

## DESCRIPTION OF ISSUES COVERED BY THIS REPORT

### Certificates of Obligation, Series 2018

Date	Principal	CUSIP
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>\$ 15,705,000</u>	

CONTINUING DISCLOSURE REPORT  
FOR THE  
FISCAL YEAR ENDED SEPTEMBER 30, 2020

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, 2020 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/

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Carol White

Auditor

Approved for Submission:

03/30/2021

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Date

## **CERTIFICATE OF SUBMISSION OF ANNUAL REPORT**

Subject to the continuing disclosure requirements of SEC Rule 15c2-12, this Annual Continuing Disclosure Report for the Andrews County, Texas with respect to the issues listed on the report cover was submitted directly to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") listed below.

Municipal Securities Rulemaking Board ("MSRB")  
via the Electronic Municipal Market Access ("EMMA") system

HTS Continuing Disclosure Services, A Division of Hilltop Securities Inc.

Signed by:

/s/ Taylor Avaritt

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**ANDREWS COUNTY, TEXAS**  
**2021 GENERAL OBLIGATION DEBT REPORT**

**TABLE 1 – VALUATIONS, EXEMPTIONS AND GENERAL OBLIGATION DEBT <sup>(1)</sup>**

FYE 2021 Market Valuation Established by the Andrews County Appraisal District (excludes totally exempt property)		\$5,593,963,272
Less Exemptions/Reductions at 100% Market Value:		
Residence Homestead	\$ 131,674,192	
Disabled/Over 65 Local Optional Exemptions	13,006,122	
Veterans Exemptions	3,565,859	
Pollution Control Loss	4,455,472	
Productivity Loss	200,547,464	
Value lost to 10% Cap	16,703,541	
Abatements	88,454,528	458,407,178
2020/21 Taxable Assessed Valuation		\$5,135,556,094
County Funded Debt Payable from Ad Valorem Taxes as of 3/15/21	\$ 15,705,000	
Funded Debt Payable from Ad Valorem Taxes		\$ 15,705,000
Ratio General Obligation Debt to Taxable Assessed Valuation		0.31%

2021 Estimated Population - 18,500

Per Capita Taxable Assessed Valuation - \$277,598

Per Capita Funded Debt Payable from Ad Valorem Taxes - \$849

(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 <sup>(1)</sup>**

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2021		2020		2019	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	\$ 860,894,974	15.39%	\$ 792,890,547	14.09%	\$ 742,348,659	14.40%
Real, Residential, Multi Family	23,322,244	0.42%	22,698,457	0.40%	22,434,066	0.44%
Real, Vacant Lots/Tracts	13,506,374	0.24%	13,046,977	0.23%	14,390,345	0.28%
Real, Acreage (Land Only)	219,246,292	3.92%	219,096,539	3.89%	220,456,379	4.28%
Farm and Ranch Improvements	41,107,720	0.73%	38,441,842	0.68%	36,346,935	0.71%
Real, Commercial and Industrial	537,368,011	9.61%	264,201,708	4.70%	249,778,995	4.85%
Real, Oil, Gas/Other Mineral Resrvs	3,085,292,367	55.15%	3,468,941,879	61.66%	3,176,395,512	61.63%
Real and Tangible Personal, Utilities	365,271,167	6.53%	338,762,820	6.02%	288,574,036	5.60%
Personal Commercial and Industrial	412,695,725	7.38%	435,324,930	7.74%	383,656,850	7.44%
Mobile Homes	25,692,439	0.46%	23,612,590	0.42%	19,633,761	0.38%
Residential Inventory	9,565,959	0.17%	8,545,544	0.15%	-	0.00%
Total TAV Before Exemptions	\$5,593,963,272	100.00%	\$5,625,563,833	100.00%	\$5,154,015,538	100.00%
Less: Total Exemptions/Reductions	(458,407,178)		(378,710,590)		(387,237,996)	
Taxable Assessed Value	<u>\$5,135,556,094</u>		<u>\$5,246,853,243</u>		<u>\$4,766,777,542</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2018		2017	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	\$ 730,650,729	15.46%	\$ 714,052,882	17.92%
Real, Residential, Multi Family	22,498,369	0.48%	18,443,508	0.46%
Real, Vacant Lots/Tracts	14,529,229	0.31%	15,032,007	0.38%
Real, Acreage (Land Only)	225,402,238	4.77%	225,621,707	5.66%
Farm and Ranch Improvements	29,453,419	0.62%	29,463,290	0.74%
Real, Commercial and Industrial	243,005,910	5.14%	246,537,800	6.19%
Real, Oil, Gas/Other Mineral Resrvs	2,785,051,975	58.94%	2,103,375,188	52.79%
Real and Tangible Personal, Utilities	248,876,774	5.27%	207,816,151	5.22%
Personal Commercial and Industrial	407,110,343	8.62%	405,762,550	10.18%
Mobile Homes	18,278,984	0.39%	18,060,748	0.45%
Residential Inventory	-	0.00%	40,854	0.00%
Total TAV Before Exemptions	\$4,724,857,970	100.00%	\$3,984,206,685	100.00%
Less: Total Exemptions/Reductions	(394,439,397)		(398,600,327)	
Taxable Assessed Value	<u>\$4,330,418,573</u>		<u>\$3,585,606,358</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 <sup>(1)</sup>	Taxable Assessed Valuation <sup>(2)</sup>	Taxable Assessed Valuation Per Capita	GO Tax Debt Outstanding at End of Year	Ratio Tax Debt to Taxable Assessed Valuation	Funded Debt Per Capita
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	0.31%	882
2021	18,500	5,135,556,094	277,598	15,705,000 <sup>(3)</sup>	0.31% <sup>(3)</sup>	849 <sup>(3)</sup>

(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
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	26,748,995	98.61% <sup>(2)</sup>	99.00% <sup>(2)</sup>
2021	0.5099	26,186,201	94.59% <sup>(1)</sup>	95.01% <sup>(1)</sup>

(1) Collections through January 31, 2021.

(2) Unaudited.

**TABLE 5 – TAX RATE DISTRIBUTION ANALYSIS**

	Fiscal Year Ended September 30,				
	2021	2020	2019	2018	2017
General Fund	\$ 0.4279	\$ 0.4282	\$ 0.4325	\$ 0.4384	\$ 0.4805
Interest and Sinking Fund	0.0237	0.02	0.03	-	-
Total Constitutional Tax Rate	\$ 0.4516	\$ 0.4515	\$ 0.4599	\$ 0.4384	\$ 0.4805
Special Road and Bridge (Road Maintenance) <sup>1/3</sup>	\$ 0.0194	\$ 0.0195	\$ 0.0200	\$ 0.0258	\$ 0.0300
Farm to Market and Flood Control <sup>2/3</sup>	0.0389	0.0389	0.0390	0.0515	0.0550
Total Tax Rate	\$ 0.5099	\$ 0.5099	\$ 0.5189	\$ 0.5157	\$ 0.5655



**TABLE 6 – TEN LARGEST TAXPAYERS**

Name of Taxpayer	Nature of Property	2020/2021 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
COG Operating LLC	Oil & Gas	454,288,819	8.85%
University of Texas (PUF)	Oil & Gas	367,026,129	7.15%
Oncor Electric Delivery Co. LLC	Electric Utility/Power Plant	154,034,009	3.00%
Fasken Oil & Ranch Ltd.	Oil & Gas	143,724,839	2.80%
XTO Energy Inc.	Oil & Gas	143,156,178	2.79%
Apache Corp.	Oil & Gas	140,517,727	2.74%
Diamondback E&P LLC	Oil & Gas	131,400,175	2.56%
Pioneer Natural Res. USA Inc.	Oil & Gas	121,367,410	2.36%
Texland Petroleum LP	Oil & Gas	79,544,807	1.55%
Ring Energy Inc.	Oil & Gas	77,610,875	1.51%
		\$1,812,670,968	35.30%

**TABLE 7 – TAX ADEQUACY**

2021 Principal and Interest Requirements	\$ 1,236,938
\$0.0252 Tax Rate at 96% Collection Produces	\$ 1,239,428
Average Annual Principal and Interest Requirements, 2021 - 2038	\$ 1,237,715
\$0.0252 Tax Rate at 96% Collection Produces	\$ 1,239,428
Maximum Annual Principal and Interest Requirements, 2023	\$ 1,240,263
\$0.0253 Tax Rate at 96% Collection Produces	\$ 1,244,346

**TABLE 9 – GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

Fiscal Year Ended 9/30	Outstanding Debt Service			% of Principal Retired
	Principal	Interest	Total	
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	
2025	735,000	501,763	1,236,763	20.67%
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	
2030	935,000	302,113	1,237,113	46.89%
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	
2035	1,095,000	140,434	1,235,434	78.41%
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>\$ 16,325,000</u>	<u>\$ 5,953,869</u>	<u>\$ 22,278,869</u>	

**TABLE 10 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS**

As of January 31, 2021, the County has no authorized but unissued bonds.

**TABLE 11 – OTHER OBLIGATIONS**

As of September 30, 2020, the County has no other obligations.

**TABLE 12 – CHANGES IN NET ASSETS**

Revenues	Fiscal Year Ending September 30,				
	2020 <sup>(1)</sup>	2019	2018	2017	2016
Property Taxes	\$ 27,624,558	\$ 24,962,687	\$ 22,832,735	\$ 20,864,938	\$ 26,016,336
Fees & Fines	3,133,767	3,157,134	3,248,618	3,439,651	3,119,460
Interest	567,222	1,750,156	849,828	321,290	131,200
Grants	989,066	742,365	624,532	1,118,374	5,239,532
Miscellaneous	1,434,279	1,325,420	1,025,235	1,666,856	1,402,383
<b>Total Revenues</b>	<b>\$ 33,748,892</b>	<b>\$ 31,937,762</b>	<b>\$ 28,580,948</b>	<b>\$ 27,411,109</b>	<b>\$ 35,908,911</b>
<b>Expenditures</b>					
Executive	427,556	\$ 505,349	\$ 292,702	\$ 317,636	\$ 305,113
General & Administrative	17,471,650	16,549,930	14,211,136	17,949,893	20,651,971
Health & Welfare	1,839,321	1,804,220	1,126,098	1,271,070	1,340,807
Judicial	1,327,133	1,378,891	1,966,703	845,749	860,415
Legal	535,343	575,468	337,748	371,454	380,920
Public Safety	4,707,704	5,650,421	3,679,371	3,623,011	3,781,484
Interst on long-term debt	641,112	645,505	31,384	-	-
Bond issuance cost and fees	-	-	344,497	-	-
<b>Total Expenditures</b>	<b>\$ 26,949,819</b>	<b>\$ 27,109,784</b>	<b>\$ 21,989,639</b>	<b>\$ 24,378,813</b>	<b>\$ 27,320,710</b>
Transfers In (Out)	\$ -	\$ -	\$ -	\$ -	\$ 64,124
Increase in Net Assets	6,799,073	4,827,978	6,591,309	3,032,296	8,652,325
Prior Period Adjustment	-	-	(5,626,132)	(4,923)	1,451,240
Net Assets, Beginning	58,664,844	53,836,866	52,871,689	49,844,316	39,740,751
<b>Ending Net Assets</b>	<b>\$ 65,463,917</b>	<b>\$ 58,664,844</b>	<b>\$ 53,836,866</b>	<b>\$ 52,871,689</b>	<b>\$ 49,844,316</b>

(1) Unaudited.

**TABLE 12A – GENERAL FUND REVENUES AND EXPENDITURE HISTORY**

Revenues	Fiscal Year Ending September 30,				
	2020 <sup>(2)</sup>	2019	2018	2017	2016
Taxes	\$ 22,757,813	\$ 20,412,006	\$ 18,783,405	\$ 17,092,727	\$ 20,898,954
Fees and Fines	3,127,857	3,153,591	3,247,919	3,435,692	3,112,786
Interest	352,633	1,000,038	596,377	223,841	95,597
Other Receipts	1,224,587	1,453,094	1,081,688	1,509,806	1,370,801
Total Revenues	\$ 27,462,890	\$ 26,018,729	\$ 23,709,389	\$ 22,262,066	\$ 25,478,138
<b>Expenditures</b>					
Executive	\$ 427,556	\$ 454,414	\$ 291,582	\$ 278,681	\$ 280,297
General Administration	13,771,695	12,081,377	13,445,448	13,918,439	13,717,874
Health and Welfare	1,556,713	1,376,149	897,006	898,005	1,004,184
Judicial	1,327,133	1,268,451	2,055,121	761,549	788,127
Legal	535,343	523,383	343,939	330,452	345,019
Public Safety	4,064,548	4,355,104	2,873,283	2,292,274	2,574,330
Total Expenditures	\$ 21,682,988	\$ 20,058,878	\$ 19,906,379	\$ 18,479,400	\$ 18,709,831
<b>Excess (Deficiency) Revenues</b>					
Over Expenditures	\$ 5,779,902	\$ 5,959,851	\$ 3,803,010	\$ 3,782,666	\$ 6,768,307
Other Financing Sources (Uses):	(3,834,622)	(14,017,495) <sup>(1)</sup>	(22,535)	-	(35,876)
Net Change in Fund Balance	\$ 1,945,280	\$ (8,057,644)	\$ 3,780,475	\$ 3,782,666	\$ 6,732,431
Fund Balance Beginning of Year	25,231,892	33,289,536	30,044,236	26,261,570	19,608,043
Balance Adjustment	-	-	(535,175)	-	(78,904)
Fund Balance End of Year	\$ 27,177,172	\$ 25,231,892	\$ 33,289,536	\$ 30,044,236	\$ 26,261,570

(1) 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.

(2) Unaudited.

**TABLE 13 – SPECIAL REVENUE FUNDS (ROAD AND BRIDGE)**

	Fiscal Year Ended September 30,				
	2020 <sup>(1)</sup>	2019	2018	2017	2016
<b>Revenues</b>					
Taxes	\$ 3,636,674	\$ 3,341,094	\$ 3,829,233	\$ 3,555,882	\$ 4,812,420
Interest	72,575	197,048	126,418	43,604	16,742
Total Revenues:	\$ 3,709,249	\$ 3,538,142	\$ 3,955,651	\$ 3,599,486	\$ 4,829,162
<b>Expenditures</b>					
General Administration	\$ 3,357,183	\$ 5,207,112	\$ 4,624,707	\$ 2,451,098	\$ 2,730,607
Total Expenditures	\$ 3,357,183	\$ 5,207,112	\$ 4,624,707	\$ 2,451,098	\$ 2,730,607
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 352,066	\$ (1,668,970)	\$ (669,056)	\$ 1,148,388	\$ 2,098,555
Other Financing (Uses)					
Transfers In (Out)	-	-	2,539,012	-	(566,754)
Sale of Assets	-	-	-	-	-
Net Change in Fund Balance	\$ 352,066	\$ (1,668,970)	\$ 1,869,956	\$ 1,148,388	\$ 1,531,801
Beginning Fund Balance	\$ 6,099,721	\$ 7,768,691	\$ 5,987,037	\$ 4,838,649	\$ 3,306,848
Prior Period Adjustment	-	-	(88,302)	-	-
Ending Fund Balance	\$ 6,451,787	\$ 6,099,721	\$ 7,768,691	\$ 5,987,037	\$ 4,838,649

(1) Unaudited.

**TABLE 14 - CURRENT INVESTMENTS**

As of January 31, 2021, the County's investable funds were invested in the following categories:

Investment Description	% of Total Value	Market Value
TexPool	92.81%	48,804,268.00
TX Class	2.03%	1,067,580.00
TexSTAR	3.14%	1,652,025.00
Certificate of Deposits	2.02%	1,060,677.00
	100.00%	52,584,550.00