

RULE 15c2-12 FILING COVER SHEET

This cover sheet is sent with all submissions to the Municipal Securities Rulemaking Board (the Nationally Recognized Municipal Securities Information Repository) and any applicable State Information Depository pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12 or any analogous state statute.

Issuer Name: Houston County, Texas

Issue(s):

\$ 13,499,998 Certificates of Obligation, Series 2008
\$ 8,995,000 General Obligation Refunding Bonds, Series 2015

Filing Format X electronic ___ paper; If available on the Internet, give URL: _____

CUSIP Numbers to which the information filed relates (optional):

X Nine-digit number(s) (see following page(s)):

___ Six-digit number if information filed relates to all securities of the issuer

* * *

Financial & Operating Data Disclosure Information

___ Annual Financial Report or CAFR
X Financial Information & Operating Data
___ Other (describe) _____
X Fiscal Period Covered: FYE 2017
___ Monthly ___ Quarterly X Annual ___ Other: _____

At the time of filing the September 30, 2017 audit was not complete and will be posted once available.
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* * *

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: /s/ Melissa Mosley

Name: Melissa Mosley Title: County Auditor

Employer: Houston County, Texas

Voice Telephone Number: (936) 544-3255

Email Address: melissa.mosley@co.houston.tx.us

DESCRIPTION OF ISSUES COVERED BY THIS REPORT

Certificates of Obligation, Series 2008

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
02/15/19	\$ 460,000	442092CN0
02/15/20	485,000	442092CP5
02/15/21	510,000	442092CW0
	<u>\$ 1,455,000</u>	

General Obligation Refunding Bonds, Series 2015

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
02/15/19	\$ 55,000	442092DC3
02/15/20	55,000	442092DD1
02/15/21	55,000	442092DE9
02/15/22	585,000	442092DF6
02/15/23	605,000	442092DG4
02/15/24	620,000	442092DH2
02/15/25	640,000	442092DJ8
02/15/26	665,000	442092DK5
02/15/27	685,000	442092DL3
02/15/28	710,000	442092DM1
02/15/29	740,000	442092DN9
02/15/30	765,000	442092DP4
02/15/31	800,000	442092DQ2
02/15/32	830,000	442092DR0
02/15/33	860,000	442092DS8
	<u>\$ 8,670,000</u>	

CONTINUING DISCLOSURE REPORT
FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2017

HOUSTON COUNTY, TEXAS

GENERAL OBLIGATION DEBT



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, 2017 are being separately filed directly with the Nationally Recognized Municipal Securities Information Repository and any applicable State Information Depository, 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.

HOUSTON COUNTY, TEXAS

/s/ Melissa Mosley

Melissa Mosley

County Auditor

Approved for Submission:

3/29/2018

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 Houston County, Texas with respect to the issues listed on the report cover was submitted directly to the Nationally Recognized Municipal Securities Information Repository ("NRMSIR") listed below as well as to any applicable State Information Depository ("SID").

NRMSIR

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/ Petia Moutaftchieva

HOUSTON COUNTY, TX

2018 GENERAL OBLIGATION DEBT REPORT

TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

Fiscal Year 2017/18 Market Valuation Established by the Houston County Appraisal District (excluding totally exempt property)		\$1,502,723,200
Less Exemptions/Reductions at 100% Market Value:		
Local Optional Over 65/Disabled Exemption Loss	\$ 27,187,760	
Local Optional Percentage (20%) Exemption Loss	85,801,920	
Veterans Exemption Loss	12,338,050	
Pollution Control Exemption Loss	1,671,300	
Abatement Value Loss	85,019,520	
10% Cap Value Loss	1,204,010	
		213,222,560
2017/18 Taxable Assessed Valuation		\$ 1,289,500,640
 County Funded Debt Payable from Ad Valorem Taxes as of 12/31/17		 \$ 10,620,000
 Ratio General Obligation Debt to Taxable Assessed Valuation		 0.82%

2017/18 Estimated Population - 22,741
Per Capita Taxable Assessed Valuation - \$56,704
Per Capita Funded Debt Payable from Ad Valorem Taxes - \$467

TABLE 2 – TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2018		2017		2016	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	\$ 359,097,150	23.90%	\$ 356,159,100	25.35%	\$ 354,360,515	23.65%
Real, Residential, Multi Family	7,228,470	0.48%	7,192,940	0.51%	7,244,320	0.48%
Real, Vacant Lots/Tracts	15,604,230	1.04%	15,126,820	1.08%	15,314,940	1.02%
Real, Acreage (Land Only)	142,918,570	9.51%	132,883,010	9.46%	119,704,250	7.99%
Farm and Ranch Improvements	337,373,570	22.45%	326,522,160	23.24%	312,183,200	20.84%
Real, Commercial and Industrial	192,090,740	12.78%	116,996,160	8.33%	112,621,140	7.52%
Real, Oil, Gas/Other Mineral Rsrvs	33,233,910	2.21%	41,005,580	2.92%	175,045,080	11.68%
Vehicles and Utilities	273,739,830	18.22%	215,182,000	15.32%	210,866,144	14.08%
Personal Commercial	42,169,950	2.81%	41,583,130	2.96%	39,556,440	2.64%
Personal Industrial	68,091,200	4.53%	122,094,810	8.69%	122,184,700	8.16%
Mobile Homes/Tangible Personal	28,772,770	1.91%	27,578,160	1.96%	26,055,870	1.74%
Residential/Special Inventory	2,402,810	0.16%	2,679,970	0.19%	2,988,830	0.20%
Total Before Exemptions	\$ 1,502,723,200	100.00%	\$ 1,405,003,840	100.00%	\$ 1,498,125,429	100.00%
Less: Total Exemptions/Reductions	(213,222,560)		(124,988,152)		(126,420,948)	
Taxable Assessed Value	<u>\$ 1,289,500,640</u>		<u>\$ 1,280,015,688</u>		<u>\$ 1,371,704,481</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2015		2014	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	\$ 352,029,011	22.55%	\$ 346,727,140	23.12%
Real, Residential, Multi Family	7,812,060	0.50%	7,864,290	0.52%
Real, Vacant Lots/Tracts	15,333,090	0.98%	15,377,300	1.03%
Real, Acreage (Land Only)	138,018,620	8.84%	138,353,290	9.22%
Farm and Ranch Improvements	280,826,080	17.99%	274,036,065	18.27%
Real, Commercial and Industrial	112,835,660	7.23%	117,363,120	7.83%
Real, Oil, Gas/Other Mineral Rsrvs	279,058,180	17.88%	252,819,820	16.86%
Vehicles and Utilities	210,112,860	13.46%	209,730,120	13.98%
Personal Commercial	40,131,520	2.57%	38,878,040	2.59%
Personal Industrial	97,615,880	6.25%	72,224,190	4.82%
Mobile Homes/Tangible Personal	25,071,960	1.61%	24,111,890	1.61%
Residential/Special Inventory	2,223,350	0.14%	2,293,910	0.15%
Total Before Exemptions	\$ 1,561,068,271	100.00%	\$ 1,499,779,175	100.00%
Less: Total Exemptions/Reductions	(127,058,360)		(128,601,625)	
Taxable Assessed Value	<u>\$ 1,434,009,911</u>		<u>\$ 1,371,177,550</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Houston 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.

TABLE 3 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Population Estimates & Projections ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	Net Tax Debt Outstanding at End of Year	Ratio Tax Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2014	22,741	\$ 1,371,177,550	\$ 60,295	\$ 11,755,000	0.86%	\$ 517
2015	22,741	1,434,009,911	63,058	11,365,000	0.79%	500
2016	22,741	1,371,704,481	60,319	11,095,000	0.81%	488
2017	22,741	1,280,015,688	56,287	10,620,000	0.83%	467
2018	22,741	1,289,500,640	56,704	10,125,000 ⁽³⁾	0.79%	445

(1) Source: The County.

(2) As reported by the Houston County Appraisal District on the 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
2014	\$ 0.46500	\$ 6,366,947	93.82%	97.56%
2015	0.46500	6,669,008	95.77%	98.12%
2016	0.50400	6,913,391	94.50%	96.08%
2017	0.52450	6,730,669	95.48% ⁽¹⁾	97.82% ⁽¹⁾
2018	0.54000	6,963,303	78.97% ⁽²⁾	80.32% ⁽²⁾

(1) Unaudited.

(2) Partial year collections as of February 28, 2018.

TABLE 5 – TAX RATE DISTRIBUTION ANALYSIS

	Fiscal Year Ended 9/30				
	2018	2017	2016	2015	2014
Operating Fund	\$ 0.476700	\$ 0.454500	\$ 0.436560	\$ 0.399310	\$ 0.396320
Interest and Sinking Fund	0.063300	0.070000	0.067440	0.065690	0.068680
Tax Rate	\$ 0.540000	\$ 0.524500	\$ 0.504000	\$ 0.465000	\$ 0.465000

TABLE 6 – TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2017/18 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Lone Star NGL Pipeline LP	Oil & Gas	\$ 61,386,070	4.76%
Enbridge Pipelines LP	Oil & Gas	52,797,410	4.09%
Union Pacific Railroad Co.	Railroad	23,184,740	1.80%
Explorer Pipeline Co.	Oil & Gas	19,866,620	1.54%
Vulcraft, Division of Nucor Corp.	Steel Manufacturing	17,376,340	1.35%
Kinder Morgan Tejas Pipeline	Oil & Gas	12,200,970	0.95%
Trinity River Midstream LLC	Oil & Gas	12,106,080	0.94%
Oncor Electric Delivery Co. LLC	Electric	11,737,940	0.91%
SEM Operating Company	Oil & Gas	11,380,680	0.88%
Oneok Sterling III Pipeline	Oil & Gas	10,682,720	0.83%
		\$ 232,719,570	18.06%

ECONOMIC CONCENTRATION NOTE: As shown above, the majority of the top ten largest taxpayers in the County are concentrated in the oil and gas industry. Oil and gas prices historically have been subject to fluctuation due to a multitude of factors. As a result, the County’s taxable assessed valuation and, therefore, the tax rates required to pay debt service on the County’s bonds, may be subject to volatility in future years (see “Table 2 - Taxable Assessed Valuations by Category”). Adverse developments in economic conditions, particularly in the oil and gas industry, could adversely impact the tax values in the County, resulting in less local tax revenue. If taxpayers of oil and gas properties were to default in the payment of their taxes, the ability of the County to make timely payment of all or part of the debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens.

TABLE 7 – TAX ADEQUACY

2018 Principal and Interest Requirements.....	\$ 881,984
\$.0721 Tax Rate at 95% Collection Produces	\$ 882,243
Average Annual Principal and Interest Requirements, 2018-2033.....	\$ 881,502
\$.0721 Tax Rate at 95% Collection Produces	\$ 882,243
Maximum Annual Principal and Interest Requirements, 2029.....	\$ 885,000
\$.0724 Tax Rate at 95% Collection Produces	\$ 885,914

TABLE 9 – GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Outstanding Debt			% of Principal Retired
	Principal	Interest	Total	
2018	\$ 495,000	\$ 386,984	\$ 881,984	
2019	515,000	366,358	881,358	
2020	540,000	343,013	883,013	
2021	565,000	317,038	882,038	
2022	585,000	294,963	879,963	25.42%
2023	605,000	277,113	882,113	
2024	620,000	258,738	878,738	
2025	640,000	239,838	879,838	
2026	665,000	219,431	884,431	
2027	685,000	196,638	881,638	55.70%
2028	710,000	172,225	882,225	
2029	740,000	145,000	885,000	
2030	765,000	114,900	879,900	
2031	800,000	83,600	883,600	
2032	830,000	51,000	881,000	91.90%
2033	860,000	17,200	877,200	100.00%
	<u>\$ 10,620,000</u>	<u>\$ 3,484,035</u>	<u>\$ 14,104,035</u>	

TABLE 10 – INTEREST AND SINKING FUND BUDGET PROJECTIONS

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2018		\$ 881,984
Interest and Sinking Fund Balance, Fiscal Year Ending 9/30/2017 ⁽¹⁾	102,026	
2017/2018 Budgeted Interest and Sinking Fund Taxes	803,543	
Transfer from General Fund	15,545	<u>921,114</u>
Estimated Balance, Fiscal Year Ending 9/30/2018		<u>\$ 39,130</u>

(1) Unaudited.

TABLE 11 – AUTHORIZED BUT UNISSUED DEBT

As of September 31, 2017, the County has no authorized but unissued general obligation bonds outstanding.

TABLE 12 – OTHER OBLIGATIONS ⁽¹⁾

CAPITAL LEASES... The County has entered into lease agreements as lessee for financing the acquisition of machinery and equipment and vehicles. The agreements accrue interest at rates from 1.02% to 3.25% and are all for durations greater than one year. The future minimum lease payments as of September 30, 2017, were as follows:

Year Ending September 30,	Principal	Interest	Total
2018	\$ 214,178	\$ 7,673	\$ 221,851
2019	166,930	4,979	171,909
2020	170,054	2,858	172,912
2021	70,000	721	70,721
	\$ 621,162	\$ 16,231	\$ 393,760

(1) Unaudited.

PENSION PLAN... The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statement 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, Texas 78768-2034.

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

As of December 31, 2014, the most recent actuarial valuation date, the plan was 95.55% funded. The actuarial accrued liability for benefits was \$13,513,628, and the actuarial value of assets was \$12,911,620, resulting in an unfunded actuarial accrued liability (UAAL) of \$602,008. The covered payroll (annual payroll of active employees covered by the plan) was \$4,835,892 and the ratio of the UAAL to the covered payroll was 12.45%.

TABLE 13 – CHANGES IN NET ASSETS

	Fiscal Year Ending September 30,				
	2017 ⁽¹⁾	2016	2015	2014	2013
Revenues					
Charges for Services	\$2,568,750	\$ 1,985,222	\$ 2,088,211	\$ 2,060,705	\$ 1,928,079
General Revenues					
Property Taxes	6,703,509	6,174,108	6,705,827	6,402,318	5,530,036
Sales Taxes	1,050,198	1,169,995	1,245,229	998,439	1,111,569
Other Taxes	44,342	59,834	43,537	57,446	50,416
Investment Income	29,665	11,317	2,247	3,913	5,824
Grants & Contributions	2,765,686	1,986,348	5,017,491	2,763,917	1,570,197
Payment in Lieu of Taxes	46,551	41,541	31,080	33,717	30,965
Gain on Sale of Assets	-	42,424	22,254	3,275	6,401
Other Miscellaneous	376,550	144,023	82,429	44,422	27,525
Total Revenues	<u>\$13,585,252</u>	<u>\$11,614,812</u>	<u>\$15,238,305</u>	<u>\$12,368,152</u>	<u>\$10,261,012</u>
Expenses					
General Government	\$ 3,058,317	\$ 3,048,351	\$ 2,749,651	\$ 2,710,514	\$ 2,563,188
Judicial and Law Enforcement	5,256,770	5,861,470	5,458,415	5,169,416	4,893,505
Highways and Streets	3,327,134	2,985,885	5,397,439	2,317,054	2,022,627
Health and Welfare	418,723	380,891	353,215	328,325	320,117
Culture and Recreation	230,970	228,902	244,238	234,853	192,661
Bond Issuance Costs	-	215,290	346,174	604,120	341,386
Pass-through Expenditures	314,507	180,954	-	-	-
Interest on Long-Term Debt	405,940	314,611	568,987	589,229	608,487
Total Expenses	<u>\$13,012,361</u>	<u>\$13,216,354</u>	<u>\$15,118,119</u>	<u>\$11,953,511</u>	<u>\$10,941,971</u>
Increase (decrease) in Nets Assets	572,890	(1,601,542)	120,186	414,641	(680,959)
Prior Period Adjustment	-	-	290,210	-	(162,752)
Net Assets, Beginning of Year	<u>\$ 6,163,234</u>	<u>\$ 7,764,776</u>	<u>\$ 7,354,380</u>	<u>\$ 6,939,739</u>	<u>\$ 7,783,450</u>
Net Assets, End of Year	<u>\$ 6,736,124</u>	<u>\$ 6,163,234</u>	<u>\$ 7,764,776</u>	<u>\$ 7,354,380</u>	<u>\$ 6,939,739</u>

(1) Unaudited.

TABLE 13A – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

Revenues	Fiscal Year Ending September 30,				
	2017 ⁽²⁾	2016	2015	2014	2013
Property Taxes	\$ 6,703,509	\$ 6,530,512	\$ 5,727,992	\$ 5,406,740	\$ 4,985,305
General Sales & Use Taxes	1,050,198	1,169,995	1,245,229	998,439	1,111,569
Selective Sales and Use Tax for Boat Sales	44,342	20,233	7,623	10,131	7,773
Fees, Licenses and Permits	635,220	209,573	258,694	236,415	286,498
Intergovernmental Revenue & Grants	2,765,686	620,223	179,039	162,766	241,760
Charges for Services	1,807,506	168,303	670,841	705,135	681,914
Fines - Justice	126,024	193,537	129,715	100,483	101,691
Investment Earnings	29,665	8,634	2,019	3,534	4,742
Contributions and Donations from Private Sources	343,760	2,002	486	12,056	9,048
Payment in Lieu of Taxes	46,551	41,541	31,080	33,717	30,965
Other Revenue	32,791	136,668	19,702	30,037	23,197
Total Revenues	<u>\$ 13,585,252</u>	<u>\$ 9,101,221</u>	<u>\$ 8,272,420</u>	<u>\$ 7,699,453</u>	<u>\$ 7,484,462</u>
Expenditures					
General Government	\$ 6,415,148	\$ 2,779,354	\$ 2,601,796	\$ 2,475,355	\$ 2,309,757
Judicial and Law Enforcement	5,256,770	4,163,163	3,961,642	3,587,408	3,882,984
Culture and Recreation	230,970	128,170	121,799	112,207	140,615
Capital Outlay	228,533	129,553	121,226	167,442	94,669
Debt Service	880,940	19,743	14,439	-	32,276
Total Expenditures	<u>\$ 13,012,361</u>	<u>\$ 7,219,983</u>	<u>\$ 6,820,902</u>	<u>\$ 6,342,412</u>	<u>\$ 6,460,301</u>
Revenues Over (Under) Expenditures	572,890	1,881,238	1,451,518	1,357,041	1,024,161
Other Financing Sources (Uses)					
Sale of Real and Personal Property	\$ -	\$ -	\$ 10,112	\$ 2,250	\$ -
Proceeds from Capital Leases	-	-	15,867	41,994	-
Payments on Capital Leases	-	-	-	-	-
Transfers In (Out)	-	(1,763,352)	(1,510,110)	(1,417,599)	(798,756)
Net Other Financing Sources (Uses)	<u>-</u>	<u>(1,763,352)</u>	<u>(1,484,131)</u>	<u>(1,373,355)</u>	<u>(798,756)</u>
Net Changes in Fund Balance	572,890	117,886	(32,613)	(16,314)	225,405
Prior Period Adjustments	-	-	(126,762)	-	-
Fund Balance, Beginning of Year	<u>\$ 2,777,290</u>	<u>\$ 2,659,404</u>	<u>\$ 2,818,779</u>	<u>\$ 2,835,093</u> ⁽¹⁾	<u>\$ 2,706,181</u>
Fund Balance, End of Year	<u>\$ 3,350,180</u>	<u>\$ 2,777,290</u>	<u>\$ 2,659,404</u>	<u>\$ 2,818,779</u>	<u>\$ 2,931,586</u>

(1) Restated.

(2) Unaudited.

TABLE 14 – COUNTY SALES TAX HISTORY

<u>Fiscal Year</u>	<u>Total Collected</u>	<u>% of Ad Valorem Tax Levy</u>	<u>Equivalent of Ad Valorem Tax Rate</u>	<u>Per Capita</u>
2013	\$ 1,111,569	20.24%	\$ 0.0775	\$ 48.74
2014	998,439	15.68%	0.0728	43.90
2015	1,245,229	18.67%	0.0868	54.76
2016	1,169,995	16.92%	0.0816	51.45
2017	1,050,198 ⁽¹⁾	15.60%	0.0732	46.18

(1) Unaudited.

TABLE 15 – CURRENT INVESTMENTS

<u>Description</u>	<u>Purchase Price</u>	<u>% of Total</u>	<u>Market Value</u>
Certificates of Deposit	\$ 844,615	100.00%	\$ 846,218
	\$ 844,615	100.00%	\$ 846,218

All Investments will mature within 60 months, and the market value of the investments is approximately 100% of their purchase price.