OFFICIAL STATEMENT DATED FEBRUARY 13, 2017

U.S. Capital Advisors

NEW ISSUE | **RATING:** Standard & Poor's "AA-"
BOOK-ENTRY-ONLY | (see "OTHER INFORMATION – Municipal Rating" herein)

In the opinion of Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations.

THE BONDS HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

$9,565,000
BOSQUE COUNTY, TEXAS
GENERAL OBLIGATION BONDS, SERIES 2017

Dated Date: March 1, 2017 | **Due:** March 1 — See inside cover page
(Interest Accrues from Date of Delivery)

Bosque County, Texas (the "County") is issuing its $9,565,000 General Obligation Bonds, Series 2017 (the "Bonds") pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Section 1473.101, Texas Government Code, as amended, an election held within the County on November 8, 2016, and an order (the "Order") adopted by the Commissioners Court of the County authorizing the issuance of the Bonds. See "THE BONDS – Authority for Issuance".

Interest on the Bonds will accrue from the Date of Delivery (defined below) of the Bonds to the Initial Purchaser (defined below) and is payable commencing September 1, 2017, and each March 1 and September 1 thereafter, until maturity or prior redemption. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds are direct obligations of the County payable from and secured by a direct and continuing ad valorem tax levied, within the limits prescribed by law, against all taxable property located within the County, as provided in the Order. See "THE BONDS – Sources of Payment" herein.

The Bonds will be issued in fully-registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and the nominee for The Depository Trust Company, New York, New York ("DTC") which will act as securities depository for the Bonds. Individual purchases of the Bonds will initially be made pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. For as long as Cede & Co. is the sole registered owner of the Bonds, the principal of and interest on the Bonds will be payable by BOKF, NA, Austin, Texas (the "Paying Agent/Registrar") to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System" herein.

Proceeds from the sale of the Bonds will be used (1) for construction and equipping of a new Law Enforcement Center (County Jail) and the acquisition of a site therefor; and (2) to pay the costs of professional services and the cost of issuance of the Bonds. See "THE BONDS – Purpose."

SEE INSIDE COVER FOR MATURITY SCHEDULE

The Bonds are subject to optional redemption prior to their scheduled maturities. See "THE BONDS – Optional Redemption" herein. The Bonds maturing March 1, 2037 (the "Term Bonds") are additionally subject to mandatory sinking fund redemption prior to maturity. See "THE BONDS – Mandatory Sinking Fund Redemption" herein.

The Bonds are offered for delivery, when, as and if issued by the County, and received by the initial purchaser (the "Initial Purchaser"), subject to the approving opinion of the Attorney General of the State of Texas and the opinion of Bickerstaff Heath Delgado Acosta LLP, Austin, Texas, Bond Counsel for the County. See "LEGAL MATTERS" herein and "Form of Opinion of Bond Counsel" attached hereto as Appendix D. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about March 14, 2017 (the "Date of Delivery").

Janney

MATURITY SCHEDULE

$9,565,000
BOSQUE COUNTY, TEXAS
GENERAL OBLIGATION BONDS, SERIES 2017

Maturity		Principal Amount	Interest Rate	Initial Reoffering Yield [b]	CUSIP No [c]
3/1/2018		$ 340,000	2.000%	1.000%	10011L AM1
3/1/2019		350,000	3.000%	1.150%	10011L AN9
3/1/2020		360,000	3.000%	1.300%	10011L AP4
3/1/2021		375,000	4.000%	1.500%	10011L AQ2
3/1/2022		390,000	4.000%	1.700%	10011L AR0
3/1/2023		405,000	4.000%	1.750%	10011L AS8
3/1/2024		420,000	4.000%	2.050%	10011L AT6
3/1/2025		440,000	4.000%	2.150%	10011L AU3
3/1/2026		455,000	4.000%	2.300%	10011L AV1
3/1/2027	(a)(d)	475,000	3.000%	2.400%	10011L AW9
3/1/2028	(a)(d)	490,000	3.000%	2.500%	10011L AX7
3/1/2029	(a)(d)	500,000	3.000%	2.650%	10011L AY5

$4,565,000 2.800% Term Bonds due March 1, 2037[a] to Yield[b] 2.800% CUSIP No. [c] 10011L BG3

(Interest accrues from Date of Delivery)

(a) The County reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2027, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof on March 1, 2026, or any date thereafter at par plus accrued interest from the most recent interest payment date to the date fixed for redemption. (See "THE BONDS – Optional Redemption") herein. The Bonds maturing March 1, 2037 (the "Term Bonds") are additionally subject to mandatory sinking fund redemption prior to maturity. (See "THE BONDS-Mandatory Sinking Fund Redemption" herein.)

(b) The initial reoffering prices or yields of the Bonds are furnished by the Initial Purchaser and represent the initial offering prices or yields to the public, which may be changed by the Initial Purchaser at any time.

(c) CUSIP numbers are included solely for the convenience of the owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services. None of the Initial Purchaser, the County, or the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.

(d) Yield shown is yield to the first optional call date, March 1, 2026.

COUNTY OFFICIALS, ADMINISTRATION AND CONSULTANTS

County Officials

Bosque County operates as specified under the Constitution of the State of Texas (the "State") and statutes which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one from each of the four geographical Commissioner Precincts. The County is a political subdivision of the State, located in North Central Texas approximately sixty miles south of Dallas-Fort Worth and approximately 40 miles north of Waco. The County Judge is elected for a term of four years and the Commissioners for four-year staggered terms.

Commissioners Court

Name	Position	Term Expires	Length of Service
Don Pool	County Judge	December 31, 2018	1
Marvin Wickman	Commissioner Precinct 1	December 31, 2020	New
Durwood Koonsman	Commissioner Precinct 2	December 31, 2018	16
Larry Phillips	Commissioner Precinct 3	December 31, 2020	New
Ronny Liardon	Commissioner Precinct 4	December 31, 2018	2

Certain County Officials

Name	Position	Length of Service
Jimmie Lou Lewis	County Court Administrator	11.5 years
Kent Reeves	County Auditor	3 years
Tab Ferguson	County Clerk	30 years
Carla Sigler	County Treasurer	New

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Consultants

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

Certified Public Accountants .... Boucher, Morgan and Young, a P.C.
Stephenville, Texas

Financial Advisor .... USCA Municipal Advisors, LLC
Houston, Texas
Austin, Texas

For Additional Information Contact:

Don Pool
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USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the County to give information or to make any representation with respect to the Bonds to be issued, other than those contained in this Official Statement, and, if given or made, such other information or representations not so authorized must not be relied upon as having been given or authorized by the County or the Initial Purchaser.

This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

All financial and other information presented herein, except for the information expressly attributed to other sources, has been provided by the County from its records and is intended to show recent historical information. Such information is not guaranteed as to accuracy or completeness. No representation is made that past performance, as might be shown by such financial and other information, will necessarily continue or be expected in the future. All descriptions of laws and documents contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that the information contained herein has remained unchanged since the respective dates as of which such information is given herein. See "CONTINUING DISCLOSURE OF INFORMATION" herein for a description of the County's undertaking to provide certain information on a continuing basis.

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

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

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

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

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

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OFFICIAL STATEMENT SUMMARY

This Official Statement Summary is subject in all respects to the more complete information contained therein. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. No person is authorized to detach this Official Statement Summary from the Official Statement or otherwise to use same without the entire Official Statement. Certain defined terms used in this Official Statement Summary are defined elsewhere in this Official Statement.

The Issuer	Bosque County, Texas (the "County" or "Issuer").
The Bonds	$9,565,000 Bosque County, Texas General Obligation Bonds, Series 2017 (the "Bonds" or the "Obligations"). The Bonds are being issued in the principal amounts, maturities, and at the rates per annum as set forth on the inside cover page hereof.
Interest	The Bonds are dated March 1, 2017. Interest on the Bonds will accrue from the initial date of delivery (the "Date of Delivery") to the Initial Purchaser and bear interest from such date at the rates indicated on the inside cover page hereof, with interest payable on September 1, 2017, and each March 1 and September 1 thereafter, until maturity or earlier redemption. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued only in fully-registered form in integral multiples of $5,000 of principal amount. See "THE BONDS – Description" herein.
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Bonds is BOKF, NA, Austin, Texas.
Authority for Issuance	The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, including Section 1473.101, Texas Government Code, as amended, an election held within the County on November 8, 2016, and an order adopted by the Commissioners Court of the County (the "Order"). See "THE BONDS– Authority for Issuance".
Redemption	The County reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2027, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof on March 1, 2026, or any date thereafter at par plus accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS – Optional Redemption" herein. The Bonds maturing March 1, 2037 (the "Term Bonds") are additionally subject to mandatory sinking fund redemption prior to maturity. See "THE BONDS-Mandatory Sinking Fund Redemption" herein.
Sources of Payment	Principal of and interest on the Bonds is payable from the receipts of an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the County. The Bonds are a direct obligation of the County and not obligations of the State of Texas or any other political subdivision. See "THE BONDS – Sources of Payment" herein.
Use of Proceeds	Proceeds from the sale of the Bonds will be used (1) for construction and equipping of a new Law Enforcement Center (County Jail) and the acquisition of a site therefor; and (2) to pay the costs of professional services and the cost of issuance of the Bonds. See "THE BONDS – Purpose."

Book-Entry Only System	The Bonds are initially issuable only to Cede & Co., the nominee of DTC pursuant to a book-entry-only system. No physical delivery of the Bonds will be made to the beneficial owners of the Bonds. Principal of and interest on the Bonds will be paid to Cede & Co., which will distribute such payment to the participating members of DTC for remittance to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System" herein.
Municipal Rating	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("Standard & Poor's"), has assigned its underlying rating of "AA-" to the Bonds. See "OTHER INFORMATION – Municipal Rating" herein.
Tax Exemption	In the opinion of Bond Counsel, the interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "TAX MATTERS" herein, including the alternative minimum tax on corporations.
Qualified Tax-Exempt Obligations	The County has designated the Bonds as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions" herein.
Delivery	It is expected that the Bonds will be available for delivery through the facilities of DTC on or about March 14, 2017.
Legality	Delivery of the Bonds is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to certain legal matters by Bickerstaff Heath Delgado Acosta LLP, Austin, Texas, Bond Counsel.

SELECTED FINANCIAL INFORMATION

2016 Certified Taxable Assessed Valuation [(a)]		$	1,509,287,726
2010 U.S. Census Population			18,212
Direct Ad Valorem Tax Debt			
Outstanding Tax Debt		$	-
The Bonds			9,565,000
Total		$	9,565,000
Estimated Overlapping Debt [(b)]		$	43,230,179
Total Direct & Overlapping Debt		$	52,795,179

Direct Debt Ratio	**2010 Per Capita**	**Percent of 2016 Assessed Value**
Total Direct Debt	$ 525	0.63%
Total Direct & Overlapping Debt	$ 2,899	3.50%

Annual Debt Service Requirements		
Total Average Annual Debt Service	$	628,501
Total Maximum Annual Debt Service	$	640,170
Fund Balances as of 9/30/16 [(c)]		
General Fund	$	2,912,531
Road & Bridge Fund	$	941,033
Debt Service Fund	$	-
2016 Tax Rate		
General Fund	$	0.4750
Debt Service Fund		-
Total	$	0.4750

(a) Source: Bosque County Appraisal District.
(b) See "Appendix A - Schedule 4 - Estimated Overlapping Debt."
(c) Unaudited.

Official Statement
Relating to:

$9,565,000
BOSQUE COUNTY, TEXAS
GENERAL OBLIGATION BONDS, SERIES 2017

INTRODUCTION

This Official Statement, which includes the cover page and the Appendices, is provided to furnish information in connection with the offering by Bosque County, Texas (the "County") of its General Obligation Bonds, Series 2017 in the aggregate principal amount of $9,565,000 (the "Bonds").

Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the order (the "Order") adopted by the Commissioners Court of the County on February 13, 2017, authorizing the issuance of the Bonds, except as otherwise indicated herein.

The County's audited general purpose financial statements for the fiscal year ended September 30, 2015, which are attached hereto as Appendix C, present information on the general financial condition of the County at the dates and for the periods described therein.

This Official Statement contains descriptions of the Bonds and certain other information about the County and its finances. All description of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the County's Financial Advisor, USCA Municipal Advisors, LLC, Houston, Texas, via email or upon payment of reasonable copying, handling and delivery charges.

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

THE BONDS

Purpose

Proceeds from the sale of the Bonds will be used (1) for construction and equipping of a new Law Enforcement Center (County Jail) and the acquisition of a site therefor; and (2) to pay the costs of professional services and the cost of issuance of the Bonds.

Sources and Uses

The following table sets forth the sources and use of funds associated with the proceeds from the sale of the Bonds.

Sources of Funds:	
Par Amount	$9,565,000.00
Premium	394,171.60
Total	$9,959,171.60
Use of Funds:	
Project Fund Deposit	$9,800,000.00
Initial Purchaser's Discount	56,306.25
Issuance Costs[1]	102,865.35
Total	$9,959,171.60

[1] Includes professional costs, rating agency fees, fees of the Paying Agent/Registrar, rounding amount and other costs of issuance.

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Order. Copies of the Order may be obtained upon request to the County. Certain terms not defined elsewhere in the Official Statement shall have the meaning ascribed to such terms in the Order.

Description

The Bonds will bear interest at the rates and will mature on the dates and in the amounts as set forth on the inside cover page hereof. The Bonds are dated March 1, 2017. Interest will accrue from the initial date of delivery of the Bonds to the Initial Purchaser and is payable on September 1, 2017, and on each March 1 and September 1 thereafter, until maturity or prior redemption. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds will be issued only in fully-registered form, in integral multiples of $5,000 of principal amount, for any one maturity, and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the book-entry-only system described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof**. Principal of and interest on the Bonds will be payable by BOKF, NA, Austin, Texas (the "Paying Agent/Registrar") to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System" herein.

Authority for Issuance

The Bonds are being issued pursuant to the Constitution and laws of the State of Texas (the "State"), including particularly Section 1473.101, Texas Government Code, as amended, an election held within the County on November 8, 2016, and the Order.

Sources of Payment

The Bonds are payable from the receipts of an annual ad valorem tax levied on all the taxable property within the County, within the limits prescribed by law. See "TAX INFORMATION - Tax Rate and Funded Debt". Pursuant to the provisions of the Order, the County Commissioners Court, as the governing body of the County, has levied and agreed to assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds when due. Each year the Commissioners Court, as governing body, will make a determination of the taxes necessary to be collected to pay interest as it accrues and principal as it matures on the Bonds, and will formally assess and collect such tax for that year. The receipts of such tax levy are to be credited to a separate fund to be used solely for the payment of the principal of and interest on the Bonds.

Optional Redemption

The County reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2027, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof on March 1, 2026, or any date thereafter at par plus accrued interest from the most recent interest payment date to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the County will determine the maturity or maturities and the amounts thereof to be redeemed. If less than all the Bonds of a stated maturity are to be redeemed, the Bonds, or portions thereof, within such maturity to be redeemed shall be selected by lot or other customary random selection method.

Mandatory Sinking Fund Redemption

The Bonds maturing March 1, 2037 (the "Term Bonds") are subject to mandatory sinking fund redemption prior to maturity in part at random, by lot or other customary method selected by the Paying Agent/Registrar, at par plus accrued interest to the redemption date, in amounts sufficient to redeem the Term Bonds on March 1 in the years and principal amounts shown on the following schedule:

	Redemption Date	Principal Amount	
2037 Term Bonds	3/1/2030	$515,000	
	3/1/2031	530,000	
	3/1/2032	545,000	
	3/1/2033	560,000	
	3/1/2034	580,000	
	3/1/2035	595,000	
	3/1/2036	610,000	
	3/1/2037	630,000	(Maturity)

At least forty-five (45) days prior to each mandatory redemption date specified above that the Term Bonds are to be mandatorily redeemed, the Paying Agent/Registrar shall select by lot the numbers of the Term Bonds within the applicable maturity to be redeemed on the next following March 1 from moneys set aside for that purpose in the Interest and Sinking Fund. Any Term Bond not selected for prior redemption shall be paid on the date of their stated maturity.

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the County, by the principal amount of the Term Bonds of the same maturity which at least fifty (50) days prior to a mandatory redemption date (i) shall have been defeased or acquired by the County at a price not exceeding the principal amount of such Term Bond plus accrued interest to the date of purchase and delivered to the Paying Agent/Registrar for cancellation or (ii) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the County with money in the Interest and Sinking Fund.

Notice of Redemption

The Paying Agent/Registrar shall give notice of any redemption of Bonds by sending notice by United States mail, first class, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the registered owner of each Bond to be redeemed, in whole or in part, at the address of the registered owner shown on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice.

ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN AND ANY CONDITION TO REDEMPTION SPECIFIED THEREIN HAVING BEEN SATISFIED, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

The County reserves the right to give notice of its election or direction to optionally redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the County retains the right to rescind such notice at any time prior to the scheduled redemption date if the County delivers a certificate of the County to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected owners. Any Bonds subject to conditional redemption where redemption has been rescinded shall remain outstanding.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC"), while the Bonds are registered in its nominee name. The information in this section concerning DTC and the book-entry-only system has been provided by DTC for use in disclosure documents such as this Official Statement. The County, the Financial Advisor and the Initial Purchaser 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 payment of debt service on the Bonds, or redemption or other notices to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the beneficial owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest 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, 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 a 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 registered 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 companies 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: "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered. Discontinuance by the County of use of the system of book-entry transfers through DTC may require compliance with DTC operational arrangements.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Discontinuance of the system of book-entry transfers by the County may require the consent of Participants under DTC's Operational Arrangements. In that event, certificates for the Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but none of the County, the Financial Advisor or the Initial Purchaser take responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

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

Effect of Termination of Book-Entry-Only System

In the event that the book-entry-only system is discontinued by DTC or the use of the book-entry-only system is discontinued by the County, printed certificates for the Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Order and summarized under "THE BONDS – Transfers and Exchanges" below.

Replacement Bonds

If any Bond is mutilated, destroyed, stolen or lost, a new Bond in the same principal amount as the Bond so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Bond, such new Bond will be delivered only upon presentation and surrender of such mutilated Bond to the Paying Agent/Registrar. The County or the Paying Agent/Registrar may require the owner to pay all expenses and charges in connection therewith. In the case of any Bond issued in lieu of and in substitution for a Bond which has been destroyed, stolen or lost, such new Bond will be delivered only once the owner (a) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond, (b) furnishes security or indemnity as may be required by the Paying Agent/Registrar and the County, (c) pays all expenses and charges in connection therewith, and (d) satisfies any other reasonable requirements imposed by the County and the Paying Agent/Registrar.

Ownership

The County, the Paying Agent/Registrar and any agent of either may treat the person in whose name any Bond is registered as the owner of such Bond for the purposes of receiving payment of the principal thereof and the interest on the Bond and for all other purposes whatsoever, whether or not such Bond is due or overdue. Neither the County, the Paying Agent/Registrar, or any agent of either will be affected by any notice to the contrary.

Paying Agent/Registrar

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

Transfers and Exchanges

In the event the book-entry-only system should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owners, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer.

All Bonds issued in any transfer or exchange of Bonds shall be delivered to the registered owners at the principal corporate trust office of the Paying Agent/Registrar or sent by United States mail, first class, postage prepaid to the registered owners, and, upon the registration and delivery thereof, the same shall be the valid obligations of the County, evidencing the same obligation to pay, and entitled to the same benefits under the Order, as the Bonds surrendered in such transfer or exchange.

Neither the County nor the Paying Agent/Registrar will be required to transfer or exchange any Bonds (i) during a period beginning at the close of business on any Record Date and ending with the next interest payment date or (ii) with respect to any Bonds or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, such limitation on the transferability shall not be applicable to an exchange by the holder of an unredeemed balance of a Bond called for redemption in part.

Amendments to the Order

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

Defeasance

The Order provides for the defeasance of Bonds when the payment of the principal of and premium, if any, on such Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar or an authorized escrow agent, in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The Order provides that “Defeasance Securities” means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the County, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, (c) 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 of their acquisition or purchase by the County, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, and (d) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under the then applicable laws of the State of Texas. The County has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the County moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. Provided, however, the County has reserved the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption, at an earlier date, those Bonds which have been defeased to their maturity date, if the County: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Remedies in the Event of Default

The Order does establish specific events of default with respect to the Bonds. If the County defaults in the payment of the principal, premium, if any, and interest on the Bonds when due, or if it fails to make payments into any fund or funds created in the Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set for in the Order, the registered owners may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds or Order and the County’s obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, and with the discretion of the court, but may not be arbitrarily refused under State law, there is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Order does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the County to perform in accordance with the terms of the Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. A registered owner of Bonds could seek a judgment against the County if a default occurred in the payment of principal of or interest on any such Bonds; however, such judgment could not be satisfied by execution against any property of the County and a suit for monetary damages could be vulnerable to the defense of sovereign immunity. A registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the County to levy, assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as it becomes due or perform other material terms and covenants contained in the Order. In general, Texas courts have held that a writ of mandamus may be issued to require a public official to perform legally imposed ministerial duties necessary for the performance of a valid contract, and Texas law provides that, following their approval by the Attorney General and issuance, the Bonds are valid and binding obligations for all purposes according to their terms. However, the enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. The County is also eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the County avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the Bankruptcy Code.

Record Date for Interest Payment

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

TAX INFORMATION

Ad Valorem Taxation

Principal of and interest on the Bonds is payable from the receipts of an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the County. The Bonds are a direct obligation of the County and not obligations of the State of Texas or any other political subdivision.

Reference is hereby made to the Vernon's Texas Codes Annotated, Title 1, Tax Code (the "Property Tax Code") for identification of property subject to taxation, property exempt or which may be exempted from taxation, the appraisal of property for taxation purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes. Among other provisions, the Property Tax Code contains the following provisions with respect to the assessment of property and the levy and collection of ad valorem taxes:

(1) a single appraisal district in each county to appraise property for taxation purposes for all taxing units located wholly or partly within the county;

(2) excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, all property is to be appraised on the basis of 100% of its market value and the assessment of property on the basis of a percentage of its appraised value is prohibited;

(3) requires an "effective tax rate" and "rollback tax rate" to be annually calculated and publicized and necessitates the holding of two public hearings when the tax rate proposed to be adopted exceeds the lower of the rollback tax rate or the effective tax rate; if the adopted tax rate exceeds the rollback tax rate, a referendum election may be required to be held on limiting the tax rate for the County for the current year to the rollback tax rate; and

(4) the value of property is generally assessed for purposes of taxation on January 1 of each year and taxes levied each year generally become due and payable on October 1 and become delinquent on February 1 of the following year in which the taxes are imposed.

Tax Rate and Funded Debt Limitations

The County must annually calculate and publicize its "effective tax rate" and "rollback tax rate." By the later of September 30 or the 60th day after the County receives the certified appraisal roll, the Commissioners Court must adopt a tax rate per $100 taxable value for the current year. Under current law, such annual tax rate is required to be adopted before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the County, and a failure to adopt a tax rate by such required date will result in the tax rate for the taxing unit for the tax year to be the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the taxing unit for the preceding tax year. Furthermore, the Commissioners Court may not adopt a tax rate that exceeds the lower of the rollback rate or of the effective tax rate until it has held two public hearings on the proposed increase following notice to the taxpayers and otherwise complied with the Property Tax Code. The tax rate consists of two components: (1) a rate for funding maintenance and operation expenditures, and (2) a rate for debt service. If the adopted tax rate exceeds the rollback tax rate, the qualified voters of the County, by petition, may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

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

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

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

The Property Tax Code provides certain cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes if approved by a majority of the voters in a local option election. If the additional tax is approved and levied, the ad valorem property tax levy must be reduced by the amount of the estimated sales tax revenues to be generated in the current year. Further, the Property Tax Code provides certain cities the option of assessing a maximum one-half percent (1/2%) sales tax on retail sales of taxable items for economic development purposes if approved by a majority of the voters in a local option election.

Limited Tax Funded Debt Payable From Proceeds of $0.80 Constitutional Tax Rate: Article VIII, Section 9 of the Texas Constitution imposes a tax rate limit of $.80 per $100 assessed valuation for all purposes of the County's General Fund, Permanent Improvement Fund, Road and Bridge Fund and Jury Fund, including debt service of bonds, warrants, tax notes and certificates of obligation issued against such funds. By administrative policy, the Attorney General of Texas will permit allocation of $0.40 of the constitutional $0.80 tax rate calculated at 90% collection for the payment of the debt service requirements on the County's indebtedness payable from such tax. Taxes subject to this limitation are the primary source for the currently outstanding limited tax bonds, tax notes, and certificates of obligation. **The Bonds constitute indebtedness payable from this limited tax.**

Limited tax obligations of counties issued pursuant to authority granted under Section 1301.003, Texas Government Code, as amended, does limit the amount of such debt issued for certain purposes as follows:

Courthouse ....2% of Assessed Valuation
Jail ....1 1/2% of Assessed Valuation
Road and Bridge.............................1 1/2% of Assessed Valuation

However, courthouse, jail, and certain other types of bonds may be issued under the authority of Subchapter D of Chapter 1473, Texas Government Code, as amended, which removes the above limitations.

Unlimited Tax Road Bonds: Article III, Section 52, Texas Constitution, authorizes the County to levy a separate unlimited tax to pay debt service on County road bonds issued pursuant to such authority upon approval by a majority of participating voters in an election held to approve the issuance of such bonds. Unlimited tax road bonds may not be issued in an amount greater than 25% of the County's assessed valuation of real estate. The County has no authorized but unissued unlimited tax road bonds.

Road Maintenance: As imposed by statute (Section 256.052, as amended, Texas Transportation Code) $0.15 per $100 assessed valuation for the purpose of road maintenance (also known as the special road and bridge tax), no part of which may be used for debt service.

Farm-to-Market and/or Flood Control: As imposed by statute (Section 256.054, as amended, Texas Transportation Code, pursuant to Article VIII, Section 1-a, of the Texas Constitution, as amended), $0.30 per $100 assessed valuation after exemption of homesteads up to $3,000; no allocation prescribed by statute between debt service and maintenance. All or part may be used for either purpose. This additional tax may be established by the Commissioners Court only upon approval by a majority of participating voters in an election held to approve such additional tax. Although the receipts of these taxes are not available to pay debt service on the Bonds, these levies provide additional funds for road and flood control purposes that might otherwise be paid from taxes subject to the $0.80 tax limitation. The County does not currently levy either the farm-to-market or the flood control tax.

Property Taxes, Property Tax Code, and County-Wide Appraisal District

The Bosque County Central Appraisal District (the "Appraisal District") is responsible for the appraisal of all taxable property and the equalization of appraised values of property of all taxing units in the Appraisal District, including the County. The Appraisal District is governed by a board of directors elected by the governing bodies of certain taxing units in the Appraisal District (the "Board of Directors"). The Board of Directors has appointed a chief appraiser to act as chief administrator of the Appraisal District. Appraisal districts have a minimum of 5 members of the board of directors and may have up to 13 members of the board of directors.

The Property Tax Code: (1) requires that all taxing units assess taxable property at 100% of its market value, subject to the limitations hereafter described; (2) allows the valuation of certain eligible farm, ranch, and timberlands on a "productive capacity" basis; (3) requires that the appraised values, subject to the limitations hereafter described, of real property within an appraisal district be reviewed at least every three years; (4) provides for notices of any increases in appraised values to property owners before meetings of an appraisal review board; (5) grants rights of administrative and judicial appeal for taxpayers challenging property valuations established by an appraisal district or a county; (6) requires taxing jurisdictions to hold two public hearings and post on their Internet home page, and publish newspaper advertisements before adopting a tax rate that exceeds the rollback tax or the effective tax rate, whichever is lower in accordance with the Property Tax Code; and (7) permits taxpayers by referendum in the event the tax rate exceeds the rollback tax rate to reduce the tax rate to the rollback tax rate. State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of (1) the market value of the property or (2) the sum of (a) 10% of the appraised value of the property for the last year in which the property was appraised for taxation times the number of years since the property was last appraised, plus (b) the appraised value of the property for the last year in which the property was appraised plus (c) the market value of all new improvements to the property.

The Texas Constitution permits local governments the option of granting all individuals a homestead exemption of up to 20% of market value, with a minimum exemption of $5,000.

Exemptions from Taxes and Agricultural Exclusions

All real property located in the taxing unit and certain personal property is taxable property unless exempt by law. With certain exceptions, intangible personal property is not taxable property. Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, all property is to be appraised on the basis of 100% of its market value. In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. The value placed upon property within the appraisal district is subject to review by an appraisal review board, consisting of members appointed by the board of directors of the local appraisal district. The local appraisal district is required to review the value of property within the appraisal district at least every three 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 an appraisal review board.

Principal categories of exempt property include: (1) property owned and used for public purposes by the State or its political subdivisions; (2) property exempt by federal law; (3) family supplies, household goods and personal effects not held or used in the production of income; (4) certain property owned by charitable organizations, youth development associations, and religious organizations; (5) certain properties used for school purposes; (6) solar and wind-powered energy devices; (7) farm products, livestock, and poultry in the hands of the producer, and family supplies for home and farm use; (8) implements of husbandry used in the production of farm and ranch products; (9) personally owned automobiles (unless affirmatively provided to be taxed by taxing entity); (10) property owned by disabled veterans or by the surviving spouse and surviving minor children of disabled veterans is exempt from taxation in amounts ranging from $5,000 to $12,000 depending on the disability rating of the veteran; and (11) other miscellaneous exceptions.

The Texas Tax Code states that a disabled veteran who receives from the United States Department of Veterans Affairs or its successor 100% disability compensation due to a service-connected disability and a rating of 100% disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. Furthermore, the surviving spouse of a deceased veteran who had received a disability rating of 100% is entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries. Following the approval by the voters at a November 5, 2013 statewide election, a partially disabled veteran or the surviving spouse of a partially disabled veteran is entitled to an exemption equal to the percentage of the veteran's disability, if the residence was donated at no cost to the veteran by a charitable organization.

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

The Texas Constitution permits the exemption of certain percentages of the market value of residential homesteads from ad valorem taxation. The Constitution authorizes the governing body of each political subdivision in the state to exempt up to twenty percent (20%) of the market value of all residential homesteads from ad valorem taxation, and permits an additional optional homestead exemption for taxpayers 65 years of age or older and disabled persons of a minimum of $3,000.

In 2003, the voters of the State approved a constitutional amendment authorizing counties, cities, towns or junior college districts to establish an ad valorem "tax freeze" on residence homesteads of the disabled and persons 65 years of age or older. This "tax freeze" can be implemented by official action of a governing body, or pursuant to an election called by the governing body upon receipt of a petition signed by 15% of registered voters of the municipality.

Non-business personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as non-business property are exempt from ad valorem taxation. Article VIII, Section 1-j of the Texas Constitution exempts from taxation goods, wares, merchandise, other tangible personal property and ores (other than oil, natural gas and other petroleum products) acquired or imported for assembling, storing, manufacturing, processing or fabricating purposes while such property is being detained in the State, and such property is to be forwarded outside the State within 175 days after the date of its acquisition or importation. Notwithstanding such exemption, counties, school districts, junior college districts and cities may tax such tangible personal property provided official action to tax was taken before April 1, 1990. The official action to tax such property can subsequently be rescinded and, if rescinded, such property will thereafter be exempt from taxation.

In addition, Article VIII, Section 1-n of the Texas Constitution provides for an exemption from taxation for "goods-in-transit", which are defined as personal property acquired or imported into the State and transported to another location inside or outside the State within 175 days of the date the property was acquired or imported into the State. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory. After holding a public hearing, a taxing unit may take action by January 1 of the year preceding a tax year to tax goods-in transit during the following tax year. A taxpayer may obtain only a freeport exemption or a goods-in-transit exemption for items of personal property. Senate Bill 1 passed by the 82nd Texas Legislature 1st called Session, requires again that the governmental entities take affirmative action after October 1 but prior to December 31 of the preceding year to continue the taxation of goods-in-transit in the 2012 tax year and beyond.

County and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the County, may appeal orders of an appraisal review board by filing a notice of appeal with that Board and a petition for review in district court. In such event, the property value in question may be determined by the courts or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

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

Levy and Collection of Taxes

The County is responsible for the collection of its taxes, but it may assign such functions to another governmental entity. As stated under "TAX INFORMATION – Tax Rate and Funded Debt Limitations", by the later of September 30th or 60 days after the certified appraisal roll is delivered to the taxing unit, the rate of taxation is set by the Commissioners Court based upon the valuation of property within the County as of January 1. Ad valorem taxes are due on receipt of a tax bill and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty. Taxes become delinquent after January 31 of the following year. On February 1, the unpaid taxes have a penalty and interest charge of 7%. Taxes delinquent from March 1 through June 30 have an additional penalty and interest charge of 2% per month, for a total penalty and interest charge of 18%. Taxes delinquent on July 1 have a total penalty and interest charge of 18%. Unpaid taxes after July 31 accrue an additional interest charge of 1% per month until paid. State law allows employment of outside legal counsel to collect delinquent taxes. When this is done, the County may, upon giving proper notice, impose an additional penalty up to 20% of the taxes, penalty, and interest delinquent as of July 1. The County has elected this option and presently uses outside legal counsel to collect delinquent taxes.

Tax Liens

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 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 tax lien on real property has 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. 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 may join other taxing units that have claims for delinquent taxes against all or part of the same property. The ability of the County to collect delinquent taxes by foreclosure 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. Also, provisions of the Property Tax Code require the abatement of any foreclosure or collection suit for delinquent taxes against any individual who is 65 years of age or older, owns and occupies as a residential homestead the property on which the taxes are delinquent, and requests the abatement in writing at the appropriate time.

The Effect of the Financial Institutions Act of 1989 on Tax Collections of the County

The "Financial Institutions Reform, Recovery and Enforcement Act of 1989" ("FIRREA"), enacted on August 9, 1989, contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens, and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance

Corporation ("FDIC") and the Resolution Trust Corporation ("RTC") when the FDIC/RTC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA real property held by the FDIC/RTC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC/RTC shall be subject to foreclosure or sale without the consent of the FDIC/RTC and no involuntary liens shall attach to such property, (ii) the FDIC or RTC shall not be liable for any penalties or fines, including those arising from the failure to pay any real or personal property tax when due, and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

There has been little judicial determination of the validity of the provisions of FIRREA or how they are to be construed and reconciled with respect to conflicting state laws. However, certain federal court decisions have held that the FDIC/RTC is not liable for statutory penalties and interest authorized by State property tax law, and that although a lien for taxes may exist against real property, such lien may not be foreclosed without the consent of the FDIC/RTC, and no liens for penalties, fines, interest, attorneys fees, costs of abstract and research fees exist against the real property for the failure of the FDIC/RTC or a prior property owner to pay ad valorem taxes when due. It is also not known whether the FDIC/RTC will attempt to claim the FIRREA exemptions as to the time for contesting valuations and tax assessments made prior to and after the enactment of FIRREA. Accordingly, to the extent that the FIRREA provisions are valid and applicable to any property in the County, and to the extent that the FDIC/RTC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC/RTC in the County, and may prevent the collection of penalties and interest on such taxes.

Tax Increment Reinvestment Zones

A county or a city may create one or more tax increment financing reinvestment zones within a county or city ("TIRZ"), under which the tax values on property in the zone are "frozen" at the value of the property at the time of creation of the zone. Under prior law, taxes of overlapping taxing units levied against the value of property in the TIRZ in excess of the "frozen values" were captured and collected by the TIRZ to pay or finance the costs of certain public improvements in the TIRZ. Under current law, other overlapping taxing units levying taxes in the TIRZ may agree to contribute all or part of future ad valorem taxes levied and collected against the value of property in the TIRZ in excess of the "frozen values" to pay or finance the costs of certain public improvements in the TIRZ.

Taxes levied by a county or city against the values of real property in a TIRZ created by a county or a city in excess of the "frozen" value are not available for general county or city use but are restricted to paying or financing "project costs" within the TIRZ.

Tax Abatement / Phase-In Reinvestment Zones / Agreement

Texas statutes permit the creation of tax abatement reinvestment zones to attract new commercial investment, to expand existing facilities, and to contribute to retaining or expanding primary employment within areas of economic development interests. The designation of a zone should contribute to the County's economic development and guidelines and criteria for governing tax phase-in agreements must be adopted at the discretion of Commissioners Court. Once a reinvestment zone has been designated, the County may offer a tax phase-in agreement to owners or lessees of taxable property within the reinvestment zone on a case-by-case basis. Areas designated as an enterprise zone under the Texas Enterprise Zone Act also constitute designation as a reinvestment zone. Tax phase-in agreements are contracts between the County and an owner or lessee of property wherein the owner or lessee makes an amount of new capital investment and jobs and the County abates all or a portion of ad valorem taxes under its authority on the new eligible real and personal property improvements within a reinvestment zone for a specific period of time. Tax phase-in agreements may abate up to 100% on real and/or personal property improvement values for up to 10 years.

Economic Development Grants and Loans

Counties are also authorized, pursuant to Chapter 381, Texas Local Government Code ("Chapter 381"), to establish programs to promote state or local economic development and to stimulate business and commercial activity in the county. In accordance with a program established pursuant to Chapter 381, the county may make loans or grant of public fund for economic development purposes, however, no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the County.

County Application of the Property Tax Code

The County does not grant an additional optional exemption of the market value of residence homesteads (minimum exemption of $5,000).

The County has adopted the tax freeze on total amount of ad valorem taxes levied on the residence of a disabled person or persons 65 years of age or older.

The County does not tax nonbusiness personal property.

The County does tax freeport goods and goods-in-transit.

The County has not adopted a formal tax-abatement policy; however, it has entered into several abatement agreements.

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

SELECTED COUNTY INFORMATION

Authorized But Unissued Debt

After the issuance of the Bonds, the County will have no authorized but unissued debt. Under State law, the County is authorized to issue various types of indebtedness without seeking voter approval.

Anticipated Issuance of Additional Debt

The County does not anticipate issuing additional debt at this time.

Other Obligations

The County does not have any other debt obligations.

Employees' Retirement Plan

For a discussion of the County's Employee Retirement Plan and its obligation thereunder, see "APPENDIX C – Selected Data from Annual Financial Report of Bosque County, Texas Fiscal Year Ended September 30, 2015 - OTHER INFORMATION – E. Defined Benefit Pension Plan".

Financial Policies

Basis of Accounting. The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Governmental resources are allocated and accounted for in the individual funds based upon the purposes for which they are utilized and the means by which spending activities are controlled. All proprietary funds are accounted for using the modified accrual basis of accounting. See "Selected Data from Annual Financial Report of Bosque County, Texas Fiscal Year Ended September 30, 2015" attached hereto as Appendix C.

*General Fund…*is used to account for all financial resources not accounted for and reported in another fund.

*Road and Bridge Fund…*is used to account for the operation, repair and maintenance of roads and bridges.

*Capital Projects Fund…*is used to account for financial resources to be used for the acquisition or construction of general capital assets.

*Special Revenue Funds…*are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Deposits and Investments

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

Authorized Investments. Under Texas law, the County is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed, insured, or backed by the full faith and credit of the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State, that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for County deposits, or (ii) where (a) the funds are invested by the County through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted, at least annually, by the County as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the County; (b) the broker or the depository institution selected by the County arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the County; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the County appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the United States Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the County with respect to the certificates of deposit; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party selected and approved by the County and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State of Texas; (9) bankers' acceptances with a stated maturity of 270 days or less from the date of its issuance, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (10) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (11) no-load money market mutual funds registered with and regulated by the United States Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share; (12) no-load mutual funds registered with the United States Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in the preceding clauses, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent; and (13) public funds investment pools that have an advisory board which includes participants in the pool and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent. Texas law also permits the County to invest bond proceeds in a guaranteed investment contract, subject to limitations as set forth in the Public Funds Investment Act, Texas Government Code, Chapter 2256 (the "PFIA").

A political subdivision such as the County may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (10) through (12) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the County, held in the County's name and deposited at the time the investment is made with the County or a third party designated by the County; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

The County may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service. The County may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the County retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the County must do so by order, ordinance, or resolution. The County is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Investment Policies. Under Texas law, the County is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for County funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All County funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

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

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

Current Investments. The County is authorized to invest in obligations of or guaranteed by governmental entities, certificates of deposit, repurchase agreements, commercial paper, mutual funds and public fund investments pools. As of September 30, 2016, the County had $5,638,734 (unaudited) in cash and investments.

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.

LEGAL MATTERS

Legal Opinions

The Bonds are offered when, as and if issued, subject to the approval by the Attorney General of the State and the rendering of an opinion as to legality by Bickerstaff Heath Delgado Acosta LLP, Austin, Texas, Bond Counsel for the County.

The County will furnish the Initial Purchaser with a complete transcript of proceedings held incident to the authorization and issuance of the Bonds, including the approving opinion of the Attorney General of the State of Texas as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Bonds are valid and legally binding obligations of the County under the Constitution and laws of the State. The County will also furnish the approving legal opinion of Bond Counsel in substantially the form attached hereto as Appendix D.

In its capacity as Bond Counsel, Bickerstaff Heath Delgado Acosta LLP, Austin, Texas, has not independently verified any of the factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the County for the purpose of passing upon the accuracy or completeness of this Official Statement. Bond Counsel's role in connection with the Official Statement was limited to reviewing the information describing the Bonds in the Official Statement to verify that such descriptions conform to the provisions of the Order. 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 or completeness of any of the information contained herein.

The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the book-entry-only system.

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

No-Litigation Certificate

The County will furnish the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by both the County Judge and the County Clerk, to the effect that no litigation of any nature is then pending or threatened in any court, restraining or enjoining the issuance or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceeding for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds.

Litigation

The County is exposed to various risks of losses related to torts, theft of, damage to and destruction of fixed assets; error and omissions; injuries to employees; and natural disasters. The County has obtained commercial insurance coverage for these risks and provided various employee education and prevention programs. Various claims and lawsuits are pending against the County. In the opinion of County management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially affect the County's financial position.

TAX MATTERS

Tax Exemption

In the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel to the County, assuming continuing compliance by the County with the tax covenants described below, under existing law, interest on the Bonds is excludable for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and will not constitute a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals or corporations pursuant to Section 55 of the Code.

The adjustment for "adjusted current earnings" set forth in Section 56(g) of the Code is required in determining a corporation's alternative minimum taxable income. Alternative minimum taxable income is increased by seventy-five percent (75%) of the excess, if any, of the "adjusted current earnings" of a corporation over the alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction). Interest on tax-exempt obligations, including the Bonds, would generally be included in computing a corporation's "adjusted current earnings." Accordingly, a portion of any interest on the Bonds received or accrued by a corporation that owns the Bonds will be included in computing such corporation's alternative minimum taxable income for such year.

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

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

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the County as the taxpayer and the Registered Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Collateral Federal Income Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, holders who may be deemed to have incurred or continued indebtedness to acquire or carry tax-exempt obligations, holders of certain interests in a financial asset securitization investment trust, controlled foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Bonds will constitute disqualified income for this purpose. The Code also provides that for years beginning after December 31, 2010, the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds will be included in determining the modified adjusted gross income of the taxpayer.

Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by the household income. Section 36B(d) of the Code provides that household income consists of the modified adjusted gross income of the taxpayer and certain other individuals. Modified adjusted gross income means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year. Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

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

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

The County has designated the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b) of the Code.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

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

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

State, Local and Foreign Taxes

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

Changes in Federal and State Tax Law

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

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

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265 of the Code provides, in general, that interest expense to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner of such obligations. In addition, Section 265 of the Code generally disallows 100% of any deduction for interest expense which is incurred by “financial institutions” described in such section and is allocable, as computed in such section, to tax-exempt interest on obligations acquired after August 7, 1986. Section 265(b) of the Code provides an exception to this interest disallowance rule for financial institutions, stating that such disallowance does not apply to interest expense allocable to tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which are properly designated by an issuer as “qualified tax-exempt obligations.” An issuer may designate obligations as “qualified tax-exempt obligations” only if the amount of the issue of which they are a part, when added to the amount of all other tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) obligations and other than certain current refunding bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed $10,000,000.

The County has designated the Bonds as “qualified tax-exempt obligations” within the meaning of section 265(b) of the Code. In furtherance of that designation, the County has covenanted to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as “qualified tax-exempt obligations”.

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) regarding the County’s continuing disclosure obligations because the County does not currently have outstanding more than $10,000,000 in aggregate amount of outstanding municipal securities (excluding securities offered in transactions that were exempt from Rule 15c2-12(d)(2)). Pursuant to the exemption, in the Order, the County has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The County is required to observe the agreement for so long as it remains an “obligated person” with respect to the Bonds, within the meaning of the Securities and Exchange Commission’s Rule 15c2-12 (the “Rule”). Under the agreement, the County will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

Annual Reports

The County will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the County of the general type included in this Official Statement that is customarily prepared by the County and publicly available, which currently consists of an annual audited financial statement. The County will update and provide this information within twelve months after the end of each fiscal year ending in and after 2016. The County will provide the updated information to the MSRB in electronic format, which will be available to the public free of charge via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by 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 will provide 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 C 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 financial information by the following September 30 in each year, unless the County changes its fiscal year. If the County changes its fiscal year, it will notify the MSRB of the change.

Notice of Certain Events

The County will also provide timely notices of certain events to the MSRB. The County will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the County, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. In addition, the County will provide timely notice of any failure by the County to provide annual financial information in accordance with their agreement described above under "Annual Reports". Neither the Bonds nor the Order make any provision for debt service reserves, credit enhancement, or liquidity enhancement. The County will provide each notice described in this paragraph to the MSRB.

For these purposes, any event described in clause (12) of 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.

Limitations and Amendments

The County has agreed to update information and to provide notices of 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 has been provided except as described above. The County makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The County disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the County to comply with its agreement.

The County may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the County, if, but only if, (1) the agreement, as so amended, would have permitted underwriters to purchase or sell Bonds in the initial primary offering in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent or (b) any qualified person unaffiliated with the County (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If the County amends its agreement, it has agreed to include with the financial information and operating data next provided, in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and operating data so provided.

Compliance with Prior Undertakings

The County has not previously been an obligated person under the Rule.

OTHER INFORMATION

Municipal Rating

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), has assigned its municipal bond rating of “AA-” to the Bonds. An explanation of the rating may be obtained from S&P. The rating reflects only the view of S&P and the County makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it 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 the rating may have an adverse effect on the market price of the Bonds.

Financial Advisor

USCA Municipal Advisors, LLC (“USCA”), a subsidiary of U.S. Capital Advisors, LLC, is employed as Financial Advisor to the County in connection with the issuance of the Bonds. The Financial Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. USCA, in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

Initial Purchaser

After requesting competitive bids for the Bonds, the County has accepted a bid tendered by Janney Montgomery Scott LLC (the “Initial Purchaser”) to purchase the Bonds at the rates shown on the insider cover page of this Official Statement at a price of $9,902,865.35 (which reflects the par amount of the Bonds of $9,565,000, plus a reoffering premium of $394,171.60, less an Initial Purchaser’s discount of $56,306.25). No assurance can be given that any trading market will be developed for the Bonds after their initial sale by the County. The County has no control over the prices at which the Bonds will initially be re-offered to the public.

The Initial Purchaser has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities law, but the Initial Purchaser does not guarantee the accuracy or completeness of such information.

GENERAL CONSIDERATIONS

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the County of an issue price certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds, stating the prices at which a substantial amount of the Bonds of each maturity have been sold to the public. For this purpose, the term "public" shall not include any person who is a bondhouse, broker, dealer, or similar person acting in the capacity of Initial Purchaser or wholesaler. The County has no control over trading of the Bonds after a bona fide offering of the Bonds is made by the Initial Purchaser at the yields specified on the inside cover page of this Official Statement. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

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

Legal Investments and Eligibility to Secure Public Funds in Texas

Pursuant to the Texas Public Securities Act, Chapter 1201, Texas Government Code, as amended, the Bonds, whether rated or unrated, are legal and authorized investments for insurance companies, fiduciaries or trustees, and for municipalities and other political subdivisions or public agencies. Most political subdivisions in the State are required to adopt investment guidelines under the Public Funds Investment Act, Chapter 2256, Texas Government Code, and such political subdivisions may impose a requirement consistent with such act that the Bonds have a rating of not less than "A" or its equivalent to be legal investments of such entity's funds. The "Public Funds Collateral Act," Chapter 2257, Texas Government Code, as amended, provides that deposits of public funds, as defined in such chapter, must be secured by an eligible security. "Eligible Security" is defined to include local government obligations (such as the Bonds) with a rating from a nationally recognized investment firm of "A" or its equivalent. See "OTHER INFORMATION – Municipal Rating" herein.

The County makes no representation that the Bonds will be acceptable to public entities to secure their deposits, or acceptable to any such entities or institutions for investment purposes. No review by the County has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The County assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdictions.

Sources and Compilation of Information

The information contained in this Official Statement has been obtained primarily from the County and from other sources believed to be reliable. No representation is made as to the accuracy or completeness of the information derived from sources other than the County. This is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the statutes, the Order and other related documents are included herein subject to all the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further 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 obligation to update any such forward-looking statements.

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

Audited Financial Statements

Boucher, Morgan and Young, a P.C., the County's independent auditor, has not reviewed, commented on, or approved, and is not associated with, this Official Statement. The report of Boucher, Morgan and Young, a P.C. relating to the County's financial statements for the fiscal year ended September 30, 2015 is included in this Official Statement in APPENDIX C; however, Boucher, Morgan and Young, a P.C. 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, and has not been asked to consent to the inclusion of its report, or otherwise be associated with this Official Statement.

Approval of the Official Statement

This Official Statement has been "deemed final" by an authorized representative of the County as of its date. The Order approved the form and content of this Official Statement and any addenda, supplement or amendment thereto and authorized use in the reoffering of the Bonds by the Initial Purchaser.

Certification of the Official Statement

At the time of payment for and delivery of the Bonds, the County will furnish a certificate, executed by proper officers, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the County contained in this Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of the Bonds and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the County and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the County, and their activities contained in this Official Statement are concerned, such statements and data have been obtained from sources which the County believes to be reliable and the County has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the County since the date of the last audited financial statements of the County.

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

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

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

BOSQUE COUNTY, TEXAS

/s/ Don Pool
County Judge

ATTEST:

/s/ Tab Ferguson
County Clerk

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APPENDIX A

FINANCIAL INFORMATION AND DEBT INFORMATION

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Schedule 1 – Outstanding Obligations

Total Outstanding Debt	Amount Outstanding
Outstanding Tax Debt	$ -
The Bonds	9,565,000
Total	$ 9,565,000

Schedule 2 – Debt Service Requirements

The following table sets forth the debt service on the County's outstanding debt service, including the Bonds.

FYE 9/30	Outstanding Debt Service	The Bonds Principal	The Bonds Interest	The Bonds Total	Total Debt Service
2017	$ -	$ -	$ 138,828	$ 138,828	$ 138,828
2018	-	340,000	295,870	635,870	635,870
2019	-	350,000	287,220	637,220	637,220
2020	-	360,000	276,570	636,570	636,570
2021	-	375,000	263,670	638,670	638,670
2022	-	390,000	248,370	638,370	638,370
2023	-	405,000	232,470	637,470	637,470
2024	-	420,000	215,970	635,970	635,970
2025	-	440,000	198,770	638,770	638,770
2026	-	455,000	180,870	635,870	635,870
2027	-	475,000	164,645	639,645	639,645
2028	-	490,000	150,170	640,170	640,170
2029	-	500,000	135,320	635,320	635,320
2030	-	515,000	120,610	635,610	635,610
2031	-	530,000	105,980	635,980	635,980
2032	-	545,000	90,930	635,930	635,930
2033	-	560,000	75,460	635,460	635,460
2034	-	580,000	59,500	639,500	639,500
2035	-	595,000	43,050	638,050	638,050
2036	-	610,000	26,180	636,180	636,180
2037	-	630,000	8,820	638,820	638,820
Total	$ -	$ 9,565,000	$ 3,319,273	$ 12,884,273	$ 12,884,273

Schedule 3 – Tax Adequacy for Debt Service

The calculations shown below assume, solely for the purpose of illustration, no increase in taxable assessed valuation over the 2016 taxable assessed valuation provided by the Appraisal District and use a tax rate adequate to service the County's total debt service requirements following the issuance of the Bonds.

Total Debt Service		
Average annual debt service requirements on the County's total outstanding indebtedness including the Bonds.	$	628,501
$ 0.0425 Tax rate on the 2016 taxable assessed valuation at 98% collection produces	$	628,618
Maximum annual debt service requirements on the County's total outstanding indebtedness including the Bonds.	$	640,170
$ 0.0433 Tax rate on the 2016 taxable assessed valuation at 98% collection produces.	$	640,451

Schedule 4 - Estimated Overlapping Debt

Expenditures of the various taxing bodies within the territory of the County may be paid out of ad valorem taxes levied by these taxing bodies on property within the County. These political taxing bodies are independent of the County and may incur borrowings to finance their expenditures. The following information on overlapping jurisdictions was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the County, the County has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional obligations since the date stated in the table, and such entities may have programs requiring the issuance of substantial amounts of additional obligations the amount of which cannot be determined. The following table reflects the estimates share of overlapping debt of these various taxing bodies.

Estimated Overlapping Debt	Debt Outstanding [(a)]	As of	Percent Overlapping	Amount
China Spring ISD	$ 39,835,000	1/31/2017	2.88%	$ 1,147,248
Clifton ISD	26,135,000	1/31/2017	97.51%	25,484,239
Clifton, City of	3,425,000	1/31/2017	100.00%	3,425,000
Cranfills Gap ISD	-	1/31/2017	75.58%	-
Cranfills Gap, City of	200,000	1/31/2017	100.00%	200,000
Hico ISD	3,460,000	1/31/2017	4.19%	144,974
Iredell ISD	65,000	1/31/2017	86.34%	56,121
Jonesboro ISD	625,000	1/31/2017	0.82%	5,125
Kopperl ISD	70,000	1/31/2017	100.00%	70,000
Meridian ISD	6,680,000	1/31/2017	100.00%	6,680,000
Meridian, City of	820,000	1/31/2017	100.00%	820,000
Morgan ISD	-	1/31/2017	100.00%	-
Morgan, City of	22,500	1/31/2017	100.00%	22,500
Valley Mills ISD	6,980,000	1/31/2017	74.14%	5,174,972
Walnut Springs ISD	-	1/31/2017	97.45%	-
	$ 88,317,500			$ 43,230,179
Bosque County (a)*	$ 9,565,000 *		100.00%	9,565,000 *
Total	$ 97,882,500			$ 52,795,179

* Includes the Bonds.

(a) Gross Debt. Source: Texas Municipal Advisory Council.

Schedule 5 – Historical Analysis of Ad Valorem Taxation

The following table sets forth the County's historical taxable assessed valuations.

Tax Year	Assessed Valuation [(a)]	Tax Rate [(b)]	Tax Levy [(c)]	Percent Collection [(c)] Current	Percent Collection [(c)] Total	FYE 9/30
2012	$ 1,258,830,633	$ 0.4368	$ 5,508,975	98.38%	102.63%	2013
2013	1,467,463,690	0.4368	6,405,477	99.08%	102.27%	2014
2014	1,514,929,799	0.4365	6,619,499	98.63%	101.29%	2015
2015	1,508,467,944	0.4750	7,156,193	98.96%	101.32%	2016
2016	1,509,287,726	0.4750	6,959,738	in process of collection		2017

(a) Source: Bosque County Central Appraisal District.

(b) Source: Municipal Advisory Council of Texas

(c) Source: Bosque County.

Schedule 6 – Tax Rate Distribution

The following table sets forth the County's historical tax rates.

Tax Year	2016	2015	2014	2013	2012
General Fund	$ 0.4750	$ 0.4750	$ 0.4365	$ 0.4368	$ 0.4368
Debt Service Fund	-	-	-	-	-
Total Constitutional Tax Rate	$ 0.4750	$ 0.4750	$ 0.4365	$ 0.4368	$ 0.4368

[(a)] The County's General Fund and I&S Fund tax are levied under the County's authority under Article VIII, Section 9 of the Texas Constitution. The total tax rate levied under this authority is limited to $0.80 per $100 of assessed valuation.

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Schedule 7 - Estimated Overlapping Taxes

Property within the County is subject to taxation by several taxing authorities in addition to the County. Under Texas law, a tax lien attaches to property to secure the payment of all taxes, penalty, and interest for the year, on July 1 of that year. The tax lien on property in favor of the County is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the County and such other jurisdictions, certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Issuer		2016 Tax Rate
China Spring ISD	$	1.421
Clifton ISD		1.345
Clifton, City of		0.530
Cranfills Gap ISD		1.040
Cranfills Gap, City of		0.310
Hico ISD		1.360
Iredell ISD		1.096
Jonesboro ISD		1.246
Kopperl ISD		1.054
Meridian ISD		1.385
Meridian, City of		0.595
Morgan ISD		1.040
Morgan, City of		0.250
Valley Mills ISD		1.314
Walnut Springs ISD		0.940

Schedule 8 – Largest Assessed Valuations

The table below reflects the County's ten top taxpayers for the tax year 2016.

Ten Largest Taxpayers		2016 Assessed Valuation	Type of Business	Percent of Total Taxable Assessed Valuation
Calpine Bosque Energy Center, LLC	$	200,299,094	Power Plant	13.27%
Lone Star Transmission		73,952,360	Electric Utility	4.90%
Burlington Northern & SF RR Co		37,425,524	Railroad	2.48%
Lhoist North America of Texas, LTD		31,421,709	Lime Manufacturers	2.08%
Texas NM PWR Co		26,973,206	Electric Utility	1.79%
Gearench MFG Inc		17,988,234	Oil & Gas	1.19%
Brazos Electric Power Cooperative Inc		12,179,200	Electric Utility	0.81%
Oncor		6,995,390	Electric Utility	0.46%
Double Springs Partnership, LTD		6,224,095	Oil & Gas	0.41%
Double B Foods Inc		5,660,826	Wholesale Food Delivery	0.38%
	$	419,119,638		27.77%

Source: Municipal Advisory Council of Texas.

Schedule 9 - Sales Taxes

The County has adopted the County Sales and Use Tax Act, Chapter 323, Texas Tax Code, which grants the County the power to impose and levy a 1/2% Local Sales and Use Tax within the County; the proceeds are credited to the General Fund and are not pledged to the payment of the Bonds. Collection and enforcement of all sales taxes are effected through the offices of the Comptroller of Public Accounts of the State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the County monthly. Revenue from sales taxes, for each of the last five calendar years have been as follows:

FYE 9/30	Sales Tax Revenues [(a)]	
2011	$ 414,377	
2012	585,868	
2013	502,403	
2014	468,638	
2015	494,138	
2016	512,937	(unaudited)

(a) Source: Texas Comptroller and Bosque County.

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Schedule 10 – Historical Operations of the General Fund

The following statement sets forth in condensed form the historical operations of the County's General Fund. Such information has been prepared based upon information obtained from the County's audited financial statements and other information provided by the County. Reference is made to such statements for further and complete information.

	Fiscal Year Ending September 30,				
Revenues	**2015**	**2014**	**2013**	**2012**	**2011**
Property taxes	$ 6,053,352	$ 5,790,946	$ 5,030,480	$ 4,549,310	$ 4,354,903
General sales and use taxes	588,758	498,701	549,108	665,905	437,867
Licenses and Permits	-	-	-	-	-
Intergovernmental revenue and grants	423,813	523,991	684,232	637,763	505,868
Fines and Fees	312,628	643,469	390,173	518,691	651,685
Forfeitures	5,363	600	3,750	8,274	3,472
Investment earnings	18,038	28,676	3,355	1,551	1,101
Other Revenue	130,652	51,773	107,351	58,332	37,611
Total Revenues	$ 7,532,604	$ 7,538,156	$ 6,768,449	$ 6,439,826	$ 5,992,507
Expenditures					
Current:					
General government:					
Public finance	$ 746,882	$ 681,853	$ 641,367	$ 605,639	$ 636,700
General administration	2,210,033	2,051,118	2,073,556	2,018,544	2,098,882
Judicial	1,202,439	1,094,192	863,940	822,801	842,108
Law enforcement	2,763,264	2,413,926	2,016,709	2,059,901	2,097,270
Debt Service:					
Debt principal-capital leases	101,126	133,834	117,248	95,895	101,325
Debt interest-capital leases	4,915	7,051	12,377	12,587	12,770
Capital Outlay:					
Capital Outlay	248,078	282,074	251,200	336,791	79,490
Total Expenditures	$ 7,276,737	$ 6,664,048	$ 5,976,397	$ 5,952,158	$ 5,868,545
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	255,867	874,108	792,052	487,668	123,962
Other Financing Sources (Uses):					
Other Revenue	$ 1,898	$ -	$ -	$ -	$ -
Proceeds from sale of property	-	-	-	-	30,989
Proceeds from capital leases	-	72,905	68,000	145,175	-
Transfers In	-	45,835	-	-	-
Transfers Out	(526,649)	(10,000)	-	-	-
Insurance proceeds	-	-	-	-	5,445
Total Other Financing Sources(Uses)	$ (524,751)	$ 108,740	$ 68,000	$ 145,175	$ 36,434
Net Change in Fund Balance	(268,884)	982,848	860,052	632,843	160,396
Fund Balance - Beginning of Year	2,516,208	1,533,360	673,308	40,465	(119,931)
Fund Balance - End of Year	$ 2,247,324	$ 2,516,208	$ 1,533,360	$ 673,308	$ 40,465

(a) The estimated balance for FYE 2016 is $2,912,531.

Schedule 11– Road and Bridge Fund

The following statement sets forth in condensed form the historical operations of the County's Road and Bridge Fund. Such information has been prepared based upon information obtained from the County's audited financial statements and other information provided by the County. Reference is made to such statements for further and complete information.

	Fiscal Year Ending September 30,				
Revenues	**2015**	**2014**	**2013**	**2012**	**2011**
Property taxes	$ 505,333	$ 487,298	$ 414,714	$ 418,736	$ 369,549
Auto registration	392,668	363,452	369,364	371,592	374,400
Intergovernmental revenue and grants	229,144	36,132	30,885	164,890	99,585
Fines and Fees	377,557	507,556	570,306	564,502	589,178
Investment earnings	40	159	353	133	152
Total Revenues	$ 1,504,742	$ 1,394,597	$ 1,385,622	$ 1,519,853	$ 1,432,864
Expenditures					
Current:					
Roads	$ 1,639,562	$ 1,389,436	$ 1,416,392	$ 1,151,373	$ 1,128,276
Debt Service:					
Debt principal-capital leases	-	33,587	39,461	134,748	153,303
Debt interest-capital leases	-	2,206	2,254	6,050	15,259
Capital Outlay:					
Capital Outlay	63,892	285,916	130,354	27,490	14,500
Total Expenditures	$ 1,703,454	$ 1,711,145	$ 1,588,461	$ 1,319,661	$ 1,311,338
Excess (Deficiency) of Revenues Over (Under) Expenditures	(198,712)	(316,548)	(202,839)	200,192	121,526
Other Financing Sources (Uses)					
Other revenue	$ 88,125	$ 146	$ 522,524	$ 27,267	$ 19,536
Proceeds from capital leases	-	-	-	-	-
Transfers In	858,974	663,123	343,236	330,260	298,276
Transfers Out	(407,625)	(698,335)	(343,209)	(330,260)	(298,276)
Total Other Financing Sources(Uses)	$ 539,474	$ (35,066)	$ 522,551	$ 27,267	$ 19,536
Net Change in Fund Balance	340,762	(351,614)	319,712	227,459	141,062
Fund Balance - Beginning of Year	234,259	585,873	266,161	38,702	(102,353)
Fund Balance - End of Year	$ 575,021	$ 234,259	$ 585,873	$ 266,161	$ 38,709

(a) The estimated balance for FYE 2016 is $941,033.

APPENDIX B

ECONOMIC AND DEMOGRAPHIC INFORMATION

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Location

Bosque County is an agrarian area that covers 989 square miles. As a part of the Grand Prairie subdivision of the North Central Plains, the land is primarily an area of shallow to deep, well-drained soils underlain by limestone. Around the streams are deep, well-drained and moderately well-drained soils. Many believe that the soil is the most important natural resource of the county because the life of the livestock and the flora and fauna depend heavily upon it. Much sand, gravel, and limestone are mined in the county for construction. The alluvial soils of the riverbottoms promote the growth of elm, cottonwood, river birch, sycamore, ash, pecan, and a variety of oak trees. The area is also distinguished by clusters of flat-topped hills separated by low areas of flat grassland. Although many grasses cover the prairie areas of Bosque County, Johnson grass is the most common. Numerous livestock graze in the county, where sudden outcroppings of white limestone form tall, steep hills or cliffs. Throughout the plains areas, cedars, oaks, and mesquites are prevalent. The only commercial mineral found in Bosque County is limestone. In this region of rolling hills, the altitude ranges from 480 to 1,200 feet.

Population – Bosque County

1980 Census	1990 Census	2000 Census	2010 Census	2015 Estimate
13,401	15,125	17,204	18,212	17,891

Major Employers

The following is a listing of the major companies located in the Bosque County area.

Company	Type	Estimated Employees
Lutheran Sunset Ministries	Nursing Home Facility	178
Goodall-Witcher Healthcare	Hospital & Nursing Home Facility	180
Double B	Food	150
Meridian ISD	School District	130
Bosque County	Local Government	120
Chemical Lime	Limestone Products	100
Valley Mill ISD	School District	98
Clifton Moulding	Wood Products/Moulding	85
Clifton Nursing & Rehab	Nursing Home Facility/Rehab	71
Hilltop on Main	Nursing Home Facility	51

Transportation

Bosque County is located in Central Texas. The county seat, Meridian, is situated in the center of the county at latitude 31°56' N and longitude 97°39' W. The county lies approximately sixty miles south of Dallas–Fort Worth and forty miles north of Waco. Bosque County is bordered by Erath and Somervell counties to the north, Johnson and Hill counties to the east, McLennan and Coryell counties to the south, and Hamilton County to the west. State Highways 174, 144, 22, and 6 traverse the county, along with numerous county and farm-to-market roads; the public road system comprises 1,106 miles.

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APPENDIX C

SELECTED DATA FROM
ANNUAL FINANCIAL REPORT
BOSQUE COUNTY, TEXAS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

BOSQUE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2015

BOSQUE COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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INTRODUCTORY SECTION

BOSQUE COUNTY, TEXAS
PRINCIPAL COUNTY OFFICIALS
SEPTEMBER 30, 2015

DEWEY RATLIFF	COUNTY JUDGE
DOUG DAY	COMMISSIONER, PRECINCT 1
DURWOOD KOONSMAN	COMMISSIONER, PRECINCT 2
SAMMY LEACH	COMMISSIONER, PRECINCT 3
RONNY LIARDON	COMMISSIONER, PRECINCT 4
ARLENE SWINEY	TAX ASSESSOR-COLLECTOR
B.J. SHEPHERD	DISTRICT ATTORNEY
NATALIE KOEHLER	COUNTY ATTORNEY
JUANITA MILLER	DISTRICT CLERK
TABATHA FERGUSON	COUNTY CLERK
CHERYL NIEMER	COUNTY TREASURER
ANTHONY MALOTT	COUNTY SHERIFF
KENT REEVES	COUNTY AUDITOR

FINANCIAL SECTION

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Boucher, Morgan and Young, a P.C.

INDEPENDENT AUDITORS' REPORT

To the Honorable Members
of the Commissioners' Court
Bosque County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bosque County, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bosque County, Texas, as of September 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension funding progress information on page 8 through 14, 49 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bosque County's financial statements as a whole. The introductory section and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Boucher, Morgan & Young

Stephenville, Texas
September 5, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

BOSQUE COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2015

The management of Bosque County presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2015.

FINANCIAL HIGHLIGHTS

- The assets of Bosque County exceed its liabilities at the close of the most recent fiscal year by $12 million. Of this amount, $4.14 million in unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the County's fiscal policies.

- The County's total net position increased by $61 thousand.

- As of the close of the current fiscal year, the Bosque County's governmental funds reported an ending fund balance of $3.8 million of which $934k million is restricted for special purposes.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements — The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. This includes the Statement of Net Position and the statement of activities.

The Statement of Net Position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

Fund Financial Statements — A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities for 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 categorized as governmental funds. The focus of the fund financial statements is on major funds that meet minimum criteria (a percentage of assets, liabilities, revenue or expenditures of fund category and of the governmental funds combined), or those that the County wishes to report as major.

Nonmajor funds are aggregated and shown in a single column. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

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

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

The County maintains various individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road and Bridge, and Capital Projects, which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Fiduciary Funds — Fiduciary Funds are used to account for resources held for the benefit of parties outside the government.

The Fiduciary Fund financial statement can be found on page 25 of this report.

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. The notes to the financial statements can be found on pages 26-47.

Required Supplementary Information Other than MD&A — Accounting standards generally accepted in the United States of America require, in addition to the basic financial statements and accompanying notes, the report present certain required supplementary information. Retirement plan funding progress is included in this section along with schedules of actual and budgetary comparisons of the County's General Fund and major Special Revenue Funds.

Combining Statements and Schedules — The combining statements in connection with nonmajor governmental funds are presented immediately following required supplementary information in the County's financials.

GOVERNMENT-WIDE FINANCIAL ANALYSIS:

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $12 million of September 30, 2015.

The largest portion of the County's net position reflected its investments in capital assets (e.g., land, building, and equipment), less any debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, the assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

BOSQUE COUNTY'S CHANGES IN NET POSITION

	Governmental Activities	
	2015	2014
Revenues:		
Program Revenues		
Charges for Services	$ 1,976,507	$ 2,103,096
Operating Grants & Contributions	266,839	120,917
Capital Grants	-	-
General Revenues		
Property Taxes	6,612,956	6,331,537
Other Taxes	588,758	498,701
Investment Earnings	18,203	29,494
Miscellaneous	220,998	344,821
Gain in sale of fixed assets	-	-
Total Revenues	9,684,261	9,428,566
Expenses:		
Governmental activities	9,623,563	8,711,434
Change in net position	60,698	717,132
Net position-beginning as restated	11,962,680	10,437,189
Net position-ending	$ 12,023,378	$ 11,154,321

During the current fiscal year, the County's net position increased by $61 thousand.

BOSQUE COUNTY'S NET POSITION

	Governmental Activities	
	2015	2014
Current and other assets	$ 5,313,802	$ 4,714,004
Capital assets	6,876,030	7,128,962
Total Assets	12,189,832	11,842,966
Deferred outflows	245,437	-
Total assets and deferred outflows	12,435,269	11,842,966
Current liabilities	215,511	573,431
Noncurrent liabilities	117,272	115,214
Total Liabilities	332,783	688,645
Deferred inflows	79,108	-
Net Position:		
Invested in capital assets, net of related debt	6,801,341	6,953,418
Restricted	934,728	544,015
Unrestricted	4,287,309	3,656,888
Total Net Position	$ 12,023,378	$ 11,154,321

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS:

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

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, fund balance of the General Fund was $2.2 million, while total fund balance for all governmental funds was $3.8 million.

During the current fiscal year, the fund balance of the County's General Fund decreased by $268,884 thousand.

General Fund Budgetary Highlights - Differences between the original budget and the final amended budget resulted in no effect to the planned change in fund balance.

CAPITAL ASSETS

The County's investment in capital assets for its governmental activities as of September 30, 2015, amounts to $6.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, and equipment.

Major capital asset events during the current fiscal year included the following:

- Construction on a new Annex Building in Clifton for JP1
- Vehicles for Various Departments

Capital assets at year-end, net of accumulated depreciation were as follows:

BOSQUE COUNTY'S CAPITAL ASSETS AT YEAR-END

	Governmental Activities	
	2015	2014
Land	$ 82,479	$ 82,479
Buildings and improvements	5,046,845	5,035,526
Furniture and equipment	1,710,386	1,823,844
Infrastructure	36,320	43,062
Construction in process	-	144,052
Total	$ 6,876,030	$ 7,128,963

Additional information on the County's capital assets can be found in the notes to the financial statements.

LONG-TERM DEBT

At the end of the current fiscal year, the County's total long-term debt outstanding was solely comprised of capital leases payable with maturity dates from 2016 and 2017. Lease balances outstanding for leased equipment were as follows:

	Governmental Activities	
	2015	2014
Vehicles	$ 68,015	$ 126,854
Video equipment for cars	-	17,957
NetData software	6,404	30,734
	$ 74,419	$ 175,545

During the current fiscal year, Bosque County's debt related to capital leases changed by a net decrease of $101 thousand.

Additional information on Bosque County's long-term debt can be found in the notes to the financial statements of this report.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, and creditors with a general overview of the County's finances. If you have any questions about this report or need any additional information, contact the County Auditor, 110 S Main Suite 308, Meridian, Texas 76665, or call (254) 435-2611.

BASIC FINANCIAL STATEMENTS

BOSQUE COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

		Primary Government
		Governmental Activities
ASSETS		
Cash and cash equivalents	$	1,702,189
Investments-current		2,673,235
Taxes receivable (net of allowances for uncollectible)		294,950
Fines receivable		346,204
Due from agency fund		1,000
Intergovernmental receivables		62,196
Prepaid items		45,695
Due from other governments		188,333
Capital assets (net of accumulated depreciation):		
Land		82,479
Infrastructure		36,320
Buildings, net		5,046,845
Furniture and equipment, net		1,710,386
Construction in process		-
Total Assets		12,189,832
DEFERRED OUTFLOWS		
Deferred retirement contributions		161,891
Deferred actual vs. assumption		83,546
Total deferred outflows		245,437
Total assets and deferred outflows	$	12,435,269
LIABILITIES		
Deficit cash		1
Accounts payable		767,607
Accrued liabilities		122,735
Due to other funds		-
Noncurrent liabilities:		
Due within one year		48,868
Due in more than one year		117,272
Net pension liability (asset)		(723,700)
Total Liabilities		332,783
DEFERRED INFLOWS		
Deferred investment experience		79,108
Total deferred inflows		79,108
NET POSITION:		
Net investment in capital assets		6,801,611
Restricted for:		
Restricted for special revenue funds		934,728
Unrestricted net position		4,287,039
Total Net Position	$	12,023,378

BOSQUE COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
PRIMARY GOVERNMENT:			
Governmental Activities:			
Public finance	$ 736,760	$ 271,111	$ 91,689
General administration	2,641,238	176,574	-
Judicial	1,533,027	773,985	8,666
Law enforcement	2,933,063	110,829	56,488
Roads	1,774,560	644,008	109,996
Other - debt interest	4,915	-	-
Total Governmental Activities	$ 9,623,563	$ 1,976,507	$ 266,839

General Revenues:
Property Taxes, levied for general purposes
Sales and other taxes
Miscellaneous revenue
Investment earnings
Total General Revenues
Change in Net Position

Net Position - Beginning, as previously stated
Prior period adjustment - cumulative effect of change in accounting principle
Net Position - Beginning, as restated

Net Position - Ending

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

Capital Grants and Contributions		Net (Expense) Revenue and Changes in Net Position: Primary Governmental Activities	
$	-	$	(373,960)
	-		(2,464,664)
	-		(750,376)
	-		(2,765,746)
	-		(1,020,556)
	-		(4,915)
$	-	$	(7,380,217)
			6,612,956
			588,758
			220,998
			18,203
			7,440,915
			60,698
			11,154,321
			808,359
			11,962,680
		$	12,023,378

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

BOSQUE COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General Fund	Road and Bridge	Capital Projects
ASSETS			
Cash and cash equivalents	$ 399,583	$ 516,746	$ 450,023
Investments-current	2,330,341	76,000	202,286
Taxes receivable	274,700	18,681	1,112
Intergovernmental receivables	-	62,196	-
Due from other governments	188,333	-	-
Due from other funds	1,000	-	-
Prepaid items	35,240	10,308	-
Total Assets and Other Debits	$ 3,229,197	$ 683,931	$ 653,421
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
Liabilities:			
Deficit cash	$ -	$ -	$ -
Accounts payable	672,040	68,884	3,600
Due to other funds	-	-	-
Wages and salaries payable	93,481	21,345	-
Due to other governments	-	-	-
Total Liabilities	765,521	90,229	3,600
Deferred Inflows:			
Deferred revenues	216,352	18,681	1,112
Fund Balances:			
Nonspendable	35,240	10,308	-
Restricted	-	564,713	-
Assigned	-	-	648,709
Unassigned	2,212,084	-	-
Total Fund Balances	2,247,324	575,021	648,709
Total Liabilities, Deferred Inflows and Fund Balances	$ 3,229,197	$ 683,931	$ 653,421

Nonmajor Governmental Funds	Total Governmental Funds
$ 335,837	$ 1,702,189
64,608	2,673,235
307	294,800
-	62,196
-	188,333
-	1,000
147	45,695
$ 400,899	$ 4,967,448
$ 1	$ 1
23,083	767,607
-	-
7,907	122,733
-	-
30,991	890,341
307	236,452
-	45,548
370,015	934,728
-	648,709
(414)	2,211,670
369,601	3,840,655
$ 400,899	$ 4,967,448

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

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BOSQUE COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

Total Fund Balances - Governmental Funds		$ 3,840,655
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was $14,956,407 and the accumulated depreciation was $7,827,175. In addition, long-term liabilities of $115,214, including capital lease payables, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		6,872,301
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets with reductions in long-term debt in the Statement of Net Postion. Lease proceeds are reported as other financing sources in the fund financial statements but are increases in long-term debt in the government wide financial statements. The net effect of including the 2015 capital outlays, debt principal and lease proceeds is to increase net position.		333,526
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue and recognizing receivables only recorded in the government-wide financial statements. The net effect of these reclassifications and recognitions is to increase net position.		583,074
The 2015 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(496,207)
The statement of net position includes the District's proportionate share of the TCDRS net pension liability (asset) as well as certain pension related transactions accounted for as Deferred Inflows and Outflows of resources.		
Net pension asset (liability)	723,700	
Deferred retirement contributions	161,891	
Deferred investment experience	(79,108)	
Deferred actual vs. assumption	83,546	890,029
Net Position of Governmental Activities		$ 12,023,378

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

BOSQUE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Road and Bridge	Capital Projects
REVENUE			
Taxes:			
Property taxes	$ 6,053,352	$ 505,333	$ 30,209
General sales and use taxes	588,758	-	-
Auto registrations	-	392,668	-
Intergovernmental revenue and grants	423,813	229,144	-
Fines and fees	312,628	377,557	-
Forfeitures	5,363	-	-
Investment earnings	18,038	40	84
Other revenue	130,652	88,125	-
Total Revenues	7,532,604	1,592,867	30,293
EXPENDITURES			
Current:			
General Government:			
Public finance	746,882	-	-
General administration	2,210,033	-	46,339
Judicial	1,202,439	-	-
Law Enforcement	2,763,264	-	-
Roads	-	1,639,562	-
Debt Service:			
Debt principal-capital leases	101,126	-	-
Debt interest-capital leases	4,915	-	-
Capital Outlay:			
Capital Outlay	248,078	63,892	-
Total Expenditures	7,276,737	1,703,454	46,339
Excess (Deficiency) of Revenues Over (Under) Expenditures	255,867	(110,587)	(16,046)
OTHER FINANCING SOURCES (USES):			
Proceeds from capital leases	-	-	-
Other revenue	1,898	-	-
Transfers in	-	858,974	-
Transfers out (use)	(526,649)	(407,625)	-
Insurance proceeds	-	-	-
Total Other Financing Sources (Uses)	(524,751)	451,349	-
Net Change in Fund Balances	(268,884)	340,762	(16,046)
Fund Balances - Beginning	2,516,208	234,259	664,755
Fund Balances - Ending	$ 2,247,324	$ 575,021	$ 648,709

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

Nonmajor Governmental Funds	Total Governmental Funds
$ 8,955	$ 6,597,849
-	588,758
-	392,668
346,043	999,000
140,847	831,032
5,360	10,723
41	18,203
-	218,777
501,246	9,657,010
-	746,882
168,162	2,424,534
345,696	1,548,135
-	2,763,264
-	1,639,562
-	101,126
-	4,915
2,243	314,213
516,101	9,542,631
(14,855)	114,379
-	-
165	2,063
75,712	934,686
(412)	(934,686)
-	-
75,465	2,063
60,610	116,442
308,991	3,724,213
$ 369,601	$ 3,840,655

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

BOSQUE COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Total Net Change in Fund Balances-Governmental Funds	$	116,442
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. Proceeds from capital leases are shown as financial resources in fund financial statements but are increases in long-term debt in the government-wide financial statements. The net effect of removing the 2015 capital outlays and changes in long-term debt principal is to increase net position.		344,132
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(496,207)
Net pension assets as well as the related deferred inflows and outflows of resources generated from those assets are not payable from current resources and therefore, are not reported in the govenrmental funds. These balances increased (decreased) by this amount.		81,670
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, net of uncollectible taxes, eliminating interfund transactions, and recognizing the liabilities associated with long-term debt interest. The net effect of these reclassifications and recognitions is to increase net position.		14,661
Change in Net Position of Governmental Activities	$	60,698

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

BOSQUE COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2015

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 748,313
Total Assets	$ 748,313
LIABILITIES	
Due to other	$ 748,313
Total Liabilities	$ 748,313

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

NOTES TO FINANCIAL STATEMENTS

BOSQUE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bosque County was created in 1854 by the Texas Legislature under the provisions of Article 9, Section 1, of the Texas Constitution. The County operates under a commission form of government in which the Commissioners' Court composed of four County Commissioners, presided over by the County Judge, is the governing body. The Commissioners' Court is a court of limited jurisdiction empowered to do only those things which are specifically authorized by the State Constitution or by statute.

The financial statements of Bosque County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for established governmental accounting and financial reporting principles. The more significant of these accounting policies are described below.

A. REPORTING ENTITY

The County is an independent political subdivision of the State of Texas governed by an elected four-member Commissioners' Court and County Judge and is considered a primary government. As required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the County's financial reporting entity. Based on these considerations, no other entities have been included in the County's reporting entity. Additionally, as the County is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Consideration regarding the potential for inclusion of other entities, organizations, or functions in the County's financial reporting entity is based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the County is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the County's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is financially independent of other state and local governments. Additional prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are to be reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The County has no business-type activities or any component units.

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

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied, net of estimated uncollectible amounts. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following major governmental funds:

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

The *Road and Bridge Fund* is used to account for the operation, repair and maintenance of roads and bridges.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of general capital assets.

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Agency Funds These funds are used to report funds of the County’s fees offices and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, and 2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenue includes all taxes.

D. ASSETS, LIABILITIES, DEFERRED INFLOWS, DEFERRED OUTFLOWS AND NET POSITION OR EQUITY

Cash and Investments

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

Investments for the government are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. As of September 30, 2015 the following allowances for property tax receivables were estimated by management, General fund $99,048, Capital Improvement fund $508, Jury fund $140 and the Road and Bridge fund $8,552. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles, which was $0 as of September 30, 2015. The County's property taxes are levied annually in October on the basis of the Appraisal District's assessed values as of January 1 of that calendar year. Appraisal values are established by the Appraisal District at market value and assessed at 100% of appraised value less exemptions. The County's property taxes are billed and collected by the Tax Assessor/Collector. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on property on February 1 of the subsequent calendar year. Property taxes are prorated between operations, road and bridge, and debt service based on rates adopted for the year of the levy. For the current year, the County levied property taxes of $0.4365 per $100 of assessed valuation that were prorated between General, Road and Bridge, Capital Projects and Jury Funds. The resulting adjusted tax levies were based on a total adjusted taxable valuation of approximately $1,511,034,528 for the 2015 tax year.

Prepaid Expenditures

When payment is made to a supplier of goods or services prior to the receipt of the goods or realization of the service, then the amount expended in excess of value received is recorded as a prepaid item.

Capital Assets

Capital assets, which include land, buildings, furniture and equipment, construction in progress, and infrastructure (e.g. roads, bridges, sidewalks and similar items) are reported in the governmental activities for the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 assets or materially extend asset lives are not capitalized.

Transfers

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to move unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Assets	Years
Buildings	40
Furniture and Equipment	5-15
Infrastructure	20

Compensated Absences

The county's employees earn vacation and compensatory time which may either be taken or accumulated, up to certain amounts, until paid upon resignation or retirement. All vacation leave and compensatory time pay are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example*,* as a result of employee resignations and retirements.

The current policy for vacation pay is that vacation pay accrues as of the "annual" anniversary date of each employee. Vacation leave from 10 to 15 days per year may be earned, based on longevity. Compensatory time accrues at 5 days a year up to a maximum paid benefit for entitlement of 10 days.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, would be deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable would be reported net of the applicable bond premium or discount. There was no bonded debt of the County as of September 30, 2015.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, and expense bond issuance costs during the current periods in which they occur. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. There was no bonded indebtedness payments made by the County during the year ended September 30, 2015.

Net position and Fund Equity

In government-wide financial statements net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets represents capital assets less accumulated depreciation less outstanding principal on related debt. Net investment in capital assets does not include the unspent proceeds of capital debt.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

When both restricted and unrestricted sources are available for use, it is the County's policy to use restricted first, then unrestricted resources as they are needed. The government-wide statement of net position reports $934,728 of restricted assets, primarily restricted for specified purposes as designated by grantors, contributors, by vote of citizens, or governmental entities over state or local program grants.

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

Nonspendable - Resources which cannot be spent because they are either a) not in spendable form or ; b) legally or contractually required to be maintained intact.

Restricted – Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – Resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned - Resources neither restricted nor committed for which a government has a stated intended use as established by those charged with governance or an official to which to those charged with governance has delegated the authority to assign amounts for specific purposes.

Unassigned – Resources which cannot be properly classified in one of the other four categories. There are no governmental funds that reported a positive unassigned fund balance amount at year end. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one sources: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

Pensions

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

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position

The *Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position* provides a summary of differences in accounting for funds and the total government net position. The primary elements reported differently are capital assets which are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities are not due and payable in the current period and are not reported as liabilities in the funds. Following are details of the summarized reconciliation amounts:

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Beginning of year capital assets and debt:	
Capital assets	$ 14,956,408
Accumulated depreciation	(7,827,446)
Long-term capital leases	(175,545)
Accumulated compensated absences	(81,116)
Total capital asset debt adjustment beginning of year	$ 6,872,301
Current year capital outlay and debt service:	
Capital outlay	$ 243,005
Fixed asset disposals net of accum depreciation	-
Increase in compensated absences	(10,606)
Debt principal payments	101,127
Total capital asset debt adjustment current year	$ 333,526
Other reclassification reconciliation items:	
Record fines receivable	$ 346,622
Eliminate deferred revenue on taxes	236,454
Total other summarized adjustments	$ 583,076
To record pension liability	
Net pension asset (liability)	$ 723,700
Deferred retirement contributions	161,891
Deferred investment experience	(79,108)
Deferred actual vs. assumption	83,546
	$ 890,029

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The *Reconciliation of the Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balances to the Statement of Activities* provides summarized reconciliation amounts indicating differences in accounting methods between the net changes in fund balance as shown on the governmental fund statement and the changes in net position of governmental activities as reported on the government-wide statement of activities. The differences are again primarily related to current year capital outlays and debt principal payments presented as expenditures in the fund financial statements, but shown as increases in capital assets and decreases in long-term debt in the government-wide statements. Details of the various summarized amounts from the reconciliation are as follows:

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Current year capital outlay and debt service:		
Capital outlay	$	243,005
Debt principal payments		101,127
Total capital asset debt adjustment current year	$	344,132
Various other reclassifications current year changes:		
Change in deferred revenue	$	15,107
Change in fines receivable		46,650
Change in compensated absences		(10,606)
Other		(36,490)
Total other reclassifications	$	14,661

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET DATA

The budget amounts presented in the required supplementary information include the original and final authorized amounts as amended during the year. In accordance with state statutes, an annual budget is adopted for certain governmental funds of the County in accordance with generally accepted accounting principles. The procedures followed by Bosque County in establishing the budgetary data reflected in the financial statements are presented below.

Budget Preparation

The County Judge, as the responsible budget officer, causes budget guidelines to be issued. Upon receiving operating requests from County officials, the County Judge submits a proposed operating budget covering the General, Road and Bridge, Special Revenue, and Debt Service Funds to the Commissioners' Court. The budget includes the proposed expenditures and the means of financing them.

Public Hearings

After proper publication of notices in compliance with various state statutes, a budget hearing for the purpose of obtaining public and taxpayer comments is conducted by the Commissioners' Court. Related public hearings are held regarding the proposed tax rates required to finance the proposed budget.

Budget Adoption

Following the public hearings, the Commissioners' Court makes such changes as may be warranted in the budget and adopts the budget through the passage of an order at one of its regularly scheduled meetings.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budget Amendments

The Commissioners' Court, at its discretion, can transfer expenditures from one appropriation to another. The total expenditures may not be increased without additional public hearings.

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

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

At September 30, 2015, the County's cash deposits were entirely covered by FDIC insurance or by pledged collateral held by the County's bank in the County's name.

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

TexPool is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Texas Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy. This Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

Investments held by the County at September 30, 2015 consisted of the following:

Investment Type	Historic Cost	Fair Value	Credit Rating
Tex Pool	$102,313	$102,313	AAAm

Policies Governing Deposits and Investments

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

Custodial Credit Risk – Deposits: This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2015 were covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The County's securities are all in securities backed by the United States of America and are not exposed to custodial credit risk.

Other Credit Risk - There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, TexPool's investment policy allows the portfolio's investment manager to only invest in obligations of the U.S. Government, its agencies' repurchase agreements; and no-load AAAm money market mutual funds registered with the SEC. As of September 30, 2015 TexPool's investments credit quality rating was AAAm (Standard & Poor's).

The County's general policy is to report nonparticipating interest-earning investment contracts using a cost-based measure. The term "nonparticipating" means that the investment's value does not vary with the market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest earning investment contracts.

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

B. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables and payables at September 30, 2015 except for agency funds of the County to the respective fund. The interfund receivables have not been eliminated from the statement of net position because agency funds assets and liabilities are not reported as assets owned by the government.

A pooled cash account is used to account for many of the governmental funds cash in bank. Several of the funds have a deficit cash balance included in the pooled cash account. The governmental fund financial statements present the negative cash balances as deficit cash rather than as having temporarily borrowed the cash from other governmental funds with positive cash balances. The government-wide financial statements present the cash at the consolidated balance of cash in the bank at year end.

C. CAPITAL ASSET ACTIVITY

Capital asset activity for the County for the year ended September 30, 2015 was as follows:

	September 30, 2014	Increase	Decrease	September 30, 2015
Government activities capital assets:				
Non-depreciable assets:				
Land	$ 82,479	$ -	$ -	$ 82,479
Construction in process	144,052	40,767	184,819	-
Total non-depreciable assets	226,531	40,767	184,819	82,479
Depreciable assets:				
Buildings	8,147,589	194,418.00	-	8,342,007
Furniture and equipment	6,262,369	192,639	77,003	6,378,005
Infrastructure	319,919	-	-	319,919
Total depreciable assets	14,729,877	387,057	77,003	15,039,931
Totals at historic cost	14,956,408	427,824	261,822	15,122,410
Less accumulated depreciation:				
Buildings	3,112,064	183,100	-	3,295,164
Furniture and equipment	4,438,525	306,095	77,003	4,667,617
Infrastructure	276,857	6,742	-	283,599
Total accumulated depreciation	7,827,446	495,937	77,003	8,246,380
Total capital assets, being depreciated, net	6,902,431	(108,880)	-	6,793,551
Governmental capital assets, net	$ 7,128,962	$ (68,113)	$ 184,819	$ 6,876,030

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Current year depreciation expense was charged to governmental functions as follows:

General administration	$	154,447
Law enforcement		118,221
Road and bridge		266,499
Total Depreciation Expense	$	539,167

E. ACCUMULATED UNPAID ANNUAL LEAVE

Accumulated unpaid annual leave amounts are not accrued in governmental funds using the modified accrual basis of accounting, but are reflected in the Government-Wide Statement of Net Position. At September 30, 2015, accrued employee benefits recorded on the Statement of Net Position were for accumulated vacation pay and amounted to $91,722, an increase of $10,606 from the previous year end.

F. LONG-TERM DEBT

During the year ended September 30, 2015, the County did not enter into any new capital lease agreements. The combined monthly principal and interest payments for existing leases will be $4,298. The terms are from 2016 to 2017.

Capital lease agreements made in previous years are also secured by equipment and continue to require payments expiring 2016 and 2017.

Capital lease debt service requirements are as follows:

Year Ended September 30,		Total Principal		Total Interest		Total Requirements
2016	$	48,869	$	2,097	$	50,966
2017		25,550		335		25,885
Total	$	74,419	$	2,432	$	76,851

Amortization of leased buildings and equipment under capital assets is included with depreciation expense.

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Long-term debt activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital leases payable, secured by equipment	$ 175,544	$ -	$ 101,127	$ 74,417	$ 48,869
Other Liabilities:					
Compensated absences	81,116	10,606	-	$ 91,722	45,861
Total governmental activities long-term liabilities	$ 256,660	$ 10,606	$ 101,127	$ 166,139	$ 94,730

G. RISK MANAGRISK MANAGEMENT

Health Insurance

During the year ended September 30, 2015 employees of Bosque County were covered by a health insurance plan (the Plan). The County paid annual health insurance premiums of $806,509. Employees, at their option, authorized payroll deductions to pay any additional cost for dependent coverage. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

Workers' Compensation

During the year ended September 30, 2015, employees of Bosque County were covered by a workers' compensation plan administered by the Texas Association of Counties. The County paid a contribution of $33,200 for the year ended September 30, 2015. These figures are subject to change based upon actual payroll figures.

Contingencies

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

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Litigation

The County's Attorney has indicated that there are various claims and lawsuits filed and pending against the County. The claims are being strongly defended by the County. As of September 30, 2015, the potential liability of the County cannot be reasonably estimated, but is not expected to have a material impact on the County's financial position.

H. RETIREMENT PLAN

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 administration of the statewide agent multiple-employer public employee retirement system consisting of 677 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, TX 78768-2034.

Benefits Provided

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at age 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can expect to be adequately financed by the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. There are no automatic post-employment benefit changes, including automatic COLAs.

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees of beneficiaries currently receiving benefits	63
Inactive employees entitled to but not yet receiving benefits	27
Active employees	106
	196

Contributions

The employer has elected the annually determined contribution rate (Variable Rate) plan provision of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

The employer contributed using the actuarially determined rate of 4.70% for the calendar year ending in 2015. The deposit rate payable by the employee members for calendar year 2015 is the rate of 5% as adopted by the governing body of the employer. The employee and employer deposit rates may be changed by the governing body of the employer within the options available in the TCDRS Act.

Net Pension Liability

The employer's Net Pension Liability (NPL) for the year ended September 30, 2015, was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.5% per year
Investment Rate of Return	8.0%, net of pension plan investment expense, including inflation

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and .5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Mortality rates for depositing members were based on the RP-2000 Active Employee Mortality Table for males and females as appropriate, with adjustment, with the projection scale AA. Serve retirees, beneficiaries and non-depositing members were based on RP-2000 Combined Mortality Table for males and females as appropriate, with adjustments, with the projection scale AA. Disabled retirees were based on RP-2000 Disabled Mortality Table for males and females as appropriate, with adjustments, with the projection scale AA

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012, except where required to be different by GASB 68.

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 numbers shown are based on January 2015 information for a 7-10 year time horizon and are re-assessed at a minimum every four years, and it is set based on a 30-year time horizon, the most recent analysis was performed in 2013 based on the period January 1, 2009 – December 31, 2013. Best estimates of geometric real rates of return (net of inflation, assumed at 1.7%) for each major asset class included in the target asset allocation (as adopted by the TCDRS board in April 2015) are summarized below:

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus inflation)
US Equities	Dow Jones U.S. Total Stock Market Index	16.5%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	12.0%	8.35%
Global Equities	MSCI World (net) Index	1.5%	5.65%
International Equities - Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	11.0%	5.35%
International Equities - Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	9.0%	6.35%
Investment-Grade Bonds	Barclays Cpaital Aggregate Bond Index	3.0%	0.55%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.0%	3.75%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.0%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.0%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.0%	6.75%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.0%	4.00%
Commodities	Bloomberg Commodities Index	2.0%	-0.20%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.0%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	3.0%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.0%	5.15%
Total		100.0%	

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Discount Rate:

The discount rate used to measure the Total Pension Liability was 8.1%. Using the alternative method, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments based on the funding requirements under the District'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 District is legally required to make the contribution specified in the funding policy.
3. The District assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the District 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.

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 the net pension liability of the District is equal to the long-term assumed rate of return on investments.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2013	$ 7,921,023	$ 8,596,618	$ (675,595)
Changes for the year:			
Service cost	318,363	-	318,363
Interest on total pension liability	638,921	-	638,921
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(105,477)	-	(105,477)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(90,749)	(90,749)	-
Benefit payments	(295,151)	(295,151)	-
Administrative expenses	-	(6,824)	6,824
Member contributions	-	182,862	(182,862)
Net investment income	-	595,482	(595,482)
Employer contributions		175,546	(175,546)
Other	-	(47,154)	47,154
Net changes	$ 465,907	$ 514,012	$ (48,105)
Balance at 12/31/2014	**$ 8,386,930**	**$ 9,110,630**	**$ (723,700)**

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the District, calculated using the discount rate of 8.1%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.1%) or 1-percentage point higher (9.1%) than the current rate:

	1% Decrease in Discount Rate (7.1%)	Discount Rate (8.1%)	1% Increase in Discount Rate (9.1%)
Total pension liability	$ 9,431,749	$ 8,386,930	$ 7,527,733
Fiduciary net position	9,110,628	9,110,630	9,110,628
Net pension liability (asset)	$ 321,121	$ (723,700)	$ (1,582,895)

Pension Plan Fiduciary Net Position:

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

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

For the year ended September 30, 2015, the District recognized pension expense of $123,003.

As of September 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 79,108
Changes of assumptions	-	-
Net difference between projected and actual earnings	83,546	-
Contributions subsequent to the measurement date	161,891	-
Total	$ 245,437	$ 79,108

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

$161,891 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Valuation year ended December 31:	
2015	$ (5,483)
2016	(5,483)
2017	(5,483)
2018	20,887
2019	-
Thereafter	-

5. NEW ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions in June 2012, which became effective for the County in fiscal year 2015. The objective of this Statement is to improve accounting and financial reporting of state and local governmental pension plans. This Statement applies to all state and governmental entities and replaces Statements 27 and 50. This Statement requires the recognition of the entire net pension liability and a more comprehensive measure of pension expense, along with additional required footnote disclosures.

The GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68 in November 2013, which was effective for the County in fiscal year 2015. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. This Statement requires that, at transition, a government recognizes a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The GASB issued Statement No. 72, Fair Value Measurement and Application in February 2015, and will be effective for the County in fiscal year 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The County has not yet determined the impact of this statement.

The GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions in June 2015 and will be effective for the County in fiscal year 2018. This Statement replaces the requirement of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans for OPEB. This Statement establishes new accounting and financial reporting requirements for OPEB plans. The County has not yet determined the impact of this statement.

5. NEW ACCOUNTING PRONOUNCEMENTS (Continued)

The GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments in June 2015 and will be effective for the County in fiscal year 2016. This Statement supersedes Statement No. 55, the Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The "GAAP Hierarchy" consists of the sources of accounting principles use to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use and authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The County has not yet determined the impact of this Statement.

The GASB issues Statement No. 77, Tax Abatement Disclosures in August 2015 and will be effective for the County in fiscal year 2017. This Statement requires governments that enter in tax abatement agreements to disclose 1) brief descriptive information about the abatement, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients; 2) The gross dollar amount of taxes abated during the period; and 3) Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. The County has not yet determined the impact of this Statement.

REQUIRED SUPPLEMENTARY INFORMATION

BOSQUE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final	GAAP BASIS (See Note)	Positive (Negative)
REVENUES:				
Taxes:				
Property taxes	$ 6,118,477	$ 6,118,477	$ 6,053,352	$ (65,125)
General sales and use taxes	477,500	477,500	588,758	111,258
Intergovernmental revenue and grants	508,219	508,219	423,813	(84,406)
Fines and fees	305,050	305,050	312,628	7,578
Forfeitures	1,000	1,000	5,363	4,363
Investment earnings	20,000	20,000	18,038	(1,962)
Other revenue	32,350	32,350	130,652	98,302
Total Revenues	7,462,596	7,462,596	7,532,604	70,008
EXPENDITURES:				
Current:				
General Government:				
Public finance	771,672	779,012	746,882	32,130
General administration	2,119,056	2,011,663	2,210,033	(198,370)
Judicial	1,159,704	1,214,022	1,202,439	11,583
Law enforcement	2,835,251	2,885,049	2,763,264	121,785
Debt Service:				
Debt principal-capital leases	-	-	101,126	(101,126)
Debt interest-capital leases	-	-	4,915	(4,915)
Capital Outlay:				
Capital outlay	253,200	263,615	248,078	15,537
Total Expenditures	7,138,883	7,153,361	7,276,737	(123,376)
Excess (Deficiency) of Revenues Over (Under) Expenditures	323,713	309,235	255,867	(53,368)
OTHER FINANCING SOURCES (USES):				
Other Revenue	-	-	1,898	1,898
Proceeds from sale of property	1,500	1,500	-	(1,500)
Transfers in	70,000	70,000	-	(70,000)
Transfers out	-	(521,349)	(526,649)	-
Insurance proceeds	-	-	-	-
Total Other Financing Sources (Uses)	71,500	(449,849)	(524,751)	(69,602)
Change in Fund Balance	395,213	(140,614)	(268,884)	(122,970)
Fund Balance-Beginning	2,516,208	2,516,208	2,516,208	-
Fund Balance-Ending	$ 2,911,421	$ 2,375,594	$ 2,247,324	$ (122,970)

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

BOSQUE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual GAAP BASIS	Variance With Final Budget Positive
	Original	Final	(See Note)	(Negative)
REVENUES:				
Taxes:				
Property taxes	$ 511,914	$ 511,914	$ 505,333	$ (6,581)
Auto registrations	380,000	380,000	392,668	12,668
Intergovernmental revenue and grants	335,568	335,568	229,144	(106,424)
Fines and fees	416,000	416,000	377,557	(38,443)
Investment earnings	200	200	40	(160)
Total Revenues	1,643,682	1,643,682	1,504,742	(138,940)
EXPENDITURES:				
Current:				
Roads	2,137,603	2,157,626	1,639,562	518,064
Debt Service:				
Debt principal-capital leases	-	-	-	-
Debt interest-capital leases	-	-	-	-
Capital Outlay:				
Capital outlay	112,000	107,000	63,892	43,108
Total Expenditures	2,249,603	2,264,626	1,703,454	561,172
Excess (Deficiency) of Revenues Over (Under) Expenditures	(605,921)	(620,944)	(198,712)	422,232
OTHER FINANCING SOURCES (USES):				
Other revenue	4,000	4,000	88,125	84,125
Proceeds from capital leases	32,500	32,500	-	(32,500)
Transfers in	881,462	881,462	858,974	(22,488)
Transfers out (use)	(250,000)	(400,000)	(407,625)	(7,625)
Total Other Financing Sources (Uses)	667,962	517,962	539,474	21,512
Change in Fund Balance	62,041	(102,982)	340,762	443,744
Fund Balance-Beginning	234,259	234,259	234,259	-
Fund Balance-Ending	$ 296,300	$ 131,277	$ 575,021	$ 443,744

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

BOSQUE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual GAAP BASIS	Variance With Final Budget Positive
	Original	Final	(See Note)	(Negative)
REVENUES:				
Taxes:				
Property taxes	$ 30,456	$ 30,456	$ 30,209	$ (247)
Investment earnings	50	50	84	34
Total Revenues	30,506	30,506	30,293	(213)
EXPENDITURES:				
Current:				
General Government:				
Major repairs	85,000	85,000	46,339	38,661
Capital Outlay:				
Capital outlay	80,000	80,000	-	(80,000)
Total Expenditures	165,000	165,000	46,339	(41,339)
OTHER FINANCING SOURCES (USES):				
Transfers in	55,000	55,000	-	(55,000)
Transfers out (use)	-	-	-	-
Total Other Financing Sources (Uses)	55,000	55,000	-	(55,000)
Change in Fund Balance	(79,494)	(79,494)	(16,046)	(96,552)
Fund Balance-Beginning	664,755	664,755	664,755	-
Fund Balance-Ending	$ 585,261	$ 585,261	$ 648,709	$ (96,552)

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

BOSQUE COUNTY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)

Total Pension Liability		**2015**
Service Cost	$	318,363
Interest on total pension liability		638,921
Effect of plan changes		-
Effect of assumption changes or inputs		-
Effect of economic/demographic (gains) or losses		(105,477)
Benefit payments/refunds of contributions		(385,900)
Net Change in Total Pension Liability		465,907
Total Pension Liability, beginning		7,921,023
Total Pension Liability, ending (a)	$	8,386,930
Fiduciary Net Position		
Emloyer contributions	$	175,546
Member contributions		182,862
Investment income net of investment expenses		595,482
Benefit payments/refunds of contributions		(385,900)
Administrative expenses		(6,824)
Other		(47,154)
Net Change in Fiduciary Net Position		514,012
Fiduciary Net Position, beginning		8,596,618
Fiduciary Net Position, ending (b)	$	9,110,630
Net Pension Liability (Asset), ending = (a) - (b)	$	(723,700)
Fiduciary net position as a % of total pension liability		108.63%
Pensionable covered payroll	$	3,629,498
Net pension liability as a % of covered payroll		-19.94%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented

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

BOSQUE COUNTY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Years (will ultimately be displayed)

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payoll
2005	Not Available	Not Available	Not Available	Not Available	Not Available
2006	49,492	140,604	(91,112)	2,812,073	5.0%
2007	57,757	147,339	(89,582)	2,946,780	5.0%
2008	52,825	159,113	(106,288)	3,182,250	5.0%
2009	54,527	175,894	(121,367)	3,517,872	5.0%
2010	74,638	252,401	(177,763)	3,605,722	7.0%
2011	68,340	88,067	(19,727)	3,522,655	2.5%
2012	70,841	85,146	(14,305)	3,405,794	2.5%
2013	113,043	146,796	(33,753)	3,364,368	4.4%
2014	174,216	175,546	(1,330)	3,629,498	4.8%

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

GENERAL BUDGET POLICIES

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- The County Judge, as budget officer, with the assistance of the County Auditor, prepares a budget to cover all proposed expenditures and the means for financing them for the fiscal year beginning October 1, and submits the proposed budget to the Commissioners' Court. The budget is prepared on the modified accrual basis, which is consistent with the fund financial statements.
- The Commissioners' Court holds budget hearings for the public to make comments.
- The Commissioners' Court, prior to October 1, formally adopts the budget in an open court meeting.
- The adopted budget becomes the authorization for all legal expenditures for the County for the fiscal year. Appropriations lapse at the end of the fiscal year.

The formally adopted budget may be legally amended by commissioners in accordance with Article 689A-11 or 689A-20 of Vernon's Annotated Civil Statutes.

The County maintains its legal level of budgetary control at the department level. Amendments to the 2015 budget were approved by the Commissioners' Court as provided by law throughout the year. All departmental expenditures remained within the appropriations budgets for the year.

ENCUMBRANCES

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at September 30, and encumbrances outstanding at the time are to be either canceled or appropriately provided for in the subsequent year's budget. There were no end-of year outstanding encumbrances that were provided for in the subsequent year's budget.

RETIREMENT SCHEDULES

Valuation Date

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later. GASB 68, Paragraph 81.2.b requires that the data in the Schedule of Contributions be presented as of the District's current fiscal year as opposed to the valuation measurement date as provided in other schedules of these financial statements.

RETIREMENT SCHEDULES (Continued)

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	3.0%
Salary Increases	3.5%
Investment Rate of Return	8.1%
Cost of Living Adjustments	Cost-of-Living Adjustments for Bosque County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Deferred members are assumed to retire (100% probability) at the later of (a) age 60 or (b) earliest retirement eligibility. For all eligible members age 75 and older, retirement is assumed to occur immediately.
Turnover	The rate of assumed future termination from active participation in the plan for reasons other than death, disability, or retirement are calculated in a service-based table. The rates vary by length of service, entry-age group (age at hire) and sex.
Mortality	Mortality rates for depositing members were based on the RP-2000 Active Employee Mortality Table, for service retirees, beneficiaries and non-depositing members were based on RP-2000 Combined Mortality Table, and for disabled retirees were based on RP-2000 Disabled Mortality Table. Each rate was calculated for males and females as appropriate, with adjustments, with the projection scale AA

COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for specific revenue that is legally restricted to expenditures for particular purposes.

BOSQUE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	Probation	Record Preservation	Jury	Law Library
ASSETS				
Cash and cash equivalents	$ 330	$ 52,945	$ 28,729	$ 43,779
Investments-current	-	-	-	20,000
Taxes receivable	-	-	307	-
Due from other government	-	-	-	-
Prepaid items	-	-	-	-
Total Assets	$ 330	$ 52,945	$ 29,036	$ 63,779
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Deficit cash	$ 1	$ -	$ -	$ -
Accounts payable	-	4,023	10	152
Due to other funds	-	-	-	-
Wages and salaries payable	-	320	-	-
Total Liabilities	1	4,343	10	152
Deferred Inflows:				
Deferred revenue	-	-	307	-
Fund Balances:				
Restricted	329	48,602	28,719	63,627
Unassigned	-	-	-	-
Total Fund Balances	329	48,602	28,719	63,627
Total Liabilities, Deferred Inflows and Fund Balances	$ 330	$ 52,945	$ 29,036	$ 63,779

County Attorney's Hot Check	District Attorney	Districts Attorney's Hot Check	D.A. Drug Forfeiture	Court Reporter	Security	Grant
$ 11,147	$ 81,346	$ 8,681	$ 12,069	$ 14,306	$ 3,072	$ (893)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	147	-	-	-	-	-
$ 11,147	$ 81,493	$ 8,681	$ 12,069	$ 14,306	$ 3,072	$ (893)
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	13,565	94	-	-	1,459	-
-	-	-	-	-	-	-
-	6,453	-	-	-	1,134	-
-	20,018	94	-	-	2,593	-
-	-	-	-	-	-	-
11,147	61,475	8,587	12,069	14,306	-	-
-	-	-	-	-	479	(893)
11,147	61,475	8,587	12,069	14,306	479	(893)
$ 11,147	$ 81,493	$ 8,681	$ 12,069	$ 14,306	$ 3,072	$ (893)

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

BOSQUE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	Special Forfeiture	Constable 1 Education	Constable 2 Education	Law Enforcement Education
ASSETS				
Cash and cash equivalents	$ 5,185	$ 4,503	$ 1,429	$ 4,559
Investments-current	-	-	-	-
Taxes receivable	-	-	-	-
Due from other government	-	-	-	-
Prepaid items	-	-	-	-
Total Assets	$ 5,185	$ 4,503	$ 1,429	$ 4,559
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Deficit cash	$ -	$ -	$ -	$ -
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Wages and salaries payable	-	-	-	-
Total Liabilities	-	-	-	-
Deferred Inflows:				
Deferred revenue	-	-	-	-
Fund Balances:				
Restricted	5,185	4,503	1,429	4,559
Unassigned	-	-	-	-
Total Fund Balances	5,185	4,503	1,429	4,559
Total Liabilities, Deferred Inflows and Fund Balances	$ 5,185	$ 4,503	$ 1,429	$ 4,559

Constable 1 Special Forfeiture	D.A. Art 18 Special Forfeiture	JP 1 & 2 & District Clerk Tech Fees	Pre-Trial Fees	Voting Machine	Total Nonmajor Governmental Funds
$ 19,064	$ -	$ 32,151	$ 13,339	$ 96	335,837
-	44,608	-	-	-	64,608
-	-	-	-	-	307
-	-	-	-	-	-
-	-	-	-	-	147
$ 19,064	$ 44,608	$ 32,151	$ 13,339	$ 96	$ 400,899
$ -	$ -	$ -	$ -	$ -	$ 1
-	-	-	-	3,780	23,083
-	-	-	-	-	-
-	-	-	-	-	7,907
-	-	-	-	3,780	30,991
-	-	-	-	-	307
19,064	44,608	32,151	13,339	(3,684)	370,015
-	-	-	-	-	(414)
19,064	44,608	32,151	13,339	(3,684)	369,601
$ 19,064	$ 44,608	$ 32,151	$ 13,339	$ 96	$ 400,899

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

BOSQUE COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Probation	Record Preservation	Jury	Law Library
REVENUES:				
Taxes:				
Property taxes	$ -	$ -	$ 8,955	$ -
Intergovernmental revenue and grants	-	-	6,868	-
Fines and fees	-	94,703	-	11,500
Forfeitures	-	-	3,223	-
Investment earnings	-	5	-	7
Total Revenues	-	94,708	19,046	11,507
EXPENDITURES:				
Current:				
General Government:				
Public finance	-	-	-	-
General administration	-	64,717	-	-
Judicial	-	-	16,567	3,948
Capital Outlay:				
Capital outlay	-	-	-	-
Total Expenditures	-	64,717	16,567	3,948
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	29,991	2,479	7,559
OTHER FINANCING SOURCES (USES):				
Other revenue	-	-	165	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	165	-
Net Change in Fund Balance	-	29,991	2,644	7,559
Fund Balance-Beginning	329	18,611	26,075	56,068
Fund Balance-Ending	$ 329	$ 48,602	$ 28,719	$ 63,627

County Attorney's Hot Check	District Attorney	Districts Attorney's Hot Check	D.A. Drug Forfeiture	Court Reporter	Security	Grants
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	330,509	-	-	-	-	8,666
2,180	-	292	-	3,460	13,002	-
-	-	-	1,505	-	-	-
1	9	5	1	2	-	-
2,181	330,518	297	1,506	3,462	13,002	8,666
-	-	-	-	-	-	-
-	-	-	1,600	-	51,758	9,559
-	320,560	-	-	417	-	-
-	2,243	-	-	-	-	-
-	322,803	-	1,600	417	51,758	9,559
2,181	7,715	297	(94)	3,045	(38,756)	(893)
-	-	-	-	-	-	-
-	-	-	412	-	40,000	-
-	(412)	-	-	-	-	-
-	(412)	-	412	-	40,000	-
2,181	7,303	297	318	3,045	1,244	(893)
8,966	54,172	8,290	11,751	11,261	(765)	-
$ 11,147	$ 61,475	$ 8,587	$ 12,069	$ 14,306	$ 479	$ (893)

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

BOSQUE COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Special Forfeiture	Constable 1 Education	Constable 2 Education	Law Enforcement Education
REVENUES:				
Taxes:				
Property taxes	$ -	$ -	$ -	$ -
Intergovernmental revenue and grants	-	-	-	-
Fines and fees	-	659	659	2,300
Forfeitures	632	-	-	-
Investment earnings	-	-	-	-
Total Revenues	632	659	659	2,300
EXPENDITURES:				
Current:				
General Government:				
Public finance	-	-	-	-
General administration	-	-	-	-
Judicial	-	610	-	-
Capital Outlay:				
Capital outlay	-	-	-	-
Total Expenditures	-	610	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	632	49	659	2,300
OTHER FINANCING SOURCES (USES):				
Other revenue	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	632	49	659	2,300
Fund Balance-Beginning	4,553	4,454	770	2,259
Fund Balance-Ending	$ 5,185	$ 4,503	$ 1,429	$ 4,559

Constable 1 Special Forfeiture	D.A. Art 18 Special Forfeiture	JP 1 & 2 & District Clerk Tech Fees	Pre-Trial Fees	Voting Machine Fees	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ 8,955
-	-	-	-	-	346,043
-	105	10,443	-	1,544	140,847
-	-	-	-	-	5,360
-	-	4	7	-	41
-	105	10,447	7	1,544	501,246
-	-	-	-	-	-
-	-	-	-	40,528	168,162
-	-	1,258	2,336	-	345,696
					-
-	-	-	-	-	2,243
-	-	1,258	2,336	40,528	516,101
-	105	9,189	(2,329)	(38,984)	(14,855)
-	-	-	-	-	165
-	-	-	-	35,300	75,712
-	-	-	-	-	(412)
-	-	-	-	35,300	75,465
-	105	9,189	(2,329)	(3,684)	60,610
19,064	44,503	22,962	15,668	-	308,991
$ 19,064	$ 44,608	$ 32,151	$ 13,339	$ (3,684)	$ 369,601

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

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ROAD AND BRIDGE FUND

BOSQUE COUNTY, TEXAS
COMBINING BALANCE SHEET
ROAD AND BRIDGE FUNDS
SEPTEMBER 30, 2015

	Road and Bridge #1	Road and Bridge #2	Road and Bridge #3
ASSETS			
Cash and cash equivalents	$ 80,904	$ 73,111	$ 179,928
Investments-current	-	75,000	-
Taxes receivable	3,949	5,273	5,273
Intergovernmental receivables	7,478	7,478	7,478
Prepaid items	2,409	2,833	2,523
Total Assets	$ 94,740	$ 163,695	$ 195,202
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Deficit cash	$ -	$ -	$ -
Accounts payable	31,887	13,193	14,710
Wages and salaries payable	6,463	5,409	5,246
Total Liabilities	38,350	18,602	19,956
Deferred inflows:			
Deferred revenue	3,949	5,273	5,273
Fund Balances:			
Nonspendable	2,409	2,833	2,523
Restricted	50,032	136,987	167,450
Unassigned	-	-	-
Total Fund Balances	52,441	139,820	169,973
Total Liabilities, Deferred Inflows and Fund Balances	$ 94,740	$ 163,695	$ 195,202

Road and Bridge #4	Road and Bridge Maintenance	Fema Funds	Total Road and Bridge Funds
$ 149,238	$ 30,792	$ 2,773	$ 516,746
1,000	-	-	76,000
3,949	237	-	18,681
7,480	32,282	-	62,196
2,543	-	-	10,308
$ 164,210	$ 63,311	$ 2,773	$ 683,931
$ -	$ -	$ -	$ -
8,343	580	171	68,884
4,227	-	-	21,345
12,570	580	171	90,229
3,949	237	-	18,681
2,543	-	-	10,308
145,148	62,494	2,602	564,713
-	-	-	-
147,691	62,494	2,602	575,021
$ 164,210	$ 63,311	$ 2,773	$ 683,931

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

BOSQUE COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ROAD AND BRIDGE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Road and Bridge #1	Road and Bridge #2	Road and Bridge #3
REVENUES:			
Taxes:			
Property taxes	$ 106,824	$ 142,644	$ 142,644
Auto registrations	98,167	98,167	98,167
Intergovernmental revenue and grants	64,780	7,478	49,118
Fines and fees	33,048	33,048	33,048
Investment earnings	-	14	-
Total Revenues	302,819	281,351	322,977
EXPENDITURES:			
Current:			
Roads	560,483	408,298	423,952
Debt Service:			
Debt principal - capital leases	-	-	-
Debt interest - capital leases	-	-	-
Capital Outlay:			
Capital outlay	40,392	4,199	-
Total Expenditures	600,875	412,497	423,952
Excess (Deficiency) of Revenues Over (Under) Expenditures	(298,056)	(131,146)	(100,975)
OTHER FINANCING SOURCES (USES):			
Other revenue	15,421	5,731	10,042
Proceeds from capital leases	-	-	-
Transfers in	341,695	148,894	259,096
Transfers out	-	-	-
Total Other Financing Sources (Uses)	357,116	154,625	269,138
Net Change in Fund Balance	59,060	23,479	168,163
Fund Balance-Beginning	(6,619)	116,341	1,810
Fund Balance-Ending	$ 52,441	$ 139,820	$ 169,973

Road and Bridge #4	Road and Bridge Maintenance	Fema Funds	Total Road and Bridge Funds
$ 106,824	$ 6,397	$ -	$ 505,333
98,167	-	-	392,668
18,532	89,236	-	229,144
33,048	245,365	-	377,557
6	20	-	40
256,577	341,018	-	1,504,742
238,906	7,923	-	1,639,562
-	-	-	-
-	-	-	-
19,301	-	-	63,892
258,207	7,923	-	1,703,454
(1,630)	333,095	-	(198,712)
11,699	45,232	-	88,125
-	-	-	-
109,289	-	-	858,974
-	(407,625)	-	(407,625)
120,988	(362,393)	-	539,474
119,358	(29,298)	-	340,762
28,333	91,792	2,602	234,259
$ 147,691	$ 62,494	$ 2,602	$ 575,021

BOSQUE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE PRECINCT 1
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance With
			GAAP BASIS	Final Budget Positive
	Original	Final	(See Note)	(Negative)
REVENUES:				
Taxes:				
Property taxes	$ 108,215	$ 108,215	$ 106,824	$ (1,391)
Auto registrations	95,000	95,000	98,167	3,167
Intergovernmental revenue and grants	68,892	68,892	64,780	(4,112)
Fines and fees	41,000	41,000	33,048	(7,952)
Investment earnings	-	-	-	-
Total Revenues	313,107	313,107	302,819	(10,288)
EXPENDITURES:				
Current:				
Roads	604,301	624,681	560,483	64,198
Debt Service:				
Debt principal-capital leases	-	-	-	-
Debt interest-capital leases	-	-	-	-
Capital Outlay:				
Capital outlay	50,000	40,500	40,392	108
Total Expenditures	654,301	665,181	600,875	64,306
Excess (Deficiency) of Revenues Over (Under) Expenditures	(341,194)	(352,074)	(298,056)	54,018
OTHER FINANCING SOURCES (USES):				
Other revenue	-	-	15,421	15,421
Sale of real and personal property	-	-	-	-
Proceeds from capital leases	32,500	32,500	-	(32,500)
Transfers in	341,695	341,695	341,695	-
Total Other Financing Sources (Uses)	374,195	374,195	357,116	(17,079)
Change in Fund Balance	33,001	22,121	59,060	36,939
Fund Balance-Beginning	(6,619)	(6,619)	(6,619)	-
Fund Balance-Ending	$ 26,382	$ 15,502	$ 52,441	$ 36,939

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

BOSQUE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE PRECINCT 2
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final	GAAP BASIS (See Note)	Positive (Negative)
REVENUES:				
Taxes:				
Property taxes	$ 144,502	$ 144,502	$ 142,644	$ (1,858)
Auto registrations	95,000	95,000	98,167	3,167
Intergovernmental revenue and grants	68,892	68,892	7,478	(61,414)
Fines and fees	41,000	41,000	33,048	(7,952)
Investment earnings	150	150	14	(136)
Total Revenues	349,544	349,544	281,351	(68,193)
EXPENDITURES:				
Current:				
Roads	498,328	495,856	408,298	87,558
Debt Service:				
Debt principal-capital leases	-	-	-	-
Capital Outlay:				
Capital outlay	-	4,500	4,199	301
Total Expenditures	498,328	500,356	412,497	87,859
Excess (Deficiency) of Revenues Over (Under) Expenditures	(148,784)	(150,812)	(131,146)	19,666
OTHER FINANCING SOURCES (USES):				
Other revenue	-	-	5,731	5,731
Sale of real and personal property	-	-	-	-
Proceeds from capital leases	-	-	-	-
Transfers in	148,894	148,894	148,894	-
Transfers out (use)	-	-	-	-
Total Other Financing Sources (Uses)	148,894	148,894	154,625	5,731
Change in Fund Balance	110	(1,918)	23,479	25,397
Fund Balance-Beginning	116,341	116,341	116,341	-
Fund Balance-Ending	$ 116,451	$ 114,423	$ 139,820	$ 25,397

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

BOSQUE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE PRECINCT 3
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final	GAAP BASIS (See Note)	Positive (Negative)
REVENUES:				
Taxes:				
Property taxes	$ 144,502	$ 144,502	$ 142,644	$ (1,858)
Auto registrations	95,000	95,000	98,167	3,167
Intergovernmental revenue and grants	68,892	68,892	49,118	(19,774)
Fines and fees	41,000	41,000	33,048	(7,952)
Investment earnings	-	-	-	-
Total Revenues	349,394	349,394	322,977	(26,417)
EXPENDITURES:				
Current:				
Roads	576,390	576,690	423,952	152,738
Debt Service:				
Debt principal-capital leases	-	-	-	-
Debt interest-capital leases	-	-	-	-
Capital Outlay:				
Capital outlay	32,000	32,000	-	32,000
Total Expenditures	608,390	608,690	423,952	184,738
Excess (Deficiency) of Revenues Over (Under) Expenditures	(258,996)	(259,296)	(100,975)	158,321
OTHER FINANCING SOURCES (USES):				
Other revenue	-	-	10,042	(10,042)
Sale of real and personal property	-	-	-	-
Proceeds from capital leases	-	-	-	-
Transfers in	259,096	259,096	259,096	-
Total Other Financing Sources (Uses)	259,096	259,096	269,138	(10,042)
Change in Fund Balance	100	(200)	168,163	148,279
Fund Balance-Beginning	1,810	1,810	1,810	-
Fund Balance-Ending	$ 1,910	$ 1,610	$ 169,973	$ 148,279

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

BOSQUE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE PRECINCT 4
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual GAAP BASIS	Variance With Final Budget Positive
	Original	Final	(See Note)	(Negative)
REVENUES:				
Taxes:				
Property taxes	$ 108,215	$ 108,215	$ 106,824	$ (1,391)
Auto registrations	95,000	95,000	98,167	3,167
Intergovernmental revenue and grants	68,892	68,892	18,532	(50,360)
Fines and fees	41,000	41,000	33,048	(7,952)
Investment earnings	-	-	6	6
Total Revenues	313,107	313,107	256,577	(56,530)
EXPENDITURES:				
Current:				
Roads	418,584	420,399	238,906	181,493
Debt Service:				
Debt principal-capital leases	-	-	-	-
Debt interest-capital leases	-	-	-	-
Capital Outlay:				
Capital outlay	30,000	30,000	19,301	10,699
Total Expenditures	448,584	450,399	258,207	192,192
Excess (Deficiency) of Revenues Over (Under) Expenditures	(135,477)	(137,292)	(1,630)	135,662
OTHER FINANCING SOURCES (USES):				
Sale of real and personal property	4,000	4,000	-	(4,000)
Other revenues	-	-	11,699	11,699
Transfers in	131,777	131,777	109,289	(22,488)
Transfers out (use)	-	-	-	-
Total Other Financing Sources (Uses)	135,777	135,777	120,988	(14,789)
Change in Fund Balance	300	(1,515)	119,358	120,873
Fund Balance-Beginning	28,333	28,333	28,333	-
Fund Balance-Ending	$ 28,633	$ 26,818	$ 147,691	$ 120,873

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

BOSQUE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE MAINTENANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final	GAAP BASIS (See Note)	Positive (Negative)
REVENUES:				
Taxes:				
Property taxes	$ 6,480	$ 6,480	$ 6,397	$ (83)
Intergovernmental revenue and grants	60,000	60,000	89,236	29,236
Fines and fees	252,000	252,000	245,365	(6,635)
Investment earnings	50	50	20	(30)
Total Revenues	318,530	318,530	341,018	22,488
EXPENDITURES:				
Current:				
Roads	40,000	40,000	7,923	32,077
Debt Service:				-
Debt principal-capital leases	-	-	-	-
Debt interest-capital leases	-	-	-	-
Capital Outlay:				-
Capital outlay	-	-	-	-
Total Expenditures	40,000	40,000	7,923	32,077
Excess (Deficiency) of Revenues Over (Under) Expenditures	278,530	278,530	333,095	54,565
OTHER FINANCING SOURCES (USES):				
Sale of real and personal property	-	-	-	-
Other revenues	-	-	45,232	45,232
Transfers in	-	-	-	-
Transfers out (use)	(250,000)	(400,000)	(407,625)	(7,625)
Total Other Financing Sources (Uses)	(250,000)	(400,000)	(362,393)	37,607
Change in Fund Balance	28,530	(121,470)	(29,298)	92,172
Fund Balance-Beginning	91,792	91,792	91,792	-
Fund Balance-Ending	$ 120,322	$ (29,678)	$ 62,494	$ 92,172

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

BOSQUE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FEMA FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual GAAP BASIS	Variance With Final Budget Positive
	Original	Final	(See Note)	(Negative)
REVENUES:				
Taxes:				
Administration Fees	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
EXPENDITURES:				
Current:				
FEMA Expense	-	-	-	-
Total Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance-Beginning	2,602	2,602	2,602	-
Fund Balance-Ending	$ 2,602	$ 2,602	$ 2,602	$ -

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

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds.

BOSQUE COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BALANCE OCTOBER 1 2014	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2015
SHERIFF'S DEPARTMENT				
Assets:				
Cash and cash equivalents	$ 8,965	$ 46,523	$ 47,132	$ 8,356
Liabilities:				
Due to others	$ 8,965	$ 46,523	$ 47,132	$ 8,356
COUNTY ATTORNEY				
Assets:				
Cash and cash equivalents	$ 22,135	$ 16,609	$ 18,163	$ 20,581
Liabilities:				
Due to others	$ 22,135	$ 16,609	$ 18,163	$ 20,581
COUNTY CASH BOND				
Assets:				
Cash and cash equivalents	$ 19,854	$ -	$ 19,854	$ -
Liabilities:				
Due to others	$ 19,854	$ -	$ 19,854	$ -
DISTRICT CASH BOND				
Assets:				
Cash and cash equivalents	$ 21,268	$ -	$ 21,268	$ -
Liabilities:				
Due to others	$ 21,268	$ -	$ 21,268	$ -
DISTRICT CLERK				
Assets:				
Cash and cash equivalents	$ 298,228	$ 187,843	$ 386,353	$ 99,718
Liabilities:				
Due to others	$ 298,228	$ 187,843	$ 386,353	$ 99,718
COUNTY CLERK				
Assets:				
Cash and cash equivalents	$ 176,358	$ 7,024	$ 39,612	$ 143,770
Liabilities:				
Due to others	$ 176,358	$ 7,024	$ 39,612	$ 143,770

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

BOSQUE COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BALANCE SEPTEMBER 30 2014	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2015
TAX ASSESSOR/COLLECTOR				
Assets:				
Cash and cash equivalents	$ 501,928	$ 27,095,758	$ 27,130,757	$ 466,929
Liabilities:				
Due to others	$ 501,928	$ 27,095,758	$ 27,130,757	$ 466,929
HISTORICAL COMMISSION				
Assets:				
Cash and cash equivalents	$ 9,025	$ -	$ 9,025	$ -
Liabilities:				
Due to others	$ 9,025	$ -	$ 9,025	$ -
JUSTICE OF THE PEACE #1				
Assets:				
Cash and cash equivalents	$ 23,824	$ 95,929	$ 110,794	$ 8,959
Liabilities:				
Due to others	$ 23,824	$ 95,929	$ 110,794	$ 8,959
JUSTICE OF THE PEACE #2				
Assets:				
Cash and cash equivalents	$ 21,228	$ 48,819	$ 70,047	$ -
Liabilities:				
Due to others	$ 21,228	$ 48,819	$ 70,047	$ -
TREASURER'S COURT COSTS				
Assets:				
Cash and cash equivalents	$ 28,810	$ -	$ 28,810	$ -
Investments	-	-	-	-
Total Assets	$ 28,810	$ -	$ 28,810	$ -
Liabilities:				
Due to others	$ 28,810	$ -	$ 28,810	$ -

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

BOSQUE COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BALANCE SEPTEMBER 30 2014	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2015
BOSQUE CO. AGRICULTURE				
Assets:				
Cash and cash equivalents	$ 3,936	$ -	$ 3,936	$ -
Liabilities:				
Due to others	$ 3,936	$ -	$ 3,936	$ -
EXTENSION PROGRAM COUNCIL				
Assets:				
Cash and cash equivalents	$ 1,904	$ -	$ 1,904	$ -
Liabilities:				
Due to others	$ 1,904	$ -	$ 1,904	$ -
TOTAL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	$ 1,137,463	$ 27,498,505	$ 27,887,655	$ 748,313
Investments	-	-	-	-
Total Assets	$ 1,137,463	$ 27,498,505	$ 27,887,655	$ 748,313
Liabilities:				
Due to others	$ 1,137,463	$ 27,498,505	$ 27,887,655	$ 748,313
Total Liabilities	$ 1,137,463	$ 27,498,505	$ 27,887,655	$ 748,313

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

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

Bickerstaff
Heath Delgado Acosta LLP

$9,565,000
BOSQUE COUNTY, TEXAS
GENERAL OBLIGATION BONDS
SERIES 2017

WE HAVE ACTED AS BOND COUNSEL in connection with the issuance by Bosque County, Texas (the “County”) of its $9,565,000 aggregate original principal amount of General Obligation Bonds, Series 2017, dated March 1, 2017 (the "Bonds").

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

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas. We have also examined applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”), court decisions, Treasury Regulations, and published rulings of the Internal Revenue Service as we have deemed relevant, a transcript of certified proceedings of the County and other pertinent instruments authorizing and relating to the issuance of the Bonds, including (1) the order adopted by the Commissioners Court of the County on February 13, 2017 (the “Order”) authorizing the issuance of the Bonds, (2) the registered Initial Bond numbered T-1, and (3) the Federal Tax Certificate of the County.

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

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

2. The Bonds are secured by and payable from the levy of a direct annual ad valorem tax upon all taxable property within the County, within limits prescribed by law, sufficient for said purposes, as provided in the Order.

3. Interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners thereof pursuant to Section 103 of the

Code and will not constitute a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax on individuals or, except as noted below, corporations.

The adjustment for "adjusted current earnings" set forth in Section 56(g) of the Code is required in determining a corporation's alternative minimum taxable income. Alternative minimum taxable income is increased by seventy-five percent (75%) of the excess, if any, of the "adjusted current earnings" of a corporation over the alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction). Interest on tax-exempt obligations, including the Bonds, would generally be included in computing a corporation's "adjusted current earnings." Accordingly, a portion of any interest on the Bonds received or accrued by a corporation that owns the Bonds will be included in computing such corporation's alternative minimum taxable income for such year.

In addition, the County has designated the Bonds as “qualified tax-exempt obligations” for the purposes of Section 265 of the Code dealing with financial institutions and has represented that the total amount of tax-exempt obligations (including the Bonds) issued by it will not exceed $10,000,000 in “qualified tax-exempt obligations” during calendar year 2017.

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

The opinions set forth above are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. We observe that the County has covenanted in the Order not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Respectfully,

USCA MUNICIPAL ADVISORS, LLC

Financial Advisor to the County

BOSQUE COUNTY, TEXAS • GENERAL OBLIGATION BONDS, SERIES 2017

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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