PRELIMINARY OFFICIAL STATEMENT
Dated: October 2, 2024

Ratings: S&P Insured "__"
S&P Underlying "__"
(See "RATINGS" herein)

NEW ISSUE: Book-Entry-Only

In the opinion of Jackson Walker LLP, Bond Counsel to the County (as defined below), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Certificates (as defined below) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Certificates is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Certificates. See "TAX MATTERS" herein.

$14,420,000*
FRIO COUNTY, TEXAS
Certificates of Obligation, Series 2024

Dated Date: October 1, 2024 **Due: June 1, as shown on inside cover**

Interest on the $14,420,000* Frio County, Texas (the "County"), Certificates of Obligation, Series 2024 (the "Certificates"), will accrue from their delivery date to the underwriters listed below (the "Underwriters") and will be payable June 1 and December 1 of each year, commencing on June 1, 2025. The Certificates will be issued only in fully registered form in principal denominations of $5,000 or any integral multiple thereof. Principal of the Certificates will be payable to the registered owner (the "Registered Owner") at maturity or prior redemption upon presentation at the principal corporate office of the paying agent/registrar (the "Paying Agent/Registrar"), initially BOKF, NA, Dallas, Texas. The Certificates will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will be responsible for distributing the principal and interest payments to the participating members of DTC and the participating members will be responsible for distributing the payment to the owners of beneficial interests in the Certificates. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Proceeds from the sale of the Certificates will be used for: (i) construction of a park and recreational facility and park improvements; (ii) renovation of a building to house the new County Justice Center; and (iii) payment of professional services pursuant to Subchapter C of Chapter 271, Texas Local Government Code, as amended. See "THE CERTIFICATES – Sources and Uses of Funds" herein.

The Certificates maturing on and after June 1, 20__, are subject to optional redemption in whole or in part on June 1, 20__, or on any date thereafter at a redemption price equal to the principal amount thereof plus accrued interest as more fully described herein. Certain of the Certificates may be subject to mandatory sinking fund redemption in the event the Underwriters (as named below) elect to aggregate two or more maturities as term certificates. See "THE CERTIFICATES – Optional Redemption" and "– Mandatory Redemption" herein.

The Certificates will constitute direct obligations of the County, payable from continuing, direct annual ad valorem taxes levied against all taxable property within the County within the limits prescribed by law as well as a limited (in an amount not to exceed $1,000) pledge of certain revenues of the park system of the County.

The scheduled payment of principal and interest on the Certificates when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Certificates by Build America Mutual Assurance Company ("BAM"). BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P").

See Principal Amounts, Maturities, Interest Rates, and Prices on the Inside Cover Page

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LEGALITY… *The Certificates are offered when, as and if issued, subject to the approval of legality by the Attorney General of the State of Texas and Jackson Walker LLP, Bond Counsel, Houston, Texas. Certain legal matters will be passed upon for the Underwriters by their counsel, Naman Howell Smith & Lee, PLLC.*

DELIVERY… *The Certificates are expected to be available for delivery to the Underwriters through DTC on or about October 29, 2024.*

RAYMOND JAMES **FROST BANK** **SWBC INVESTMENT SERVICES, LLC**

*Preliminary, subject to change

MATURITY SCHEDULE

$14,420,000* Certificates of Obligation, Series 2024

Maturity (6/1)[(a)]	Principal Amount($)[*]	Interest Rate	Initial Yield/Price[(b)]	CUSIP[(c)]
2025	640,000			
2026	455,000			
2027	475,000			
2028	500,000			
2029	525,000			
2030	550,000			
2031	580,000			
2032	605,000			
2033	635,000			
2034	670,000			
2035	705,000			
2036	740,000			
2037	775,000			
2038	815,000			
2039	855,000			
2040	895,000			
2041	940,000			
2042	980,000			
2043	1,020,000			
2044	1,060,000			

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[*]Preliminary, subject to change

(a) The Certificates maturing on and after June 1, 20__, are subject to optional redemption, in whole or in part, on June 1, 20__, or any date thereafter, at a price equal to the par value thereof, plus accrued interest from the most recent interest payment date to the date or redemption. Certain of the Certificates may be subject to mandatory sinking fund redemption in the event the Underwriters elect to aggregate two or more maturities as term certificates. See "THE CERTIFICATES – Optional Redemption" and "– Mandatory Redemption".

(b) The initial yields and prices are established by and are the sole responsibility of the Underwriters and may subsequently be changed.

(c) CUSIP numbers have been assigned to this issue by the CUSIP Global Services managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the purchasers of the Certificates. Neither the County, the Financial Advisor, nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

FRIO COUNTY – CERTIFICATES OF OBLIGATION, SERIES 2024

COUNTY OFFICIALS

The Honorable Rochelle Lozano Camacho, County Judge

Joe Vela	Commissioner Precinct No. 1
Mario Martinez	Commissioner Precinct No. 2
Raul Carrizales	Commissioner Precinct No. 3
Danny Cano	Commissioner Precinct No. 4

Joseph Sindon	County Attorney
Aaron Tomas Ibarra	County Clerk
Anna L. Alaniz	County Tax Assessor-Collector
Honorable Pete Jasso Martinez	County Treasurer
Crystal Marquez	County Auditor

CONSULTANTS, ADVISORS AND INDEPENDENT AUDITORS

Jackson Walker LLP, Houston, Texas	Bond Counsel
Leal & Carter, P.C.	Independent Auditor
Government Capital Securities Corporation, Southlake, Texas	Financial Advisor

For additional information regarding the County, please contact:

The Honorable Rochelle Lozano Camacho
County Judge
Frio County
500 East San Antonio Street
Pearsall, Texas 78061
(830) 505-2988
judge.camacho@friocounty.org

Drew Whitington
Wade Thompson
Government Capital Securities Corporation
559 Silicon Drive, Suite 102
Southlake, TX 76092
(817) 722-0220
dwhitington@govcapsecurities.com
wthompson@govcapsecurities.com

USE OF INFORMATION IN OFFICIAL STATEMENT

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

This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or other matters described 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 CERTIFICATES ARE EXEMPTED FROM REGISTRATION WITH THE 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 JURISDICTION IN WHICH THESE SECURITIES HAVE BEEN REGISTERED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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

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 SCHEDULES AND 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 set forth in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Neither the County, the Financial Advisor nor the Underwriters make any representation as to the accuracy, completeness or adequacy of the information contained in this Official Statement regarding The Depository Trust Company or its Book-Entry-Only System.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Bond Insurance" and "Appendix E - Specimen Municipal Bond Insurance Policy."

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BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Certificates, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Certificates (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Certificates when due as set forth in the form of the Policy included as Appendix E to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Certificates, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Certificates. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Certificates on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Certificates, nor does it guarantee that the rating on the Certificates will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2024 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $486 million, $232.7 million and $253.3 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriters for the Certificates, and the issuer and underwriters assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Certificates. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Certificates, whether at the initial offering or otherwise.

BOND INSURANCE RISKS

In the event of default of the scheduled payment of principal of or interest on the Certificates when all or a portion thereof becomes due, any owner of the Certificates shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Certificates by the County which is recovered by the County from the owner as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by BAM at such time and in such amounts as would have been due absent such prepayment by the County (unless BAM chooses to pay such amounts at an earlier date).

Payment of principal of and interest on the Certificates will not be subject to acceleration, but other legal remedies upon the occurrence of non-payment do exists (see "OWNER'S REMEDIES"). BAM may reserve the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the Certificate holders.

In the event BAM is unable to make payment of principal and interest as such payments become due under the Policy, the Certificates are payable solely from (i) continuing, direct annual ad valorem taxes levied against all taxable property within the County within the limits prescribed by law and (ii) a limited (in an amount not to exceed $1,000) pledge of certain revenues of the park system of the County, as further described in "THE CERTIFICATES – Security for the Certificates." In the event BAM becomes obligated to make payments with respect to the Certificates, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Certificates.

The long-term ratings on the Certificates will be dependent in part on the financial strength of BAM and its claims-paying ability. BAM's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of BAM and the ratings on the Certificates, whether or not subject to the Policy, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Certificates.

The obligations of BAM under the Policy are general obligations of BAM and in an event of default by BAM, the remedies available may be limited by applicable bankruptcy law. None of the County, the Financial Advisor or the Underwriters have made independent investigation into the claims-paying ability of any potential bond insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential bond insurer is given.

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers

Moody's Investor Services, Inc., S&P, and Fitch Ratings (the "Rating Agencies") have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible. In addition, recent events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the Certificates. Thus, when making an investment decision, potential investors should carefully consider the ability of any such bond insurer to pay principal of and interest on the Certificates and the claims-paying ability of any such bond insurer, particularly over the life of the Certificates.

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SUMMARY STATEMENT

This Summary Statement is subject in all respects to the more complete information contained in this Official Statement. The offering of the Certificates to potential investors is made only by means of this entire Official Statement, including the schedules and appendices hereto. No person is authorized to detach this Summary Statement from this Official Statement or to otherwise use it without this entire Official Statement including the Appendices hereto.

The Issuer	Frio County, Texas (the "County"), is a political subdivision of the State of Texas, located in the southwest portion of the State. For information regarding the County, see Appendices A and B.
The Certificates	The $14,420,000* Certificates of Obligation, Series 2024 (the "Certificates"), dated October 1, 2024, mature on the dates and in the amounts set forth on the inside front cover of this Official Statement. Interest on the Certificates will accrue from their date of delivery and will be paid semiannually on June 1 and December 1, commencing June 1, 2025, until maturity or prior redemption.
Purpose of Certificates	Proceeds from the sale of the Certificates will be used for: (i) construction a park and recreational facility and park improvements; (ii) renovation of a building to house the new County Justice Center; and (iii) payment of professional services pursuant to Subchapter C of Chapter 271, Texas Local Government Code, as amended. See "THE CERTIFICATES – Sources and Uses of Funds" herein.
Authorization and Security	The Certificates are direct obligations of the County, issued pursuant to Chapter 271, Subchapter C, Texas Local Government Code, as amended, Chapter 1201, Texas Government Code, as amended, and an order to be adopted by the Commissioners Court of the County on October 8, 2024 (the "Order"). The Certificates will constitute direct obligations of the County, payable from continuing, direct annual ad valorem taxes levied against all taxable property within the County within the limits prescribed by law as well as a limited (in an amount not to exceed $1,000) pledge of certain revenues of the park system of the County.
Optional Redemption	The Certificates maturing on and after June 1, 20__, are subject to optional redemption in whole or in part on June 1, 20__, or on any date thereafter at a price of par plus accrued interest as more fully described herein. See "THE CERTIFICATES – Optional Redemption" herein.
Mandatory Redemption	Certain of the Certificates may be subject to mandatory sinking fund redemption in the event the Underwriters elect to aggregate two or more consecutive maturities as term certificates. See "THE CERTIFICATES – Mandatory Redemption" herein.
Tax Exemption	In the opinion of Jackson Walker LLP, Bond Counsel to the County, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Certificates is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Certificates. See "TAX MATTERS".

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*Preliminary, Subject to change

Ratings	The Certificates have been assigned an insured rating of "__" by S&P Global Ratings, a division of Standard and Poor's Financial Services LLC ("S&P") based upon the Municipal Bond Insurance Policy to be issued by Build America Mutual Assurance Company. The Certificates have also been assigned an underlying rating of "__" by S&P without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from S&P. See "RATINGS" herein.
Book-Entry-Only System	The Certificates are initially issuable only to Cede & Co., the nominee of The Depository Trust Company, New York, New York, pursuant to the book-entry-only system described herein. Beneficial ownership of the Certificates may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Certificates will be made to the purchasers 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 DTC Participants for subsequent remittance to the owners of the beneficial interests in the Certificates. See "BOOK-ENTRY-ONLY SYSTEM" herein.
Payment Record	The County has never defaulted on the payment of its bonded indebtedness.

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PRELIMINARY OFFICIAL STATEMENT
RELATING TO

$14,420,000*
FRIO COUNTY, TEXAS
Certificates of Obligation, Series 2024

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, the schedules and the appendices hereto, provides certain information regarding the issuance by Frio County, Texas (the "County") of its $14,420,000* Certificates of Obligation, Series 2024 (the "Certificates").

The Certificates will be authorized to be issued, sold and delivered by an order to be adopted by the Commissioners Court of the County (the "Commissioners Court") on October 8, 2024 (the "Order"). Capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Order, except as otherwise indicated herein.

The County is a political subdivision of the State of Texas (the "State") and a municipal corporation organized and existing under the laws of the State. For information regarding the County, see Appendices A and B of this Official Statement.

All financial and other information presented in this Official Statement has been provided by the County, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue to be repeated in the future.

THE CERTIFICATES

Purpose

Proceeds from the sale of the Certificates will be used for: (i) construction a park and recreational facility and park improvements; (ii) renovation of a building to house the new County Justice Center; and (iii) payment of professional services pursuant to Subchapter C of Chapter 271, Texas Local Government Code, as amended. See "THE CERTIFICATES – Sources and Uses of Funds" herein.

Authorization

The Certificates are direct obligations of the County, issued pursuant to Chapter 271, Subchapter C, Texas Local Government Code, as amended, Chapter 1201, Texas Government Code, as amended, and the Order.

Security for the Certificates

The Certificates are payable from continuing, direct annual ad valorem taxes levied against all taxable property within the County within the limits prescribed by law as well as a limited (in an amount not to exceed $1,000) pledge of certain revenues of the park system of the County.

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*Preliminary, subject to change.

Optional Redemption

The County reserves the right, at its option, to redeem the Certificates having stated maturities on and after June 1, 20__, in whole or in part, in integral multiples of $5,000, on June 1, 20__ or any date thereafter, such redemption date or dates to be fixed by the County, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. If less than all of the Certificates are to be redeemed, the County shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar (as defined herein) to select by lot the Certificates, or portions thereof, within each maturity to be redeemed.

Mandatory Redemption

Certain of the Certificates may be subject to mandatory sinking fund redemption in the event the Underwriters elect to aggregate two or more consecutive maturities as term certificates.

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 each Registered Owner of a Certificate 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. If notice is so given and sufficient funds are provided for the payment of the redemption price of the Certificates, interest shall cease to accrue after the date fixed for redemption whether or not the Certificates have been submitted for payment. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, AND THE FUNDS NECESSARY TO REDEEM SUCH CERTIFICATES HAVING BEEN PROVIDED, THE CERTIFICATES CALLED FOR REDEMPTION SHALL 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 SHALL CEASE TO ACCRUE.

Sources and Uses of Funds

The proceeds from the sale of the Certificates will be applied approximately as follows:

<u>Sources</u>

Principal Amount of Certificates
[Net] Original Issue Premium

Total Sources of Funds

<u>Uses</u>

Deposit to Project Fund
Costs of Issuance
Capitalized Interest
Underwriters' Discount

Total Uses of Funds

GENERAL INFORMATION REGARDING THE CERTIFICATES

General Description

The Certificates will be dated October 1, 2024 (the "Dated Date") and will be issued in fully registered form in principal denominations of $5,000 or any integral multiple thereof. The Certificates will bear interest from the date of delivery to the Underwriters, and interest will be paid semiannually on each June 1 and December 1, commencing June 1, 2025. Interest will accrue on the Certificates on the basis of a 360-day year consisting of twelve 30-day months. The Certificates will be issued as book-entry-only securities pursuant to arrangements made with The Depository Trust Company, New York, New York. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Principal of the Certificates will be payable to the Registered Owners at maturity or prior redemption upon presentation and surrender of such Certificates at the principal corporate office of the paying agent/registrar (the "Paying Agent/Registrar"), initially BOKF, NA, Dallas, Texas. Interest on the Certificates will be payable by check dated as of the interest payment date and mailed by the Paying Agent/Registrar to Registered Owners as shown on the records of the Paying Agent/Registrar on the Record Date (See "REGISTRATION, TRANSFER AND EXCHANGE – Record Date for Interest Payment" herein), or by such other customary banking arrangement, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Owner. If the date for the payment of the principal of or interest on a Certificate shall be a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or a day on which 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 mature on the dates, in the amounts and bear interest at the rates as set forth on the inside cover page of this Official Statement.

Legality

The Certificates are offered when, as and if issued, subject to the approvals of legality by the Attorney General of the State and Jackson Walker LLP, Houston, Texas, Bond Counsel. See "LEGAL MATTERS" and Appendix C – "Form of Opinion of Bond Counsel" herein.

Defeasance

The Order provides that the County may defease the Certificates and discharge its obligation to the Registered Owners of any or all of the Certificates to pay the principal of and interest thereon in any manner now or hereafter permitted by law, including by depositing with the Registrar or with the Comptroller of the State of Texas either: (a) cash in an amount equal to the principal amount of and interest thereon to the date of maturity or redemption; or (b) pursuant to an escrow or trust agreement, cash and/or (i) direct noncallable obligations of United States of America, including obligations that are unconditionally guaranteed by the United States of America; (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Commissioners Court approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; or (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Commissioners Court approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, which, in the case of (i), (ii), or (iii), may be in book entry form, and the principal of and interest on which will, when due or redeemable at the option of the Registered Owner, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, provide money in an amount which, together with other moneys, if any, held in such escrow at the same time and available for such purpose, shall be sufficient to provide for the timely payment of the principal of and interest thereon to the date of maturity or earlier redemption; provided, however, that if any of the Certificates are to be redeemed prior to their respective dates of maturity, provision shall be made for the giving of notice of redemption as provided in the Order. Upon such deposit, such Certificates shall no longer be regarded to be Outstanding or unpaid. Any surplus amount not required to accomplish such defeasance shall be returned to the County.

Amendments to the Order

In the Order, the County has reserved the right to amend the Order without the consent of any Registered Owner of the Certificates in any manner not detrimental to the interests of the Registered Owners of the Certificates, including the curing of any ambiguity, inconsistency, or formal defect or omission therein.

The Order further provides that the Registered Owners of the Certificates aggregating in principal amount 51% of the outstanding Certificates shall have the right from time to time to approve any amendment not described above to the Order; provided, however, that without the consent of 100% of the Registered Owners in original principal amount of the then outstanding Certificates no amendment, addition, or rescission shall: (i) extend the time or times of payment of the principal of and interest on the Certificates, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Certificates; (ii) give any preference to any Certificate over any other Certificate, or (iii) reduce the aggregate principal amount of Certificates required to be held by Registered Owners for consent to any such amendment, addition or rescission. Reference is made to the Order for further provisions relating to the amendment thereof.

OWNERSHIP

The County, the Paying Agent/Registrar and any other person may treat the person in whose name any Certificate is registered as the absolute owner of such Certificate for the purpose of making and receiving payment of principal and interest, and for all other purposes, whether or not such Certificate is overdue, and neither the County nor the Paying Agent/Registrar will be bound by any notice or knowledge to the contrary.

All payments made to the person deemed to be the owner of any Certificate in accordance with the Order will be valid and effectual and will discharge the liability of the County and the Paying Agent/Registrar upon such Certificate to the extent of the sums paid.

OWNER'S REMEDIES

The Order does not provide for the appointment of a trustee to represent the interests of the Registered Owners upon any failure of the County to perform in accordance with the terms of the Order or upon any other condition and, in the event of any such failure to perform, the Registered Owners would be responsible for the initiation and cost of any legal action to enforce performance of the Order. Furthermore, the Order does not establish specific events of default with respect to the Certificates and, under State law, there is no right to the acceleration of maturity of the Certificates upon the failure of the County to observe any covenant under the Order. A Registered Owner of Certificates could seek a judgment against the County if a default occurred in the payment of principal of or interest on any such Certificates; however, such judgment could not be satisfied by execution against any property of the County and a suit for monetary damages could be vulnerable to the defense of sovereign immunity. A Registered Owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the County to levy, assess, and collect an annual ad valorem tax sufficient to pay principal of and interest on the Certificates as it becomes due or perform other material terms and covenants contained in the Order. However, the enforcement of any such remedy may be difficult and time consuming and a Registered Owner could be required to enforce such remedy on a periodic basis.

The County is also eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or owners of an entity which has sought protection under Chapter 9. Therefore, should the County avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinions 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, including rights afforded to creditors under the Bankruptcy Code.

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 The Depository Trust Company ("DTC"), New York, New York, 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, the Financial Advisor, and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The County cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the 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 United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

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

Purchases of 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 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 an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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).

Principal, interest, and redemption 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 the 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, the Paying Agent/Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest, and redemption payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 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.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor Securities depository). In that event, physical certificates will 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.

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

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

BOKF, NA, Dallas, Texas has been named to serve as initial Paying Agent/Registrar for the Certificates. In the Order, the County retains the right to replace the Paying Agent/Registrar. If the County replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the County shall be a legally qualified bank; a trust company organized under applicable law; financial institution; or other agency to act as 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.

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 (hereinafter defined), 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. Principal and redemption payments of the Certificates will be paid to the Registered Owner at the stated maturity or earlier redemption upon presentation to the designated payment/transfer office of the Paying Agent/Registrar. If the date for the payment of the principal or interest on the Certificates is a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment will be the next succeeding day which is not such a day, and payment on such date will have the same force and effect as if made on the date payment was due. So long as Cede & Co. is the Registered Owner of the Certificates, principal, interest, and redemption payments on the Certificates will be made as described in "BOOK-ENTRY-ONLY SYSTEM" above.

Future Registration

In the event the Book-Entry-Only System should be discontinued, printed Certificates will be delivered to the Registered Owners and thereafter the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Certificates may be assigned by the execution of an assignment form on the Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Certificate will be delivered by the Paying Agent/Registrar in lieu of the Certificate 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 at the Registered Owner's request, risk and expense. New Certificates issued in an exchange or transfer of Certificates will be delivered to the Registered Owner or assignee of the Registered Owner after the receipt of the Certificates to be canceled in the exchange or transfer 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 of like kind and in authorized denominations and for a like aggregate principal amount as the Certificate or Certificates surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in the settlement and transfer of the Certificates.

Record Date for Interest Payment

The record date ("Record Date") for the interest payable on any interest payment date is the fifteenth day of the month next preceding such interest payment date, as specified in the Order. In the event of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (the "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the County. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date" which shall be 15 days after the Special Record Date) shall be sent at least 5 days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Registered Owner of a Certificate appearing on the 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.

Limitation on Transfer of Certificates

Neither the County nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate called for redemption prior to maturity within 45 days prior to its redemption date, provided, however, such limitation of transfer shall not be applicable to an exchange by the Registered Owner of the uncalled balance of a Certificate.

Replacement of Certificates

If any Certificate is mutilated, destroyed, stolen or lost, a new Certificate in the same principal amount as the Certificate so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Certificate, such new Certificate will be delivered only upon surrender and cancellation of such mutilated Certificate. In the case of any Certificate issued in lieu of and in substitution for a Certificate which has been destroyed, stolen or lost, such new Certificate will be delivered only upon (a) filing with the County and the Paying Agent/Registrar evidence satisfactory to them that such Certificate has been destroyed, stolen or lost and proof of the ownership thereof; (b) furnishing the County and the Paying Agent/Registrar with indemnity satisfactory to them; (c) paying all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other government charge that may be imposed; and (d) meeting any other reasonable requirements of the County and the Paying Agent/Registrar. The person requesting the authentication and delivery of a new Certificate must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

AD VALOREM PROPERTY TAXATION

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

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 Frio 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.

Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2024 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than $5,000,000 (the "maximum property value") to an amount exceeding 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. After the 2024 tax year, through December 1, 2026 (unless extended by the Texas Legislature), the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value.

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" herein.

STATE MANDATED HOMESTEAD EXEMPTIONS.

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

LOCAL OPTION HOMESTEAD EXEMPTIONS.

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

Cities, counties and school districts are prohibited from repealing or reducing an optional homestead exception 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 is 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.

FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS.

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

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

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

OTHER EXEMPT PROPERTY.

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

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 Tax Code.

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 on how the various exemptions described above are applied to the County, see "County Application of Texas Property 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 million 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" herein. 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.

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.

TAX RATE LIMITATIONS.

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

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

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

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

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

Courthouse	2% of Taxable Assessed Valuation
Jail	1 ½% of Taxable Assessed Valuation
Courthouse and Jail	3 ½% of Taxable Assessed Valuation
Bridge	1 ½% of Taxable Assessed Valuation

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.

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted). Certain counties for which certain expenditures for indigent legal defense or certain hospital expenditures exceed the amount for such expenditures for the preceding tax year, may increase their no-new-revenue tax rate proportionately with such expenditures in the manner provided by the Property Tax Code.

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

"unused increment rate" means the cumulative difference between a county's voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a county's tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

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

A county must annually calculate its voter-approval tax rate and no-new-revenue tax rate 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. See "AD VALOREM PROPERTY TAXATION – Debt Tax Rate Limitations" herein for a description of the debt service tax rate limitations applicable to 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.

County Application of Texas Property Tax Code

The County grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $25,000; disabled persons are also granted an exemption of $7,500.

The County does not tax non-business personal property.

The County does not tax Freeport property.

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

The County does not participate in the Tax Increment Reinvestment Zones.

The County does not grant tax abatements.

EMPLOYMENT BENEFITS

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas, 78768- 20343.

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE ISSUER

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

Legal Investments

Under State law and subject to certain limitations, the County is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued and secured by a federal agency or instrumentality of the United States; (4) other obligations unconditionally guaranteed or insured by the State or the United States or their respective agencies and instrumentalities; (5) "A" or better rated obligations of states, agencies, counties, cities, and other political subdivisions of any state; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) federally insured interest-bearing bank deposits, brokered pools of such deposits, and collateralized certificates of deposit and share certificates; (8) fully collateralized United States government securities repurchase agreements; (9) one-year or shorter securities lending agreements secured by obligations described in clauses (1) through (7) above or (11) through (14) below or an irrevocable letter of credit issued by an "A" or better rated state or national bank; (10) 270-day or shorter bankers' acceptances, if the short-term obligations of the accepting bank or its holding company are rated at least "A-1" or "P-1"; (11) commercial paper rated at least "A-1" or "P-1"; (12) SEC-registered no-load money market mutual funds that are subject to SEC Rule 2a-7; (13) SEC-registered no-load mutual funds that have an average weighted maturity of less than two years; (14) “AAA” or “AAAm”-rated investment pools that invest solely in investments described above; and (15) in the case of bond proceeds, guaranteed investment contracts that are secured by obligations described in clauses (1) through (7) above and, except for debt service funds and reserves, have a term of 5 years or less.

The County may not, however, invest in (1) interest only obligations, or non-interest bearing principal obligations, stripped from mortgage-backed securities; (2) collateralized mortgage obligations that have a remaining term that exceeds 10 years; and (3) collateralized mortgage obligations that bear interest at an index rate that adjusts opposite to the changes in a market index. In addition, the County may not invest more than 15% of its monthly average fund balance (excluding bond proceeds and debt service funds and reserves) in mutual funds described in clause (13) above or make an investment in any mutual fund that exceeds 10% of the fund’s total assets.

Except as stated above or inconsistent with its investment policy, the County may invest in obligations of any duration without regard to their credit rating, if any. If an obligation ceases to qualify as an eligible investment after it has been purchased, the County is not required to liquidate the investment unless it no longer carries a required rating, in which case the County is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

Investment Policies

Under State law, the County is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis. The County is required to adopt a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

State law requires the County’s investments 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.” The County is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

Current Investments

State law does not require the County to periodically mark its investments to market price, and the County does not do so, other than annually upon the conclusion of each fiscal year, for the purpose of compliance with applicable accounting policies concerning the contents of the County’s audited financial statements. Given the nature of its investments, the County does not believe that the market value of its investments differs materially from book value.

As of September 30, 2023, the County’s investable funds were invested as shown below:

Type of Investment	Amount
Certificates of Deposit	$1,690,000
Cash	$25,637,701

As of such date, the market value of such investments (as determined by the county by reference to published quotations, dealer bids, and comparable information) was approximately 100% of their book value. 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. The Texas state comptroller of public accounts exercises oversight responsibility over the Texas local government investment pool ("Texpool"). Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the Texas state comptroller has established an advisory board composed both of participants in Texpool and of the other persons who do not have a business relationship with Texpool. The advisory board members review the investment policy and management fee structure. Finally, Texpool is rated AAA by S&P. Texpool operates in a manner consistent with the sec's rule 2a-7 of the investment company act of 1940. As such, Texpool uses amortized cost to report net assets and share prices since that amount approximates fair value.

RATINGS

The Certificates have been assigned an insured rating of "__" by S&P Global Ratings, a division of Standard and Poor's Financial Services LLP, ("S&P") based upon the Municipal Bond Insurance Policy to be issued by Build America Mutual Assurance Company. The Certificates have also been assigned an underlying rating of "__" by S&P without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from S&P. The ratings reflect only the view of S&P and the County makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Certificates. Neither the Underwriters nor the County has undertaken any responsibility to bring to the attention of the Registered Owners of the Certificates any proposed revision or withdrawal of the ratings of the Certificates or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such ratings could have an adverse effect on the market price of the Certificates. BAM's financial strength is rated "AA/Stable" by S&P.

PENDING LITIGATION

There is no material litigation currently pending against the County.

LEGAL MATTERS

The County will furnish a complete transcript of proceedings incident to the authorization and issuance of the Certificates, including the approving legal opinions of the Attorney General of the State to the effect that the Certificates are valid and binding obligations of the County, and based upon examination of such transcripts of proceedings, the approving legal opinions of Bond Counsel to the effect that (i) the Certificates issued in compliance with the provisions of the Order are valid and legally binding obligations of the County and (ii) the interest on the Certificates is exempt from federal income taxation under existing statutes, published rulings, regulations, and court decisions. See "TAX MATTERS" herein. Bond Counsel has not been engaged to investigate the financial resources of the County or its ability to provide for payment of the Certificates, and the opinion of Bond Counsel will make no statement as to such matters, or any other information that may have been relied on by anyone in making the decision to purchase the Certificates. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Certificates are contingent on the sale and delivery of the Certificates. The applicable legal opinion may be printed on or attached to the definitive Certificates.

Bond Counsel has reviewed the statements and information appearing in the Official Statement under the captions "THE CERTIFICATES" (except the subcaption "Sources and Uses of Funds"), "GENERAL INFORMATION REGARDING THE CERTIFICATES," "REGISTRATION, TRANSFER AND EXCHANGE," "LEGAL MATTERS," "TAX MATTERS," "LEGAL INVESTMENTS IN TEXAS," "REGISTRATION AND QUALIFICATION OF ISSUE FOR SALE" and "CONTINUING DISCLOSURE OF INFORMATION" (except the subcaption "Compliance with Prior Undertakings") to determine that the information relating to the Certificates and the Order contained therein fairly summarizes the procedures and documents referred to therein and is correct as to matters of law. Bond Counsel has not independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the County for the purpose of passing upon the accuracy, completeness, or fairness of this Official Statement. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy, completeness, or fairness of any of the information contained herein.

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Certificates should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Certificates.

In the opinion of Jackson Walker LLP, Bond Counsel to the County, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Certificates is not a specific preference item for purposes of the federal individual alternative minimum tax. The proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

To the extent the issue price of any maturity of the Certificates is less than the amount to be paid at maturity of such Certificates (excluding amounts stated to be interest and payable at least annually over the term of such Certificates), the difference constitutes "original issue discount" the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Certificates which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Certificates is the first price at which a substantial amount of such maturity of the Certificates is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Certificates accrues daily over the term to maturity of such Certificates on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Certificates to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Certificates. Beneficial Owners of the Certificates should consult their own tax advisors with respect to the tax consequences of ownership of Certificates with original issue discount, including the treatment of Beneficial Owners who do not purchase such Certificates in the original offering to the public at the first price at which a substantial amount of such Certificates is sold to the public.

Certificates purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Certificates") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of Certificates, like the Premium Certificates, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Certificate, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Certificates should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Certificates. The County has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Certificates will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Certificates being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Certificates. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Certificates may adversely affect the value of or the tax status of interest on the Certificates. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Certificates is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Certificates may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Certificates to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect the market price or marketability of the Certificates. Prospective purchasers of the Certificates should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Certificates for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The County has covenanted, however, to comply with the requirements of the Code.

LEGAL INVESTMENTS IN TEXAS

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201), the Certificates (1) are negotiable instruments, (2) are investment securities to which Chapter 8 of the Texas Uniform Commercial Code applies, and (3) are legal and authorized investments for (A) an insurance company, (B) a fiduciary or trustee, or (C) a sinking fund of a municipality or other political subdivision or public agency of the State. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Certificates may have to be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency before such Certificates are eligible investments for sinking funds and other public funds. 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 at least $1 million of capital and savings and loan associations.

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

REGISTRATION AND QUALIFICATION OF ISSUE FOR SALE

No registration statement relating to the Certificates has been filed with the United States Securities and Exchange Commission 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 registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been registered or qualified under the securities acts of any other jurisdiction. The County assumes no responsibility for registration or qualification of the Certificates under the securities laws of any other jurisdiction in which the Certificates may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration and 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 or qualification provisions in such other jurisdictions.

CONTINUING DISCLOSURE OF INFORMATION

In the Order, the County has made the following agreement for the benefit of the Registered Owners and beneficial owners of the Certificates. The County is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the County will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available free of charge from the MSRB via Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

Annual Reports

The County will provide certain updated financial information and operating data to the MSRB annually in an electronic format as prescribed by the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the County of the general type included in this Official Statement in Appendix A - Financial Information Regarding Frio County, Texas (Tables 1-5) and in Appendix D. The County will update and provide this information within six months after the end of each fiscal year.

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

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

Material Event Notices

The County will also provide timely notices of certain events to the MSRB (not in excess of ten (10) days after the occurrence of the event). The County will provide notice of any of the following events with respect to the Certificates: (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 Registered Owners 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; (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties.

(Neither the Certificates nor the Order make any provision for debt service reserves, liquidity enhancement, or credit enhancement). In addition, the County will provide timely notice of any failure by the County to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports".

For these purposes, any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur; the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County. The term "financial obligation" used in clauses (15) and (16) of the immediately preceding paragraph means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee or either (A) or (B). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Limitations and Amendments

The County has agreed to update information and to provide notices of material events only as described above. The County has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The County makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the 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 Registered Owners and beneficial owners of the Certificates may seek a writ of mandamus to compel the County to comply with its agreement.

This continuing disclosure agreement may be amended by the County from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the County, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Registered Owners of a majority in aggregate principal of the outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the County (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the Registered Owners and beneficial owners of the Certificates. The County may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates. If the County amends its agreement, it must include with the next financial information and opening 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 type of information and data provided. The County may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates.

Compliance with Prior Undertakings

The County has not been subject to a continuing disclosure agreement for the past five (5) years.

EXPOSURE TO OIL AND GAS INDUSTRY

Recent declines in oil prices in the United States and globally may lead to adverse conditions in the oil and gas industry. Such adverse conditions may result in reduced revenues, declines in capital and operating expenditures, business failures, and the layoff of workers within the oil and gas industry. Adverse conditions in the oil and gas industry and spillover effects into other industries could adversely impact the businesses of ad valorem property taxpayers and the property values in the County, resulting in a reduction in property tax revenue. The Certificates are secured in part by a limited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Certificates

OTHER INFORMATION

Financial Advisor

In its role as Financial Advisor, Government Capital Securities Corporation has relied on the County for certain information concerning the County and the Certificates. The fee of the Financial Advisor for services with respect to the Certificates is contingent upon the issuance and sale of the Certificates. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, 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.

Audited Financial Statements

Leal & Carter, LLP, the County's independent auditor, has not reviewed, commented on, or approved, and is not associated with, this Official Statement. The report of Leal & Carter, LLP, relating to County's financial statements for the fiscal year ended September 30, 2023 is included in this Official Statement in Appendix D; however, Leal & Carter, LLP has not performed any procedures on such financial statements since the date of such report, and has not performed any procedures on any other financial information of the County, including without limitation any of the information contained in this Official Statement.

Underwriting

The Underwriters have agreed to purchase the Certificates from the County for $_____________ (being the principal amount of the Certificates, plus a [net] premium of $________________, less an Underwriters' discount of $__________). The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information set forth in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Forward-Looking Statements

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

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

(*Remainder of Page Intentionally Left Blank*)

Concluding Statement

The information set forth herein has been obtained from the County's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and 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 summarized documents for further information. Reference is made to official documents in all respects.

The County has reviewed and approved the Official Statement and said instrument has been authorized for use and distribution by the Underwriters for the purpose of offering the Certificates.

____
County Judge, Frio County, Texas

ATTEST:

____
County Clerk, Frio County, Texas

APPENDIX A

FINANCIAL INFORMATION REGARDING
FRIO COUNTY, TEXAS

FINANCIAL INFORMATION REGARDING FRIO COUNTY

ASSESSED VALUATION — TABLE 1

2023-2024 Total Value of Taxable Property		$4,589,342,220
Less Exemptions:		
Local, Optional Over-65 and/or Disabled Homestead Exemptions	$ 40,523,300	
Disabled and Deceased Veterans' Exemptions	1,829,310	
Productivity Value Loss	1,612,190,690	
Homestead 10% Cap Adjustment	5,989,550	
Abatement	117,267,000	
Freeport	-	
Other	169,909,100	1,947,708,950
2023-2024 Net Taxable Assessed Valuation (100% of Actual)[(a)]		$2,641,633,270

(a) *See "TAX INFORMATION – County Application of the Property Tax Code" in the Official Statement for a description of the County's taxation procedures.*

Source: Frio County Appraisal District

PRINCIPAL TAXPAYERS[1] — TABLE 2

Name	Type of Business	2023-2024 Net Taxable Assessed Valuation	% of Total 2023-2024 Assessed Valuation*
Trinity Operating (USG) LLC	Oil & Gas	$171,842,540	6.51%
Javelin Energy Partners Mgmt.	Oil & Gas	148,655,620	5.63%
South Texas Electric Co-Op Inc.	Electric Utility/Power Plant	89,530,140	3.39%
Gray Oak Pipeline LLC	Oil & Gas Pipeline	87,645,570	3.32%
DCP Sand Hills Pipeline	Oil & Gas Pipeline	74,801,440	2.83%
Formentera Operations LLC	Oil & Gas	49,808,300	1.89%
Rosewood Resources Inc.	Oil & Gas	49,179,030	1.86%
AEP Texas Inc.	Electric Utility/Power Plant	48,107,020	1.82%
Energy Transfer GC NGL	Oil & Gas Pipeline	47,155,850	1.79%
The Geo Group	Prison	42,000,000	1.59%
Total		$808,725,510	30.63%

* Based on 2023-2024 Net Taxable Assessed Valuation of $2,641,633,270.

[1]As shown in the table above, the top ten taxpayers in the County currently account for over 30% of the County's tax base. Adverse developments in economic conditions, especially in the oil and gas industry, could adversely impact these businesses and, consequently, the tax values in the County, resulting in less local tax revenue. If any major taxpayer, or a combination of top taxpayers, were to default in the payment of taxes, the ability of the County to make timely payment of debt service on the Certificates may be dependent on its ability to enforce and liquidate its tax lien, which is a time consuming process that may only occur annually or to fund debt service payments from other resources, if available. See "OWNER'S REMEDIES" and "AD VALOREM PROPERTY TAXATION – County's Rights in the Event of Tax Delinquencies" herein

Source: Frio County Appraisal District

PROPERTY TAX RATES AND COLLECTIONS[a] **TABLE 3**

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Collection % Current	Collection % Total[b]	Fiscal Year Ended
2019	$2,088,615,720	$0.5968	93.94%	93.94%	9-30-20
2020	2,219,659,479	0.5968	91.38%	91.38%	9-30-21
2021	2,030,816,530	0.5968	91.05%	91.05%	9-30-22
2022	2,306,782,965	0.5968	97.66%	97.66%	9-30-23
2023	2,641,633,270	0.5968	97.36%	97.36%	9-30-24

(a) *See "TAX INFORMATION - The County Application of the Property Tax Code" in the Official Statement for a description of the County's taxation procedures.*

(b) *Excludes interest and penalties.*

Source: Frio County Appraisal District

Note: Assessed Valuations may change during the year due to various supplements and protests, and valuations on a later date or in other tables of this Official Statement may not match those shown on this table.

TAX RATE DISTRIBUTION **TABLE 4**

	2023-24	2022-23	2021-22	2020-21	2019-20
Maintenance & Operations	$0.4147	$0.4176	$0.4164	$0.4270	$0.4240
I & S Fund	0.0058	0.0064	0.0076	0.0000	0.0000
TIRZ	0.0035	0.0000	0.0000	0.0000	0.0000
Road & Bridge Fund	0.1295	0.1295	0.1295	0.1265	0.1295
Lateral Road	0.0433	0.0433	0.0433	0.0433	0.0433
TOTAL	$0.5968	$0.5968	$0.5968	$0.5968	$0.5968

Source: Frio County Appraisal District

(*Remainder of Page Intentionally Left Blank*)

PRO FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS **TABLE 5**

Fiscal Year 9/30	The Certificates Principal*	Interest*	Total Debt Service*
2025	$ 640,000.00	$ 450,216.67	$ 1,090,216.67
2026	455,000.00	649,000.00	1,104,000.00
2027	475,000.00	626,250.00	1,101,250.00
2028	500,000.00	602,500.00	1,102,500.00
2029	525,000.00	577,500.00	1,102,500.00
2030	550,000.00	551,250.00	1,101,250.00
2031	580,000.00	523,750.00	1,103,750.00
2032	605,000.00	494,750.00	1,099,750.00
2033	635,000.00	464,500.00	1,099,500.00
2034	670,000.00	432,750.00	1,102,750.00
2035	705,000.00	399,250.00	1,104,250.00
2036	740,000.00	364,000.00	1,104,000.00
2037	775,000.00	327,000.00	1,102,000.00
2038	815,000.00	288,250.00	1,103,250.00
2039	855,000.00	247,500.00	1,102,500.00
2040	895,000.00	204,750.00	1,099,750.00
2041	940,000.00	160,000.00	1,100,000.00
2042	980,000.00	122,400.00	1,102,400.00
2043	1,020,000.00	83,200.00	1,103,200.00
2044	1,060,000.00	42,400.00	1,102,400.00
TOTAL	$14,420,000.00	$7,611,216.67	$22,031,216.67

* *Preliminary, subject to change. Interest estimated at market rates for purposes of illustration.*

APPENDIX B

GENERAL INFORMATION REGARDING
FRIO COUNTY, TEXAS

General

Frio County, in the Winter Garden Region of Southwest Texas, shares its eastern border with Atascosa County, its southern border with La Salle County, its western border with Zavala County, and its northern border with Medina County. The county is named after the Frio River, which flows northwest to southeast through the county. Pearsall, the county seat, is located on the Union Pacific Railroad fifty miles southwest of San Antonio and seventy miles east of the United States-Mexican border at Eagle Pass. Interstate Highway 35 passes north to south through the communities of Moore, Pearsall, and Dilley.

Education

The County is served primarily by the Charlotte Independent School District, Devine Independent School District, Dilley Independent School District, Hondo Independent School District and Pearsall Independent School District.

Frio County

Frio County was founded in 1858. The 2020 U.S. Census shows 18,385 residents living in Frio County. Frio County encompasses about 1,134 square miles.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

October 29, 2024

Frio County, Texas
Certificates of Obligation, Series 2024

Ladies and Gentlemen:

We have acted as bond counsel to Frio County, Texas (the "County") in connection with the issuance of $___________ aggregate principal amount of Obligations designated as "Frio County, Texas Certificates of Obligation, Series 2024" (the "Obligations"). The Obligations are authorized by an order adopted by the Commissioners Court of the County (the "Commissioners Court") on October 8, 2024 (the "Order"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Order.

In such connection, we have reviewed the Order, the tax certificate of the County dated the date hereof (the "Tax Certificate"), certificates of the County, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Order and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations, the Order and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against issuers in the State of Texas. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Obligations and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Obligations constitute the valid and binding obligations of the County.

2. The Commissioners Court has power and is obligated to levy an annual ad valorem tax, within the limits prescribed by law, upon taxable property located within the County, which taxes have been pledged irrevocably to pay the principal of and interest on the Obligations.

3. Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Obligations is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Obligations included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

Faithfully yours,

JACKSON WALKER LLP

APPENDIX D

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Frio County, Texas

Annual Financial Report

For the Year Ended

September 30, 2023

LEAL & CARTER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
SAN ANTONIO, TEXAS

LEAL & CARTER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Frank J. Leal, CPA
Roberto Carter, CPA

16011 University Oak
San Antonio, Texas 78249
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Fax:(210) 492-6209

Required Communication Letter to the County Commissioners of the Frio County, Texas

September 11, 2024

To the Honorable County Judge
The Commissioners Court
Frio, County, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Frio, County, Texas (the "County") as of and for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated December 14, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during FY 2023. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the County's financial statements were:

- Depreciation Expense - Management's estimate of depreciation expense is based on estimated useful lives of assets using the straight line method of depreciation.
- Fair Value of Investments. Financial Institution(s) provided information is used by the County for these values.
- Allowance for uncollectible taxes are based on historical data;

We evaluated the key factors and assumptions used to develop depreciation expense and the current portion of accrued compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

- Reconcile beginning fund balances per the general ledger to prior year ending auditing balances.
- Eliminating prior year Inter fund balances
- Eliminating prior year payable balances
- Correcting Pension Liability opening balances

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 11, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

- We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
- We issued two findings 2023-01& 2023-02 on page 52 in the Schedule of Findings.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance of the RSI.

With respect to supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

The information contained in this report is intended solely for the use by the County and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Seal & Carter, P.C.

Frio County, Texas

Annual Financial Report

For the Year Ended

September 30, 2023

Frio County, Texas

Table of Contents

LEAL & CARTER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Frank J. Leal, CPA
Roberto Carter, CPA

16011 University Oak
San Antonio, Texas 78249-1409
Telephone :(210) 696-6206
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Independent Auditor's Report

To the Honorable County Judge and
The Commissioners Court
Frio County, Texas

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Frio 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.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
General Fund	Unmodified
Road & Bridge Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
Custodial Funds	Qualified

Qualified Opinion on Custodial Funds

In our opinion, except for the possible effect of the matter discussed in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Custodial Funds of the County, as of September 30, 2023, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Major Funds and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, general fund, road & bridge fund, and the aggregate remaining fund information of the County, as of September 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 qualified and unmodified audit opinions.

Matter Giving Rise to Qualified Opinion on the Custodial Funds

As indicated in the Schedule of Findings on page 52, Custodial funds' daily transactions and ending balances are not recorded in the general ledger and opening balances could not be reconciled to the previous years audited ending balances. The amount by which these transactions would affect the Custodial Fund activity for FY 2023 has not been determined.

Emphasis of Matter – Prior Period Adjustments

As further discussed in the Note A.5. Prior Period Adjustments, prior period adjustments were necessary to correct balances from prior years. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and pension information 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 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 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.

Leal & Carter, P.C.

San Antonio, Texas
September 11, 2024

This section of Frio County, Texas' (the "County") annual financial report presents our management discussion and analysis of the County's financial performance during the year ended September 30, 2023. Please read it in conjunction with the County's financial statements, which follow this section.

Financial Highlights

Government-Wide Highlights

- The County's total combined net position was $48,467,118 at September 30, 2023.
- During the year, the County's expenses were $70,951 greater than the $20,339,972 in revenues for governmental activities.
- The total cost of the County's programs increased by $1,356,288 from last year's $19,054,635 program cost.

Overview of the Financial Statements

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements,* and *required supplemental information.* The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to financial statements, and 4) required supplemental information.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to private sector business. They present the financial picture of the County from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the County (including infrastructure) as well as all liabilities. Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 regarding interfund activity, payables, and receivables.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets 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 net assets changed during the most recent fiscal year using the full accrual basis of accounting. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) 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 general government, justice system, public safety, corrections and rehabilitation, health and human services, community and economic development, and infrastructure and environmental services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated from 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 two categories: Governmental Funds and Fiduciary 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 however, Governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

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

The County maintains 18 individual Governmental Funds (excluding Custodial Funds), 26 Special Revenue Funds, 1 Debt Service Fund, and the General Fund. Information is presented separately in the Governmental Funds balance sheet and in the Governmental Funds balance sheet and in the Governmental Funds statement of revenues, expenditures, and changes in fund balances for the General Fund and the Road and Bridge Fund which are classified as major funds. Data from the other nonmajor Governmental funds are combined into a single, aggregated presentation.

The County adopts an annual appropriated budget as a management control device during the year for the General Fund and for all Special Revenue Funds. A budgetary comparison schedule has been provided for the General Fund and the Road and Bridge Fund to demonstrate compliance with the budget.

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. The County's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. These activities are excluded from the County's other financial statements since the County cannot use these assets to finance its operations and must ensure the assets reported in these funds are used for their intended purposes.

Notes to 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.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplemental information concerning the County's major funds, the General Fund and the Road and Bridge Fund, budgetary comparison schedules. Also presented is a schedule of funding progress for the County's pension plan.

Financial Analysis of the County as a Whole

Of the County's total assets of $50,904,304 the largest components are 1) cash and investments of $24,173,780 or 47%, 2) receivables (net of allowance for doubtful accounts) of $2,988,513 or 6%, 3) prepaid expenses of $197,103 or 0% and 4) capital assets (net of accumulated depreciation) of $23,544,908 or 46%. Capital assets are nonliquid and cannot be utilized to satisfy County obligations.

The County's assets exceeded liabilities by $48,467,118 as of September 30, 2023.

	Governmental-Type Activities	
	2023	2022
Current and Other Assets	$ 27,359,396	$ 27,326,043
Capital Assets	23,544,908	24,962,760
Total Assets	50,904,304	52,288,803
Deferred Outlfows	1,443,344	1,385,138
Current Liabilities	1,454,207	1,717,432
Long Term Liabilities	401,080	(1,776,103)
Total Liabilities	1,855,287	(58,671)
Deferred Inflows	2,025,243	5,283,844
Net Position:		
Invested in Capital Assets,		
Net of Depreciation	23,678,292	24,406,062
Restricted	-	-
Unresticted	24,788,826	24,042,706
Total Net Position	$ 48,467,118	$ 48,448,768

Governmental activities increased the County's net position by $18,350.

Frio County, Texas

Management's Discussion and Analysis

September 30, 2023

(Continued)

Financial Analysis of the County as a Whole (continued)

Frio County,TX
Changes in Net Assets
Governmental Activities

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	2023 Net (Expenses) Revenue and Changes in Net Position: Governmental Activities	2022 Net (Expenses) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities					
General Administration	$ 2,954,087	$ 234,983	$ 548,066	$ (2,171,038)	$ (2,249,629)
Judicial	1,436,227	93,052	-	(1,343,175)	(1,115,681)
Elections	250,115	18,954	-	(231,161)	(227,254)
Financial Administration	1,048,175	70,315	-	(977,860)	(843,063)
Public Facilities	1,983,344	120,124	-	(1,863,220)	(1,440,269)
Public Safety	5,612,115	329,331	714,563	(4,568,221)	(1,811,095)
Maintenance and Operations	3,845,991	352,282	122,715	(3,370,994)	(4,123,615)
Health and Welfare	568,285	54,211	530,421	16,347	(115,601)
Conservation - Agriculture	140,087	6,715	-	(133,372)	(80,511)
Corrections	283,464	17,846	-	(265,618)	(213,975)
Administration	401,644	20,036	-	(381,608)	(240,232)
Infrastructure	1,887,389	144,886	-	(1,742,503)	(1,737,164)
Total Governmental Activities	$ 20,410,923	$ 1,462,735	$ 1,915,765	$ (17,032,423)	$ (14,198,089)
General Revenues:					
Taxes				16,362,962	13,878,329
Interest				217,565	43,329
Jail Revenues				16,440	11,600
Miscellaneous				364,505	572,932
Total General Revenues				16,961,472	14,506,190
Increase in Net Position				(70,951)	308,101
Net Position at beginning of year				48,448,768	47,254,114
Prior Period Adjustment				89,301	883,553
Net Position at end of year				$ 48,467,118	$ 48,445,768

Financial Analysis of the County's Funds

General Fund Budgetary Highlights

The budget is prepared in accordance with financial policies approved by the County Auditor and the Commissioner's Court following a public hearing. The County Auditor is required by policy to present the Commissioner's Court with a balanced budget that contains a no-tax increase assumption as a starting point for budget discussions.

The budget is prepared in accordance with accounting principles generally accepted in the United State of America by the County Auditor and approved by the Commissioner's Court following a public hearing. Appropriated budgets are approved and employed as management control devise during the year. The County maintains strict budgetary controls and sets its appropriations at the line item level for each department. Appropriation transfers may be made between line item or departments only with the approval of the Commissioner's Court.

Over the course of the year, the County revised its budget. Excess of expenditures over revenues was $223,742 over the final budgeted amounts in the General Fund. The County's revenues were $445,065 over budgeted amounts and are attributed to an increase in tax revenues for fiscal year 2023.

Capital Assets and Debt Administration

Capital Assets

Frio County's' investment in capital assets for its governmental activities as of September 30, 2023, amounts to $23,544,908 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

	Governmental-Type Activities	
	2023	2022
Land	262,691	262,691
Construction in Progress	1,518,606	981,924
Buildings and Improvements	10,520,351	9,879,883
Machinery and Equipment	13,084,472	12,672,644
Infrastructure	56,621,672	56,621,672
Less: Accumulated Depreciation	(58,462,884)	(55,456,054)
Total Capital Assets	$ 23,544,908	$ 24,962,760

Additional information on the Frio County, Texas' capital assets can be found in Note E on the notes to the financial statements.

Long Term Debt

At the end of the current fiscal year, Frio County, Texas had the following long term debt.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities						
Notes Payable	$ 556,698	$ -	$ (133,384)	$ 423,314	$ 137,172	$ 286,142
Grand Total	$ 556,698	$ -	$ (133,384)	$ 423,314	$ 137,172	$ 286,142

Frio County, Texas' total long term debt decreased by $133,384 during the current fiscal year. The key factor in this decrease was the payment of $133,384 in notes payable. Additional information on the Frio County, Texas' long-term debt can be found in Note F on the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

The annual budget is developed to provide efficient, effective, and economic uses of the County's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the County Commissioners set the direction of the County, allocate its resources, and establish its priorities.

The Commissioner's Court adopted the County's 2022-2023 budgets on September 12, 2022. The budget was adopted based on estimated balances that would be available at the end of the fiscal year 2023 and estimated revenues to be received in the fiscal year 2023. The total available resources for all funds for the fiscal year 2023 are $27,166,602.

For 2022-2023, the property tax rate is $0.5968 of $100 assessed taxable valuation. This rate stayed the same as prior year. Tax revenues are budgeted to increase, due to new property added to the tax roll.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor at (830) 334-0000.

Frio County, Texas
Statement of Net Position
September 30, 2023

	Primary Government
	Governmental Activities
Assets	
Cash and Cash Equivalents	$ 22,483,780
Investments	1,690,000
Receivables:	
Ad Valorem Taxes - Net of Allowance	2,827,563
Due from Other Governments	96,952
Due from Custodial Funds	63,998
Prepaid Expenses	197,103
Capital Assets:	
Land	262,691
Construction in Progress	1,518,606
Building and Improvements	10,520,351
Equipment	13,084,472
Infrastructure	56,621,672
Accumulated Depreciation	(58,462,884)
Total assets	**50,904,304**
Deferred Outlfow related to Pension Plan	1,367,458
Deferred Outlfow related to OPEB Plan	75,886
Total Deferred Outflow related to Pension & OPEB Plans	**1,443,344**
Liabilities	
Accounts Payable	1,002,758
Accrued Wages & Related Payable	285,258
Due to Other Governments	8,492
Due to Custodial Funds	9,055
Compensated Absences Payable	134,650
Due to Others	13,994
Non-Current Liabilities	
Due Within One Year	137,172
Due in More Than One Year	
Notes Payable	286,142
Net Pension Liablity (Asset)	(335,919)
Net OPEB Liablity	313,685
Total liabilities	**1,855,287**
Deferred Inflow related to Unearned Grant Revenue	1,227,991
Deferred Inflow related to Pension Plan	693,621
Deferred Inflow related to OPEB Plan	103,631
Deferred Inflows related to Pension	**2,025,243**
Net Position	
Invested in Capital Assets - Net of Related Debt	23,678,292
Unrestricted	24,788,826
Total Net Position	**$ 48,467,118**

The accompanying notes are an integral part of this statement.

Frio County, Texas

Statement of Activities

Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities
Government Activities				
General Administration	$ 2,954,087	$ 234,983	$ 548,066	$ (2,171,038)
Judicial	1,436,227	93,052	-	(1,343,175)
Elections	250,115	18,954	-	(231,161)
Financial Administration	1,048,175	70,315	-	(977,860)
Public Facilities	1,983,344	120,124	-	(1,863,220)
Public Safety	5,612,115	329,331	714,563	(4,568,221)
Maintenance and Operations	3,845,991	352,282	122,715	(3,370,994)
Health and Welfare	568,285	54,211	530,421	16,347
Conservation - Agriculture	140,087	6,715	-	(133,372)
Corrections	283,464	17,846	-	(265,618)
Administration	401,644	20,036	-	(381,608)
Infrastructure	1,887,389	144,886	-	(1,742,503)
Total Governmental Activities	$ 20,410,923	$ 1,462,735	$ 1,915,765	$ (17,032,423)
General Revenues:				
Taxes				16,362,962
Interest				217,565
Jail Revenues				16,440
Miscellaneous				364,505
Total General Revenues				16,961,472
Increase in Net Position				(70,951)
Net Position at beginning of year				48,448,768
Prior period Adjustment				89,301
Net Position at end of year				$ 48,467,118

The accompanying notes are an integral part of this statement.

Frio County, Texas

Balance Sheet - Governmental Funds

September 30, 2023

	General Fund	Road Bridge Fund	Aggregate Remaining Non Major Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 11,858,467	$ 5,467,471	$ 5,157,842	$ 22,483,780
Investments	1,000,000	525,000	165,000	1,690,000
Receivables:				
Ad Valorem Taxes - Net of Allowance	1,954,293	626,512	246,758	2,827,563
Due from Other Governments	67,488	19,540	13,835	100,863
Due from Other Funds	-	-	-	-
Due from Custodial Funds	27,073	24,775	12,150	63,998
Due from Others	-	-	-	-
Prepaid Expenditures	197,069	34	-	197,103
Total Assets	15,104,390	6,663,332	5,595,585	27,363,307
Liabilities				
Accounts Payable	742,716	203,751	56,291	1,002,758
Accrued Wages & Related Payables	285,258	-		285,258
Due to Other Governments	8,492	-	-	8,492
Due to Other Funds	-	-	3,911	3,911
Due to Custodial Funds	9,055	-	-	9,055
Due to Others	8,242	-	5,752	13,994
Total Liabilities	1,053,763	203,751	65,954	1,323,468
Deferred Inflows of Resources				
Unearned Grant Funds	-	-	1,227,991	1,227,991
Unavailable Revenue _ Property Taxes	1,950,725	598,381	168,505	2,717,611
Total Deferred Inflows of Resources	1,950,725	598,381	1,396,496	3,945,602
Fund Balances				
Fund Balances				
Other Assigned	-	-	4,133,135	4,133,135
Unreserved:				
Unassigned	12,099,902	5,861,200	-	17,961,102
Total Fund Balances	12,099,902	5,861,200	4,133,135	22,094,237
Total Liabilities, Deferred Inflows and Fund Balances	$ 15,104,390	$ 6,663,332	$ 5,595,585	$ 27,363,307

The accompanying notes are an integral part of this statement.

Frio County, Texas
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position

September 30, 2023

Total Fund Balances- Governmental Funds	**$ 22,094,237**
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	80,418,814
Accumulated depreciation for capital assets recorded in governmental activities are not reported in the funds	(55,456,054)
Long term debt are recorded for governmental activities but not for the funds (Including Countys proportionate share of the TCDRS pension & OPEB plans activity)	(1,898,481)
Property taxes receivable not available to pay current period's expenditures are deferred in the funds	2,717,611
Compensated absences are not reported as expenses in the statement of activities	(8,036)
Capital additions and long term debt payments are not reported as expenses in the statement of activities	1,455,594
Depreciation of capital assets used for governmental activities is not reported in the funds	(3,006,830)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include reclassifying deferred revenues, eliminating interfund transactions, reclassifying the proceeds of bond sales and related costs as an net increase in bonds payable and recognizing the liabilities associated with maturing long term debt and interest, and recongizing current year pension & OPEB activity. The net effect is to increase(decrease) net position	2,150,263
Net Position of Governmental Activities - Statement of Net Position	**$ 48,467,118**

The accompanying notes are an integral part of this statement.

Frio County, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Year Ended September 30, 2023

	General Fund	Road and Bridge Fund	Aggregate Remaining Non Major Funds	Total Governmental Funds
Revenues				
Taxes	$ 12,158,965	$ 3,000,389	$ 1,176,226	$ 16,335,580
Licenses and Permits	-	462,395	-	462,395
Federal Grants	-	-	862,569	862,569
State Grants	249,058	1,866	549,314	800,238
Intergovernmental	105,739	104,385	42,834	252,958
Charges for Services	55,407	-	2,553	57,960
Fines and Forfeitures	368,268	164,659	409,454	942,381
Interest	166,958	35,147	15,460	217,565
Tobacco settlement	4,548	-	-	4,548
Jail Revenues	16,440	-	-	16,440
Miscellaneous	310,413	106,422	3,147	419,982
Total Revenues	13,435,796	3,875,263	3,061,557	20,372,616
Expenditures				
Current:				
General Administration	2,113,577	-	921,974	3,035,551
Judicial	1,440,052	-	3,670	1,443,722
Elections	258,819	-	-	258,819
Financial Administration	1,078,032	-	-	1,078,032
Public Facilities	1,994,955	-	-	1,994,955
Public Safety	5,887,004	-	535,054	6,422,058
Maintenance and Operations	-	3,361,414	749,558	4,110,972
Health and Welfare	33,322	-	455,823	489,145
Conservation - Agriculture	143,027	-	-	143,027
Corrections	296,632	-	-	296,632
Administration	414,118	-	-	414,118
Total Expenditures	13,659,538	3,361,414	2,666,079	19,687,031
Excess (deficiency) of revenues over (under) expenditures	(223,742)	513,849	395,478	685,585
Other Financing Sources				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net changes in fund balances	(223,742)	513,849	395,478	685,585
Fund balances at beginning of	12,170,963	5,347,351	3,790,808	21,309,122
Prior Period Adjustment	152,681	-	(53,151)	99,530
Fund balances at end of year	$ 12,099,902	$ 5,861,200	$ 4,133,135	$ 22,094,237

The accompanying notes are an integral part of this statement.

Frio County, Texas

Reconciliation of Statement of Revenues, Expenditures, And
Changes in Fund Balances to the Statement of Activities

September 30, 2023

Net Changes in Fund Balances - Total Governmental Funds	$ 685,585
Amounts reported for governmental activities in the statement of activities are different because:	
Compensated absences are not reported as expenses in the statement of activities	8,036
Capital additions and long tem debt payments are not reported as expenses in the statement of activities	1,455,594
Depreciation of capital assets used for governmental activities is not reported in the funds	(3,006,830)
Changes in property taxes receivable not available to pay for current period's expenditures are deferred in the funds	(27,382)
Current year changes due to GASB 68 (Pension Plan Activity)	519,759
Current year changes due to GASB 75 (OPEB Plan Activity)	(11,173)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accouinting. These include reclassifying taxes collected from prior years levies from tax revenues,reclassifying the proceeds of bond sales and related costs as an net increase in bonds payable and recognizing the liabilities associated with maturing long term debt and interest. The net effect is to increase(decrease) net position	305,460
Net Changes in Net Position - Statement of Activities	$ (70,951)

The accompanying notes are an integral part of this statement.

Frio County, Texas

Statement of Fiduciary Net Position - Custodial Funds

September 30, 2023

Assets	
Cash and Cash Equivalents	$ 3,111,815
Due from Other Funds	-
Due from Others	-
Restricted Cash	42,106
Total Assets	3,153,921
Liabilities	
Payable to State	-
Due to Other Funds	-
Due to Others	3,153,921
Total Liabilities	$ 3,153,921

Note A- Summary of Significant Accounting Policies

The accounting and reporting policies of Frio County, Texas (the "County") reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board ("GASB") in *Governmental Accounting and Financial Reporting Standards.* The financial report has been prepared in accordance with GASB Statement No. 34, *Basic Financial Statements ~ and Management's Discussion and Analysis -for State and Local Governments,* issued in June 1999, and implemented by the County in fiscal year 2004. The most significant accounting and reporting policies of the County are described in the following notes to financial statements:

The County was organized in 1871. The County operates under a county judge/commissioners court type government and provides the following services throughout the county: public safety (ambulance and law enforcement), maintenance and operations, health and welfare, culture and recreation, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services.

1. The Reporting Entity

The County considered the guidelines specified by GASB Statement No. 14, *The Financial Reporting Entity,* as amended by GASB Statement No. 39 and GASB Statement No.61, when determining which entities to include in the accompanying basic financial statements. Under these guidelines, the reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and any organization for which the nature and significance of their relationship with the primary government is such that exclusion could cause the County's basic financial statements to be misleading or incomplete. It has been determined the reporting entity of the County, effective for the year ended September 30, 2023, includes all of the funds and account groups of the County.

The only other entity that was considered for inclusion in the reporting entity of the County was Frio County Appraisal County (the "Appraisal District"). The Appraisal District was created by state statute to appraise property in the County. It is governed by a publicly elected Board of Directors. The managers of the Appraisal County are responsible to the Board of Directors. This entity is responsible for its own fiscal matters and debt. Consequently, since the Appraisal County is not subject to oversight by the Commissioner's Court and is responsible for its own fiscal matters, the Appraisal County is not included within the scope of these financial statements.

Note A - Summary of Significant Accounting Policies (continued)

2. Government-Wide and Fund Financial Statements

The *government-wide financial statements* include the statement of net assets and the statement of activities. Government-wide statements report, except for County fiduciary activity, information on all of the activities of the County. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues.

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

Separate *fund financial statements* are provided for Governmental Funds and Fiduciary Funds even though the latter arc excluded from the government-wide financial statements. The General Fund and Road and Bridge Fund meet the criteria as *major governmental funds.* Each major fund is reported in separate columns in the fund financial statements. Nonmajor funds include other Special Revenue and Debt Service Funds. The combined amounts for these funds are reflected in a single column in the fund balance sheet and statement of revenues, expenditures, and changes in fund balances.

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

The *government-wide financial statements* are reported on the economic resources measurement focus and the accrual basis of accounting. This measurement focus is used for the fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility imposed by the provider is met.

Revenues are classified as *program revenues* and *general revenues.* Program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenues include all taxes and grants not restricted to specific programs and interest.

Note A - Summary of Significant Accounting Policies (continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Governmental Fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they arc collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Property taxes which were levied prior to September 30, 2023, and became due October 1, 2020 have been assessed to finance the budget of the fiscal year beginning October 1, 2020 and, accordingly, have been reflected as deferred revenue and taxes receivable in the fund financial statements at September 30, 2023.

Expenditures generally are recorded when a liability is incurred; however, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The County reports the following major Governmental Funds:

General Fund - The General Fund is the general operating fund of the County and is always classified as a major fund The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, and intergovernmental revenues. Primary expenditures are for general administration, public safety, public facilities, welfare, and judicial.

Road and Bridge Fund - The Road and Bridge Fund is used to account for the revenues restricted for the funding of road repairs and improvements and all related expenditures related to the County s roads.

Other fund type includes a Fiduciary Fund which is considered as a nonmajor fund. Nonmajor funds include Special Revenue Funds (other than Road and Bridge) and Debt Service Funds.

Fiduciary Fund level financial statements include Fiduciary Funds which are classified as Custodial Funds The County has only Custodial Funds which are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and other funds. Custodial Funds do not involve a formal trust agreement. Custodial Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Note A - Summary of Significant Accounting Policies (continued)

4. Budget and Budgetary Accounting

Budgets are adopted for the General Fund and all Special Revenue Funds. The budget is prepared in accordance with accounting principles generally accepted in the United States of America by each department.

Amendments are made during the year on approval by the Commissioner's Court. Expenditure amendments can be made as long as the final amended budget figures do not exceed the County Auditor's estimated revenue and available cash balances. The final amended budget is used in this report. Appropriations for annually budgeted funds lapse at year-end.

The Agency Funds have not been budgeted by the County, as these funds are all custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

5. Prior Period Adjustment

Prior period adjustments of $99,530 were made to the fund level financial statements in fiscal year 2023 to record un-adopted prior year adjustments to the general fund and aggregate remaining fund, and for ($10,229) in government wide financial statement to correct prior pension activity.

Note A - Summary of Significant Accounting Policies (continued)

6. Cash and Investments

The County's total bank deposits of $27,327,701 at September 30, 2023 were covered by federal depository or by pledged collateral securities held by the County's bank in the County's name. Such total collateralization and insurance coverage are required by state law. Of the $27,327,701 in bank deposits $1,690,000 consisted of non-negotiable certificates of deposits (CDs) whose original maturity is more than 3 months and $25,637,701 in demand deposits. The CDs are insurable bank deposits, classified as Investments for Financial Statement Reporting purposes. The following is a summary of coverage at September 30, 2023:

Amount insured by Federal Deposit Insurance Corporation ("FDIC")	$ 250,000
Amount collateralized with securities held by the trust department Of the County's bank in the County's name	36,469,755
Total	$ 36,719,755

State statutes authorize the County to invest in fully collateralized or insured time deposits, direct debt securities of the United States, and fully collateralized repurchase agreements. The repurchase agreements must be purchased pursuant to a master repurchase agreement which specifies the rights and obligations of both parties and which requires the securities involved in the transaction be held in a safekeeping account subject to the control and custody of the County. Investments in security repurchase agreements may be made only with state or national banks domiciled in the state of Texas with which the County has signed master repurchase agreements. The County did not have any repurchase agreements at September 30, 2023.

Cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1: Deposits which are insured or collateralized with securities held by the County or by its agent in the County's name.
Category 2: Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.
Category 3: Deposits which are not collateralized or insured.

Based on these three levels of risk at September 30, 2023, all of the County's cash deposits are classified as category 1.

Note A - Summary of Significant Accounting Policies (continued)

7. Allowance for Doubtful Accounts – Delinquent Taxes

The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Losses are charged against the allowance when the County believes the uncollectiblility of a receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by the County and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. The allowance for doubtful accounts as of September 30, 2023 is $146,079.

8. Compensated Absences

Vacation leave benefits are accrued by County employees according to guidelines set out in the County's personnel policy.

The County's policy allows for accumulation of sick leave but does not provide for payment of sick leave accruals. Accordingly, since such accumulated amounts are non vesting, unused sick leave was not accrued in the financial statements.

Employees are allowed 10 days of vacation leave annually for years of service of 10 years or less and 15 days for years of service in excess of 10 years, and are paid for any unused vacation leave upon termination of employment. Accumulated vacation benefits are recorded as obligations in the general long-term debt account group since these amounts are not expected to be paid from currently available resources.

A liability for unused vacation for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- Leave or compensation is attributable to services already rendered
- Leave or compensation is not contingent on a specific event (such as illness)

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e., are due for payment). Compensated absences are accrued in the government-wide statements in the amount of $134,650 for year-end September 30, 2023.

Note A - Summary of Significant Accounting Policies (continued)

9. 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 liabilities 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. Actual results could differ from those estimates.

10. Interfund Transactions

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expenses in the fund that is reimbursed. Nonrecurring or nonroutine transfers of equity between funds are reported as additions to or deductions from the fund balance of Governmental Funds. All other legally authorized transfers are treated as operating transfers and are included in the schedule of revenues, expenditures, and changes of fund balances of the Governmental Funds. Interfund balances are eliminated for Government Wide reporting purposes.

11. Capital Assets - Primary Government

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g., roads and bridges) are reported in the government-wide financial statements. Capital assets are defined as assets with a cost of $5,000 or more. Infrastructure assets include County-owned roads and bridges. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	40
Equipment	5
Infrastructure	30

Note B - Fund Balance

The County implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance—amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.

- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

- Committed fund balance—amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e., Commissioners Court). To be reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest level action to remove or change the constraint.

- Assigned fund balance—amounts the County intends to use for a specific purpose. Intent can be expressed by the Commissioners Court or by an official or body to which the Commissioners Court gives the authority.

- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Commissioners Court establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Commissioners Court through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes). As of September 30, 2023, the County's fund balances are Unassigned. The County's Policy is to consider unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of the unrestricted (committee, assigned or unassigned) classifications could be used. The County's policy is to apply unrestricted resources when an expense is incurred for the purpose for which both restricted and unrestricted net position are available.

Note C - Property Taxes

1. Levy and Collection

Property is appraised and lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal review, and judicial review. Property taxes are levied by October 1 of the year in which assessed, or as soon thereafter as practicable. The County bills and collects its own property taxes. Property taxes are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty. Taxes become past due February 1 of each year and are subject to interest and penalty charges. The assessed value for the tax roll of October 1, 2022 was $2,306,782,965.

Collections of the current year's levy are reported as current collections if received by June 30 (within nine months of the October 1 levy date). Collections received thereafter are reported as delinquent collections.

The County's taxes on real property are a lien against such property until paid. The County may foreclose on real property upon which it has a lien for unpaid taxes. The exception is homestead property belonging to persons 65 years of age or older. Although the County makes little effort to collect taxes on property not otherwise collected, the taxes are generally paid when there is a sale or transfer of the title on the property.

Any liens and subsequent suits against the taxpayer for payment of delinquent personal property taxes are barred until instituted within four years from the time such taxes become delinquent. Unlike real property, the sale or transfer of most personal property does not require any evidence that taxes thereon are paid.

2. Tax Rates

The Texas Constitution (Article VUI, Section 9) imposes a limit of $0.80 per S100 assessed valuation for operating fund purposes (jury, general, permanent improvement, and road and bridge funds), including debt service for courthouse and jail bonds and certificates of indebtedness/obligation against such County funds.

The 2023 tax rate for the October 1, 2022 levy was $0.4176 for the General Fund, $0.1295 for the Road and Bridge Fund, and $0.0433 for the Farm-to-Market and Lateral Road Fund for a total of $0.5968 per $100 of assessed valuation.

3. Taxes Receivable and Advance Tax Collections

At September 30, all taxes receivable are delinquent and reported in the assets section of the various balance sheets where applicable. Since the County begins to collect taxes for the subsequent calendar year in October, there are no advance tax collections at September 30.

Note C - Property Taxes (continued)

3. Taxes Receivable and Advance Tax Collections (continued)

	General	Road and Bridge	Lateral Road Fund	Debt Service	Total
Receivables					
Taxes	2,067,667	649,838	226,600	29,538	2,973,643
Gross Receivables	2,067,667	649,838	226,600	29,538	2,973,643
Less: Allowance for Uncollectibles	113,373	23,326	9,380	-	146,079
Net Total Receivables	1,954,294	626,512	217,220	29,538	2,827,564

Allowances for uncollectible tax receivables are: General Fund - $113,373, Road and Bridge Fund -$23,326, and Lateral Road Fund - $9,380. These allowances are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

4. Appraisal County

The Texas Legislature in 1979 adopted a comprehensive property tax code (the "Code") which established a county-wide appraisal County and an Appraisal Review Board in each county in the state. The Appraisal County is responsible for the recording and appraisal of property for all taxing units in the County.

The Appraisal County is required under the Code to assess property at 100% of its appraised value. Further, real property must be reappraised at least every four years. Under certain circumstances. taxpayers and tax units, including the County, may challenge orders of the Appraisal Review Board through various appeals and, if necessary', take legal action. Under the Code, the Commissioner's Court will continue to set County tax rates on property.

Note D-1 – Disaggregated Receivable Balances

Receivables balances as of year-end consisted of due from other governments of $100,863 which were miscellaneous state grants and payroll deposits.

Note D-2 – Deferred Outflows and Inflows and of Resources

The $1,443,344in deferred outflows and $2,025,243 in deferred inflows are related to the fiscal year 2023 activity of the county's portion of the retirement system. The $3,495,602 in deferred inflows (on the fund level basis financial statements) is delinquent property tax revenue as of the of the end of fiscal year 2023.

Frio County, Texas
Notes to Financial Statements
September 30, 2023

Note E - Capital Assets

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

	Balance at October 1, 2022	Increases	Decreases	Balance at September 30, 2023
Governmental activities:				
Capital assets not being depreciated:				
Land	$262,691	-	-	$ 262,691
Construction in Progress	$981,924	536,682	-	1,518,606
Total capital assets not being depreciated:	1,244,615	536,682	-	1,781,297
Capital assets being depreciated:				
Buildings and Improvements	9,879,883	640,468	-	10,520,351
Machinery, Equipment and Vehicles	12,672,644	480,428	(68,600)	13,084,472
Infrastructure	56,621,672	-	-	56,621,672
Total Depreciable Assets	79,174,199	1,120,896	(68,600)	80,226,495
Less: Accumulated depreciation for:				
Buildings and Improvements	(5,230,741)	(206,624)	-	(5,437,365)
Machinery, Equipment and Vehicles	(8,702,722)	(921,392)	8,575	(9,615,539)
Infrastructure	(41,522,591)	(1,887,389)	-	(43,409,980)
Total Accumulated Depreciation	(55,456,054)	(3,015,405)	8,575	(58,462,884)
Total Capital Assets Depreciated, Net	23,718,145	(1,894,509)	(60,025)	21,763,611
Governmental Activities capital assets, Net	$ 24,962,760	$ (1,357,827)	$ (60,025)	$ 23,544,908

Depreciation expense for the year ended September 30, 2023 was charged to the functions of the primary government as follows:

Governmental Activities:

General administration	$ 1,207
Judicial	12,259
Public safety	313,592
Maintenance and operations	670,388
Health and Welfare	130,570
Infrastructure	1,887,389
Total depreciation expense - governmental activities	$ 3,015,405

Note F- Long Term Liabilities

The government has entered into a public property finance act contract agreement as the issuer for financing the acquisition of 10 police vehicles.

The annual requirements to amortize all long-term liabilities and obligations outstanding as of September 30, 2023 including interest payments, are as follows:

Year Ending December 31,	Governmental Activities Principal	Interest
2024	137,172	12,022
2025	141,068	8,126
2026	145,074	4,120
2027	-	-
2028	-	-
Totals	423,314	24,268

Changes in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities:						
Note Payable	556,698	-	(133,384)	423,314	137,172	286,142
Total Government Long Term Debt	556,698	-	(133,384)	423,314	137,172	286,142

Note G - Interfund Transfers, Receivables, and Payables

Interfund receivables and payables at September 30, 2023 consisted of the following:

	Interfund Payable	Interfund Receivable
General Fund	$ 9,055	$ 23,073
Road & Bridge Fund	-	24,775
Agency Funds	100	12,150
	$ 9,155	$ 63,998

The purpose of the interfunds are temporary borrowings amongst the funds, which are expected to be paid back within one year.

Note H - Compensated Absences

Compensated absences are made up of time earned by employees for vacation that would be paid if the employee leaves the County. The following shows the change in compensated absences and the balance due, which is all current, at September 30, 2023:

	Governmental Activities
Beginning balance at October 1, 2022	$ 126,614
Changes	8,036
Ending balance at September 30, 2023	$ 134,650

Note I - Pension Plan

Plan Description

The County provides retirement, disability, and death benefits for all of its eligible employees through a nontraditional defined benefit pension plan in the statewide Texas County and County Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system which consists of 850 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues a Comprehensive Annual Financial Report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted and may be amended by the governing body of the County within the options available in the Texas State statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with eight or more years of service, 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 eight years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum and who are not eligible to retire are not entitled to any amounts contributed by their employer.

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

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	72
Inactive employees entitled to but not yet receiving benefits	173
Active employees	149

Funding Policy

The County has elected the Annually Determined Contribution Rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 11.31% of covered payroll for the months of the calendar year in 2022, and 8.89% of covered payroll for the months of the calendar year in 2023.

The deposit rate payable by all employee members for the calendar year 2023 is 7% as adopted by the governing body of the County. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Methodology For Determining Employer Contributions Rates

The TCDRS board hires independent outside consulting actuaries to conduct an annual valuation to measure the funding status and to determine the required employer contribution rate for each employer plan. In order to calculate the employer contribution rate, the actuary does the following:

Note I - Pension Plan(cont.)

1. Studies each employer's adopted plan of benefits and the profile of its plan participants, and uses assumptions established by the board to estimate future benefit payments.

2. Discounts the estimate of future benefit payments to the present based on the long-term rate of investment return to determine the present value of future benefits.

3. Compares the present value of future benefits with the plan's assets to determine the difference that needs to be funded based on the funding policy.

The valuation of each employer plan is based on the system funding policy and the assets, benefits and participant profile of each participating employer plan. The four key components in the determination of employer contribution rates are: the actuarial cost method, amortization policy, the asset valuation method and the actuarial assumptions.

Brief Description of Benefit Terms

1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
2) The plan provides retirement, disability, and survivor benefits.
3) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 200%) and is then converted to an annuity.
4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.

Net Pension Liability / (Asset)

	December 31, 2022
Total pension liability	$ 25,045,365
Fiduciary net position	25,381,283
Net pension liability / (asset)	(335,919)
Fiduciary net position as a % of total pension liability	101.34%
Pensionable covered payroll	7,134,738
Net pension liability / (asset) as a % of covered payroll	-4.71%

Actuarial Assumptions

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 was determined by an actuarial valuation as of that date. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date: Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Note I - Pension Plan(cont.)

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	16.5 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. 4.70% 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 1--% 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: Employer contributions reflect that a 2% flat COLA was adopted. 2016: Employer contributions reflect that a 1% flat COLA was adopted. 2017: New annuity purchase rates were reflected for benefits earned after 2017. 2018-2022: No changes in plan provisions were reflected in the schedule.

Other Key Actuarial Assumptions

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2022. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 information for a 10-year time horizon.

Note I - Pension Plan(cont.)

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return
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 Markets	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities Emerging Markets	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 /LTSA Leverage Loan Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	7.60%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

Note I - Pension Plan (cont.)

Depletion of Plan Assets/ GASB Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) Pension plan assets up to that point are expected to be invested using a strategy to achieve the long term rate of return, calculated using the long term expected rate of return on pension plan investments.

2. The actuarial present value of projected benefit payments not included in (1), calculated using the County & District bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt County & District bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer, TCDRS used an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the County's funding policy and the legal requirements under the TCDRS Act

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

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

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

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

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

Note I - Pension Plan (cont.)

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, a discount rate of 7.60% was used. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Changes in Net Pension Liability / (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balance at December 31, 2021	$ 24,094,217	$ 26,838,211	$ (2,743,994)
Changes for the year:			-
Service Cost	898,388	-	898,388
Interest on total pension liability	1,854,551	-	1,854,551
Effect of plan changes	-	-	-
Effect on economic/demographic gains or losses	(598,514)	-	(598,514)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(192,279)	(192,279)	-
Benefit payments	(1,010,998)	(1,010,998)	-
Administrative expense	-	(14,874)	14,874
Member contributions	-	499,432	(499,432)
Net investment income	-	(1,582,088)	1,582,088
Employer contributions	-	806,936	(806,936)
Other	-	36,943	(36,943)
Net Changes	951,148	(1,456,928)	2,408,076
Balance at December 31, 2022	$ 25,045,365	$ 25,381,283	$ (335,918)

Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
Total pension liability	$ 28,285,709	$ 25,045,365	$ 22,328,467
Fiduciary net position	$ 25,381,283	$ 25,381,283	$ 25,381,283
Net pension liability / (asset)	$ 2,904,426	$ (335,918)	$ (3,052,816)

Note I - Pension Plan (cont.)

Pension Expense/(Income)

		January 1, 2022 to December 31, 2022
Service cost	$	898,388
Interest on total pension liability		1,854,551
Effect of plan changes		-
Administrative expenses		14,874
Member contributions		(499,432)
Expected investment return net of investment expenses		(2,044,373)
Recognition of deferred inflows/outflows of resources		
Recognition of economic/demographic gains or losses		(339,704)
Recognition of assumption changes or inputs		303,628
Recognition of investments gains or losses		62,368
Other		(36,943)
Pension expense / (income)	$	213,357

Deferred Inflows / Outflows of Resources

As of December 31, 2022, the deferred inflows and outflows of resources are as follows

		Deferred Inflows Of Resources		Deferred Outflows Of Resources
Differences Between Expected and Actual Experience	$	669,461	$	15,066
Changes in Assumptions		24,161		327,789
Net Difference Between Projected and Actual Investment Earnings		-		521,726
Contributions paid to TRS subsequent to the Measurement Date		-		502,877
Totals	$	693,622	$	1,367,458

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year Ended December 31:	
2023	(343,452)
2024	(150,455)
2025	(60,427)
2026	725,293
2027	-
Thereafter	-

Note J: Other Post-Employment Benefits – Group Term Life Insurance (OPEB)

Plan description

a. Frio County participates in the retiree Group Term Life Program of the Texas County and District (TCDRS) which is statewide, multiple-employer, public employee retirement system.

b. A brief description of the benefit terms:

1) All full-time and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB Plan.
2) The plan provides a $5,000 post-retirement death benefit to beneficiaries of service retirees of employers that have elected participation in the retiree GTL program.
3) The OPEB benefit is a fixed $5,000 lump-sum benefit.
4) No future increases are assumed in the $5,000 benefit amount.
5) Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 of each year.

c. Membership information is shown in the chart below.

d. Contributions made to the retiree GTL Program are held in the GTL Fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB Statement 75, as the assets of the GTL fund can be used to pay GTL benefits which are not a part of the OPEB Plan.

e. Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out (or opt into) coverage as of January 1 each year. The county's contribution rate for the entire GTL program is calculated on an actuarial basis and is equal to the cost of providing a one-year death benefit equal to $5,000.

Membership Information

	December 31, 2021	December 31, 2022
Number of inactive employees entitled to but not yet receiving benefits (i)	45	42
Number of active employees	147	149
Average age of active employees	45.59	44.44
Average length of service in years for active employees	10.14	10.18
Inactive Employees Receiving Benefits (i)	-	-
Number of Benefit Recipients	55	62

(i) "Receiving benefits" indicates the member is retired and receiving monthly pension benefits, and his or her beneficiary is eligible for the $5,000 lump sum upon the retiree's death.

Note J: Other Post-Employment Benefits – Group Term Life Insurance (OPEB) (Cont.)

	Changes in Total OPEB Liability
Balance at December 31, 2021	$ 411,194
Changes for the year:	
Service Cost	18,712
Interest on total OPEB liability	8,717
Changes of benefit terms	-
Effect on economic/demographic experience	(2,889)
Effect of assumptions changes or inputs	(108,493)
Benefit payments	(13,556)
Other	-
Net Changes	(97,509)
Balance at December 31, 2022	$ 313,685

The total OPEB liability as of December 31, 2021, was $313,685 and was determined by an annual valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

Discount Rate

	December 31, 2021	December 31, 2022
Discount Rate	2.06%	3.72%
Long-Term expected rate of return, net of investment expense	Does not apply	Does not apply
Municipal Bond Rate	2.06%	3.72%

All actuarial assumptions that the total OPEB liability as 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 75. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

	Beginning Date	**Ending Date**
Valuation Date	December 31, 2021	December 31, 2022
Measurement Date	December 31, 2021	December 31, 2022
Employer's fiscal Year	October 1, 2022	September 30, 2023

Note J: Other Post-Employment Benefits – Group Term Life Insurance (OPEB) (Cont.)

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	
Recognition of economic/ demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Note, salary increases do not affect benefits but are used in the allocation of costs under the actuarial cost method.
Investment Rate of Return (Discount rate)	3.72% 20 Year Bond GO index published by the bondbuyer.com as of December 31, 2022.
Cost of Living Adjustment	Does not apply
Disability	The rates of disability used in this valuation were based on a custom table based on TCDRS experience.
Mortality	
Depositing members	135% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries Non-depositing members	135% of the Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010
Disabled Retirees	160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Retirement	Members eligible for service retirement are assumed to retire at rates based on TCDRS experience as compiled in its customized Table.

Note J: Other Post-Employment Benefits – Group Term Life Insurance (OPEB) (Cont.)

GASB Discount Rate

The TCDRS GTL program is treated as unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 3.72% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2022.

Employer OPEB Contributions to the Plan

Employers in the TCDRS Group Term Life (GTL) Program make a combined contribution for both the active and retiree coverage; however, only the retiree coverage is considered an OPEB plan and therefore only the contributions associated with retiree covered are included under GASB 75. For GASB 75 purposes, the OPEB plan is not a cost sharing plan as the employer's benefit payments for the year are treated as being equal to its annual retiree GTL contributions.

2022 Employer OPEB Contributions and Benefit Payments

The following shows a breakdown of the employer's contributions to the GTL program for the calendar year 2022. The contributions for retiree GTL coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments shown on the exhibit on the next page. The contributions for active coverage are not considered an OPEB benefit under GASB 75, so there should be no change in how these amounts are reported.

Coverage Type	2022 GTL Rate	Amount	Financial Reporting
Active Member GTL Benefit	0.21%	$14,983	No Change from prior year
Retiree GTL Benefit	0.19%	$13,556	GASB 75

Employer OPEB Contributions made Subsequent to Measurement Date

Employer OPEB contributions made in the fiscal year, but subsequent to the measurement date of December 31, 2022 should be reflected as a deferred outflow. As previously noted, only contributions to the GTL program for retiree coverage should be included under GASB 75. Therefore, once the total GTL contributions made subsequent to the measurement date have been determined, this amount should be multiplied by the portion attributable to retiree coverage to determine the OPEB contributions made subsequent to the measurement date that should be reported under GASB 75 This proportion is 46.15385%, allocated as follows:

Coverage Type	2023 GTL Rate	Proportion	Financial Reporting
Active Member GTL Benefit	0.14%	53.84615%	No Change from prior year
Retiree GTL Benefit	0.12%	46.15385%	GASB 75

Note J: Other Post-Employment Benefits – Group Term Life Insurance (OPEB) (Cont.)

Sensitivity Analysis

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 3.72%, as well as what the Frio County Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.72%) or 1 percentage point higher (4.72%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown:

	1 % Decrease	Current Discount Rate	1% Increase
	2.72%	3.72%	4.72%
Total OPEB Liability	$373,230	$313,685	$267,476

	January 1, 2022 to December 31, 2022
Service cost	$ 18,712
Interest on total OPEB liability	8,717
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	2,368
Recognition of assumption changes or inputs	(529)
Other	-
OPEB expense / (income)	$ 29,268

The total OPEB Expense for September 30, 2023 was $29,268.

As of December 31, 2022, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows Of Resources	Deferred Outflows Of Resources
Differences Between Expected and Actual Experience	$ 5,557	$ 11,357
Changes in Assumptions	98,074	49,823
Contributions paid to TRS subsequent to the Measurement Date	-	14,706

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows

Year Ended December 31:	
2023	$ 1,836
2024	837
2025	(7,998)
2026	(18,564)
2027	(18,562)
Thereafter	-

Note J: Other Post-Employment Benefits – Group Term Life Insurance (OPEB) (Cont.)

Contributions subsequent to the measurement date of $14,706 reported as deferred outflows of resources related to OPEB will be recognized as a reduction of the OPEB liability for the year ending September 30, 2023.

Note K - Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. In 1991, the County entered in a contractual agreement with the Texas Association of Counties, a public entity risk pool currently operating as a common risk management and insurance program providing insurance coverage in the following areas: public officials' liability, automobile liability, physical damages, general liability, boiler and machinery, property coverage, workers' compensation, and law enforcement liability. The agreement for formation of the Texas Association of Counties provides that the pool will be self-sustaining through member premiums and will be adjusted annually through an experience modifier.

The County continues to carry commercial insurance for other risks of loss including airport premises and product liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The pooling agreement requires the pool to be self-sustaining. It is not possible to estimate the amount of any loss for which the County might be liable.

The Texas Association of Counties has published its own financial report for the year ended September 30, 2023, and it can be obtained from that agency.

Note L- Subsequent Events

Management has evaluated subsequent events of Frio County through September 11, 2024 (the date the financial statements were available to be issued).

Note M -_COVID-19 Financial Statements Impact

The COVID-19 pandemic, whose effects first became known in January 2020, has had a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The extent of the impact of COVID-19 on the County's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the County's employees and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the County's financial statements is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Frio County, Texas

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget to Actual - General Fund - Unaudited

Year Ended September 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes	$ 11,208,847	$ 11,208,847	$ 12,158,965	$ 950,118
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants	-	-	249,058	249,058
Intergovernmental	193,286	374,114	105,739	(268,375)
Charges for services	287,474	287,474	55,407	(232,067)
Fines and forfeitures	396,000	396,000	368,268	(27,732)
Interest	88,000	88,000	166,958	78,958
Tobacco settlement	2,000	2,000	4,548	2,548
Jail Revenues	137,500	137,500	16,440	(121,060)
Miscellaneous	438,470	496,796	310,413	(186,383)
Total revenues	12,751,577	12,990,731	13,435,796	445,065
Expenditures				
Current:				
General administration	2,612,121	2,798,737	2,113,577	685,160
Judicial	1,495,619	1,491,532	1,440,052	51,480
Elections	259,934	262,763	258,819	3,944
Financial administration	1,095,987	1,096,284	1,078,032	18,252
Public facilities	3,073,665	3,076,910	1,994,955	1,081,955
Public safety	5,782,094	5,831,451	5,887,004	(55,553)
Maintenance and operations			-	-
Health and welfare	39,696	39,696	33,322	6,374
Conservation - agriculture	155,115	155,115	143,027	12,088
Corrections	317,704	317,704	296,632	21,072
Administration	362,985	363,882	414,118	(50,236)
Total expenditures	15,194,920	15,434,074	13,659,538	1,774,536
Excess (deficiency) of revenues over (under) expenditures	(2,443,343)	(2,443,343)	(223,742)	2,219,601
Other Financing Sources				
Operating transfers in	2,359,343	2,359,343	-	(2,359,343)
Operating transfers out	-	-	-	-
Sale of Fixed Assets	84,000	84,000	-	(84,000)
Total other financing sources	2,443,343	2,443,343	-	(2,443,343)
Net changes in fund balances	-	-	(223,742)	(223,742)
Fund balances at beginning of	12,170,963	12,170,963	12,170,963	-
Prior Period Adjustment	-	-	152,681	152,681
Fund balances at end of year	12,170,963	12,170,963	$ 12,099,902	$ (71,061)

Frio County, Texas
Schedule of Changes in Net Pension Liabiltiy and Related Ratios
Texas County & District Retirement System

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Total pension liability									
Service cost	$ 653,437	$ 701,162	$ 679,128	$ 726,528	$ 655,640	$ 741,224	$ 755,543	$ 833,622	$ 898,388
Interest on the total pension liability	1,283,865	1,343,783	1,372,832	1,514,427	1,487,434	1,597,747	1,705,313	1,804,390	1,854,551
Effect of plan changes	-	(1,551,506)	(57,376)	(1,394,294)	-	-	-	-	-
Effect of assump. changes or inputs	-	271,689	-	87,934	-	-	1,311,159	(72,485)	-
Effect of economic/demographic (gains) or losses	32,336	(317,939)	121,470	(314,714)	66,652	8,408	60,270	(661,730)	(598,514)
Benefit payments, refunds	(563,743)	(690,461)	(663,161)	(921,204)	(841,707)	(1,028,788)	(1,038,845)	(1,410,041)	(1,203,276)
Net change in total pension liability	1,405,895	(243,272)	1,452,893	(301,323)	1,368,019	1,318,591	2,793,440	493,756	951,149
Total pension liability - beginning	15,806,217	17,212,112	16,968,840	18,421,733	18,120,410	19,488,429	20,807,020	23,600,460	24,094,216
Total pension liablity - ending (a)	$ 17,212,112	$ 16,968,840	$ 18,421,733	$ 18,120,410	$ 19,488,429	$ 20,807,020	$ 23,600,460	$ 24,094,216	$ 25,045,365
Fiduciary net position									
Employer contributions	$ 414,686	$ 435,201	$ 425,658	$ 438,976	$ 476,381	$ 530,729	$ 606,820	$ 631,602	$ 806,936
Member contributions	325,766	352,591	350,541	353,603	362,858	411,418	460,209	465,881	499,432
Investment income net of inv exp	909,659	(168,978)	1,067,821	2,281,879	(331,391)	2,864,216	2,087,146	4,863,318	(1,582,088)
Benefit payments, refunds	(563,743)	(690,461)	(663,161)	(921,204)	(841,707)	(1,028,788)	(1,038,845)	(1,410,041)	(1,203,276)
Administrative expenses	(10,782)	(10,417)	(11,625)	(11,829)	(14,009)	(15,395)	(16,321)	(14,520)	(14,874)
Other	(80,808)	35,146	38,418	(1,835)	1,866	(152)	2,836	(2,712)	36,943
Net change in plan fiduciary net position *	994,778	(46,918)	1,207,652	2,139,590	(346,002)	2,762,028	2,101,845	4,533,528	(1,456,927)
Fiduciary net position - beginning	13,491,708	14,486,486	14,439,568	15,647,220	17,786,810	17,440,809	20,202,837	22,304,682	26,838,210
Fiduciary net position - ending (b)	$ 14,486,486	$ 14,439,568	$ 15,647,220	$ 17,786,810	$ 17,440,808	$ 20,202,837	$ 22,304,682	$ 26,838,210	$ 25,381,283
Net pension liability = (a) - (b)	$ 2,725,626	$ 2,529,272	$ 2,774,513	$ 333,600	$ 2,047,621	$ 604,183	$ 1,295,778	$ (2,743,994)	$ (335,918)
Fiduciary net position as a percentage of the total pension liability	84.16%	85.09%	84.94%	98.16%	89.49%	97.10%	94.51%	111.39%	101.34%
Pensionable covered payroll	$ 4,653,805	$ 5,037,016	$ 5,007,728	$ 5,051,474	$ 5,183,686	$ 5,877,400	$ 6,574,418	$ 6,655,445	$ 7,134,738
Net pension liablity as a percentage of covered payroll	58.57%	50.21%	55.40%	6.60%	39.50%	10.28%	19.71%	-41.23%	-4.71%

* May be off due to rounding

Note: Only nine years of data is presented in acordance with GASBS #68, paragraph 138, since this is the only information available that is measureable in accordance with this statement.

Frio County, Texas
Schedule of Employer Contributions
Texas County & District Retirement System

	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Actuarially Determined Contribution	$ 285,211	$ 414,654	$ 435,201	$ 425,658	$ 438,976	$ 476,381	$ 530,729	$ 606,820	$ 631,602	$ 806,936
Contributions in relation to the actuarially determined contribution	285,211	414,686	435,201	425,658	438,976	476,381	530,729	606,820	631,602	806,936
Contibution Deficiency (Excess)	$ -	$ (32)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	$ 4,080,299	$ 4,653,805	$ 5,037,016	$ 5,007,728	$ 5,051,474	$ 5,183,686	$ 5,877,400	$ 6,574,418	$ 6,655,445	$ 7,134,738
Contributions as a Percentage of Covered Employee Payroll	7.00%	8.90%	8.60%	8.50%	8.70%	9.20%	9.00%	9.20%	9.50%	11.30%

Frio County, Texas
Schedule of Changes in Total OPEB Liability and Related Ratios
Texas County & District Retirement System

	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Total OPEB liability						
Service cost	$ 9,080	$ 11,549	$ 9,235	$ 15,374	$ 16,238	$ 18,712
Interest on the total OPEB liability	9,345	9,123	10,205	9,137	8,587	8,717
Effect of plan changes	-	-	-	-	-	-
Effect of assump. changes or inputs	11,605	(26,828)	66,109	42,967	7,743	(108,493)
Effect of economic/demographic (gains) or losses	(4,552)	3,837	6,565	16,141	(4,162)	(2,889)
Benefit payments, refunds	(10,103)	(9,849)	(13,518)	(13,806)	(11,980)	(13,556)
Net change in total OPEB liability	15,375	(12,168)	78,596	69,813	16,426	(97,509)
Total OPEB liability - beginning	243,152	258,527	246,359	324,955	394,768	411,194
Total OPEB liablity - ending (a)	$ 258,527	$ 246,359	$ 324,955	$ 394,768	$ 411,194	$ 313,685
Pensionable covered payroll	$ 5,051,474	$ 5,183,686	$ 5,877,400	$ 6,574,418	$ 6,655,445	$ 7,134,738
Total OPEB liability/ (asset) as a percentage of covered payroll	5.12%	4.75%	5.53%	6.00%	6.18%	4.40%

* May be off due to rounding

Note: Only six years of data is presented in acordance with GASBS #75, since this is the only information available that is measureable in accordance with this statement.

Frio County, Texas
Schedule of Employer Contributions - Other Post- Employment
Texas County & District Retirement System

	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Actuarially Determined Contribution	$ 10,103	$ 9,849	$ 13,518	$ 13,806	$ 11,980	$ 13,556
Contributions in relation to the actuarially determined contribution	10,103	9,849	13,518	13,806	11,980	13,556
Contibution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	$ 5,051,474	$ 5,183,686	$ 5,877,400	$ 6,574,418	$ 6,655,445	$ 7,134,738
Contributions as a Percentage of Covered Employee Payroll	0.20%	0.19%	0.23%	0.21%	0.18%	0.19%

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Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance And Other Matters Based On An Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Judge and Commissioner's Court
Frio County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Frio County, Texas, as of and for the year ended September 30, 2023, and the related noted to the financial statements, which comprise the Frio County, Texas' basic financial statements, and have issued our report thereon dated September 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Frio County, Texas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Frio County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the Frio County, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. (Findings 2023-01, 2023-02)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Frio County, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Frio County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Frio County's response to the finding identified in our audit, described in the accompanying schedule of findings and questioned costs. Frio County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Leal & Carter, P.C.

San Antonio, Texas

September 11, 2024

Frio County, Texas

Summary Schedule of Findings (Financial Audit)

Year ended September 30, 2023

We consider the following to be significant deficiencies:

Finding 2023 -01 Inter fund Balances

Criteria: Interfund balances should reconcile and be adequately supported.

Inter fund balances for Fiscal year 2023 did not balance. Additionally supporting documentation for inter fund balances was not available for review, therefore inter fund balances may not be accurately stated.

We recommend inter fund balances be reconciled and accurately reflect inter fund activity in order to ensure financial reports present actual inter fund balances at period end.

Status: Corrective action is in progress in Fiscal Year 2023.

View of Responsible Official: County Auditor is in agreement, inter fund balances need to be reconciled.

Finding 2023-02 Custodial Fund accounting procedures

Criteria: The County's general ledger should reflect all financial transactions including these of the Custodial Fund.

It appears some of the Custodial funds' daily transactions and ending balances are not recorded in the general ledger. The resulting activity, related to receipts, to the County's governmental funds is recorded in the general ledger, however reconciliation of the transfers from the Custodial funds is not reflected in the general ledger.

Due to the significant amount of funds processed through these accounts we recommend the County improve controls over these funds by recording Custodial fund transactions in the general ledger on a regular and current basis as transactions occur.

Status: Corrective action is in progress in Fiscal Year 2023.

View of Responsible Official: County Auditor is in agreement, custodial funds need to be recorded in the County's general ledger.

APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY