

CONTINUING DISCLOSURE REPORT  
FOR THE  
FISCAL YEAR ENDED SEPTEMBER 30, 2010

HILL COUNTY, TEXAS

GENERAL OBLIGATION DEBT



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



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

Subject to the continuing disclosure requirements of SEC Rule 15c2-12, this Annual Continuing Disclosure Report for Hill County with respect to the issues listed on the report cover was submitted 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

### **Specialized Public Finance Inc.**

Signed by:

/s/ Kristin Merz

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

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

2010/11 Market Valuation of Taxable Property Established by Hill County Appraisal District (excluding totally exempt property)		\$ 2,944,606,402
Less Exemptions/Reductions at 100% Market Value:		
Over 65 or Disabled	\$ 38,986,051	
Disabled Veterans	14,480,047	
Productivity Loss	855,201,946	
Prorated Exempt Property	255,489	
Homestead Cap Adjustment	6,186,107	
Pollution Control	341,020	
Property Redevelopment and Tax Abatement Act	<u>3,676,750</u>	<u>\$ 919,127,410</u>
2010/11 Net Taxable Assessed Valuation		\$ 2,025,478,992
Debt Payable From Ad Valorem Taxes (as of 9/30/10):		\$ 7,090,000
General Obligation Interest and Sinking Fund (as of 9/30/10)		\$ 150,538
Ratio Net General Obligation Debt Payable from Ad Valorem Taxes to Net Taxable Assessed Valuation		0.35%

2011 Estimated Population - 35,089  
Per Capita Taxable Assessed Valuation - \$57,724  
Per Capita Net Debt Payable from Ad Valorem Taxes - \$202

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

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2011		2010		2009	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 703,844,537	23.90%	\$ 699,962,820	23.41%	\$ 697,311,693	24.71%
Real, Residential, Multi-Family	23,439,110	0.80%	22,687,850	0.76%	22,360,510	0.79%
Real, Vacant Lots/Tracts	102,388,265	3.48%	105,008,885	3.51%	105,814,782	3.75%
Real, Acreage (Land Only)	973,312,320	33.05%	962,095,945	32.18%	959,625,497	34.01%
Real, Farm and Ranch Improvements	312,854,800	10.62%	305,921,817	10.23%	301,879,083	10.70%
Real, Commercial and Industrial	244,846,050	8.32%	242,403,800	8.11%	235,616,250	8.35%
Real and Intangible Personal, Utilities	355,543,460	12.07%	390,659,480	13.07%	283,822,691	10.06%
Tangible Personal, Business	194,357,190	6.60%	229,124,610	7.66%	184,141,440	6.53%
Tangible Personal, Other	27,451,890	0.93%	26,734,380	0.89%	26,253,900	0.93%
Real Property, Inventory	5,191,580	0.18%	3,130,640	0.10%	3,021,730	0.11%
Special Inventory	1,377,200	0.05%	1,651,590	0.06%	1,825,220	0.06%
Total Appraised Value Before Exemptions	\$ 2,944,606,402	100.00%	\$ 2,989,381,817	100.00%	\$ 2,821,672,796	100.00%
Less: Total Exemptions/Reductions	919,127,410		911,928,448		909,966,621	
Taxable Assessed Value	<u>\$ 2,025,478,992</u>		<u>\$ 2,077,453,369</u>		<u>\$ 1,911,706,175</u>	

Category	Taxable Appraised Value Fiscal Year Ended September 30,			
	2008		2007	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 658,935,296	26.27%	\$ 614,808,684	28.41%
Real, Residential, Multi-Family	19,055,260	0.76%	18,553,320	0.86%
Real, Vacant Lots/Tracts	97,680,350	3.89%	86,818,890	4.01%
Real, Acreage (Land Only)	890,247,823	35.49%	705,604,286	32.60%
Real, Farm and Ranch Improvements	287,181,509	11.45%	261,505,150	12.08%
Real, Commercial and Industrial	217,011,318	8.65%	204,614,452	9.45%
Real and Intangible Personal, Utilities	148,176,155	5.91%	107,132,417	4.95%
Tangible Personal, Business	158,470,640	6.32%	131,438,430	6.07%
Tangible Personal, Other	25,583,220	1.02%	23,954,354	1.11%
Real Property, Inventory	2,857,470	0.11%	6,245,320	0.29%
Special Inventory	3,531,980	0.14%	3,493,000	0.16%
Total Appraised Value Before Exemptions	\$ 2,508,731,021	100.00%	\$ 2,164,168,303	100.00%
Less: Total Exemptions/Reductions	848,088,560		674,043,846	
Taxable Assessed Value	<u>\$ 1,660,642,461</u>		<u>\$ 1,490,124,457</u>	

Note: Valuations shown are certified taxable assessed values reported by the Hill 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	Estimated County Population <sup>(1)</sup>	Taxable Assessed Valuation <sup>(2)</sup>	Per Capita Taxable Assessed Valuation	General Obligation (G.O.) Tax Debt	Ratio G.O. Tax Debt to Taxable Assessed Valuation	Per Capita G.O. Tax Debt
2007	35,806	\$ 1,490,124,457	\$ 41,617	\$ 7,950,000	0.53%	\$ 222
2008	35,806	1,660,642,461	46,379	7,710,000	0.46%	215
2009	35,840	1,911,706,175	53,340	7,455,000	0.39%	208
2010	38,089	2,077,453,369	54,542	7,090,000	0.34%	186
2011	35,089	2,025,478,992	57,724	6,715,000 <sup>(3)</sup>	0.33%	191

(1) Source: U.S. Census Bureau.

(2) As reported by the Hill County Appraisal District on the City'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	General Fund	Interest and Sinking Fund	F/M Road	Adjusted Tax Levy	% Current Collections	% Total Collections
2007	\$ 0.4234	\$ 0.3774	\$ 0.0460	\$ 0.0730	\$ 7,062,498	99.10%	99.11%
2008	0.3917	0.3498	0.0419	0.0651	7,328,847	98.63%	98.64%
2009	0.3917	0.3594	0.0324	0.0651	7,501,088	97.52%	97.53%
2010	0.3917	0.3657	0.0260	0.0651	9,313,710	96.04%	99.63%
2011	0.3917	0.3643	0.0274	0.0651	7,861,699	In Process of Collection	

**TABLE 5 - TEN LARGEST TAXPAYERS**

<u>Name of Taxpayer</u>	<u>Nature of Property</u>	<u>2010/2011 Taxable Assessed Valuation</u>	<u>% of Total Taxable Assessed Valuation</u>
Energy Transfer Fuel LP	Manufacturer	\$ 79,959,170	3.95%
EOG Resources Inc.	Manufacturer	45,005,270	2.22%
Quicksilver Resources Inc	Manufacturer	30,832,230	1.52%
Oncor Electric Delivery Co LLC	Utility	21,948,850	1.08%
Craig Realty Group-Hillsboro LLC	Real Estate	17,984,650	0.89%
Cornerstone E&P Co LP	Manufacturer	16,078,010	0.79%
Double Diamond Inc	Real Estate	14,515,190	0.72%
Union Pacific Railroad	Railroad	10,224,190	0.50%
Range Production Company	Manufacturer	9,957,790	0.49%
Devon Energy Production Co	Manufacturer	9,477,400	0.47%
		<u>\$ 255,982,750</u>	<u>12.64%</u>

**TABLE 6 - TAX ADEQUACY**

2011 Net Tax Supported Debt Principal and Interest Requirements	\$ 605,538
\$0.0298 Tax Rate at 98% Collection Produces	\$ 606,699
Average Net Tax Supported Debt Annual Principal and Interest Requirements, 2011 - 2025	\$ 598,690
\$0.0295 Tax Rate at 98% Collection Produces	\$ 600,592
Maximum Net Tax Supported Debt Principal and Interest Requirements, 2023	\$ 627,675
\$0.0309 Tax Rate at 98% Collection Produces	\$ 629,094

**TABLE 8 – GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

Year Ending 9/30	Outstanding Debt Service Requirements			% of Principal Retired
	Principal	Interest	Total	
2011	375,000	230,538	605,538	
2012	410,000	197,469	607,469	
2013	425,000	185,219	610,219	
2014	430,000	176,719	606,719	23.13%
2015	440,000	168,119	608,119	
2016	455,000	159,319	614,319	
2017	465,000	147,944	612,944	
2018	480,000	136,319	616,319	
2019	500,000	121,919	621,919	56.14%
2020	515,000	106,919	621,919	
2021	535,000	90,825	625,825	
2022	555,000	72,100	627,100	
2023	575,000	52,675	627,675	
2024	595,000	32,550	627,550	
2025	335,000	11,725	346,725	100.00%
	<u>\$7,090,000</u>	<u>\$1,890,357</u>	<u>\$ 8,980,357</u>	



**TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION**

Net Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2011. . . . .		\$ 605,538
Interest and Sinking Fund, 9/30/2010 . . . . .	\$ 150,538	
2011 Interest and Sinking Fund Tax Levy @ 98% Collection . . . . .	<u>545,232</u>	<u>695,770</u>
Estimated Balance, 9/30/2011		<u>\$ 90,232</u>

**TABLE 10 – AUTHORIZED BUT UNISSUED UNLIMITED TAX BONDS**

The County had no authorized but unissued unlimited tax bonds as of 9/30/2010.

**TABLE 11 - OTHER OBLIGATIONS**

Operating Leases:

The County leases equipment under non-cancelable operating leases. Total costs for such leases were \$87,194 for the year ended 9/30/2010.

<u>FY Year</u>	<u>Amount</u>
2011	\$ 81,751
2012	66,257
2013	48,749
2014	<u>7,167</u>
Total	<u>\$ 203,924</u>

Capital Leases:

The County has entered into a lease agreement as lessee for financing of one motor grader for precinct #1 and one Mack truck for precinct #1.

<u>FY Year</u>	<u>Total</u>
2011	\$ 60,952
2012	18,117
2013	16,607
2014	<u>32,550</u>
Minimum Lease Payments	\$ 128,226
Less: Interest	<u>9,154</u>
PV of Net Minimum Lease Payments	<u>\$ 119,072</u>

**TABLE 12 - CHANGES IN NET ASSETS**

	Fiscal Year Ending September 30,				
	2010	2009	2008	2007	2006
<u>Revenues</u>					
Program Revenues:					
Charges for Services	\$ 4,349,279	\$ 4,594,507	\$ 5,087,091	\$ 4,903,450	\$ 5,014,837
Operating Grants and Contributions	2,444,688	1,878,634	1,759,306	1,459,363	1,590,074
Capital Grants and Contributions	445,416	2,711,688	3,339,546	-	-
General Revenues:					
Maintenance and Operations Taxes	9,488,891	8,779,353	7,635,451	7,616,043	7,088,183
Sales Taxes	1,482,696	1,772,732	1,914,937	1,308,355	1,374,380
Other Taxes	103,433	102,462	50,101	36,022	87,777
Unrestricted Investment Earnings	211,104	430,823	572,204	448,882	316,213
Misellaneous	472,475	227,847	332,606	235,256	213,331
Total Revenues:	<u>\$ 18,997,982</u>	<u>\$ 20,498,046</u>	<u>\$ 20,691,242</u>	<u>\$ 16,007,371</u>	<u>\$ 15,684,795</u>
<u>Expenses</u>					
Governmental Activities:					
General Administration	\$ 1,822,935	\$ 2,072,407	\$ 1,701,790	\$ 1,623,857	\$ 2,473,674
Legal	382,089	376,672	338,301	353,053	-
Judicial	2,772,521	2,842,028	2,672,676	2,452,013	4,459,964
Financial Administration	736,347	751,953	562,048	548,650	-
Public Facilities	679,385	644,407	655,930	634,963	2,876,747
Public Safety	7,180,138	6,624,593	6,362,153	5,873,693	1,613,313
Public Transportation	3,636,553	4,396,904	4,851,508	3,412,064	3,132,959
Health and Welfare	1,028,786	790,575	656,506	552,850	446,970
Conservation - Agriculture	128,235	121,396	97,970	101,676	-
Interest and Fiscal Charges	390,792	368,411	383,211	399,408	414,111
Total Expenses:	<u>\$ 18,757,781</u>	<u>\$ 18,989,346</u>	<u>\$ 18,282,093</u>	<u>\$ 15,952,227</u>	<u>\$ 15,417,738</u>
Increase (Decrease) in Net Assets Before Transfers	\$ 240,201	\$ 1,508,700	\$ 2,409,149	\$ 55,144	\$ 267,057
Transfers	-	-	-	-	265,605
Increase (Decrease) in Net Assets	<u>\$ 240,201</u>	<u>\$ 1,508,700</u>	<u>\$ 2,409,149</u>	<u>\$ 55,144</u>	<u>\$ 532,662</u>
Net Assets-Beginning Balance	\$ 23,542,230	\$ 22,033,530	\$ 19,624,381	\$ 19,569,237	\$ 19,036,575
Net Assets-Ending Balance	<u><u>\$ 23,782,431</u></u>	<u><u>\$ 23,542,230</u></u>	<u><u>\$ 22,033,530</u></u>	<u><u>\$ 19,624,381</u></u>	<u><u>\$ 19,569,237</u></u>

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

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
<u>Revenues:</u>					
Taxes					
Property	\$ 6,029,651	\$ 5,536,571	\$ 4,662,529	\$ 4,560,372	\$ 5,712,919
Sales	1,186,159	1,418,185	1,531,950	1,236,631	-
Other	103,433	102,462	50,101	25,208	-
Intergovernmental	458,810	750,233	423,423	412,654	565,689
Charges for Services	1,177,751	1,298,102	1,558,528	1,591,523	1,472,545
Fines and Forfeitures	48,452	64,886	68,313	33,140	88,079
Interest	131,028	246,422	317,545	309,059	159,420
Miscellaneous	56,266	80,304	152,830	7,142	147,507
Total Revenues	<u>\$ 9,191,550</u>	<u>\$ 9,497,165</u>	<u>\$ 8,765,219</u>	<u>\$ 8,175,729</u>	<u>\$ 8,146,159</u>
<u>Expenditures:</u>					
Current					
General Administration	\$ 1,741,540	\$ 1,897,248	\$ 1,682,388	\$ 1,755,105	\$ 2,157,112
Legal	354,057	351,919	297,044	299,255	-
Judicial	1,285,091	1,238,461	1,215,708	1,161,438	1,597,426
Financial Administration	728,078	768,338	556,947	536,152	-
Public Facilities	380,578	379,076	374,290	330,529	1,732,714
Public Safety	4,839,131	4,661,197	4,424,930	4,061,627	1,479,979
Public Transportation	-	-	179,965	170,578	204,081
Health and Welfare	212,875	127,594	122,794	125,427	233,067
Conservation - Agriculture	126,837	127,401	97,393	96,248	-
Current Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>309,557</u>
Total Expenditures	<u>\$ 9,668,187</u>	<u>\$ 9,551,234</u>	<u>\$ 8,951,459</u>	<u>\$ 8,536,359</u>	<u>\$ 7,713,936</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (476,637)	\$ (54,069)	\$ (186,240)	\$ (360,630)	\$ 432,223
Other Financing Sources (Uses):					
Sale of Capital Assets	\$ 6,735	\$ 1,010	\$ 5,520	\$ 13,135	\$ 7,966
Operating Transfers In	693,001	195,530	207,040	1,173,533	327,391
Operating Transfers Out	(717,117)	(134,822)	(108,555)	(264,056)	(178,600)
Total Other Sources (Uses)	<u>\$ (17,381)</u>	<u>\$ 61,718</u>	<u>\$ 104,005</u>	<u>\$ 922,612</u>	<u>\$ 156,757</u>
Net changes in Fund Balance	\$ (494,018)	\$ 7,649	\$ (82,235)	\$ 561,982	\$ 588,980
Beginning Fund Balance	<u>\$ 3,897,522</u>	<u>\$ 3,889,873</u>	<u>\$ 3,972,108</u>	<u>\$ 3,410,126</u>	<u>\$ 2,821,146</u> <sup>(1)</sup>
Ending Fund Balance	<u>\$ 3,403,504</u>	<u>\$ 3,897,522</u>	<u>\$ 3,889,873</u>	<u>\$ 3,972,108</u>	<u>\$ 3,410,126</u>

(1) Restated.

**TABLE 13-COUNTY SALES TAX HISTORY**

Fiscal Year Ended 9/30	.5% Sales Tax Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2006	\$ 1,374,380	19.46%	\$ 0.09	\$ 38.38
2007	1,545,790	21.09%	0.09	43.17
2008	1,914,938	25.53%	0.10	53.43
2009	1,772,731	20.64%	0.09	49.46
2010	1,466,354	18.65%	0.07	41.79

**TABLE 14 - CURRENT INVESTMENTS**

As of September 30, 2010, the County's investable funds were invested in the following categories:

Description	% of Portfolio	Market Value
Collateralized Demand Deposits	100.00%	\$ 10,809,483
Total	100.00%	\$ 10,809,483