

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

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

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
 Financial Information & Operating Data
___ Other (describe) _____
 Fiscal Period Covered: FYE 2018
___ Monthly ___ Quarterly Annual ___ Other: _____

At the time of filing the September 30, 2018 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 Jeter

Name: Melissa Jeter Title: County Auditor

Employer: Houston County, Texas

Voice Telephone Number: 936-544-3255

Email Address: mjeter@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>
02/15/20	\$ 485,000	442092CP5
02/15/21	510,000	442092CW0
	<u>\$ 995,000</u>	

General Obligation Refunding Bonds, Series 2015

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
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>\$ 8,615,000</u>	

CONTINUING DISCLOSURE REPORT
FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2018

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, 2018 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 Jeter

Melissa Jeter

County Auditor

Approved for Submission:

03/26/2019

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/ Rhodes Legg

HOUSTON COUNTY, TX

2019 GENERAL OBLIGATION DEBT REPORT

TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

Fiscal Year 2018/19 Market Valuation Established by the Houston County Appraisal District (excluding totally exempt property)		\$2,972,081,590
Less Exemptions/Reductions at 100% Market Value:		
Local Optional Over 65/Disabled Exemption Loss	\$ 111,596,540	
Local Optional Percentage (20%) Exemption Loss	2,317,520	
Veterans Exemption Loss	14,594,920	
Productivity Loss	1,452,711,100	
TNRCC Exemption	1,131,510	
Abatement Value Loss	82,019,890	
10% Cap Value Loss	1,483,470	
		1,665,854,950
2018/19 Taxable Assessed Valuation		\$ 1,306,226,640
County Funded Debt Payable from Ad Valorem Taxes as of 12/31/18		\$ 10,125,000
Ratio General Obligation Debt to Taxable Assessed Valuation		0.78%

2018/19 Estimated Population - 22,741
Per Capita Taxable Assessed Valuation - \$57,439
Per Capita Funded Debt Payable from Ad Valorem Taxes - \$445

TABLE 2 – TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2019		2018		2017	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	\$ 362,683,090	12.20%	\$ 359,097,150	23.90%	\$ 356,159,100	25.35%
Real, Residential, Multi Family	7,356,380	0.25%	7,228,470	0.48%	7,192,940	0.51%
Real, Vacant Lots/Tracts	16,506,130	0.56%	15,604,230	1.04%	15,126,820	1.08%
Real, Acreage (Land Only)	1,591,630,910	53.55%	142,918,570	9.51%	132,883,010	9.46%
Farm and Ranch Improvements	358,668,800	12.07%	337,373,570	22.45%	326,522,160	23.24%
Real, Commercial and Industrial	189,879,070	6.39%	192,090,740	12.78%	116,996,160	8.33%
Real, Oil, Gas/Other Mineral Rsrvs	30,682,800	1.03%	33,233,910	2.21%	41,005,580	2.92%
Vehicles and Utilities	279,147,200	9.39%	273,739,830	18.22%	215,182,000	15.32%
Personal Commercial	40,604,520	1.37%	42,169,950	2.81%	41,583,130	2.96%
Personal Industrial	62,184,390	2.09%	68,091,200	4.53%	122,094,810	8.69%
Mobile Homes/Tangible Personal	30,330,050	1.02%	28,772,770	1.91%	27,578,160	1.96%
Residential/Special Inventory	2,408,250	0.08%	2,402,810	0.16%	2,679,970	0.19%
Total Before Exemptions	\$2,972,081,590	100.00%	\$1,502,723,200	100.00%	\$1,405,003,840	100.00%
Less: Total Exemptions/Reductions	(1,665,854,950)		(213,222,560)		(124,988,152)	
Taxable Assessed Value	\$1,306,226,640		\$1,289,500,640		\$1,280,015,688	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2016		2015	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single Family	\$ 354,360,515	23.65%	\$ 352,029,011	22.55%
Real, Residential, Multi Family	7,244,320	0.48%	7,812,060	0.50%
Real, Vacant Lots/Tracts	15,314,940	1.02%	15,333,090	0.98%
Real, Acreage (Land Only)	119,704,250	7.99%	138,018,620	8.84%
Farm and Ranch Improvements	312,183,200	20.84%	280,826,080	17.99%
Real, Commercial and Industrial	112,621,140	7.52%	112,835,660	7.23%
Real, Oil, Gas/Other Mineral Rsrvs	175,045,080	11.68%	279,058,180	17.88%
Vehicles and Utilities	210,866,144	14.08%	210,112,860	13.46%
Personal Commercial	39,556,440	2.64%	40,131,520	2.57%
Personal Industrial	122,184,700	8.16%	97,615,880	6.25%
Mobile Homes/Tangible Personal	26,055,870	1.74%	25,071,960	1.61%
Residential/Special Inventory	2,988,830	0.20%	2,223,350	0.14%
Total Before Exemptions	\$1,498,125,429	100.00%	\$1,561,068,271	100.00%
Less: Total Exemptions/Reductions	(126,420,948)		(127,058,360)	
Taxable Assessed Value	\$1,371,704,481		\$1,434,009,911	

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
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	0.79%	445
2019	22,741	1,306,226,640	57,439	9,610,000 ⁽³⁾	0.74%	423

(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
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%	97.82%
2018	0.54000	6,963,303	96.48% ⁽²⁾	100.94% ⁽²⁾
2019	0.54000	7,053,624	79.23% ⁽¹⁾	80.34% ⁽¹⁾

(1) Partial year collections as of February 28, 2019.

(2) Unaudited

TABLE 5 – TAX RATE DISTRIBUTION ANALYSIS

	Fiscal Year Ended 9/30				
	2019	2018	2017	2016	2015
Operating Fund	\$ 0.480430	\$ 0.476700	\$ 0.454500	\$ 0.436560	\$ 0.399310
Interest and Sinking Fund	0.059570	0.063300	0.070000	0.067440	0.065690
Tax Rate	\$ 0.540000	\$ 0.540000	\$ 0.524500	\$ 0.504000	\$ 0.465000

TABLE 6 – TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2018/19 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Lone Star NGL Pipeline LP	Oil & Gas	\$ 63,194,040	4.84%
Enbridge Pipelines LP	Oil & Gas	38,480,730	2.95%
Union Pacific Railroad Co.	Railroad	24,621,640	1.88%
Explorer Pipeline Co.	Oil & Gas	23,820,380	1.82%
Vulcraft, Division of Nucor Corp.	Steel Manufacturing	18,338,300	1.40%
Oncor Electric Delivery Co. LLC	Electric	17,732,520	1.36%
Oneok Sterling III Pipeline	Oil & Gas	11,687,310	0.89%
Grand Prix Pipeline LLC	Oil & Gas	11,135,880	0.85%
Enbridge Pipelines ETX-LP G&P	Oil & Gas	11,056,900	0.85%
Kinder Morgan Tejas Pipeline	Oil & Gas	10,794,320	0.83%
		\$ 230,862,020	17.68%

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

2019 Principal and Interest Requirements.....	\$ 881,358
\$.0707 Tax Rate at 96% Collection Produces	\$ 882,476
Average Annual Principal and Interest Requirements, 2019-2033.....	\$ 881,470
\$.0707 Tax Rate at 96% Collection Produces	\$ 882,476
Maximum Annual Principal and Interest Requirements, 2029.....	\$ 885,000
\$.0710 Tax Rate at 96% Collection Produces	\$ 886,220

TABLE 9 – GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Outstanding Debt			% of Principal Retired
	Principal	Interest	Total	
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	
2023	605,000	277,113	882,113	27.75%
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	
2028	710,000	172,225	882,225	60.54%
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	
2033	860,000	17,200	877,200	100.00%
	<u>\$ 10,125,000</u>	<u>\$ 3,097,051</u>	<u>\$ 13,222,051</u>	

TABLE 10 – INTEREST AND SINKING FUND BUDGET PROJECTIONS ⁽¹⁾

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2019		\$ 881,358
Interest and Sinking Fund Balance, Fiscal Year Ending 9/30/2018	69,805	
2018/2019 Budgeted Interest and Sinking Fund Taxes	770,732	
Transfer from General Fund	40,821	<u>881,358</u>
Estimated Balance, Fiscal Year Ending 9/30/2019		<u>\$ -</u>

(1) Unaudited

TABLE 11 – AUTHORIZED BUT UNISSUED DEBT

As of September 31, 2018, the County has no authorized but unissued general obligation bonds outstanding.

TABLE 12 – OTHER OBLIGATIONS

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 2.05% and are all for durations greater than one year. The future minimum lease payments as of September 30, 2018, were as follows:

Year Ending September 30,	Principal	Interest	Total
2019	\$ 210,154	\$ 20,012	\$ 230,166
2020	212,288	15,901	228,188
2021	129,544	11,703	141,247
2022	48,944	9,353	58,297
2023	293,664	8,017	301,681
	<u>\$ 894,594</u>	<u>\$ 64,986</u>	<u>\$ 959,580</u>

PENSION PLAN... The County provides retirement benefits for all of its full-time employees through Texas County and District Retirement System (TCDRS), which is a savings-based plan. 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 online at www.tcdrs.org.

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 20 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 County.

TABLE 13 – CHANGES IN NET ASSETS

	Fiscal Year Ending September 30,				
	2018 ⁽¹⁾	2017	2016	2015	2014
Revenues					
Charges for Services	\$2,015,572	\$1,833,159	\$ 1,985,222	\$ 2,088,211	\$ 2,060,705
General Revenues					
Property Taxes	7,028,653	6,975,532	6,174,108	6,705,827	6,402,318
Sales Taxes	1,145,824	1,050,198	1,169,995	1,245,229	998,439
Other Taxes	49,015	44,342	59,834	43,537	57,446
Investment Income	9,237	21,710	11,317	2,247	3,913
Grants & Contributions	1,480,231	2,991,169	1,986,348	5,017,491	2,763,917
Payment in Lieu of Taxes	228,485	46,551	41,541	31,080	33,717
Gain on Sale of Assets	355,507	-	42,424	22,254	3,275
Other Miscellaneous	953,658	386,921	144,023	82,429	44,422
Total Revenues	<u>\$13,266,183</u>	<u>\$ 13,349,582</u>	<u>\$ 11,614,812</u>	<u>\$ 15,238,305</u>	<u>\$ 12,368,152</u>
Expenses					
General Government	\$ 2,688,101	\$ 3,161,901	\$ 3,048,351	\$ 2,749,651	\$ 2,710,514
Judicial and Law Enforcement	5,833,652	5,745,328	5,861,470	5,458,415	5,169,416
Highways and Streets	2,938,460	3,274,290	2,985,885	5,397,439	2,317,054
Health and Welfare	574,183	423,286	380,891	353,215	328,325
Culture and Recreation	285,531	242,956	228,902	244,238	234,853
Bond Issuance Costs	-	53,823	215,290	346,174	604,120
Pass-through Expenditures	217,846	-	180,954	-	-
Interest on Long-Term Debt	386,984	407,800	314,611	568,987	589,229
Total Expenses	<u>\$12,924,757</u>	<u>\$ 13,309,384</u>	<u>\$ 13,216,354</u>	<u>\$ 15,118,119</u>	<u>\$ 11,953,511</u>
Increase (decrease) in Nets Assets	341,426	40,198	(1,601,542)	120,186	414,641
Prior Period Adjustment	-	190,566	-	290,210	-
Net Assets, Beginning of Year	<u>\$ 6,393,998</u>	<u>\$ 6,163,234</u>	<u>\$ 7,764,776</u>	<u>\$ 7,354,380</u>	<u>\$ 6,939,739</u>
Net Assets, End of Year	<u>\$ 6,735,424</u>	<u>\$ 6,393,998</u>	<u>\$ 6,163,234</u>	<u>\$ 7,764,776</u>	<u>\$ 7,354,380</u>

(1) Unaudited

TABLE 13A – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

Revenues	Fiscal Year Ending September 30,				
	2018 ⁽¹⁾	2017	2016	2015	2014
Property Taxes	\$ 7,028,653	\$ 6,158,477	\$ 6,530,512	\$ 5,727,992	\$ 5,406,740
General Sales & Use Taxes	1,145,824	1,050,198	1,169,995	1,245,229	998,439
Selective Sales and Use Tax for Boat Sales	49,015	14,061	20,233	7,623	10,131
Fees, Licenses and Permits	1,030,331	200,322	209,573	258,694	236,415
Intergovernmental Revenue & Grants	1,480,231	442,825	620,223	179,039	162,766
Charges for Services	716,850	480,643	168,303	670,841	705,135
Fines - Justice	268,391	184,461	193,537	129,715	100,483
Investment Earnings	9,237	12,211	8,634	2,019	3,534
Contributions and Donations from Private Sources	26,899	1,996	2,002	486	12,056
Payment in Lieu of Taxes	228,485	46,551	41,541	31,080	33,717
Other Revenue	337,269	29,531	136,668	19,702	30,037
Total Revenues	<u>\$ 12,321,185</u>	<u>\$ 8,621,276</u>	<u>\$ 9,101,221</u>	<u>\$ 8,272,420</u>	<u>\$ 7,699,453</u>
Expenditures					
General Government	\$ 5,434,803	\$ 2,859,728	\$ 2,779,354	\$ 2,601,796	\$ 2,475,355
Judicial and Law Enforcement	5,253,355	3,976,668	4,163,163	3,961,642	3,587,408
Culture and Recreation	591,411	122,827	128,170	121,799	112,207
Capital Outlay	763,204	115,001	129,553	121,226	167,442
Debt Service	881,984	19,542	19,743	14,439	-
Total Expenditures	<u>\$ 12,924,757</u>	<u>\$ 7,093,766</u>	<u>\$ 7,219,983</u>	<u>\$ 6,820,902</u>	<u>\$ 6,342,412</u>
Revenues Over (Under) Expenditures	(603,571)	1,527,510	1,881,238	1,451,518	1,357,041
Other Financing Sources (Uses)					
Sale of Real and Personal Property	\$ 355,507	\$ -	\$ -	\$ 10,112	\$ 2,250
Proceeds from Capital Leases	589,490	-	-	15,867	41,994
Proceeds from Debt Issuance	-	81,721	-	-	-
Transfers In (Out)	-	(1,715,917)	(1,763,352)	(1,510,110)	(1,417,599)
Net Other Financing Sources (Uses)	<u>944,997</u>	<u>(1,634,196)</u>	<u>(1,763,352)</u>	<u>(1,484,131)</u>	<u>(1,373,355)</u>
Net Changes in Fund Balance	341,426	(106,686)	117,886	(32,613)	(16,314)
Prior Period Adjustments	-	-	-	(126,762)	-
Fund Balance, Beginning of Year	<u>\$ 2,670,604</u>	<u>\$ 2,777,290</u>	<u>\$ 2,659,404</u>	<u>\$ 2,818,779</u>	<u>\$ 2,835,093</u>
Fund Balance, End of Year	<u>\$ 3,012,030</u>	<u>\$ 2,670,604</u>	<u>\$ 2,777,290</u>	<u>\$ 2,659,404</u>	<u>\$ 2,818,779</u>

(1) 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>
2015	\$ 998,439	15.68%	\$ 0.0780	\$ 43.90
2016	1,245,229	18.67%	0.0868	54.76
2017	1,169,995	16.92%	0.0853	51.45
2018	1,112,889	16.53%	0.0869	48.94
2019	685,340 ⁽¹⁾	9.84%	0.0531	30.14

(1) Unaudited

TABLE 15 – CURRENT INVESTMENTS

As of February 28, 2019, the County’s funds were invested as follows:

<u>Description</u>	<u>Purchase Price</u>	<u>% of Total</u>	<u>Market Value</u>
Certificates of Deposit	<u>\$ 1,143,003</u>	<u>100.00%</u>	<u>\$ 1,143,003</u>
	<u>\$ 1,143,003</u>	<u>100.00%</u>	<u>\$ 1,143,003</u>

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