

DESCRIPTION OF ISSUES COVERED BY THIS REPORT

Certificates of Obligation, Series 2018

Date	Principal	CUSIP
02/15/21	\$ 620,000	034447CC4
02/15/22	645,000	034447CD2
02/15/23	675,000	034447CE0
02/15/24	700,000	034447CF7
02/15/25	735,000	034447CG5
02/15/26	775,000	034447CH3
02/15/27	815,000	034447CJ9
02/15/28	855,000	034447CK6
02/15/29	900,000	034447CL4
02/15/30	935,000	034447CM2
02/15/32	1,960,000	034447CP5
02/15/34	2,090,000	034447CR1
02/15/36	2,230,000	034447CT7
02/15/38	2,390,000	034447CV2
	<u>\$ 16,325,000</u>	

CONTINUING DISCLOSURE REPORT
FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2019

ANDREWS COUNTY, TEXAS

GENERAL OBLIGATION



HTS Continuing Disclosure Services

A Division of Hilltop Securities.

FINANCIAL STATEMENTS

The audited financial statements for the County for the fiscal year ended September 30, 2019 are being filed directly with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA"), and are hereby incorporated by reference into this Annual Continuing Disclosure Report.

SIGNATURE OF ISSUER

The information set forth herein has been obtained from the County and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a promise or guarantee. This Annual Continuing Disclosure Report may contain, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion contained herein are subject to change without notice, and the delivery of this Annual Continuing Disclosure Report will not, under any circumstances, create any implication that there has been no change in the affairs of the County or other matters described.

Andrews County, Texas

/s/

Carol White

Auditor

Approved for Submission:

03/23/2020

Date

ANDREWS COUNTY, TEXAS
2020 GENERAL OBLIGATION DEBT REPORT

TABLE 1 – VALUATIONS, EXEMPTIONS AND GENERAL OBLIGATION DEBT ⁽¹⁾

FYE 2020 Market Valuation Established by the Andrews County Appraisal District (excludes totally exempt property)		\$ 5,625,563,833
Less Exemptions/Reductions at 100% Market Value:		
Residence Homestead	\$ 122,530,313	
Disabled/Over 65 Local Optional Exemptions	13,080,001	
Veterans Exemptions	3,133,701	
Pollution Control Loss	4,765,211	
Productivity Loss	200,808,620	
Value lost to 10% Cap	16,994,892	
Abatements	17,397,852	378,710,590
		<u>\$ 5,246,853,243</u>
2019/20 Taxable Assessed Valuation		<u>\$ 5,246,853,243</u>
County Funded Debt Payable from Ad Valorem Taxes as of 3/15/20	\$ 16,325,000	
Funded Debt Payable from Ad Valorem Taxes		<u>\$ 16,325,000</u>
Ratio General Obligation Debt to Taxable Assessed Valuation		0.31%

2020 Estimated Population - 18,500

Per Capita Taxable Assessed Valuation - \$283,614

Per Capita Funded Debt Payable from Ad Valorem Taxes - \$882

(1) A substantial portion of the County's taxable assessed valuation is comprised of minerals, consisting of oil and natural gas mineral interests; and, fluctuations in the County's taxable assessed valuation in recent years has been largely attributable to changes in mineral values and related changes in (i) drilling activity, (ii) the amount of oil and natural gas produced from new and existing wells and (iii) levels of economic activity associated with such drilling and mineral production. The County cannot predict the value of mineral reserves in the County for any future year.

TABLE 2 – TAXABLE ASSESSED VALUATIONS BY CATEGORY ⁽¹⁾

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2020		2019		2018	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	\$ 792,890,547	14.09%	\$ 742,348,659	14.40%	\$ 730,650,729	15.46%
Real, Residential, Multi Family	22,698,457	0.40%	22,434,066	0.44%	22,498,369	0.48%
Real, Vacant Lots/Tracts	13,046,977	0.23%	14,390,345	0.28%	14,529,229	0.31%
Real, Acreage (Land Only)	219,096,539	3.89%	220,456,379	4.28%	225,402,238	4.77%
Farm and Ranch Improvements	38,441,842	0.68%	36,346,935	0.71%	29,453,419	0.62%
Real, Commercial and Industrial	264,201,708	4.70%	249,778,995	4.85%	243,005,910	5.14%
Real, Oil, Gas/Other Mineral Resrvs	3,468,941,879	61.66%	3,176,395,512	61.63%	2,785,051,975	58.94%
Real and Tangible Personal, Utilities	338,762,820	6.02%	288,574,036	5.60%	248,876,774	5.27%
Personal Commercial and Industrial	435,324,930	7.74%	383,656,850	7.44%	407,110,343	8.62%
Mobile Homes	23,612,590	0.42%	19,633,761	0.38%	18,278,984	0.39%
Residential Inventory	8,545,544	0.15%	-	0.00%	-	0.00%
Total TAV Before Exemptions	\$5,625,563,833	100.00%	\$5,154,015,538	100.00%	\$4,724,857,970	100.00%
Less: Total Exemptions/Reductions	(378,710,590)		(387,237,996)		(394,439,397)	
Taxable Assessed Value	<u>\$5,246,853,243</u>		<u>\$4,766,777,542</u>		<u>\$4,330,418,573</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2017		2016	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	\$ 714,052,882	17.92%	\$ 679,222,001	12.61%
Real, Residential, Multi Family	18,443,508	0.46%	18,592,954	0.35%
Real, Vacant Lots/Tracts	15,032,007	0.38%	15,774,373	0.29%
Real, Acreage (Land Only)	225,621,707	5.66%	225,462,506	4.19%
Farm and Ranch Improvements	29,463,290	0.74%	28,034,127	0.52%
Real, Commercial and Industrial	246,537,800	6.19%	280,692,687	5.21%
Real, Oil, Gas/Other Mineral Resrvs	2,103,375,188	52.79%	3,413,379,329	63.38%
Real and Tangible Personal, Utilities	207,816,151	5.22%	209,959,528	3.90%
Personal Commercial and Industrial	405,762,550	10.18%	497,605,677	9.24%
Mobile Homes	18,060,748	0.45%	16,462,104	0.31%
Residential Inventory	40,854	0.00%	106,086	0.00%
Total TAV Before Exemptions	\$3,984,206,685	100.00%	\$5,385,291,372	100.00%
Less: Total Exemptions/Reductions	(398,600,327)		(403,743,781)	
Taxable Assessed Value	<u>\$3,585,606,358</u>		<u>\$4,981,547,591</u>	

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

(1) A substantial portion of the County's taxable assessed valuation is comprised of minerals, consisting of oil and natural gas mineral interests; and, fluctuations in the County's taxable assessed valuation in recent years has been largely attributable to changes in mineral values and related changes in (i) drilling activity, (ii) the amount of oil and natural gas produced from new and existing wells and (iii) levels of economic activity associated with such drilling and mineral production. A substantial portion of the United States' proven and accessible oil and natural gas reserves are located in the Permian Basin (which includes the County), and the area has benefited by relative increases in oil and natural gas prices to levels that support drilling activity for the production of oil and gas and provide incentives for older, less productive wells to be reworked, which can extend the life of a well and therefore produce local tax values over a longer period of time. Accordingly, drilling activity and well improvements are significant factors affecting the local and regional economy in the area of the County; however, the County cannot predict the value of mineral reserves in the County for any future year.

TABLE 3 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	GO Tax Debt Outstanding at End of Year	Ratio Tax Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2016	17,000	\$ 4,981,547,591	\$ 293,032	\$ 65,050,000	1.31%	\$ 3,826
2017	17,000	3,585,606,358	210,918	63,080,000	1.76%	3,711
2018	17,000	4,330,418,573	254,731	17,540,000	0.41%	1,032
2019	17,000	4,766,777,542	280,399	16,920,000	0.35%	995
2020	18,500	5,246,853,243	283,614	16,325,000 ⁽³⁾	0.31% ⁽³⁾	882 ⁽³⁾

(1) Population estimates provided by the County.

(2) As reported by the Andrews County Appraisal District on County’s annual State Property Tax Board Reports; subject to change during the ensuing year.

(3) Projected.

TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	Tax Levy	% Current Collections	% Total Collections
2016	\$ 0.5105	\$ 25,430,800	99.13%	100.94%
2017	0.5655	20,276,604	96.60%	98.60%
2018	0.5157	22,331,969	96.09%	98.88%
2019	0.5189	24,734,809	91.78%	92.44%
2020	0.5099	26,753,705	96.58% ⁽¹⁾	97.18% ⁽¹⁾

(1) Collections through February 28, 2020.

TABLE 5 – TAX RATE DISTRIBUTION ANALYSIS

	Fiscal Year Ended September 30,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Fund	\$ 0.4282	\$ 0.4325	\$ 0.4384	\$ 0.4805	\$ 0.4355
Interest and Sinking Fund	<u>0.0233</u>	<u>0.03</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Constitutional Tax Rate	\$ 0.4515	\$ 0.4599	\$ 0.4384	\$ 0.4805	\$ 0.4355
Special Road and Bridge (Road Maintenance) ^{1/3}	\$ 0.0195	\$ 0.0200	\$ 0.0258	\$ 0.0300	\$ 0.0250
Farm to Market and Flood Control ^{2/3}	<u>0.0389</u>	<u>0.0390</u>	<u>0.0515</u>	<u>0.0550</u>	<u>0.0500</u>
Total Tax Rate	<u>\$ 0.5099</u>	<u>\$ 0.5189</u>	<u>\$ 0.5157</u>	<u>\$ 0.5655</u>	<u>\$ 0.5105</u>

TABLE 6 – TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2019/2020 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
University of Texas (PUF)	Perm. University Fund	358,798,471	6.84%
XTO Energy Inc.	Oil & Gas	338,480,420	6.45%
COG Operating LLC	Oil & Gas	338,278,020	6.45%
Pioneer Natural Res. USA Inc.	Oil & Gas	203,564,130	3.88%
Apache Corp.	Oil & Gas	182,627,444	3.48%
Fasken Oil & Ranch Ltd.	Oil & Gas	169,602,136	3.23%
Diamondback E&P LLC	Oil & Gas	157,166,925	3.00%
Oncor Electric Delivery Co. LLC	Electric Utility/Power Plant	117,989,947	2.25%
Conoco Phillips Co.	Oil & Gas	108,253,010	2.06%
Chevron Midcontinent LP	Oil & Gas	82,581,409	1.57%
		\$ 2,057,341,912	39.21%

TABLE 7 – TAX ADEQUACY

2020 Principal and Interest Requirements	\$ 1,236,113
\$0.0242 Tax Rate at 97% Collection Produces	\$ 1,237,496
Average Annual Principal and Interest Requirements, 2020 - 2038	\$ 1,237,631
\$0.0243 Tax Rate at 97% Collection Produces	\$ 1,242,610
Maximum Annual Principal and Interest Requirements, 2023	\$ 1,240,263
\$0.0243 Tax Rate at 97% Collection Produces	\$ 1,242,610

TABLE 9 – GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Outstanding Debt Service			% of Principal Retired
	Principal	Interest	Total	
2020	\$ 595,000	\$ 641,113	\$ 1,236,113	
2021	620,000	616,938	1,236,938	
2022	645,000	591,513	1,236,513	
2023	675,000	565,263	1,240,263	
2024	700,000	537,638	1,237,638	19.12%
2025	735,000	501,763	1,236,763	
2026	775,000	464,013	1,239,013	
2027	815,000	424,263	1,239,263	
2028	855,000	382,513	1,237,513	
2029	900,000	338,638	1,238,638	43.23%
2030	935,000	302,113	1,237,113	
2031	965,000	273,009	1,238,009	
2032	995,000	242,384	1,237,384	
2033	1,030,000	210,100	1,240,100	
2034	1,060,000	176,138	1,236,138	72.70%
2035	1,095,000	140,434	1,235,434	
2036	1,135,000	102,803	1,237,803	
2037	1,175,000	63,088	1,238,088	
2038	1,215,000	21,263	1,236,263	100.00%
	<u>\$ 16,920,000</u>	<u>\$ 6,594,981</u>	<u>\$ 23,514,981</u>	

TABLE 10 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

As of January 31, 2020, the County has no authorized but unissued bonds.

TABLE 11 – OTHER OBLIGATIONS

As of September 30, 2019, the County has no other obligations.

TABLE 12 – CHANGES IN NET ASSETS

	Fiscal Year Ending September 30,				
	2019 ⁽¹⁾	2018	2017	2016	2015
Revenues					
Property Taxes	\$ 23,751,739	\$ 22,832,735	\$ 20,864,938	\$ 26,016,336	\$ 25,137,012
Fees & Fines	3,158,626	3,248,618	3,439,651	3,119,460	3,159,331
Interest	1,200,879	849,828	321,290	131,200	29,183
Grants	736,538	624,532	1,118,374	5,239,532	4,821,007
Miscellaneous	1,683,674	1,025,235	1,666,856	1,402,383	3,411,576
Total Revenues	\$ 30,531,456	\$ 28,580,948	\$ 27,411,109	\$ 35,908,911	\$ 36,558,109
Expenditures					
Executive	371,088	\$ 292,702	\$ 317,636	\$ 305,113	\$ 264,450
General & Administrative	17,474,260	14,211,136	17,949,893	20,651,971	21,285,059
Health & Welfare	1,657,590	1,126,098	1,271,070	1,340,807	1,237,656
Judicial	1,269,561	1,966,703	845,749	860,415	703,225
Legal	523,383	337,748	371,454	380,920	325,205
Public Safety	4,826,140	3,679,371	3,623,011	3,781,484	3,597,480
Interest on long-term debt	618,055	31,384	-	-	-
Bond issuance cost and fees	-	344,497	-	-	-
Total Expenditures	\$ 26,740,077	\$ 21,989,639	\$ 24,378,813	\$ 27,320,710	\$ 27,413,075
Transfers In (Out)	\$ -	\$ -	\$ -	\$ 64,124	\$ -
Increase in Net Assets	3,791,379	6,591,309	3,032,296	8,652,325	9,145,034
Prior Period Adjustment	-	(5,626,132)	(4,923)	1,451,240	(4,336,582)
Net Assets, Beginning	53,836,866	52,871,689	49,844,316	39,740,751	34,932,299
Ending Net Assets	\$ 57,628,245	\$ 53,836,866	\$ 52,871,689	\$ 49,844,316	\$ 39,740,751

(1) Unaudited

TABLE 12A – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

Revenues	Fiscal Year Ending September 30,				
	2019 ⁽¹⁾	2018	2017	2016	2015
Taxes	\$ 20,414,567	\$ 18,783,405	\$ 17,092,727	\$ 20,898,954	\$ 20,020,934
Fees and Fines	3,158,626	3,247,919	3,435,692	3,112,786	3,220,087
Interest	999,209	596,377	223,841	95,597	23,650
Other Receipts	1,448,521	1,081,688	1,509,806	1,370,801	3,226,006
Total Revenues	\$ 26,020,923	\$ 23,709,389	\$ 22,262,066	\$ 25,478,138	\$ 26,490,677
Expenditures					
Executive	\$ 371,088	\$ 291,582	\$ 278,681	\$ 280,297	\$ 279,551
General Administration	12,168,994	13,445,448	13,918,439	13,717,874	15,825,029
Health and Welfare	1,376,159	897,006	898,005	1,004,184	1,027,659
Judicial	1,269,561	2,055,121	761,549	788,127	744,472
Legal	523,383	343,939	330,452	345,019	338,423
Public Safety	4,303,424	2,873,283	2,292,274	2,574,330	2,967,206
Total Expenditures	\$ 20,012,609	\$ 19,906,379	\$ 18,479,400	\$ 18,709,831	\$ 21,182,340
Excess (Deficiency) Revenues					
Over Expenditures	\$ 6,008,314	\$ 3,803,010	\$ 3,782,666	\$ 6,768,307	\$ 5,308,337
Other Financing Sources (Uses):	<u>(14,017,495)⁽²⁾</u>	<u>(22,535)</u>	<u>-</u>	<u>(35,876)</u>	<u>644,473</u>
Net Change in Fund Balance	\$ (8,009,181)	\$ 3,780,475	\$ 3,782,666	\$ 6,732,431	\$ 5,952,810
Fund Balance Beginning of Year	33,289,536	30,044,236	26,261,570	19,608,043	13,655,233
Balance Adjustment	<u>-</u>	<u>(535,175)</u>	<u>-</u>	<u>(78,904)</u>	<u>-</u>
Fund Balance End of Year	\$ 25,280,355	\$ 33,289,536	\$ 30,044,236	\$ 26,261,570	\$ 19,608,043

(1) Unaudited.

(2) The County appropriated a portion of existing fund balance to be used along with the proceeds from the County's 2018 bond issue to build a new Sheriff's Office and County Jail.

TABLE 13 – SPECIAL REVENUE FUNDS (ROAD AND BRIDGE)

	Fiscal Year Ended September 30,				
	2019 ⁽¹⁾	2018	2017	2016	2015
Revenues					
Taxes	\$ 3,337,172	\$ 3,829,233	\$ 3,555,882	\$ 4,812,420	\$ 4,943,379
Interest	197,048	126,418	43,604	16,742	3,374
Total Revenues:	\$ 3,534,220	\$ 3,955,651	\$ 3,599,486	\$ 4,829,162	\$ 4,946,753
Expenditures					
General Administration	\$ 5,207,098	\$ 4,624,707	\$ 2,451,098	\$ 2,730,607	\$ 3,162,940
Total Expenditures	\$ 5,207,098	\$ 4,624,707	\$ 2,451,098	\$ 2,730,607	\$ 3,162,940
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (1,672,878)	\$ (669,056)	\$ 1,148,388	\$ 2,098,555	\$ 1,783,813
Other Financing (Uses)					
Transfers In (Out)	-	2,539,012	-	(566,754)	-
Sale of Assets	362	-	-	-	(1,180,855)
Net Change in Fund Balance	\$ (1,672,516)	\$ 1,869,956	\$ 1,148,388	\$ 1,531,801	\$ 602,958
Beginning Fund Balance	\$ 7,768,691	\$ 5,987,037	\$ 4,838,649	\$ 3,306,848	\$ 2,703,890
Prior Period Adjustment	-	(88,302)	-	-	-
Ending Fund Balance	\$ 6,096,175	\$ 7,768,691	\$ 5,987,037	\$ 4,838,649	\$ 3,306,848

(1) Unaudited

TABLE 14 - CURRENT INVESTMENTS

As of March 18, 2020, the County's investable funds were invested in the following categories:

Investment Description	% of Total Value	Market Value
TexPool	72.17%	44,935,283.00
TX Class	1.70%	1,057,798.00
TexSTAR	23.24%	14,471,016.00
US Government Securities	1.20%	750,000.00
Certificate of Deposits	1.68%	1,046,034.00
	<u>100.00%</u>	<u>62,260,131.00</u>