

CONTINUING DISCLOSURE REPORT  
FOR THE  
FISCAL YEAR ENDED DECEMBER 31, 2017

SCURRY COUNTY, TEXAS

GENERAL OBLIGATION DEBT



**SPECIALIZED PUBLIC FINANCE INC.**  
FINANCIAL ADVISORY SERVICES

## **FINANCIAL STATEMENTS**

The audited financial statements for the County for the fiscal year ended December 31, 2017 are being separately filed 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.

## **SCURRY COUNTY, TEXAS**

**/s/ Angela Sanchez**

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County Auditor, Scurry County, Texas

Approved for Submission:

**6/26/2018**

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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 Scurry County, Texas with respect to the issues listed on the report cover was submitted to the National Recognized Municipal Securities Information Repository ("NRMSIR") and any applicable State Information Depository and are hereby incorporated by reference into this Annual Continuing Disclosure Report.

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

**Specialized Public Finance Inc.**

Signed by:

/s/ Kristin Merz

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**SCURRY COUNTY, TEXAS  
GENERAL OBLIGATION DEBT REPORT**

**TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT**

2017/2018 Market Valuation Established by Scurry County Appraisal District (excludes exempt property)		\$ 3,197,015,814
Less Exemptions/Reductions at 100% Market Value		
Residence Homestead Exemptions (Local Option)	\$ 87,205,680	
Residence Homestead Exemptions (Over 65)	16,300,974	
Disabled Veterans Exemptions	3,311,362	
Productivity Loss	446,396,808	
Homestead Capped Value Loss	10,161,180	
Abatements	230,741,808	
Pollution Control	5,449,345	
Prorated Exemptions	409,541	
Misc	164,231	
Freeze Loss	104,757,728	904,898,657
 2017/2018 Taxable Assessed Valuation		 \$ 2,292,117,157
 Net General Obligation Debt Payable from Ad Valorem Taxes as of 12/31/17		 \$ 13,195,000
 I&S Fund Balance as of 12-31-17		 \$ 2,132,317

2017 Estimated Population - 17,238  
Per Capita Taxable Assessed Valuation \$132,969  
Per Capita General Purpose Funded Debt Payable from Ad Valorem Taxes - \$765

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**TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY**

Category	Taxable Appraised Value for Fiscal Year Ended December 31,					
	2018		2017		2016	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential Single Family	\$ 449,255,408	14.05%	\$ 450,114,843	13.86%	\$ 447,047,276	11.59%
Real, Residential Multi-Family	13,533,770	0.42%	13,406,780	0.41%	13,413,425	0.35%
Real, Vacant Lots/Tracts	8,177,973	0.26%	8,281,245	0.26%	8,391,273	0.22%
Real, Agricultural Land	499,541,547	15.63%	500,226,296	15.41%	489,941,844	12.70%
Real, Farm and Ranch Improvements	110,288,423	3.45%	110,096,593	3.39%	106,432,551	2.76%
Real, Commercial and Industrial	554,634,175	17.35%	579,656,840	17.85%	624,192,808	16.18%
Oil and Gas	855,642,648	26.76%	804,962,796	24.79%	1,231,896,136	31.94%
Real and Tangible Personal, Utilities	312,136,323	9.76%	311,666,991	9.60%	296,423,505	7.69%
Tangible Personal, Commercial and Industrial	378,369,493	11.84%	451,198,276	13.90%	622,023,631	16.13%
Tangible Personal, Mobile Homes	12,307,241	0.38%	12,922,245	0.40%	12,094,573	0.31%
Residential Inventory	853,188	0.03%	582,200	0.02%	165,632	0.00%
Special Inventory	2,275,625	0.07%	3,752,097	0.12%	4,954,684	0.13%
Total Appraised Value Before Exemptions	\$ 3,197,015,814	100.00%	\$ 3,246,867,202	100.00%	\$ 3,856,977,338	100.00%
Less: Total Exemptions/Reductions	904,898,657		(933,560,697)		(974,361,417)	
Taxable Assessed Value	<u>\$ 4,101,914,471</u>		<u>\$ 2,313,306,505</u>		<u>\$ 2,882,615,921</u>	

Category	Taxable Appraised Value for Fiscal Year Ended December 31,			
	2015		2014	
	Amount	% of Total	Amount	% of Total
Real, Residential Single Family	\$ 396,693,348	8.78%	\$ 362,274,838	8.49%
Real, Residential Multi-Family	8,764,314	0.19%	9,050,305	0.21%
Real, Vacant Lots/Tracts	9,415,009	0.21%	5,894,990	0.14%
Real, Acreage (Land Only)	461,178,183	10.21%	443,829,781	10.41%
Real, Farm and Ranch Improvements	94,153,141	2.08%	87,058,886	2.04%
Real, Commercial and Industrial	656,777,498	14.54%	649,757,142	15.24%
Oil and Gas	2,008,356,338	44.46%	1,862,879,706	43.68%
Real and Tangible Personal, Utilities	272,338,378	6.03%	195,372,203	4.58%
Tangible Personal, Commercial and Industrial	598,628,688	13.25%	639,538,096	15.00%
Tangible Personal, Mobile Homes	6,901,209	0.15%	5,003,173	0.12%
Residential Inventory	34,000	0.00%	50,150	0.00%
Special Inventory	4,487,808	0.10%	4,104,169	0.10%
Total Appraised Value Before Exemptions	\$ 4,517,727,914	100.00%	\$ 4,264,813,439	100.00%
Less: Total Exemptions/Reductions	(935,541,073)		(930,062,975)	
Taxable Assessed Value	<u>\$ 3,582,186,841</u>		<u>\$ 3,334,750,464</u>	

NOTE: Valuation shown are certified taxable assessed values reported by the Scurry 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 12/31	Estimated Population <sup>(1)</sup>	Taxable Assessed Valuation <sup>(2)</sup>	Taxable Assessed Valuation Per Capita	Net Tax Debt Outstanding at End of Year	Ratio of Tax Debt to Taxable Assessed	Funded Tax Debt Per Capita	Tax Year
2014	16,921	\$ 3,334,750,464	\$ 197,078	\$ 14,930,000	0.45%	\$ 882	2013
2015	17,615	3,582,186,841	203,360	14,395,000	0.40%	817	2014
2016	17,615	2,882,615,921	163,646	13,845,000	0.48%	786	2015
2017	17,238	2,313,306,505	134,198	13,195,000	0.57%	765	2016
2018	17,238	2,292,117,157	132,969	12,610,000 <sup>(3)</sup>	0.55%	732	2017

(1) Source: County staff and US Census Bureau.

(2) As reported by the Scurry 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 12/31	Tax Rate	Distribution		Tax Levy	% of Current Tax Collections to Tax Levy	% of Total Tax Collections to Tax Levy	Tax Year
		General Fund	Interest and Sinking Fund				
2014	\$ 0.313600	\$ 0.279000	\$ 0.034600	\$ 11,201,865	90.38%	98.59%	2013
2015	0.312750	0.284080	0.028670	11,414,887	96.49%	105.50%	2014
2016	0.320000	0.284320	0.035680	9,224,899	90.77%	107.55%	2015
2017	0.380000	0.380000	-	8,438,339	93.36%	108.82%	2016
2018	0.380000	0.369100	0.010900	8,676,047	In Process of Collection		2017

(1) Collection rate exceeds 100% due to supplemental billings and corrections by the Appraisal District.

**TABLE 5 – TAX RATE DISTRIBUTION ANALYSIS**

	Fiscal Years Ended December 31,				
	2018	2017	2016	2015	2014
General Fund	\$ 0.36910	\$ 0.38000	\$ 0.28432	\$ 0.28408	\$ 0.27900
Interest and Sinking Fund	0.01090	-	0.03568	0.02867	0.03460
Total Constitutional Tax Rate	\$ 0.38000	\$ 0.38000	\$ 0.32000	\$ 0.31275	\$ 0.31360
Special Road and Bridge Tax Rate	\$ -	\$ -	\$ -	\$ -	\$ -
Farm-to-Market Tax Rate	\$ -	\$ -	\$ -	\$ -	\$ -
Total Tax Rate	<u>\$ 0.38000</u>	<u>\$ 0.38000</u>	<u>\$ 0.32000</u>	<u>\$ 0.31275</u>	<u>\$ 0.31360</u>

**TABLE 6 - TEN LARGEST TAXPAYERS**

Name of Taxpayer	2017/2018	% of Total
	Taxable Assessed Valuation	Taxable Assessed Valuation
Kinder Morgan Production	\$ 361,496,463	15.77%
Patterson UTI Drilling Co.	95,211,140	4.15%
Oncor Electric Delivery Co	94,141,550	4.11%
Occidental Permian LTD	73,207,527	3.19%
Kinder Morgan Production	62,964,300	2.75%
Electric Transmission TX	36,448,780	1.59%
Kinder Morgan Production	34,383,280	1.50%
Bridgetex Pipeline	33,845,590	1.48%
Wind Energy Transmission	32,185,810	1.40%
Diamond WTG Engineering	30,806,180	1.34%
	<u>\$ 854,690,620</u>	<u>37.29%</u>

## TABLE 7 - TAX ADEQUACY

2018 Net Tax Supported Principal and Interest Requirements	\$ 994,300
\$0.0436 Tax Rate at 98% Collection Produces	\$ 979,376
Average Annual Net Tax Supported Principal and Interest Requirements, 2018 - 2034	\$ 1,012,986
\$0.0445 Tax Rate at 98% Collection Produces	\$ 999,592
Maximum Net Tax Supported Principal and Interest Requirements, 2025	\$ 1,029,575
\$0.0459 Tax Rate at 98% Collection Produces	\$ 1,031,040

## TABLE 9 – GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 12/31	Outstanding Debt			% of Principal Retired
	Principal	Interest	Total	
2018	\$ 585,000	\$ 409,300	\$ 994,300	
2019	605,000	392,000	997,000	9.02%
2020	620,000	374,175	994,175	
2021	635,000	355,900	990,900	
2022	655,000	336,825	991,825	
2023	675,000	316,875	991,875	
2024	695,000	296,325	991,325	33.88%
2025	755,000	274,575	1,029,575	
2026	775,000	251,625	1,026,625	
2027	800,000	228,000	1,028,000	
2028	825,000	203,625	1,028,625	
2029	850,000	176,375	1,026,375	64.23%
2030	880,000	146,100	1,026,100	
2031	910,000	114,775	1,024,775	
2032	945,000	82,313	1,027,313	
2033	975,000	49,931	1,024,931	
2034	1,010,000	17,044	1,027,044	100.00%
	<u>\$ 13,195,000</u>	<u>\$ 4,025,763</u>	<u>\$ 17,220,763</u>	



**TABLE 10 - INTEREST AND SINKING FUND BUDGET PROJECTION**

Tax Supported Debt Service Requirements, Fiscal Year Ending 12-31-18		\$ 994,300
Interest and Sinking Fund Balance, 12-31-17	\$ 1,127,180	
Interest and Sinking Fund Tax Levy	<u>249,841</u>	<u>1,377,021</u>
Estimated Balance Fiscal Year Ending 12-31-18		<u>\$ 382,721</u>

**TABLE 11 – AUTHORIZED BUT UNISSUED UNLIMITED TAX BONDS**

The County has no authorized but unissued general obligation bonds.

**TABLE 12 - OTHER OBLIGATIONS**

	<u>Balance</u>
A \$161,452 note incurred for medical equipment payable in 4 yearly installments of \$43,149 on 4/18/15, and thereafter which includes both principal and interest. The interest rate of the note is 4.50% with maturity on 3/15/2018. Note is secured by equipment.	<u>\$ 41,254</u>
Total Capital Leases	\$41,254

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**TABLE 13 – CHANGE IN NET POSITION**

	Fiscal Years Ended December 31,				
	2017	2016	2015	2014	2013
<b>REVENUES:</b>					
Program Revenues:					
Charges for Services	\$ 2,093,651	\$ 2,361,180	\$ 1,995,470	\$ 2,327,889	\$ 2,791,247
Operating Grants and Contributions	1,547,917	2,232,617	1,145,338	998,463	865,895
Capital Grants and Contributions	-	-	-	-	-
General Revenues:					
Property Taxes	\$ 7,829,373	\$ 8,607,455	\$ 11,047,359	\$ 10,101,074	\$ 9,790,685
Tax Collector Fees	434,670	457,010	996,825	413,181	376,943
Sales and Use Taxes	2,753,986	1,586,223	1,832,219	2,677,852	2,480,955
Mixed Drink Tax	17,844	13,767	12,726	14,859	15,869
Gain on Extinguishment of Debt	-	-	-	-	-
Loss on Transfer of Assets	-	-	-	-	-
Investment Earnings	116,402	56,692	19,162	9,546	15,897
Miscellaneous	696,838	822,616	224,063	256,519	136,318
Total Revenues	\$ 15,490,681	\$ 16,137,560	\$ 17,273,162	\$ 16,799,383	\$ 16,473,809
<b>EXPENSES</b>					
Governmental Activities:					
General Government	\$ 3,406,190	\$ 3,719,128	\$ 3,290,652	\$ 2,868,771	\$ 4,622,364
Health and Welfare	1,571,463	1,703,817	1,535,602	1,096,962	739,210
Judicial and Legal	3,345,296	3,480,450	3,155,620	3,281,888	2,865,918
Public Safety	3,953,492	4,272,659	4,061,050	4,246,758	4,015,865
Public Facilities	512,095	589,104	653,874	960,587	337,116
Culture and Recreation	1,068,983	1,187,264	1,165,496	1,793,100	1,004,612
Road Maintenance	2,868,823	2,830,646	3,391,673	3,288,782	2,916,052
Interest on Long-Term Debt	449,859	485,151	491,547	505,781	655,077
Total Expenses	\$ 17,176,201	\$ 18,268,219	\$ 17,745,514	\$ 18,042,629	\$ 17,156,214
Transfers	\$ (511,252)	\$ (5,703)	\$ (309,241)	\$ (141,461)	\$ (67,999)
Increase (Decrease) in Net Assets	\$ (2,196,772)	\$ (2,136,362)	\$ (781,593)	\$ (1,384,707)	\$ (750,404)
Net Position - Beginning	\$ 14,471,141	\$ 16,607,503	\$ 15,452,900	\$ 16,837,607	\$ 17,774,475
Adjustments	-	-	1,936,196	-	-
Net Position - Ending	\$ 12,274,369	\$ 14,471,141	\$ 16,607,503	\$ 15,452,900	\$ 17,024,071

(1) Restated.

**TABLE 13-A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY**

	Fiscal Year Ended December 31,				
	2017	2016	2015	2014	2013
<b>REVENUES:</b>					
Taxes	\$ 8,922,022	\$ 8,010,462	\$ 9,502,254	\$ 9,774,464	\$ 8,903,285
State and Federal Grants	206,255	265,938	441,260	235,003	100,535
Fines and Fees	1,391,887	1,269,586	1,753,108	1,186,512	1,176,522
Interest	91,594	43,092	14,416	8,035	12,991
Other Revenues	814,668	1,370,171	452,942	612,951	975,124
<b>Total Revenues</b>	<b>\$ 11,426,426</b>	<b>\$ 10,959,249</b>	<b>\$ 12,163,980</b>	<b>\$ 11,816,965</b>	<b>\$ 11,168,457</b>
<b>EXPENDITURES:</b>					
General Government	\$ 3,612,545	\$ 2,895,838	\$ 3,102,267	\$ 3,466,011	\$ 4,523,352
Health and Welfare	1,485,110	1,513,364	1,505,810	1,537,877	452,403
Judicial and Legal	2,277,469	2,356,622	2,382,156	2,337,885	1,997,784
Public Safety	3,475,149	3,515,418	3,644,059	3,722,672	3,586,368
Public Facilities	434,978	446,107	582,094	1,417,243	876,958
Culture and Recreation	874,487	966,759	1,161,001	1,623,005	1,129,028
<b>Total Expenditures</b>	<b>\$ 12,159,738</b>	<b>\$ 11,694,108</b>	<b>\$ 12,377,387</b>	<b>\$ 14,104,693</b>	<b>\$ 12,565,893</b>
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ (733,312)	\$ (734,859)	\$ (213,407)	\$ (2,287,728)	\$ (1,397,436)
Other Financing Sources (Uses):					
Capital Lease Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers In (Out)	(408,265)	(31,652)	(339,247)	(162,460)	(127,825)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (408,265)</b>	<b>\$ (31,652)</b>	<b>\$ (339,247)</b>	<b>\$ (162,460)</b>	<b>\$ (127,825)</b>
Net Change in Fund Balance	\$ (1,141,577)	\$ (766,511)	\$ (552,654)	\$ (2,450,188)	\$ (1,525,261)
Fund Balances - Beginning	\$ 2,241,181	\$ 3,007,692	\$ 3,560,346	\$ 6,010,534	\$ 7,535,795
Fund Balances - Ending	<u>\$ 1,099,604</u>	<u>\$ 2,241,181</u>	<u>\$ 3,007,692</u>	<u>\$ 3,560,346</u>	<u>\$ 6,010,534</u>

**TABLE 14 - CURRENT INVESTMENTS**

As of December 31, 2017, the County's investable funds were invested in the following categories:

Investments	Market Value	
TexPool	\$ 628,438	7.52%
TxClass	5,184,346	62.08%
FICA	2,538,588	30.40%
	<u>8,351,373</u>	<u>100.00%</u>