas
July 19, 2024

This discussion and analysis of the Ector County, Texas (the County) financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2023. The MD&A should be read in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- At fiscal year end, the net position totaled $62,493,059, an increase of $34,392,574 from the previous year. Total net position includes $34,312,984 restricted for creditors, federal grants and other restrictions imposed by law and $67,003,222 invested in capital assets and an unrestricted deficit of $38,823,147.
- In contrast to the government-wide statements, the fund statements reported combined fund balances at year-end of $117,419,097; of which $21,515,132 or 18.3% represents unassigned fund balance. At the end of the fiscal year, the unassigned fund balance for the General Fund was $21,622,057, which represents an increase of $4,945,001 from the prior year.
- The General Fund's fund balance of $26,355,350, including $21,622,057 unassigned, represents 33.43% of the General Fund expenditures for fiscal year 2023.
- The County's bonded indebtedness decreased by $2,220,000 due regular principal payments during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The 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 a private sector business. They present the financial picture of the County from an economic resource measurement focus using the accrual basis of accounting. These statements include all assets of the County, including infrastructure, as well as all liabilities, including long-term debt. Additionally, certain eliminations have occurred in regards to interfund activity, payables and receivables.

The statement of net position presents information on all of the County's assets and liabilities and deferred outflows and inflows of resources, with the difference between the four reported as net position. Increases or decreases in net position contrasted with budgetary decisions should serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the net position changed during the most recent fiscal year using full accrual basis of accounting. 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 result in cash flows in future fiscal periods, e.g., earned but unused vacation/holiday leave and accounts receivable.

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues and from other business functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the County include administrative, judicial, financial administration, law enforcement, correction, health and welfare, fire protection, cultural and recreation, library, maintenance, conservation of natural resources, highways and streets, elections, and interest on long-term debt.

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

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

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

The County maintains special revenue funds, a Capital Project Fund, a Debt Service Fund, and the General Fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, the American Rescue Plan fund, the Capital Projects Fund, and the Sales Tax District Fund, which are classified as major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Internal Service Funds, a component of proprietary funds, are used to report activities that provide supplies and services for other programs and activities such as the County's Self-Funded Liability Fund, Self-Funded Health Benefit Fund and Vehicle Maintenance Fund. Because these services predominantly benefit governmental rather than business-type functions, the Internal Service Funds are reported with governmental activities in the government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The basis of accounting used for fiduciary funds is much like that used for proprietary funds. The County's fiduciary activities are reported in separate Custodial funds.

Notes to the Basic 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.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary and combining and individual fund statements for the Debt Service Fund and Special Revenue Funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by $62,493,059 at the close of this fiscal year.

STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total Activities	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Current and Other Assets	$ 161,645,291	$ 156,961,160	$ 4,790,067	$ 4,826,304	$ 166,435,358	$ 161,787,464
Capital assets, net	70,345,431	64,158,123	14,645,619	15,695,783	84,991,050	79,853,906
Total Assets	231,990,722	221,119,283	19,435,686	20,522,087	251,426,408	241,641,370
Deferred Outflows of Resources	21,723,248	25,542,505	-	-	21,723,248	25,542,505
Current Liabilities	35,205,176	43,019,920	292,250	114,937	35,497,426	43,134,857
Long-Term Liabilities	136,946,343	145,487,486	55,359	57,980	137,001,702	145,545,466
Non Departmental and Other	172,151,519	188,507,406	347,609	172,917	172,499,128	188,680,323
Deferred Inflows of Resources	35,555,220	47,712,169	2,602,249	2,690,898	38,157,469	50,403,067
Net Investment in Capital Assets	52,412,962	42,812,348	14,590,260	15,694,328	67,003,222	58,506,676
Restricted	34,312,984	38,066,253	-	-	34,312,984	38,066,253
Unrestricted (deficit)	(40,718,715)	(70,436,388)	1,895,568	1,963,944	(38,823,147)	(68,472,444)
Total Net Position	$ 46,007,231	$ 10,442,213	$ 16,485,828	$ 17,658,272	$ 62,493,059	$ 28,100,485

The largest portion of the County's current fiscal year net position is reflected in its investment in capital assets, e.g. land, improvements other than buildings, infrastructure, machinery and equipment, less any related debt to acquire those assets that is still outstanding. The main use of these capital assets is to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be utilized to liquidate these liabilities.

Deferred Outflows and Inflows of Resources relate to the County's defined pension plan and other post-employment benefit obligations (OPEB). See Notes 7 and 8.

The unrestricted portion of the County's net position increased $29,717,673 from the previous year. During the year, the County's current year recognized a decrease in other post-employment benefits (OPEB) of $30,068,865 resulting in a OPEB liability of $61,171,988 as reflected in Note 8, and the current year's net pension liability decreased by $34,056,335 resulting in a net pension liability of $23,909,997 as reflected in Note 7.

The restricted balance of the County's net position represents restricted resources to repay future debt, restricted for creditors and restricted by law which decreased $3,753,269 from the prior year.

At the end of the fiscal year, in the governmental activities, the unrestricted net position reflected a negative $40,718,715, which is attributable largely to the decrease in OPEB liability.

Retirees, once they reach the age of 65 are required to file for Medicare health coverage which will become their primary health coverage and, historically, the County's Self-Funded Health Benefit Plan has provided secondary insurance. Beginning fiscal year 2016, the Commissioners' Court approved transferring those Medicare retirees' age 65 or more from the County's Self-Funded Health Plan to a Medicare Supplement Plan, and the premiums for the supplemental plan are provided by the County. This action by the Court is directed towards reducing the future OPEB liability. Also, beginning October 01, 2015, all new employees who subsequently retire from the County will be financially responsible for their health coverage including dependents. Additionally, the Court is evaluating various other options to reduce the OPEB liability.

For the fiscal year ended September 30, 2023, the Self-Funded Health Benefit Fund had excess reserves of $6,159,477 or was reserved at 50% of expenses. While the Commissioner's Court did not specify the reserve or any portion of the reserve towards the OPEB liability, the funds could be committed for that purpose.

Commissioners' Court is evaluating the effect of the TCDRS pension liability, as provided in Note 7, on the net position of the County and will determine means of reducing the liability either through an increase in contributions to the pension plan, a reduction in employee benefits or a combination of the two.

The following table indicates changes in net position for governmental activities and business-type activities:

STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total Activities	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services	$ 13,291,738	$ 15,670,762	$ 1,092,196	$ 1,174,006	$ 14,383,934	$ 16,844,768
Operating Grants and Contributior	8,498,343	7,726,013	57,364	191,147	8,555,707	7,917,160
General Revenues:						
Property Taxes	60,609,187	55,655,208	-	794	60,609,187	55,656,002
Bingo Taxes	125,002	115,095	-	-	125,002	115,095
Mixed Beverage Taxes	899,822	907,185	-	-	899,822	907,185
Hotel Occupancy Tax	723,811	590,257	723,811	590,257	1,447,622	1,180,514
Sales Tax	36,949,285	32,853,089	-	-	36,949,285	32,853,089
Investment Earnings	5,399,455	749,887	123,740	33,718	5,523,195	783,605
Miscellaneous	1,640,991	277,448	-	-	1,640,991	277,448
Total Revenues	128,137,634	114,544,944	1,997,111	1,989,922	130,134,745	116,534,866
Expenses						
Administrative	7,380,795	2,073,173	-	-	7,380,795	2,073,173
Judicial	18,509,904	18,364,557	-	-	18,509,904	18,364,557
Financial administration	7,472,598	4,873,218	-	-	7,472,598	4,873,218
Law enforcement	12,802,058	12,359,187	-	-	12,802,058	12,359,187
Correction	23,498,540	22,045,572	-	-	23,498,540	22,045,572
Health and welfare	2,524,692	2,733,793	-	-	2,524,692	2,733,793
Fire protection	911,638	870,120	-	-	911,638	870,120
Cultural-recreation	842,209	976,627	-	-	842,209	976,627
Library	1,954,483	1,874,558	-	-	1,954,483	1,874,558
Maintenance	5,943,007	5,595,254	-	-	5,943,007	5,595,254
Conservation of natural resources	189,146	170,526	-	-	189,146	170,526
Highways and streets	7,950,504	11,676,911	-	-	7,950,504	11,676,911
Planning and development	767,152	-	-	-	767,152	-
Election	719,259	945,586	-	-	719,259	945,586
Interest on long-term debt	1,306,554	1,415,728	-	-	1,306,554	1,415,728
Coliseum	-	-	2,503,842	2,309,213	2,503,842	2,309,213
Airport	-	-	665,713	659,686	665,713	659,686
Total Expenses	92,772,539	85,974,810	3,169,555	2,968,899	95,942,094	88,943,709
Excess (deficiency) Before Transfers/ Gain on Sale of Capital Assets	35,365,095	28,570,134	(1,172,444)	(978,977)	34,192,651	27,591,157
Gain on Sale of Assets	199,923	46,348	-	-	199,923	46,348
Total Transfer/Gain on Sale	199,923	46,348	-	-	199,923	46,348
Changes in Net Position	35,565,018	28,616,482	(1,172,444)	(978,977)	34,392,574	27,637,505
Net Position - Beginning	10,442,213	(21,496,259)	17,658,272	18,637,249	28,100,485	(2,859,010)
Prior Period Adjustment	-	3,321,990	-	-	-	3,321,990
Net Position - Ending	$ 46,007,231	$ 10,442,213	$ 16,485,828	$ 17,658,272	$ 62,493,059	$ 28,100,485

Governmental Activities. Net position of the governmental activities increased by $35,565,018 during the year. Total revenues increased approximately $15.3 million over prior year. The increase is due to sales tax, property taxes, and gain on investments increased approximately $4 million, $5 million and $4.5 million respectively from the prior year.

Total expenses increased $6.7 million, which is primarily attributable to the increase in highway and streets and administrative expenditures.

Business-Type Activities. Net position of the business-type activities decreased from the previous year by $1,172,444 and was primarily the result of a transfer of monies into the Coliseum and Airport funds in 2021 that was not repeated in 2022 or 2023, due to shortages created by COVID.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget control has been the framework of the County's fiscal management and accountability.

Governmental Funds. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $117,419,097, an increase of $23,521,070 or 25% in comparison to the prior year. The unassigned fund balance of $21,515,132 represents 18.3% of total fund balance and is used as a management and budgetary tool for spending at the County's discretion. Unassigned fund balance increased $5,343,723 from the prior year. The remainder of fund balance is allocated between nonspendable, restricted, committed and assigned as per the County's Fund Balance Policy, and is not available for any new spending. The increase in fund balance is due to an increase in property taxes as well as increase in charges for services.

The American Rescue Plan Fund has a total fund balance of $850,613, an increase of $848,961 as compared with the prior year and is largely the result of the fund earning interest of $801,227.

The Capital Projects Fund accounts for revenues and expenditures relating to the acquisition and construction of major capital projects. The fund balance of $33,048,125 at the end of the year increased $1,059,002 over prior year due to ongoing construction projects and increased performance of investments resulting in $1,550,759 in interest earnings.

The Sales Tax District Fund accounts for revenues and expenditures relating to a voter approved sales tax that was approved in November 2019 and collections began in April 2020. These funds are restricted by law and can only be used in accordance with the Local Government Code. The fund balance of $49,786,578 is an increase of $14,129,008 over prior year and it represents an excess of collections over expenditures.

Proprietary Funds. Business-type funds provide the same type of information found in the government-wide financial statements, but in more detail. The County has two business-type funds, the Ector County Coliseum and the Ector County Airport. With the exception of the Coliseum, which receives hotel occupancy tax revenues to support its activities, the business-type funds operate from charges for current services. For the current fiscal year, the Coliseum reported a decrease in net position from the prior year of $836,584. The decrease is mainly represented by a depreciation expense in the amount of $710,174 and decrease of operating revenues. The Airport reflected a decrease in net position from the prior year of $335,860. The decrease in net position at the Airport is attributable to an operating loss of $409,453, which includes depreciation expense in the amount of $386,974.

General Fund Budgetary Highlights

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, general fund revenues resulted in a positive budget variance of $2,547,292. Expenditures in the General Fund were under budget by$4,116,558. Ector County budgets for full employment, however due to the local economy; numerous vacancies remained unfilled during the fiscal year resulting in a personnel budget surplus in all expense categories. Ector County, along with other governments and non-oil related industries cannot compete with the oil companies' salaries and benefits.

The original budget was a surplus budget. However, the final budget reflected a deficit of revenues over expenditures. The difference between the original budget and the final budget was mainly attributable to emergency appropriations in Corrections. The County continues to face staffing shortages in the Jail, this results in the County having to outsource inmates to other counties to ensure compliance with Texas Jail Standards. The difference between the expenditures of the original budgeted and the final budgeted resulted in a decrease of $643,482.

As a measure of the General Fund's liquidity, both unassigned fund balance and total fund balance are compared to total fund expenditures. Unassigned fund balance represents 33% of total fund expenditures, while total fund balance represents 18% of total fund expenditures. The prior year unassigned fund represented 32% of total fund expenditures and total fund balance represented 34% of total fund expenditures.

DEBT ADMINISTRATION AND CAPITAL ASSETS

Long-term Debt. At September 30, 2023, the County had a total long-term debt outstanding in the amount of $50,475,172, a net decrease from the prior year of $2,377,659. The decrease includes the payment on principal of in the amount of $2,220,000 during the year related to scheduled debt payments.

The County's bond rating is "AA-" from Standard & Poor's which is a decrease from AA in the 2017 fiscal year, and "Aa3" from Moody's for general obligation debt.

The following represents the activity of the long-term debt of the County for fiscal year 2023:

	Balance October 1, 2022	Additions	Reductions	Balance September 30, 2023
Tax Notes - Series 2017	$ 21,495,000	$ -	$ (1,035,000)	$ 20,460,000
Certificates of Obligation Series 2020	20,460,000	-	(1,185,000)	19,275,000
Bond Premium	4,271,528	-	(275,533)	3,995,995
Finance Purchased Agreement	6,314,401	-	(343,066)	5,971,335
Leases Payable	311,902	-	(79,885)	232,017
SBITA Payable	-	1,066,713	(525,888)	540,825
	$ 52,852,831	$ 1,066,713	$ (3,444,372)	$ 50,475,172

Capital Assets. The capital assets of the County are those assets, land, buildings, and improvements other than buildings, roads, machinery and equipment and construction in progress, which are used in the performance of the County's functions including infrastructure assets. At September 30, 2023, net capital assets of the governmental activities totaled $70,345,431, reflecting a net increase of $6,187,308. Net capital assets of the business-type activities totaled $14,645,619, reflecting a net decrease of $1,050,164 from the prior year. Depreciation/amortization on capital assets is recognized in the Government-wide financial statements and totaled $3,561,572 for governmental activities and $1,097,147 for business-type activities.

Ector County's Capital Assets
(Net of Depreciation/Amortization)

	Governmental Activities		Business-Type Activities		Total Activities	
	2023	2022	2023	2022	2023	2022
Land	$ 2,020,404	$ 2,020,404	$ 737,762	$ 737,762	$ 2,758,166	$ 2,758,166
Buildings	29,008,987	29,403,304	5,617,247	5,903,645	34,626,234	35,306,949
Improvements Other Than Buildings	7,571,575	7,698,020	3,078,164	3,518,865	10,649,739	11,216,885
Machinery and equipment	6,097,323	4,845,763	308,796	351,971	6,406,119	5,197,734
Right-to-use assets	230,713	311,106	4,395	5,860	235,108	316,966
SBITA assets	533,356	-	-	-	533,356	-
Infrastructure	4,026,532	4,657,859	4,899,255	5,177,680	8,925,787	9,835,539
Construction in Progress	20,856,541	15,221,667	-	-	20,856,541	15,221,667
	$ 70,345,431	$ 64,158,123	$ 14,645,619	$ 15,695,783	$ 84,991,050	$ 79,853,906

Additional information on the County's capital assets and debt can be found in Notes 6 and 10 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For fiscal year 2019, the Commissioner's Court authorized an election in the area of Ector County outside the city limits of Odessa to develop a sales tax district to include an additional 1.25 cent sales tax, which the voters did pass. The tax began being assessed in April 2020. While the sales tax is required to be expended within the district, the majority of the County's operations: law enforcement, jail, and road maintenance are within the district and the receipt of sales tax will affect the amount of required ad valorem taxes throughout the County. For fiscal year 2024, the Commissioner's Court budgeted $24,062,221 in revenues and $40,707,935 expenditures for the sales tax district.

The annual budget is developed to provide efficient, effective, and controlled use of the County's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the Commissioners' Court sets the direction of the County, allocates its resources, and establishes its priorities.

The fiscal year 2024 budget was adopted by September 30, 2023, with total General Fund expenditures of $71,386,471 a 5% increase from the fiscal year 2023 actual expenditures. The total property tax rate for fiscal year 2023 is $.350 per $100 of valuation. Increases in the fiscal year 2024 budget compared to fiscal year 2023 actual expenditures in the General Fund can be attributed to strategic departmental raises, and addition of new staff positions that the Commissioners Court approved. All other operating expenditures were held comparable to the previous year.

It should also be noted that for fiscal year 2024, the Commissioners' Court has adopted a deficit budget, that will result in $4,419,549 in additional general fund balance.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Ector County Auditor at 1010 East 8th Street, Odessa, Texas 79761, 432-498-4099, or visit the County's web site at www.co.ector.tx.us.

BASIC FINANCIAL STATEMENTS

ECTOR COUNTY, TEXAS
STATEMENT OF NET POSITION
September 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 12,273,058	$ 547,428	$ 12,820,486
Investments	137,899,317	1,564,114	139,463,431
Receivables (Net of Allowance for Uncollectibles):			
Accounts receivable	11,050,364	66,600	11,116,964
Lease receivable	-	2,611,925	2,611,925
Inventories	48,452	-	48,452
Prepaid expenses	114,065	-	114,065
Due from other governments	260,035	-	260,035
Capital Assets not being depreciated	22,876,945	737,762	23,614,707
Capital Assets, net of accumulated depreciation/amortization	47,468,486	13,907,857	61,376,343
Total Assets	231,990,722	19,435,686	251,426,408
Deferred Outflows of Resources:			
Pension related	10,154,727	-	10,154,727
OPEB related	11,568,521	-	11,568,521
Total Deferred Outflows of Resources:	21,723,248	-	21,723,248
Liabilities			
Accounts payable and other liabilities	6,325,757	218,688	6,544,445
Accrued interest payable	185,070	-	185,070
Due to other governments	824,710	-	824,710
Unearned revenue	27,869,639	73,562	27,943,201
Noncurrent Liabilities:			
Due within one year:			
Bonds, leases, SBITAs, compensated absences	4,702,390	52,403	4,754,793
Due in more than one year:			
Bonds, leases, SBITAs, compensated absences	47,161,968	2,956	47,164,924
Net pension liability	23,909,997	-	23,909,997
Total OPEB liability	61,171,988	-	61,171,988
Total Liabilities	172,151,519	347,609	172,499,128
Deferred Inflows of Resources			
Pension related	2,807,965	-	2,807,965
OPEB related	32,747,255	-	32,747,255
Leases related	-	2,602,249	2,602,249
Total Deferred Inflows of Resources	35,555,220	2,602,249	38,157,469
Net Position			
Net investment in capital assets	52,412,962	14,590,260	67,003,222
Restricted for:			
Creditors	4,871,491	-	4,871,491
Federal Grants	850,613	-	850,613
Imposed by law, program purposes	28,473,131	-	28,473,131
Debt service	117,749	-	117,749
Unrestricted (deficit)	(40,718,715)	1,895,568	(38,823,147)
Total Net Position	$ 46,007,231	$ 16,485,828	$ 62,493,059

ECTOR COUNTY, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

		Program Revenues	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**
Primary Government			
Governmental Activities:			
Administrative	$ 7,380,795	$ 4,334,779	$ 6,234,591
Judicial	18,509,904	4,230,525	161,064
Financial administration	7,472,598	-	-
Law enforcement	12,802,058	656,484	76,252
Correction	23,498,540	933,670	934,334
Health and welfare	2,524,692	673,372	634,280
Fire protection	911,638	-	-
Cultural-recreation	842,209	13,650	-
Library	1,954,483	4,479	-
Maintenance	5,943,007	-	-
Conservation of natural resources	189,146	-	-
Highways and streets	7,950,504	2,274,663	457,822
Planning and development	767,152	-	-
Election	719,259	170,116	-
Interest on long-term debt	1,306,554	-	-
Total Governmental Activities	92,772,539	13,291,738	8,498,343
Business-Type Activities:			
Coliseum	2,503,842	842,770	50,530
Airport	665,713	249,426	6,834
Total Business-Type Activities	3,169,555	1,092,196	57,364
Total Primary Government	$ 95,942,094	$ 14,383,934	$ 8,555,707

ECTOR COUNTY, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

	Changes in Net Position		
	Primary Government		
Functions/Programs	**Governmental Activities**	**Business-Type Activities**	**Total**
Primary Government			
Governmental Activities:			
Administrative	$ 3,188,575	$ -	$ 3,188,575
Judicial	(14,118,315)	-	(14,118,315)
Financial administration	(7,472,598)	-	(7,472,598)
Law enforcement	(12,069,322)	-	(12,069,322)
Correction	(21,630,536)	-	(21,630,536)
Health and welfare	(1,217,040)	-	(1,217,040)
Fire protection	(911,638)	-	(911,638)
Cultural-recreation	(828,559)	-	(828,559)
Library	(1,950,004)	-	(1,950,004)
Maintenance	(5,943,007)	-	(5,943,007)
Conservation of natural resources	(189,146)	-	(189,146)
Highways and streets	(5,218,019)	-	(5,218,019)
Planning and development	(767,152)	-	(767,152)
Election	(549,143)	-	(549,143)
Interest on long-term debt	(1,306,554)	-	(1,306,554)
Total Governmental Activities	(70,982,458)	-	(70,982,458)
Business-Type Activities:			
Coliseum	-	(1,610,542)	(1,610,542)
Airport	-	(409,453)	(409,453)
Total Business-Type Activities	-	(2,019,995)	(2,019,995)
Total Primary Government	(70,982,458)	(2,019,995)	(73,002,453)
General Revenues:			
Property taxes	60,609,187	-	60,609,187
Bingo tax	125,002	-	125,002
Mixed beverage tax	899,822	-	899,822
Hotel occupancy tax	723,811	723,811	1,447,622
Sales Tax	36,949,285	-	36,949,285
Investment earnings	5,399,455	123,740	5,523,195
Miscellaneous	1,640,991	-	1,640,991
Gain on sale of capital assets	199,923	-	199,923
Total General Revenues and Transfers	106,547,476	847,551	107,395,027
Change in net position	35,565,018	(1,172,444)	34,392,574
Net Position, Beginning of Year	10,442,213	17,658,272	28,100,485
Net Position, End of Year	$ 46,007,231	$ 16,485,828	$ 62,493,059

ECTOR COUNTY, TEXAS
GOVERNMENTAL FUNDS - BALANCE SHEET
September 30, 2023

	General Fund	American Rescue Plan Fund	Capital Projects Fund
Assets			
Cash and cash equivalents	$ 1,829,115	$ 73,964	$ 609,141
Investments	27,306,473	28,138,237	33,202,565
Property taxes receivable	6,011,038	-	-
Less allowance for uncollectible taxes	(5,637,638)	-	-
Accounts receivable, net	1,142,171	-	11,100
Due from other funds	169,278	-	-
Due from other governments	154,308	-	-
Inventories	48,452	-	-
Prepaid items	114,065	-	-
Total Assets	$ 31,137,262	$ 28,212,201	$ 33,822,806
Liabilities, Deferred Inflow of Resource and Fund Balances			
Liabilities:			
Accounts payable	$ 2,463,997	$ 295,247	$ 78,181
Claims payable	150,682	-	-
Due to other funds	16,795	-	-
Due to other governments	824,710	-	-
Unearned revenue	106,573	27,066,341	696,500
Total Liabilities	3,562,757	27,361,588	774,681
Deferred Inflow of Resources:			
Unavailable revenue	1,219,155	-	-
Fund Balances			
Nonspendable:			
Inventories and prepaid items	162,517	-	-
Restricted:			
Creditors	3,288,707	-	-
Capital projects	-	-	32,542,703
Imposed by law	-	-	-
Retirement of long-term debt	-	-	-
Federal grants	-	850,613	-
Committed:			
Program purposes	343,255	-	-
Assigned	938,814	-	505,422
Unassigned	21,622,057	-	-
Total Fund Balances	26,355,350	850,613	33,048,125
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 31,137,262	$ 28,212,201	$ 33,822,806

GOVERNMENTAL FUNDS - BALANCE SHEET

September 30, 2023

	Sales Tax District	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 7,267,495	$ 1,848,900	$ 11,628,615
Investments	35,115,647	5,810,076	129,572,998
Property taxes receivable	-	523,090	6,534,128
Less allowance for uncollectible taxes	-	(486,482)	(6,124,120)
Accounts receivable, net	9,157,994	-	10,311,265
Due from other funds	-	23,856	193,134
Due from other governments	-	105,727	260,035
Inventories	-	-	48,452
Prepaid items	-	-	114,065
Total Assets	$ 51,541,136	$ 7,825,167	$ 152,538,572
Liabilities, Deferred Inflow of Resource and Fund Balances			
Liabilities:			
Accounts payable	$ 1,754,558	$ 270,397	$ 4,862,380
Claims payable	-	-	150,682
Due to other funds	-	176,339	193,134
Due to other governments	-	-	824,710
Unearned revenue	-	-	27,869,414
Total Liabilities	1,754,558	446,736	33,900,320
Deferred Inflow of Resources:			
Unavailable revenue	-	-	1,219,155
Fund Balances			
Nonspendable:			
Inventories & prepaid items	-	-	162,517
Restricted:			
Creditors	1,415,382	167,402	4,871,491
Capital projects	-	-	32,542,703
Imposed by law	22,177,708	6,295,423	28,473,131
Retirement of long-term debt	-	302,819	302,819
Federal grants	-	-	850,613
Committed:			
Program purposes	-	-	343,255
Assigned	26,193,488	719,712	28,357,436
Unassigned	-	(106,925)	21,515,132
Total Fund Balances	49,786,578	7,378,431	117,419,097
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 51,541,136	$ 7,825,167	$ 152,538,572

ECTOR COUNTY, TEXAS
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2023

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

Total Fund Balances	$ 117,419,097
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excludes internal service funds)	69,941,536
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	1,219,155
Internal service funds are used by management to charge the costs of fleet management and self-insurance costs to individual funds. The assets, liabilities and net position of the internal service funds are included in governmental activities in the statement of net position.	8,390,828
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(137,131,413)
Deferred outflows and inflows of resources, net	(13,831,972)
Net position of governmental activities	$ 46,007,231

ECTOR COUNTY, TEXAS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended September 30, 2023

	General Fund	American Rescue Plan Fund	Capital Projects Fund
Revenues			
Property tax, penalties and interest	$ 56,500,179	$ -	$ -
Sales tax	-	-	-
Fines and forfeitures	1,788,033	-	-
Licenses and permits	294,797	-	-
Intergovernmental charges	2,424,789	5,656,217	-
Charges for current services	7,637,552	-	69,663
Investment income	1,346,305	801,227	1,550,759
Other Revenue	559,702	47,734	1,420,000
Hotel Occupancy tax	-	-	723,811
Total Revenues	70,551,357	6,505,178	3,764,233
Expenditures			
Current:			
Administrative	1,656,612	4,999,636	-
Judicial	17,470,431	-	-
Financial administration	7,216,358	-	-
Law enforcement	11,039,824	-	-
Correction	15,491,081	-	-
Health and welfare	1,292,159	-	-
Fire protection	-	-	-
Cultural – recreation	528,808	-	-
Library	1,900,759	-	-
Maintenance	5,566,548	-	-
Conservation of natural resources	189,146	-	-
Highways and streets	-	-	-
Planning and development	-	-	-
Election	-	-	-
Non Departmental and other	1,234,019	-	410,990
Total current	63,585,745	4,999,636	410,990
Debt service:			
Principal	937,545	-	-
Interest	148,754	-	-
Capital outlay	-	656,581	2,294,241
Total Expenditures	64,672,044	5,656,217	2,705,231
Excess (deficiency) of revenues over expenditures	5,879,313	848,961	1,059,002
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers (out)	(1,435,000)	-	-
SBITAs issued	1,066,713	-	-
Total Other Financing Sources (Uses)	(368,287)	-	-
Net changes in fund balances	5,511,026	848,961	1,059,002
Fund Balances, Beginning of Year	20,844,324	1,652	31,989,123
Fund Balances, End of Year	$ 26,355,350	$ 850,613	$ 33,048,125

See notes to the financial statements.

ECTOR COUNTY, TEXAS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended September 30, 2023

	Sales Tax District	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Property tax, penalties and interest	$ -	$ 4,109,008	$ 60,609,187
Sales tax	36,949,285	-	36,949,285
Fines and forfeitures	-	-	1,788,033
Licenses and permits	-	-	294,797
Intergovernmental charges	-	2,414,185	10,495,191
Charges for current services	-	3,561,369	11,268,584
Investment income	1,470,623	230,517	5,399,431
Other Revenue	4,433	59,658	2,091,527
Hotel Occupancy tax	-	-	723,811
Total Revenues	38,424,341	10,374,737	129,619,846
Expenditures			
Current:			
Administrative	-	137,876	6,794,124
Judicial	-	1,488,524	18,958,955
Financial administration	-	-	7,216,358
Law enforcement	1,679,156	34,894	12,753,874
Correction	7,656,375	945,303	24,092,759
Health and welfare	842,797	516,803	2,651,759
Fire protection	911,539	-	911,539
Cultural – recreation	-	262,035	790,843
Library	-	130,758	2,031,517
Maintenance	-	-	5,566,548
Conservation of natural resources	-	-	189,146
Highways and streets	2,318,590	4,345,325	6,663,915
Planning and development	767,152	-	767,152
Election	-	732,979	732,979
Non Departmental and other	-	-	1,645,009
Total current	14,175,609	8,594,497	91,766,477
Debt service:			
Principal	-	2,230,750	3,168,295
Interest	-	1,595,106	1,743,860
Capital outlay	7,119,724	416,311	10,486,857
Total Expenditures	21,295,333	12,836,664	107,165,489
Excess (deficiency) of revenues over expenditures	17,129,008	(2,461,927)	22,454,357
Other Financing Sources (Uses)			
Transfers in	-	4,435,000	4,435,000
Transfers (out)	(3,000,000)	-	(4,435,000)
SBITAs issued	-	-	1,066,713
Total Other Financing Sources (Uses)	(3,000,000)	4,435,000	1,066,713
Net changes in fund balances	14,129,008	1,973,073	23,521,070
Fund Balances, Beginning of Year	35,657,570	5,405,358	93,898,027
Fund Balances, End of Year	$ 49,786,578	$ 7,378,431	$ 117,419,097

See notes to the financial statements.

ECTOR 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, 2023

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances-total governmental funds.	$ 23,521,070
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	6,925,285
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,480,484)
The issuance of long-term debt (e.g. bonds, leases, SBITAs) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, had any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(1,885,344)
Some expenses reported in the statement of activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	8,632,060
The internal service funds are used by management to charge the costs of fleet management and self-insurance costs to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(147,569)
Change in net position of government activities	$ 35,565,018

ECTOR COUNTY, TEXAS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

September 30, 2023

	Business-Type Activities – Enterprise Funds			Governmental Activities Internal Service Funds
	Coliseum	**Airport**	**Total**	
Assets				
Current assets:				
Cash and cash equivalents	$ 381,346	$ 166,082	$ 547,428	$ 644,443
Investments	1,068,211	495,903	1,564,114	8,326,319
Accounts receivable, net	50,546	16,054	66,600	329,091
Leases receivable	-	2,611,925	2,611,925	-
Due from other funds	-	-	-	51,467
Total current assets	1,500,103	3,289,964	4,790,067	9,351,320
Property, Plant and Equipment:				
Land	653,000	84,762	737,762	135,700
Building	9,341,657	2,244,937	11,586,594	581,028
Improvements	8,743,843	3,638,842	12,382,685	37,466
Equipment	1,676,913	160,034	1,836,947	8,820,460
Right-to-use assets	7,324	-	7,324	-
Infrastructure	807,803	10,501,718	11,309,521	-
Less accumulated depreciation/amortizati	(13,336,374)	(9,878,840)	(23,215,214)	(9,170,759)
Net property, plant and equipment	7,894,166	6,751,453	14,645,619	403,895
Total Assets	9,394,269	10,041,417	19,435,686	9,755,215
Liabilities				
Current liabilities:				
Accounts payable and other liabilities	83,989	134,699	218,688	1,364,387
Compensated absences payable	50,939	-	50,939	-
Unearned revenues	73,562	-	73,562	-
Lease payable	1,464	-	1,464	-
Total current liabilities	209,954	134,699	344,653	1,364,387
Noncurrent Liabilities:				
Lease payable	2,956	-	2,956	-
Total noncurrent liabilities	2,956	-	2,956	-
Total Liabilities	212,910	134,699	347,609	1,364,387
Deferred Inflows of Resources				
Deferred inflows relating to leases	-	2,602,249	2,602,249	-
Total Deferred Inflows of Resources	-	2,602,249	2,602,249	-
Net Position:				
Investment in capital assets	7,892,702	6,751,453	14,644,155	403,895
Unrestricted	1,288,657	553,016	1,841,673	7,986,933
Total Net Position	$ 9,181,359	$ 7,304,469	$ 16,485,828	$ 8,390,828

ECTOR COUNTY, TEXAS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended September 30, 2023

	Business-Type Activities Enterprise Funds			
	Coliseum	Airport	Total	Governmental Activities Internal Service Funds
Operating Revenues				
Charges for current services	$ 842,770	$ 249,426	$ 1,092,196	$ 15,662,505
Other revenues	50,530	6,834	57,364	615,869
Total Operating Revenues	893,300	256,260	1,149,560	16,278,374
Operating Expenses				
Salaries	695,135	-	695,135	-
Employee benefits	318,024	-	318,024	-
Auto allowance	4,188	-	4,188	-
Departmental supplies and other	62,453	69,316	131,769	852,470
Maintenance and repairs	159,509	117,293	276,802	255,025
Professional services	18,935	-	18,935	1,666,954
Utilities	406,161	48,380	454,541	22,919
Insurance	125,031	41,600	166,631	4,125,733
Claims	-	-	-	9,457,930
Other	4,232	2,150	6,382	-
Depreciation/amortization	710,174	386,974	1,097,148	392,935
Total Operating Expenses	2,503,842	665,713	3,169,555	16,773,966
Operating income (loss)	(1,610,542)	(409,453)	(2,019,995)	(495,592)
Nonoperating Revenue (Expenses)				
Investment income	50,147	73,593	123,740	323,455
Gain (loss) on retirement of assets	-	-	-	24,568
Hotel Occupancy Tax	723,811	-	723,811	-
Total Nonoperating Revenue (Expenses)	773,958	73,593	847,551	348,023
Change in net position	(836,584)	(335,860)	(1,172,444)	(147,569)
Net Position, Beginning of Year	10,017,943	7,640,329	17,658,272	8,538,397
Net Position, End of Year	$ 9,181,359	$ 7,304,469	$ 16,485,828	$ 8,390,828

ECTOR COUNTY, TEXAS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2023

	Business-Type Activities Enterprise Funds			
	Coliseum	**Airport**	**Total**	**Governmental Activities Internal Service Funds**
Cash Flows from Operating Activities				
Cash received from customers	$ 828,594	$ 228,117	$ 1,056,711	$15,626,441
Cash received from miscellaneous sources	50,530	6,834	57,364	-
Cash received from other income	-	-	-	615,869
Cash paid to employees	(1,014,325)	-	(1,014,325)	-
Cash paid for goods and services	(759,782)	(146,608)	(906,390)	(16,297,054)
Net Cash Provided by (Used in) Operating Activities	(894,983)	88,343	(806,640)	(54,744)
Cash Flows from Noncapital Financing				
Hotel occupancy tax	723,811	-	723,811	-
Net Cash Provided by (Used in) Noncapital Financing Activities	723,811	-	723,811	-
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(46,984)	-	(46,984)	-
Proceeds from sale of assets	-	-	-	24,568
Net Cash Provided by (Used in) Capital and Related Financing Activities	(46,984)	-	(46,984)	24,568
Cash Flows From Investing Activities				
Purchase of investments	-	(22,593)	(22,593)	(410,671)
Proceeds from sale of investments	287,776	-	287,776	441,397
Investment income received on investments	50,147	73,593	123,740	323,455
Net Cash Provided by (Used in) Investing Activities	337,923	51,000	388,923	354,181
Net Change in Cash	119,767	139,343	259,110	324,005
Cash, Beginning of Year	261,579	26,739	288,318	320,438
Cash, End of Year	$ 381,346	$ 166,082	$ 547,428	$ 644,443
Operating income (loss)	$ (1,610,542)	$ (409,453)	$ (2,019,995)	$ (495,592)
Adjustments to reconcile operating loss income to net cash used In operating activities:				
Depreciation/amortization	710,174	386,974	1,097,148	392,935
(Increase) decrease in accounts receivable	(50,000)	(590)	(50,590)	22,071
(Increase) decrease in lease receivable	-	67,547	67,547	-
Increase (decrease) in due from other funds	12,824	383	13,207	(36,064)
Increase (decrease) in accounts payable	22,182	132,131	154,313	61,906
Increase (decrease) in compensated absences	(1,166)	-	(1,166)	-
Increase (decrease) in deferred inflows related to leases	-	(88,649)	(88,649)	-
Increase (decrease) in unearned revenue	23,000	-	23,000	-
Increase (decrease) in leases payable	(1,455)	-	(1,455)	-
Total adjustments	715,559	497,796	1,213,355	440,848
Net cash provided by (used in) operating activities	$ (894,983)	$ 88,343	$ (806,640)	$ (54,744)

ECTOR COUNTY, TEXAS

STATEMENT OF CUSTODIAL NET POSITION

FIDUCIARY FUNDS

September 30, 2023

	Custodial Funds
Assets	
Cash and Cash Equivalents	$ 10,731,509
Investments	4,033,711
Due from Other Governments	302,946
Accounts Receivable	41,781
Total Assets	15,109,947
Liabilities	
Accounts Payable	410,400
Due to Other Governments	3,463,013
Deferred Revenues	226,171
Total Liabilities	4,099,584
Net Position	
Individuals, organizations, and other governments	11,010,363
Total Net Position	$ 11,010,363

ECTOR COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

For the Year Ended September 30, 2023

	Custodial
Additions	
Held for others	$ 20,305,237
Tax collections for other governments	122,723,634
Total Additions	143,028,871
Deductions	
Payments to other governments	122,727,275
Recipient payments	20,538,311
Total Deductions	143,265,586
Change in net position	(236,715)
Net Position - Beginning	11,247,078
Net Position - Ending	$ 11,010,363

Note 1 - Summary of Significant Accounting Policies

Ector County, Texas (the County) is a body, corporate and political created under Article IX, Section 1, of the Constitution of the State of Texas in the year 1887. The County operates under the State of Texas statutes, and provides such services as are authorized by state law to advance the welfare, health, comfort, safety and convenience of the County and its inhabitants. The Commissioners' Court, consisting of four County Commissioners and the County Judge, as elected, are the policy making body of the County.

The financial statements of the County are prepared in accordance with generally accepted accounting principles applicable to governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative literature.

A. Reporting Entity

Generally accepted accounting principles require that these financial statements present the County (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government.

There are no component units.

B. Government-Wide and Fund Financial Statements

As previously discussed, the basic financial statements of the County are presented at two basic levels, the government-wide level and the fund level. These statements focus on the County as a whole at the government-wide level and on major funds at the fund level. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information for all of the nonfiduciary activities for the financial reporting entity of the County. For the most part, the effect of interfund activity has been eliminated from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The government-wide statement of net position reports all financial and capital resources of the County and is presented in an "assets and deferred outflows minus liabilities and deferred inflows equal net position" format with net position reported in the order of relative liquidity. Also, assets and liabilities are presented in relative order of liquidity with liabilities which have an average maturity of more than one year separated into the amount due within one year and the amount due in more than one year.

The government-wide statement of activities identifies the relative financial burden of each of the County's functions (Administrative, Judicial, Financial Administration, Law Enforcement, Correction, Health and Welfare, Fire Protection, Cultural and Recreation, Library, Maintenance, Conservation of Natural Resources, Highways and Streets, Election, and Other) or segments (Coliseum and Airport) on the taxpayers by identifying direct expenses and the extent of self support through program revenues. Direct expenses are clearly identifiable expenses that can be specifically associated with a function or segment.

Note 1 - Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements (continued)

Program revenues are revenues derived directly from the function or segment or from other sources which reduce the net cost of the function to be financed from general government revenues. Program revenues are 1) charges to customers who purchase, use, or directly benefit from services provided by a function or segment and which are generated by that function, 2) grants and contributions restricted to operating requirements of a function or segment and, 3) grants and contributions restricted to capital requirements of a function or segment. Items such as taxes, unrestricted investment earnings and non-specific grants are not included as program revenues but are instead reported as general revenues which normally cover the net cost of a function or segment.

The effect of internal service fund activities in the government-wide statements is eliminated to the extent possible to avoid the effect of "doubling up" internal service fund activity. Internal service funds report activities which provide goods or services to the financial reporting entity on a cost reimbursement basis. Any net profit or loss from these activities is allocated back to the function or segment that benefited from the goods or services provided based upon their proportionate benefit to the extent possible. Any residual assets of internal service funds are reported with governmental activities at the government-wide level.

Fund level financial statements are presented for governmental funds and proprietary funds with a focus on major funds. A major fund is a fund meeting certain specific asset, liability, revenue, or expenditure/expense criteria relative to all funds of that type and relative to the total for all governmental and enterprise funds combined. Additionally, any fund deemed particularly important by the County may be reported as a major fund. The financial information for each major fund is presented in a separate column, with nonmajor funds aggregated and displayed in a single column, on either the governmental or proprietary fund financial statements. The fund level statements for proprietary funds also contain combined totals for all internal service funds. This information is presented in a separate column immediately to the right of the total column for all enterprise fund activity.

Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for others and therefore cannot be used to support the government's own program. Fiduciary funds account for assets held by the County as a custodian on behalf of various third parties outside the primary government.

Fiduciary funds are excluded from the government-wide presentation of the financial statements.

C. Measurement Focus and Basis of Accounting

The government-wide statements, proprietary, and fiduciary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Exchange and exchange-like transactions, transactions in which the County gives or receives value and receives or gives equal value, that create revenues, expenses, gains, losses, assets or liabilities are recognized when the exchange occurs. Nonexchange transactions, transactions in which the County gives or receives value without receiving or giving equal value in exchange, that result in revenues expenses, gains, losses, assets or liabilities. The treatment of nonexchange transactions is grouped in four classes based upon the principal characteristics of the transaction and reported according to those characteristics. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Capital assets are reported at historical cost and depreciated, except for inexhaustible assets such as land, in accordance with the County's depreciation policy.

Note 1 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Government fund financial statements are reported using a current financial resources measurement focus and modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. In the case of property taxes, available means due within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Grant revenues are considered to be available if they are to be received within the period of availability. Expenditures are generally recorded when a fund liability is incurred. However, expenditures related to general long-term debt, compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, sales tax, fines, licenses, and interest associated with the current 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 government.

Governmental fund level revenues which have been accrued based upon the susceptible to accrual concept are:

- General Fund – Ad valorem taxes, interest and federal and state grant proceeds, except where such grants are expenditure driven and other requirements related to the grant have not been met.

- Special Revenue Funds – Federal and state grant proceeds and interest, except where such grants are expenditure driven and other requirements related to the grant have not been met.

- Debt Service Fund – Ad valorem taxes and interest.

- Capital Projects Fund – Interest.

All proprietary funds, including the enterprise and internal service funds, and fiduciary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when they are incurred. Claims incurred but not reported are included in payables and expenses. These funds are accounted for using an economic resources measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included in the funds statement of net position.

Operating revenues and expenses generally are the result of providing or delivering goods or services in association with the fund's principal ongoing operations. The principal operating revenues of the County's Coliseum and Airport Funds are charges of this type. Operating expenses include the costs of administration, sales, services and depreciation.

Transactions resulting in nonoperating revenues and expenses are normally created by such items as cash flows from capital and related financing activities, noncapital financing activities, investing activities.

Note 1 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

The following governmental major funds are used by the County:

General Fund – The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

American Rescue Plan Fund – The American Rescue Plan Fund accounts for grant funds received as a result of the American Rescue Plan Act of 2021.

Capital Projects Fund – The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

Sales Tax District Fund – The Sales Tax District Fund was established by voters under Local Government Code 387 in November of 2018, with tax first being collected in April 2019. The tax collected can only be used within the established Ector County Assistance District and in accordance with local government code 387.

Ector County assistance District is defined as the boundaries of Ector County excluding the cities of Gold Smith and Odessa except for areas in the County of Odessa annexed on or after November 27, 2018.

Local Government Code 387 says a district may perform the following functions in the district:

1. the construction, maintenance, or improvement of roads or highways;
2. the provision of law enforcement and detention services;
3. the maintenance or improvement of libraries, museums, parks, or other recreational facilities;
4. the provision of services that benefit the public health or welfare, including the provision of firefighting and fire prevention services; or
5. the promotion of economic development and tourism.

Additionally, the County reports the following nonmajor fund types:

Debt Service Fund – The Debt Service Fund accounts for the accumulation and disbursement of resources associate with the County's debt obligation. Property taxes and interest income provide the resources necessary to pay the annual principal and interest payments.

Special Revenue Funds – The Special Revenue Funds account for revenues derived from earmarked revenue sources that are legally restricted to expenditures for a specific purpose.

The following proprietary major funds are used by the County:

All Proprietary Funds are considered major funds.

Coliseum Fund – The Coliseum Fund is used to account for the operation of the Ector County Coliseum which provides the coliseum facility, exhibition barns and an arena.

Airport Fund – The Airport Fund is used to account for the operation of the Ector County Airport.

Note 1 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Other Fund Types

Internal Service Funds – The Internal Service Funds account for the fleet management services and insurance provided to departments or agencies of the County or to other governments, on a cost reimbursement basis.

Fiduciary Funds – Fiduciary Funds are used to report assets which cannot be used to support County activities and are held in a custodial capacity by the County for the benefit of others. Ector County has the following custodial funds:

1) Escrow Accounts are: Tax Assessor, County Clerk, District Clerk, Justice of the Peace, Juvenile Probation, Adult Probation, Sheriff Bond, Sheriff Special, DA Victim, CA Restitution, and DA Restitution.

2) Special Fees/Revenues per Statue are: District Attorney Apportionment, District Attorney Forfeiture, District Attorney HHSC, Sheriff Forfeiture, Juvenile Probation Special, County Attorney Criminal Forfeiture, County Attorney Hot Check, District Attorney Hot Check, Law Enforcement Education, Vehicle Inventory Tax, Jail Commissary, and Senior Citizens. These accounts are utilized to account for monies under the control of the various officials per state statute, are outside of the County per statute and can only be used for specific purposes; therefore, they are not commingled with the County.

3) Special Fees/Revenues Escrows are: Special Children and Special Senior Citizens. The accounts represent funds generated to support these activities outside of the County's activities.

4) Adult Probation: State functions or grants operated in the County per agreement between the State Judicial District and the County. They are Non-County funds. By contract the County assists in the function of the Adult Probation Department.

D. Cash and Cash Equivalents

The County's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the County's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

E. Investments

The County's investments are stated at fair value, except for external investment pools. Fair value is based on quoted market prices as of the valuation date. Management's intent is to hold all investments to maturity and thereby recover the full value of the various investments made. The gain/loss resulting from valuation will be reported within the "Investment Income" account on the Statement of Revenues, Expenditures and Changes in Fund Balance (Equity).

Note 1 - Summary of Significant Accounting Policies (continued)

E. Investments (continued)

The portfolio did not hold investments in external pools that are not SEC-registered. The external investment pools are:

TEXPOOL – The State Comptroller of Public Accounts oversees TexPool (the Texas Local Government Investment Pool) but Federated Investors manage the daily operations of the pool under a contract with the Comptroller. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than fair value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

Texas CLASS – is a local government investment pool emphasizing safety, liquidity, convenience and competitive yield. Texas CLASS invests only in securities allowed by the Texas Public Funds Investment Act and is supervised by a Board of Trustees who are elected by the participants and is managed by Cutwater Asset Management. Texas CLASS carriers a letter of credit that ensures the integrity of the fund. Texas CLASS is rated 'AAAm' by Standard & Poor's rating services. Texas CLASS uses amortized cost rather than fair value to report net position to compute share prices. Accordingly, the fair value of the position in Texas CLASS is the same as the value of Texas CLASS shares.

TexStar – TexStar is administered by First Southwest Asset Management, Inc., and JPMorgan-Chase. TexStar is a local government investment pool created under the Interlocal Corporation Act and is rated AAAm by Standard and Poor's. The fund seeks to maintain a constant dollar objective and fulfills all requirements of the Texas Public Funds Investment Act. TexStar uses amortized cost rather than fair value to report net position to complete share prices. Accordingly, the fair value of the position in TexStar is the same as the value of TexStar shares.

LOGIC – the Local Government Investment Cooperative is an AAA rated local government pool created by local government officials. LOGIC is administered by First Southwest Asset Management, Inc. and JP Morgan-Chase. LOGIC operates in a manner consistent with SEC's rule 2a7 of the investment act of 1940. LOGIC utilized amortized cost rather than fair value in reporting net position to compute share prices. The fair value of the position in LOGIC is the same as the value of LOGIC.

F. Receivable, Payables and Interfund Transactions

Short-term loans between funds are reported as interfund receivables in the fund making the loan and as interfund payables in the fund receiving the loan. Arm's length transactions between funds for goods and services are reported as revenues in the selling fund and as expenses/expenditures in the acquiring fund. Any unpaid amounts are appropriately recorded as interfund receivables/payables. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Flows or assets from one fund to another with no requirement for repayment or without an equivalent flow of assets in return are accounted for as transfers.

G. Consumable Inventories

Consumable inventories are stated at cost which approximates market using the first-in, first-out method. Inventories for all funds consist of expendable supplies held for consumption, and are recorded as expenditures or expenses, as appropriate, when consumed rather than when purchased.

H. Prepaid Items

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

Note 1 - Summary of Significant Accounting Policies (continued)

I. **Capital Assets**

Capital assets are tangible and intangible assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), right-to-use lease assets, and subscription-based information technology arrangements (SBITAs), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an estimated useful life more than one year and an initial, individual cost exceeding $5,000.

As the County constructs or acquires capital assets each period, they are capitalized and reported at historical cost, except for intangible right-to-use lease and SBITAs. The measurement of the intangible right-to-use assets and SBITAs are discussed in their respective sections of this note. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated or amortized. The other capital asset classes are depreciated/amortized using the straight-line method over the following estimated useful lives or amortization term as defined below:

Buildings	25-40 Years	Machinery and equipment	5-20 Years
Improvements	25-40 Years	Automotive equipment	3-20 Years
Infrastructure	25 Years	Radio equipment	5-10 Years
Furniture and office equipment	7-10 Years	SBITA assets	Subscription Term
		Right-to-use assets	Shorter of lease term or 5 years

J. Leases

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (continued)

J. Leases (continued)

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

Lessor: The County is a lessor for non-cancellable leases agreements. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and proprietary fund financial statements.

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

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

- The County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

K. Subscription-Based Information Technology Arrangements (SBITAs)

The County is under contract for various SBITAs for the right to use subscription assets (software). The SBITAs are noncancellable, and the County recognizes a SBITA liability and an intangible right to use SBITA asset in the government-wide financial statements. The County recognizes SBITA liabilities with an initial, individual value of $5,000 or more.

At the commencement of the SBITA, the District initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the sum of (1) the initial SBITA liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Key estimates and judgments related to SBITA include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

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

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

Note 1 - Summary of Significant Accounting Policies (continued)

L. Federal and State Grants and Entitlements

Grants, entitlements and shared revenues may be accounted for within any of the fund types. The purpose and requirements of each grant or entitlement are carefully analyzed to determine the proper fund type in which to record the related transactions. Grants or entitlements received for purposes normally financed through a particular fund type may be accounted for in that type provided that applicable legal restrictions are appropriately satisfied. Such revenues received for purposes normally financed through the general fund are accounted for within the Special Revenue Funds.

Capital grants restricted for capital acquisitions or construction, other than those associated with proprietary-type funds, are accounted for in the applicable Capital Projects Fund. Such revenues received for operating purposes of proprietary funds, or which may be utilized for either operations or capital outlay at the discretion of the County, are recognized in the applicable proprietary fund. Grant funds restricted for acquisition or construction of capital assets are recorded as contributed equity of the applicable proprietary fund. All grants are recognized as revenue when the related expenditure is increased (expenditure driven).

M. Compensated Absences

The County employees earn vacation which may either be taken or accumulated, subject to specified maximums based on service, until paid upon retirement or termination. The maximum number of vacation hours which an employee may accrue ranges from one hundred and twenty to two-hundred hours, however only forty hours may be carried over to the nest fiscal year. Holiday time is also accrued by those departments such as the Jail that operate on a 24 hour, 7 days a week schedule. Like vacation, holiday time is accumulated until taken or paid at retirement or termination. Sick leave may also be accumulated; however, accumulated sick leave is not paid upon retirement or termination and, accordingly, is not accrued. The County accrues a liability for compensated absences which meets the following criteria:

1. The County's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' service already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the County has accrued a liability for vacation pay which has been earned but not taken by employees. For governmental funds, the liability for compensated absences has been recorded in noncurrent liabilities (due within one year) on the statement of net position. The General Fund and Farm to Market and Lateral Road Fund are the funds typically used to liquidate this liability. The liability for compensated absences is recorded in the business-type activities as an accrued liability.

N. Long-Term Obligations

General Obligation Bonds and Certificates of Obligation which have been issued to fund purchases and capital projects of the general government that are to be repaid from tax revenues of the County are reported in the government-wide statement of net position. Revenue Bonds which have been issued to fund capital projects of proprietary funds that are to be repaid with funds from proprietary fund assets are reported in the proprietary funds. Bonds payable are reported net of the associated premium or discount at the government-wide level and in the fund level proprietary fund statements. The government-wide and proprietary fund statements reflect unamortized bond premiums, discounts and amortize these items over the life of the issue using the effective interest rate method.

Note 1 - Summary of Significant Accounting Policies (continued)

O. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." Governmental fund assets are those of the General Fund, Debt Service Fund, Capital Projects Fund, and Special Revenue Funds.

The fund balance of the General Fund is of primary significance because the General Fund is the primary fund which finances most functions in the County. The order of spending and availability of the fund balance shall be to reduce funds from the listed areas in the following order: restricted, committed, assigned, and then unassigned funds.

The five classifications of fund balance of the governmental types are as follows:

Non-spendable fund balance classification includes amounts that cannot be spent because they are either not in a spendable form or they are legally or contractually required to be maintained intact. Examples of these funds are inventories or prepaid items. Additionally, these items are not expected to be converted to cash.

Restricted fund balance represents those funds other than non-spendable that are restricted to specific purposes such as externally imposed by creditors, grantors, contributors or laws or regulations of other governments. Additionally, these funds are imposed by law through constitutional provisions or enabling legislation.

Committed fund balance represents those funds that can only be used for specific purposes per the formal action (i.e. resolution) as a posted Commissioners' Court agenda item of the Ector County Commissioners' Court. These funds cannot be used for any other purpose unless the Court removes or changes the specified use by taking the same type of action it employed to previously commit the funds. These funds include contractual obligations entered into by the Commissioners' Court.

Assigned fund balance represents those funds designated by the commissioner's court to be used for specific purposes, but are neither restricted or committed. The resources of these funds could represent operating transfers to special revenue funds from the general fund and the interest earnings associated with those transfers and those funds that are not classified as restricted, non-spendable or committed. Commitments relating to controls not yet performed or purchase orders not yet filled are considered assigned.

Unassigned fund balance is the resulting difference between total fund balances less the previous types of fund balances and is at the discretion of the Commissioners' Court. The general fund is the only fund type that may present a positive unassigned fund balance. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts, restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

P. Revenue Recognition – Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year.

For fund financial statements, property tax revenues are recognized when they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. This is no longer than sixty days after year-end.

Note 1 - Summary of Significant Accounting Policies (continued)

P. Revenue Recognition – Property Taxes (continued)

For fund financial statements, property taxes are reserved as uncollectible if not received within sixty days after the end of the fiscal year. For government-wide financial statements, an allowance equal to 95% of the outstanding taxes at September 30, 2023 has been reported. The tax is levied based on the estimated market values as determined by the Ector County Appraisal District.

The combined tax rate of the 2023 tax roll for the 2022-2023 fiscal year was 0.35 per $100 assessed valuation, resulting in a tax levy of approximately $60.5 million on an assessed valuation of $17,291,300,162.

Q. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows, and liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

R. Implementation of New Standards

The following GASB pronouncements were effective during fiscal year 2023.

GASB Statement No. 96 *Subscription-Based Information Technology Arrangements (SBITA),* was issued in May 2020 and was effective for periods beginning after June 15, 2022. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The County has evaluated the effects of this standard and has determined that it does impact the financial statements. As such the County has incorporated such SBITAs into its capital assets and long-term liabilities on both the face of the financial statements and the note disclosures.

GASB Statement No. 99 *Omnibus 2022* was issued in April 2022. This Statement was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. The requirements of this Statement are effective immediately upon issuance, for periods beginning after June 15, 2022 and June 15, 2023, depending on the topical area.

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes as reconciliation between fund balance – total government funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds."

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements (continued)

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position. (continued)

The details of this difference are as follows:

Bonds, certifications of obligations and tax notes payable including	$	(43,730,995)
Accrued interest payable		(185,070)
Compensated absences payable		(1,389,186)
Net OPEB liability		(61,171,988)
Net pension liability		(23,909,997)
Finance purchase agreement		(5,971,335)
Leases payable		(232,017)
SBITAs payable		(540,825)
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – government activities	$	(137,131,413)

Deferred inflows and outflows of resources, net - The implementation of GASB 68 (pension) and GASB 75 (OPEB) required that certain expenditures be recorded as a deferred outflow of resources and to defer recognition as a deferred inflow of resources. The details of this difference are as follows:

Deferred outflows - pension related	$	10,154,727
Deferred outflows - OPEB related		11,568,521
Deferred inflows - pension related		(2,807,965)
Deferred inflows - OPEB related		(32,747,255)
	$	(13,831,972)

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excludes internal service funds) - The details of this difference are as follows:

Capital assets	$	146,414,528
Less: Accumulated depreciation/amortization		(76,472,992)
Net adjustment to reclassify fund balance – total governmental funds to arrive at net position – government activities	$	69,941,536

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred - The details of this difference are as follows:

Property taxes receivable	$	410,008
Court fines receivable		809,147
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – government activities	$	1,219,155

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements (continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities.

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

Capital outlay	$ 10,486,857
Depreciation/amortization expense	(3,561,572)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ 6,925,285

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this difference are as follows:

Issuance of SBITA	$ (1,066,713)
Principal payments on bonds, leases, SBITAs and finance purchase	3,168,839
Decrease in net OPEB liability	30,068,865
Increase in net pension liability	(34,056,335)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ (1,885,344)

Another element of that reconciliation states some expenses reported in the statement of activities that require the use of current financial resources and therefore are reported as expenditures in governmental funds. The details of this difference are as follows:

Accrued interest on long-term debt	$ 14,219
Amortization of bond premium	275,533
Compensated absences	4,616
Changes in deferred outflows and inflows of resources related to pension liability	35,294,530
Changes in deferred outflows and inflows of resources related to OPEB liability	(26,956,838)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ 8,632,060

Note 3 - Cash and Investments

For purposes of the statements of cash flows, the County considers highly liquid debt instruments which have an original maturity of less than three months to be cash equivalents.

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of the deposits. The County's deposits were $12,596,308 in cash and cash equivalents and the respective bank balances totaled $15,817,554. Of the total bank balance, the Federal Depository Insurance Corporation (FDIC) covered $250,000 and the rest was covered by collateral held by the pledging bank's agent for the County in the County's name in the amount of $38,801,462.

Investments – State statutes and County policies authorize the County's investments. The County is authorized to invest in U.S. Government obligations and its agencies or instrumentalities, direct obligations of this state or its agencies and instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States with ten years or less stated final maturity (cannot be an inverse floater, a principal only or interest only), 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 rating, no-load, SEC registered mutual funds with a weighted average stated maturity of less than two years that are invested in allowable securities, obligations or Texas and its agencies, fully collateralized repurchase agreements and reverse repurchase agreements, prime domestic commercial paper, prime domestic barkers' acceptances, insured or collateralized certificates of deposit, government pools and no-load SEC registered money market funds consisting of any of these securities listed.

The County's investments at September 30, 2023, are:

	Carrying and Fair Value	Effective Duration or Weighted Average	Credit Risk
Investments:			
Certificates of Deposits	$ 8,117,955	419 days	
Investment Pools:			
Investment in Texpool	40,415,090	28 days	AAA - S & P
Investment in TexStar	21,149,206	12 days	AAA - S & P
Investment in LOGIC	22,349,388	33 days	AAA - S & P
Investment inTexas CLASS	41,641,257	49 days	AAA - S & P
Investment Securities:			
Federal Home Loan Bank	5,790,535	574 days	AA + S & P
Total Investments	$ 139,463,431		

Interest Rate Risk – As required by the County's investment policy, the County minimizes the interest rate risk related to the decline in fair value of securities due to rising interest rates in the portfolio by: 1) limiting the effective duration of security types not to exceed two years with the exception of securities purchases related to reserve funds, 2) structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity, 3) monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act, and 4) investing operating funds primarily in shorter-term securities and government investment pools.

Credit Risk – In compliance with the County's investment policy, as of September 30, 2023, the County minimized credit risk losses due to default of a security issuer or backer, by: 1) limiting investments to the safest types of securities by purchasing investments in CD's and investment pools that were rated AAAm by Standard & Poor's, 2) pre-qualify the financial institutions, broker/dealers, intermediaries, and advisers with which the County will

Note 4 - Fair Value

The three levels of the fair value hierarchy are as follows:

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

At September 30, 2023, all investments (as listed in Note 3), are level 1.

Note 5 - Receivables

Receivables as of September 30, 2023, for the County's individual major funds and non-major funds in the aggregate, including applicable allowances for uncollectible amounts, are as follows:

	General	Capital Project	Sales Tax District	Nonmajor and Other Funds	Coliseum	Airport	Internal Service Fund	Total
Receivables								
Property taxes	$6,011,038	$ -	$ -	$ 523,090	$ -	$ -	$ -	$ 6,534,128
Accounts receivable, net	1,142,171	11,100	9,157,994	-	50,546	16,054	-	10,377,865
Lease receivable	-	-	-	-	-	2,611,925	329,091	2,941,016
Due from other governments	154,308	-	-	105,727	-	-	-	260,035
Gross receivable	7,307,517	11,100	9,157,994	628,817	50,546	2,627,979	329,091	20,113,044
Less: allowance for doubtful accoun	(5,637,638)	-	-	(486,482)	-	-	-	(6,124,120)
Net Total Receivables	$1,669,879	$ 11,100	$9,157,994	$ 142,335	$ 50,546	$2,627,979	$ 329,091	$ 13,988,924

Note 6 - Capital Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

Primary government

	Beginning Balance	Additions/ Completions	Retirements/ Transfers	Ending Balance
Governmental activities (includes ISFs):				
Capital assets, not being depreciated/amortized:				
Land	$ 2,020,404	$ -	$ -	$ 2,020,404
Construction in progress	15,221,667	5,634,874	-	20,856,541
Total capital assets, not being depreciated/amortized:	17,242,071	5,634,874	-	22,876,945
Capital assets, being depreciated/amortized:				
Buildings	38,159,130	-	-	38,159,130
Improvements other than buildings	33,006,666	-	(6,300)	33,000,366
Infrastructure	38,572,191	-	-	38,572,191
Machinery and equipment	19,883,735	3,047,293	(1,008,691)	21,922,337
Right-to-use assets	391,500	-	-	391,500
SBITA assets	-	1,066,713	-	1,066,713
Total capital assets, being depreciated/amortized	$ 130,013,222	$ 4,114,006	$ (1,014,991)	$ 133,112,237
Less accumulated depreciation/amortization for:				
Buildings	(8,755,826)	(394,317)	-	(9,150,143)
Improvements other than buildings	(25,308,646)	(126,445)	6,300	(25,428,791)
Infrastructure	(33,914,332)	(631,327)	-	(34,545,659)
Machinery and equipment	(15,037,972)	(1,795,733)	1,008,691	(15,825,014)
Right-to-use assets	(80,394)	(80,393)	-	(160,787)
SBITA assets	-	(533,357)	-	(533,357)
Total accumulated depreciation/amortization	(83,097,170)	(3,561,572)	1,014,991	(85,643,751)
Total capital assets, being depreciated/amortized, net	46,916,052	552,434	-	47,468,486
Governmental activities capital assets, net	$ 64,158,123	$ 6,187,308	$ -	$ 70,345,431
Business type activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 737,762	$ -	$ -	$ 737,762
Total capital assets, not being depreciated/amortized:	737,762	-	-	737,762
Capital assets, being depreciated/amortized:				
Buildings	11,586,594	-	-	11,586,594
Improvements other than buildings	12,463,443	-	(80,758)	12,382,685
Infrastructure	11,309,521	-	-	11,309,521
Machinery and equipment	1,796,362	46,983	(6,398)	1,836,947
Right-to-use assets	7,324	-	-	7,324
Total capital assets, being depreciated/amortized	37,163,244	46,983	(87,156)	37,123,071
Less accumulated depreciation/amortization for:				
Buildings	(5,682,949)	(286,398)	-	(5,969,347)
Improvements other than buildings	(8,944,578)	(440,701)	80,758	(9,304,521)
Infrastructure	(6,131,841)	(278,425)	-	(6,410,266)
Machinery and equipment	(1,444,391)	(90,158)	6,398	(1,528,151)
Right-to-use assets	(1,464)	(1,465)	-	(2,929)
Total accumulated depreciation/amortization	(22,205,223)	(1,097,147)	87,156	(23,215,214)
Total capital assets, being depreciated/amortized, net	14,958,021	(1,050,164)	-	13,907,857
Business-type activities capital assets, net	$ 15,695,783	$ (1,050,164)	$ -	$ 14,645,619

Note 6 - Capital Assets (continued)

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

Government activities:		
Judicial	$	104,115
Financial administration		616,516
Law enforcement		573,970
Correction		362,354
Health and welfare		101,496
Cultural and recreation		26,216
Library		7,466
Maintenance		46,869
Highways and streets		1,021,478
Elections		9,344
Capital Projects		298,813
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets		392,935
Total depreciation/amortization expense – Governmental activities	$	3,561,572
Business-type activities:		
Coliseum	$	710,172
Airport		386,975
Total depreciation/amortization expense – Business-type activities	$	1,097,147

Note 7 - Defined Benefit Pension Plan

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS in the aggregate issues an Annual Comprehensive Financial Report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 and is available at www.tcdrs.org.

Benefits Provided

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

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 County 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-financial monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Note 7 - Defined Benefit Pension Plan (continued)

Employees Covered by Benefit Terms

At the measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	770
Inactive employees entitled to but not yet receiving benefits	938
Active employees	664
Total	2,372

Net Pension Liability

The County's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of December 31, 2022, were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 68.

Following are key assumptions used in the valuation:

Valuation Date	December 31, 2022
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	10.6 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions *	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule.

**Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.*

Note 7 - Defined Benefit Pension Plan (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments is 7.60%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the systems target asset allocation as of December 31, 2022 are summarized below:

Asset Class	Benchmark	Allocation (1)	Return (2)
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index (3)	4.00%	7.60%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
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%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Funds of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%
		100.00%	

(1) Target asset allocation adopted at the March 2023 TCDRS Board Meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.3%, per Cliffwater's 2023 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.

Note 7 - Defined Benefit Pension Plan (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	$ 342,269,744	$ 305,038,530	$ 273,735,052
Fiduciary net position	281,128,533	281,128,533	281,128,533
Net pension liability/(asset)	$ 61,141,211	$ 23,909,997	$ (7,393,481)

Detailed information about the pension plan's fiduciary net position is available in the separately issued TCDRS financial report.

Service cost	$ 6,037,279
Interest on total pension liability	22,369,973
Administrative expenses	164,747
Member contributions	(2,840,418)
Expected investment return net of investment expenses	(23,037,789)
Recognition of economic/demographic gains or losses	(1,744,263)
Recognition of assumption changes or inputs	4,584,677
Recognition of investment gains or losses	447,747
Other	895,452
Pension expense	$ 6,877,405

Note 7 - Defined Benefit Pension Plan (continued)

Changes in Net Pension Liability

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/ (Asset)
Balances at 12/31/2021	$ 297,472,899	$ 307,619,237	$ (10,146,338)
Changes for the year:			
Service cost	6,037,279	-	6,037,279
Interest on total pension liability	22,369,973	-	22,369,973
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(2,162,743)	-	(2,162,743)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(818,484)	(818,484)	-
Benefit payments	(17,860,394)	(17,860,394)	-
Administrative expenses	-	(164,746)	164,746
Member contributions	-	2,840,418	(2,840,418)
Net investment income	-	(17,342,331)	17,342,331
Employer contributions	-	7,750,285	(7,750,285)
Other	-	(895,452)	895,452
Balances at 12/31/2022	$ 305,038,530	$ 281,128,533	$ 23,909,997

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

At September 30, 2023, the County reported deferred inflows and outflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 2,381,788	$ -
Changes in assumptions	426,177	-
Net difference between projected and actual earnings	-	4,422,975
Contributions made subsequent to measurement date	-	5,731,752
Total	$ 2,807,965	$ 10,154,727

The $5,731,752 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

FY	Amount
2024	$ (6,085,185)
2025	(1,110,505)
2026	734,676
2027	8,076,024
Total	$ 1,615,010

Note 8 - Other Post-Employment Benefits

Plan Description

The County is self-insured for employee and retiree and healthcare and administers an agent multi-employer defined benefit postemployment plan. The County provides post-employment healthcare benefits to its retired employees who meet the TCDRS retirement eligibility requirements.

The plan provides medical and dental coverage to plan members. Retiree, spouse and eligible dependents are required to enroll in Medicare parts A and B once eligible.

In addition to the plan that is provided to the County employees and retirees, the Ector County Appraisal District also participates in the plan.

The Ector County Appraisal District pays a monthly premium per employee and dependent as determined by the Ector County Commissioners' Court.

Medicare retirees' age 65 or more participate in a Medicare supplement plan.

Number of participants in the plan as of December 31, 2022 (measurement date) is as follows:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	298
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Members	608
Total	906

Funding Policy

Local Government Code Section 157.1010 assigns the authority to establish and amend benefit provisions to Commissioners Court. The County is under no legal obligation to pay these premiums, and the decision to provide these benefits is made by the Commissioners Court on a year-to-year basis.

At September 30, 2023, retirees paid a premium of $75 and paid $260 per month for their dependent coverage.

The rates are set annually by the Commissioners Court based on the combination of premiums and prior year costs of the self-funded portion of the plan.

Note 8 - Other Post-Employment Benefits (continued)

Total OPEB Liability

The County's total OPEB liability was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions

Actuarial Cost Method	Individual Entry-Age
Discount Rate	4.05% as of December 31, 2022
Inflation	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 MP-2021 Ultimate scale.
Health Care Trend Rates	Non-Medicare: Initial rate of 6.60% declining to an ultimate rate of 4.25% after 11 years. Medicare: 4.25%
Participation Rates	Retiree Medical: 95% of retirees hired before October 1, 2015 0% of retirees hired on or after October 1, 2015 Retiree Life Insurance: 100% regardless of date of hire
Other Information:	
Notes	The discount rate changed from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022. Additionally, the health care trend rates were updated.

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

Schedule of changes in OPEB liability

Service Cost	$ 2,218,677
Interest on the total net OPEB liability	1,678,321
Difference between expected and actual experience of the total net OPEB liability	(7,946,270)
Changes of assumptions	(23,745,398)
Benefit payments	(2,274,195)
Net change in total net OPEB liability	(30,068,865)
Total Net OPEB Liability-Beginning	91,240,853
Total Net OPEB Liability-Ending	$ 61,171,988

Note 8 - Other Post-Employment Benefits (continued)

Statement of OPEB expense

Service Cost	$ 2,218,677
Interest on the total net OPEB Liability	1,678,321
Recognition of Current Year Outflow (inflow) due to Liabilities	(5,246,184)
Amortization of Prior Year Outflow (Inflow) due to Liabilities	563,466
Total OPEB Expense	$ (785,720)

Deferred Outflows and Inflows of Resources

As of September 30, 2023, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 12,641,899	$ 218,717
Changes in assumptions	20,105,356	9,460,848
Contributions made subsequent to measurement date	-	1,888,956
Total	$ 32,747,255	$ 11,568,521

The $1,888,956 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

FY	Amount
2024	$ (4,783,787)
2025	(3,912,832)
2026	(4,416,165)
2027	(4,823,958)
2028	(4,969,729)
Thereafter	(161,219)
Total	$ (23,067,690)

Sensitivity of Total OPEB Liability to the Discount Rate Assumption

The following presents the plan's total OPEB liability, calculated using a discount rate of 4.05% as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent higher.

1% decrease 3.05%	Current Discount Rate Assumption 4.05%	1% Increase 5.05%
$ 70,354,175	$ 61,171,988	$ 53,711,313

Note 8 - Other Post-Employment Benefits (continued)

Sensitivity of Total OPEB Liability to the Healthcare Trend Rate Assumption

The following presents the plan's total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rate as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

1% decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
$ 53,169,094	$ 61,171,988	$ 71,205,899

Note 9 - Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental and proprietary type funds financial statements generally reflect such transactions as transfers. The internal service funds record charges for service to County departments as operating revenue. All County funds record these payments to the internal service funds as operating expenses. The proprietary funds record operating subsidies as nonoperating revenue, whereas the fund paying the subsidy records it as either an expenditure or transfer.

The purpose of the interfund balances is to track amounts owed between funds for short-term loans between funds and unpaid amounts for arms length transactions between funds for goods and services. The County consolidates expenditures for postage, office supplies, payroll benefits, etc. within the General Fund and then allocates the costs to various funds. Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to spend them; and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. General Fund transfers large dollars to the special revenue funds to cover costs that exceed their special revenue source. In addition, the General Fund transfers large dollars to the airport fund to support their expenditures.

Individual fund interfund receivable and payable balances at September 30, 2023, arising from these transactions, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 169,278
Nonmajor Governmental Funds	General Fund	16,795
Nonmajor Governmental Funds	Nonmajor Governmental Funds	7,061
Total		$ 193,134

Interfund transfers for the year ended September 30, 2023, are as follows:

	Transfers In	Transfers Out
Governmental Funds:		
Individual Major Governmental Funds:		
General Fund	$ -	$ 1,435,000
Sales Tax District	-	3,000,000
Nonmajor Governmental Funds	4,435,000	-
Total Transfers	$ 4,435,000	$ 4,435,000

For Fiscal Year 2023, a total of $4,435,000 in operating transfers were budgeted. The elections fund required a transfer of $750,000, courthouse security fund required $650,000, law library fund required $10,000, Justice of the Peace Technology fund required $25,000, and FMLR fund required $3,000,000. The transfers were to cover the costs of personnel and operating expenses.

Note 10 - Long-Term Liabilities

Governmental Activities:

The following is a summary of long-term liabilities for governmental activities of the County for the year ended September 30, 2023:

	Balance October 1, 2022	Additions	Reductions	Balance September 30, 2023	Due Within One Year
Tax Notes - Series 2017	$ 21,495,000	$ -	$ (1,035,000)	$ 20,460,000	$ 1,085,000
Certificates of Obligation Series 2020	20,460,000	-	(1,185,000)	19,275,000	1,245,000
Bond Premium	4,271,528	-	(275,533)	3,995,995	-
Finance Purchased Agreement	6,314,401	-	(343,066)	5,971,335	362,004
Leases Payable	311,902	-	(79,885)	232,017	80,375
SBITA Payable	-	1,066,713	(525,888)	540,825	540,825
Compensated Absences	1,393,802	1,375,061	(1,379,677)	1,389,186	1,389,186
Net OPEB Liability	91,240,853	-	(30,068,865)	61,171,988	-
Net Pension Liability/(Asset)	(10,146,338)	34,056,335	-	23,909,997	-
Total	$ 135,341,148	$36,498,109	$ (34,892,914)	$ 136,946,343	$ 4,702,390

For Governmental activities, compensated absences, and the OPEB, and net pension liability are generally liquidated by the general fund.

Business-Type Activities:

The following is a summary of debt transactions for the business-type activities of the County for the year ended September 30, 2023:

	Balance October 1, 2022	Additions	Reductions	Balance September 30, 2023	Due Within One Year
Compensated Absences	$ 52,105	$ 293,862	$ (295,028)	$ 50,939	$ 50,939
Leases Payable	5,875	-	(1,455)	4,420	1,464
	$ 57,980	$ 293,862	$ (296,483)	$ 55,359	$ 52,403

Tax Notes on September 30, 2023, consist of the following:

	Original Issue	Interest Rates	Final Maturity Date	Principal Outstanding	Range of Annual Principal Installments
Tax Notes Serviced by					
Tax Collections					
Certificate of Obligation – Series 2017	$ 23,345,000	5.000 %	2/15/2024	$ 20,460,000	$ 1,085,000
		5.000 %	2/15/2025		1,140,000
		5.000 %	2/15/2026		1,200,000
		5.000 %	2/15/2027		1,265,000
		5.000 %	2/15/2028		1,325,000
		4.000 %	2/15/2029		1,390,000
		4.000 %	2/15/2030		1,445,000
		4.000 %	2/15/2031		1,505,000
		3.000 %	2/15/2032		1,555,000
		3.000 %	2/15/2033		1,605,000
		3.125 %	2/15/2034		1,655,000
		3.125 %	2/15/2035		1,705,000
		3.250 %	2/15/2036		1,765,000
		3.250 %	2/15/2037		1,820,000

Note 10 - Long-Term Liabilities (continued)

Principal payments are due annually for Certificates of Obligation and Tax Notes on February 15 and interest payments are due semiannually on February 15 and August 15. The annual requirements to amortize all outstanding bonded debt as of September 30, 2023, are as follows:

Year Ending September 30,	Principal	Interest	Total
2024	$ 2,330,000	$ 1,480,563	$ 3,810,563
2025	2,450,000	1,361,063	3,811,063
2026	2,575,000	1,235,438	3,810,438
2027	2,710,000	1,103,313	3,813,313
2028	2,845,000	964,438	3,809,438
2029 - 2033	16,070,000	2,999,055	19,069,055
2034 - 2037	10,755,000	571,412	11,326,412
	$ 39,735,000	$ 9,715,282	$ 49,450,282

Note 11 – Finance Purchased Agreement

The County executed a financed purchase agreement for capital improvements. The finance purchase agreement has annual payments ranging from $453,934 to $605,000 and bears interest at 2.24% over fifteen years maturing in 2035. The finance purchase agreement was recorded at the present value of their future minimum lease payments as of the inception date. Amounts due over the next five years and thereafter are:

Financed Purchase Agreement Year Ending September 30,	Principal	Interest	Total
2024	$ 362,004	$ 133,915	$ 495,919
2025	381,700	125,797	507,497
2026	431,651	117,237	548,888
2027	454,498	107,556	562,054
2028	478,252	97,364	575,616
Thereafter	3,863,230	355,326	4,218,556
	$ 5,971,335	$ 937,195	$ 6,908,530

Note 12 – Leases

Lessee

The county is under contract for noncancellable lease agreements that convey control of the right to use of office equipment. The liabilities outstanding as of September 30, 2023, are as follows:

	Term			Lease Liability		Right-to-Use Lease Asset		
Description	Start Date	End Date	Interest Rate	Original Amount	Outstanding Balance	Original Amount	Accumulated Amortization	Net Amount
Governmental Activities:								
Office Equipment - Copiers	10/01/21	09/30/25	0.48%	$ 19,733	$ 9,909	$ 19,733	$ 9,866	$ 9,867
Office Equipment - Copiers	10/01/21	09/30/26	0.63%	371,767	222,108	371,767	150,921	220,846
Total Governmental Activities				$ 391,500	$ 232,017	$ 391,500	$ 160,787	$ 230,713

	Term			Lease Liability		Right-to-Use Lease Asset		
Description	Start Date	End Date	Interest Rate	Original Amount	Outstanding Balance	Original Amount	Accumulated Amortization	Net Amount
Business-Type Activities:								
Office Equipment - Copiers	10/01/21	09/30/26	4.00%	$ 7,324	$ 4,420	$ 7,324	$ 2,930	$ 4,394
Total Business-Type Activities				$ 7,324	$ 4,420	$ 7,324	$ 2,930	$ 4,394

All amounts paid were previously included in the measurement in the liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any lease term and there were no impairment losses related to the lease assets.

The future principal and interest lease payments as of September 30, 2023, were as follows:

Governmental Activities

Year Ending September 30,	Principal	Interest	Total
2024	$ 80,375	$ 1,208	$ 81,583
2025	80,868	715	81,583
2026	70,774	242	71,016
	$ 232,017	$ 2,165	$ 234,182

Business-Type Activities

Year Ending September 30,	Principal	Interest	Total
2024	$ 1,464	$ 1,208	$ 2,672
2025	1,473	715	2,188
2026	1,483	242	1,725
	$ 4,420	$ 2,165	$ 6,585

Note 12 – Leases (continued)

Lessor

The County is a lessor for non-cancellable leases agreements that convey control of the right to use of land and airplane hangars. The receivables outstanding and deferred inflow of resources outstanding as of September 30, 2023, are as follows:

	Term			Lease Receivable		Deferred Inflow of Resources	
Description	Start Date	End Date	Interest Rate	Receivable as of October 1, 2022	Receivable as of September 30, 2023	Deferred Inflows of Resources as of October 1, 2022	Deferred Inflows of Resources as of September 30, 2023
Business-Type Activities:							
Odessa-Schlemeyer Airport, Hangar and Land Use	11/01/21	09/30/61	1.88%	$ 19,032	$ 18,125	$ 19,032	$ 18,596
Odessa-Schlemeyer Airport, Hangar and Land Use	10/01/21	09/30/53	1.88%	33,841	31,868	33,841	31,732
Odessa-Schlemeyer Airport, Hangar and Land Use	10/01/21	09/30/55	1.88%	49,503	46,794	49,503	46,599
Odessa-Schlemeyer Airport, Hangar and Land Use	10/01/21	09/30/54	1.88%	19,381	18,287	19,381	18,191
Odessa-Schlemeyer Airport, Hangar and Land Use	10/01/21	09/30/53	1.88%	19,037	17,927	19,037	17,853
Odessa-Schlemeyer Airport, Hangar and Land Use	10/01/21	09/30/54	1.88%	34,609	32,655	34,609	32,479
Odessa-Schlemeyer Airport, Hangar and Land Use	10/01/21	09/30/55	1.88%	26,521	25,070	26,521	24,933
Odessa-Schlemeyer Airport, Hangar and Land Use	10/01/21	09/30/35	1.47%	22,843	19,667	22,843	19,520
Odessa-Schlemeyer Airport, Hangar and Land Use	10/01/21	09/30/54	1.88%	51,914	48,983	51,914	48,751
Odessa-Schlemeyer Airport, Hangar and Land Use	10/01/21	09/30/54	1.88%	34,609	32,655	34,609	32,479
Odessa-Schlemeyer Airport, Hangar and Land Use	10/01/21	09/30/52	1.88%	2,468,692	2,319,894	2,468,692	2,311,116
			Total Business-Type Activities	$ 2,779,982	$ 2,611,925	$ 2,779,982	$ 2,602,249

The future principal and interest payments as of September 30, 2023, were as follows:

Year Ending September 30,	Principal	Interest	Totals
2024	$ 68,812	$ 49,076	$ 117,888
2025	70,101	47,787	117,888
2026	71,414	46,474	117,888
2027	72,751	45,137	117,888
2028	74,114	43,774	117,888
2029 - 2033	391,923	197,518	589,441
2034 - 2038	424,555	159,486	584,041
2039 - 2043	462,172	118,269	580,441
2044 - 2048	507,331	73,110	580,441
2049 - 2053	452,368	23,539	475,907
2054 - 2058	14,439	625	15,064
2059 - 2062	1,945	74	2,019
	$ 2,611,925	$ 804,869	$ 3,416,794

Note 13 – Subscription-Based Information Technology Arrangements (SBITAs)

The County is under contract for noncancellable SBITAs that convey control of the right to use software. The SBITA liabilities outstanding as of September 30, 2023, are as follows:

	Term			SBITA Liability		SBITA Asset		
Description	Start Date	End Date	Interest Rate	Original Amount	Outstanding Balance	Value of SBITA Asset	Accumulated Amortization	Net Amount
Governmental Activities:								
Support Software	10/01/22	10/31/24	3.21%	$ 1,066,713	$ 540,825	$ 1,066,713	$ 533,357	$ 533,357
		Total Governmental Activities		$ 1,066,713	$ 540,825	$ 1,066,713	$ 533,357	$ 533,357

All amounts paid were previously included in the measurement of the subscription liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any SBITA term and there were no impairment losses related to SBITA assets.

The future principal and interest payments as of September 30, 2023, were as follows:

Year Ending September 30,	Principal	Interest	Total
2024	$ 540,825	$ 17,344	$ 558,169
	$ 540,825	$ 17,344	$ 558,169

Note 14 – Deferred Compensation Plan

The County offers its employees a deferred compensation plan established in accordance with Internal Revenue Code Section 457. In prior years the Internal Revenue Code specified that the plan's assets were the property of the County until paid or made available to participants, subject only on an equal basis to the claims of the County's general creditors. Therefore, the plan's assets were recorded in the Agency Fund. A 1996 federal law now requires all assets and income of Internal Revenue Code Section 457 deferred compensation plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries.

Assets of the County's plan are administered by a private corporation under contract with the County. The private administrator amended the plan as of January 1, 1997, to comply with the new federal law. Consequently, the plan's assets and liabilities have been removed from the County's financial statements.

Note 15 - Risk Management

For several years, the County has maintained a Medical/Dental Self-Insurance Fund. The purpose of this fund is to pay medical and dental claims for the County employees, retirees and their covered dependents and to minimize the cost of medical and dental insurance for the employees and the County. Medical claims exceeding $75,000 per covered individual are covered through a private insurance carrier. The County does accrue liabilities for claims which are foreseeable and probable. Effective fiscal year beginning October 1, 1995, the County began maintaining a Liability Self-Insurance Fund. This fund services other claims for risk of loss to which the County is exposed, including general liability, property and casualty, auto, errors and omissions, and law enforcement. Worker's compensation is not included. The County also carries stop-loss insurance for the various types of loss at varying amounts with private insurance carrier. All operating funds of the County participate in the insurance and are charged a "premium" to cover the costs of providing claims servicing and claims payments.

During the fiscal years ended September 30, 2021, 2022 and 2023, the County incurred several claims which required the stop-loss insurance coverage to be used. Immaterial amounts were not covered by the stop-loss coverage and required payment by the County. Insurance coverage has not been significantly reduced from the prior year.

Note 15 - Risk Management (continued)

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The liability for claims and judgments is reported in each of the internal service funds – Self-Insurance Health and Self-Insurance Liability – as current liabilities in accounts payable and other liabilities. Changes in the balances of claims liabilities during the past two years are as follows:

	Self-Insurance Health Fund	Self-Insurance Liability Fund
Unpaid claims, September 30, 2021	$ 218,985	$ 100,000
Insured claims, (Including IBNRs)	(8,080,701)	(98,750)
Claim payments	8,102,964	98,750
Unpaid claims, September 30, 2022	241,248	100,000
Insured claims, (Including IBNRs)	(7,859,644)	(98,750)
Claim payments	7,865,370	98,750
Unpaid claims, September 30, 2023	$ 246,974	$ 100,000

The County carries coverage for worker's compensation through the Texas Association of Counties, whereby the County pays a quarterly premium (based on prior year payroll) to this risk pool for is coverage. The pool is administered by a third party administrator. On an annual basis, the premium charged to the County is audited and re-evaluated and increased or decreased based upon claims paid.

Note 16 - Contingencies

Federally Assisted Programs – Compliance Audits

The County participates in numerous state and federally assisted programs, on both a direct and state pass-through basis, as well as on a service-provider basis. Principle among these, are the Help America Vote Act (HAVA) Grant, Senior Citizen Title III Grants, various Texas Department of Health Grants, and funds received under the American Rescue Plan Act.

In connection with these grants, the County is required to comply with specific terms and agreements, as well as applicable federal and state laws and regulations. Such compliance is subject to review and audit by grantors and their representatives, including audits under the "single audit" concept and compliance examinations which build upon such audits.

In the opinion of management, the County has complied with all requirements. However, since such programs are subject to future audit or review, the possibility of disallowed expenditures exists. In the event of such disallowance of claimed expenditures, the County expects the resulting liability not to have a material adverse effect to its financial position.

Litigation

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 legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Note 17 - Tax Abatements

The County has entered into property tax abatement agreements with local businesses under Texas Local Government Code, Section 501.159. Under the Code, local governments may grant property tax abatements.

The County is under no obligation to provide tax abatement to any specific applicant and reserves the right to do so on a case-by-case basis as stimulation for economic development within the Reinvestment Zones and Enterprise Zones established by the County. The abatements may be granted to any business located within or promising to relocate to the service area of Ector County.

For the fiscal year ended September 30, 2023, the County abated property taxes totaling $553,082 under this program, including the following tax abatement agreements that each exceed 10 percent of the total amount abated:

A. Ector County Energy Center LLC

- Commitment: construction of improvements in the form of a 386-megawatt natural gas fueled power plant.
- Terms of abatement: 100% exemption from ad valorem taxes for five (5) years
- The abatement for fiscal year 2023 amounted to $193,554.

B. Oberon Solar 1A LLC

- Commitment: New solar farm to provide solar energy to approximately 30,000 household
- Terms of abatement: 100% of real and personal property exemption for 5 years, and 50% in years 6-10
- The abatement for the fiscal year 2023 amounted to $335,814.

Note 18 - Fund Balances

Fund balances are presented in the following categories: nonspendable, restricted committed, assigned, and unassigned as described in Note 1. The following detail of fund balances for all the major and nonmajor governmental funds at September 30, 2023:

	General Fund	American Rescue Plan Fund	Capital Projects Fund	Sales Tax District Fund	Nonmajor Governmental Funds	Total
Fund Balances						
Nonspendable:						
Inventories	$ 48,452	$ -	$ -	$ -	$ -	$ 48,452
Prepaids	114,065	-	-	-	-	114,065
Total Nonspendable	162,517	-	-	-	-	162,517
Restricted for:						
Creditors	3,288,707	-	-	1,415,382	167,402	4,871,491
Capital projects	-	-	32,542,703	-	-	32,542,703
Imposed by law	-	-	-	22,177,708	6,295,423	28,473,131
Debt service	-	-	-	-	302,819	302,819
Federal grants	-	850,613	-	-	-	850,613
Total Restricted	3,288,707	850,613	32,542,703	23,593,090	6,765,644	67,040,757
Committed for:						
Program purposes	343,255	-	-	-	-	343,255
Assigned to:						
County Operations	938,814	-	505,422	26,193,488	719,712	28,357,436
Unassigned	21,622,057	-	-	-	(106,925)	21,515,132
Total Fund Balance	$ 26,355,350	$ 850,613	$ 33,048,125	$ 49,786,578	$ 7,378,431	$ 117,419,097

Note 18 - Fund Balances (continued)

Fund Balance refers to the difference between assets and liabilities in the governmental funds balance sheet. Governmental Accounting Standards Board, Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions establish the following classifications depicting the various types of fund balance and the controls over said funds.

Nonspendable Fund Balance – The Non-spendable Fund Balance classification includes amounts that cannot be spent because they are either not in a spendable form or they are legally or contractually required to be maintained intact. Examples of these funds are inventories or prepaid items. Additionally, these items are not expected to be converted to cash.

Restricted Fund Balance – Restricted Fund Balance represents those funds other than non-spendable that are restricted to specific purposes such as externally imposed by creditors, grantors, contributors or laws or regulations of other governments. Additionally, these funds are imposed by law through constitutional provisions or enabling legislation. The funds have a legally enforceable requirement that the resources be used only for the specific purpose stipulated in the legislation.

Committed Fund Balance – Committed Fund Balance represents those funds that can only be used for specific purposes per the formal action of the Ector County Commissions' Court. These funds cannot be used for any other purpose unless the Court removes or changes the specified use by taking the same type of action it employed to previously commit the funds. These funds include contractual obligations entered into by the Commissioners' Court.

Assigned Fund Balance – Assigned Fund Balance represents those funds designated by the Commissioners' Court to be used for specific purposes, but are neither restricted nor committed. Examples of these funds are funds that are under the authority of an official under the Commissioners' Court or are funds represented in all other fund types, except the General Fund, that are not classified as restricted, non-spendable or committed. The resources of these funds could represent operating transfers to special revenue funds from the general fund and the interest earnings associated with those transfers. Commitments relating to contracts not yet performed or purchase orders not yet filled are considered assigned.

Unassigned Fund Balance – Unassigned Fund Balance is the resulting difference between total fund balance less the previous types of fund balances and are of the discretion of the Commissioners' Court. The general fund is the only fund type that may represent a positive unassigned fund balance. In other governmental funds, if expenditures incurred for specific purposes exceeded that amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Note 19 - Commitments and Contingencies

Encumbrances for purchase orders, contracts, and other commitments for expenditures are recorded in memorandum accounts on the County's governmental funds. Encumbrances lapse for budgetary purposes at the end of each fiscal year and the subsequent years appropriations provide authority to complete these transactions. Outstanding encumbrances at September 30, 2023, are reported in the table below:

Governmental Activities:		
Major Funds:		
General Fund	$	938,814
Capital Projects		505,422
Sales Tax District		26,193,488
Non Major Funds:		719,712
Total Governmental Activities	$	28,357,436
Business/Type Activities:		
Coliseum	$	2,002
Airport		83,519
Total Business-Type Activities	$	85,521

Note 20 – Deficit Fund Equity

At the end of the fiscal year, several of the special revenue funds reported deficit fund balances. These deficits are primarily due to expenditures incurred that exceeded the revenues and other financing sources available within these funds.

The specific funds and their respective deficit balances are detailed as follows. The TJJD Grant A Basic Supervision Fund has deficit fund balance of $62,883, the JAG Grant Fund has a deficit of $1,654, the Community and Rural Health Fund has a deficit of $6,511, the TJJD Grant A Community Program has a deficit of $6,034, the Health Epidemiology Fund has a deficit of $22,321 and the TJJD Grant A Community Diversion Fund has a deficit of $6,173.

These deficits arose due to the timing differences between the receipt of grant funds and the incurrence of program expenditures. The County anticipates that this deficit will be eliminated through the receipt of future grant reimbursements. The county is actively managing these deficit balances through interfund loans. The County is committed to addressing these deficits in a timely manner and ensuring the financial health of all its special revenue funds.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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[CLOSING]

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IN REGARD to the authorization and issuance of the "Ector County, Texas, Certificates of Obligation, Series 2024," dated December 1, 2024, in the principal amount of $[________](the "Certificates"), we have examined into their issuance by Ector County, Texas (the "County"), solely to express legal opinions as to the validity of the Certificates and the exclusion of the interest on the Certificates from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the County, the disclosure of any financial or statistical information or data pertaining to the County and used in the sale of the Certificates, or the sufficiency of the security for or the value or marketability of the Certificates.

THE CERTIFICATES are issued in fully registered form only and in denominations of $5,000 or any integral multiple thereof (within a maturity). The Certificates mature on February 15 in each of the years specified in a pricing certificate executed pursuant to an order adopted by the Commissioners Court of the County authorizing the issuance of the Certificates (jointly, the "Order"), unless redeemed prior to maturity in accordance with the terms stated on the Certificates. The Certificates accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Order.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Certificates, including the Order and an examination of the initial Certificate executed and delivered by the County (which we found to be in due form and properly executed); (ii) certifications of officers of the County relating to the expected use and investment of proceeds of the sale of the Certificates and certain other funds of the County and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Certificates, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Certificates have been duly authorized by the County and, when issued in compliance with the provisions of the Order, are valid, legally binding and enforceable obligations of the County, payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the County, and are additionally payable from and secured by a limited pledge of certain revenues derived from the operation of the County's jail, as provided in the Order, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency,

reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the County with the provisions of the Order relating to sections 141 through 150 of the Code, interest on the Certificates for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Certificates. Ownership of tax-exempt obligations such as the Certificates may result in collateral federal 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, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, 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.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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