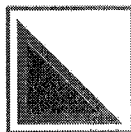


CONTINUING DISCLOSURE REPORT  
FOR THE  
FISCAL YEAR ENDED SEPTEMBER 30, 2012

HILL 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 September 30, 2012 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.

## **HILL COUNTY, TEXAS**

/s/

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Susan Swilling  
County Auditor, Hill County, Texas

Approved for Submission:

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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 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**

2012/13 Market Valuation of Taxable Property Established by Hill County Appraisal District (excluding totally exempt property)	\$ 3,001,925,919
Less Exemptions/Reductions at 100% Market Value:	
Over 65 or Disabled	\$ 39,186,979
Disabled Veterans	15,553,874
Productivity Loss	913,196,959
Prorated Exempt Property	61,181
Homestead Cap Adjustment	3,902,112
Pollution Control	6,379,901
Other	<u>7,320,823</u>
	<u>\$ 985,601,829</u>
2012/13 Net Taxable Assessed Valuation	\$ 2,016,324,090
Debt Payable From Ad Valorem Taxes (as of 9/30/12):	\$ 6,305,000
General Obligation Interest and Sinking Fund (as of 9/30/12)	\$ 50,945
Ratio Net General Obligation Debt Payable from Ad Valorem Taxes to Net Taxable Assessed Valuation	0.31%

2013 Estimated Population - 35,089  
Per Capita Taxable Assessed Valuation - \$57,463  
Per Capita Net Debt Payable from Ad Valorem Taxes - \$180

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

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2013		2012		2011	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 730,933,840	24.35%	\$ 718,945,189	24.47%	\$ 703,844,537	23.90%
Real, Residential, Multi-Family	19,714,500	0.66%	23,149,200	0.79%	23,439,110	0.80%
Real, Vacant Lots/Tracts	95,171,523	3.17%	96,352,224	3.28%	102,388,265	3.48%
Real, Acreage (Land Only)	1,033,281,129	34.42%	975,445,059	33.20%	973,312,320	33.05%
Real, Farm and Ranch Improvements	320,521,546	10.68%	308,715,207	10.51%	312,854,800	10.62%
Real, Commercial and Industrial	245,420,574	8.18%	242,149,592	8.24%	244,846,050	8.32%
Real and Intangible Personal, Utilities	289,887,237	9.66%	342,452,036	11.65%	355,543,460	12.07%
Tangible Personal, Business	237,666,250	7.92%	192,276,800	6.54%	194,357,190	6.60%
Tangible Personal, Other	19,796,760	0.66%	28,687,110	0.98%	27,451,890	0.93%
Real Property, Inventory	8,031,920	0.27%	8,559,890	0.29%	5,191,580	0.18%
Special Inventory	1,500,640	0.05%	1,533,500	0.05%	1,377,200	0.05%
Total Appraised Value Before Exemptions	\$ 3,001,925,919	100.00%	\$ 2,938,265,807	100.00%	\$ 2,944,606,402	100.00%
Less: Total Exemptions/Reductions	985,601,829		924,213,940		919,127,410	
Taxable Assessed Value	<u>\$ 2,016,324,090</u>		<u>\$ 2,014,051,867</u>		<u>\$ 2,025,478,992</u>	

Category	Taxable Appraised Value Fiscal Year Ended September 30,			
	2010		2009	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 699,962,820	23.41%	\$ 697,311,693	24.71%
Real, Residential, Multi-Family	22,687,850	0.76%	22,360,510	0.79%
Real, Vacant Lots/Tracts	105,008,885	3.51%	105,814,782	3.75%
Real, Acreage (Land Only)	962,095,945	32.18%	959,625,497	34.01%
Real, Farm and Ranch Improvements	305,921,817	10.23%	301,879,083	10.70%
Real, Commercial and Industrial	242,403,800	8.11%	235,616,250	8.35%
Real and Intangible Personal, Utilities	390,659,480	13.07%	283,822,691	10.06%
Tangible Personal, Business	229,124,610	7.66%	184,141,440	6.53%
Tangible Personal, Other	26,734,380	0.89%	26,253,900	0.93%
Real Property, Inventory	3,130,640	0.10%	3,021,730	0.11%
Special Inventory	1,651,590	0.06%	1,825,220	0.06%
Total Appraised Value Before Exemptions	\$ 2,989,381,817	100.00%	\$ 2,821,672,796	100.00%
Less: Total Exemptions/Reductions	911,928,448		909,966,621	
Taxable Assessed Value	<u>\$ 2,077,453,369</u>		<u>\$ 1,911,706,175</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
2009	35,840	\$ 1,911,706,175	\$ 53,340	\$ 7,455,000	0.39%	\$ 208
2010	35,089	2,077,453,369	59,205	7,090,000	0.34%	202
2011	35,089	2,025,478,992	57,724	6,715,000	0.33%	191
2012	35,089	2,014,051,867	57,398	6,305,000	0.31%	180
2013	35,089	2,016,324,090	57,463	5,880,000 <sup>(3)</sup>	0.29%	168

(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
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	0.4568	0.3643	0.0274	0.0651	9,181,573	95.63%	99.45%
2012	0.4679	0.3732	0.0281	0.0666	9,307,238	95.61%	98.79%
2013	0.5273	0.4200	0.0340	0.0733	8,932,764	In Process of Collection	

**TABLE 5 - TEN LARGEST TAXPAYERS**

<u>Name of Taxpayer</u>	<u>Nature of Property</u>	<u>2012/2013 Taxable Assessed Valuation</u>	<u>% of Total Taxable Assessed Valuation</u>
Energy Transfer Fuel LP	Manufacturer	\$ 88,608,251	4.39%
Lone Star Transmission	Manufacturer	21,948,910	1.09%
Oncor Electric Delivery Co LLC	Utility	21,752,790	1.08%
Quicksilver Resources Inc	Manufacturer	21,441,309	1.06%
Double Diamond Inc	Real Estate	15,764,580	0.78%
Craig Realty Group-Hillsboro LLC	Real Estate	14,518,160	0.72%
EOG Resources	Manufacturer	14,234,220	0.71%
Union Pacific Railroad	Railroad	12,706,860	0.63%
Hilco Electric Coop Inc	Utility	9,467,930	0.47%
Walmart Real Estate Business Trust	Real Estate	8,881,190	0.44%
		<u>\$ 229,324,200</u>	<u>11.37%</u>

**TABLE 6 - TAX ADEQUACY**

2013 Net Tax Supported Debt Principal and Interest Requirements	\$ 610,219
\$0.0309 Tax Rate at 98% Collection Produces	\$ 610,583
Average Net Tax Supported Debt Annual Principal and Interest Requirements, 2013 - 2025	\$ 597,488
\$0.0303 Tax Rate at 98% Collection Produces	\$ 598,727
Maximum Net Tax Supported Debt Principal and Interest Requirements, 2023	\$ 627,675
\$0.0318 Tax Rate at 98% Collection Produces	\$ 628,367

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

Year Ending 9/30	Outstanding Debt Service Requirements			% of Principal Retired
	Principal	Interest	Total	
2013	425,000	185,219	610,219	
2014	430,000	176,719	606,719	13.56%
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	50.67%
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>\$6,305,000</u>	<u>\$1,462,350</u>	<u>\$7,767,350</u>	



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

Net Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2013 . . . . .		\$ 610,219
Interest and Sinking Fund, 9/30/2012 . . . . .	\$ 50,945	
2012 Interest and Sinking Fund Tax Levy @ 98% Collection . . . . .	671,839	722,784
Estimated Balance, 9/30/2012		<u>\$ 112,565</u>

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

The County had no authorized but unissued unlimited tax bonds as of 9/30/2012.

**TABLE 11 - OTHER OBLIGATIONS**

Operating Leases:

The County leases equipment under non-cancelable operating leases. Total costs for such leases were \$109,856 for the year ended 9/30/2012.

FY Year	Amount
2013	\$ 94,981
2014	27,453
2015	10,466
2016	1,711
Total	<u>\$ 134,611</u>

Capital Leases:

The County has entered into a lease agreement as lessee for financing of five Chevy Tahoes , one Mack Truck, and one John Deere Loader and Tractor.

FY Year	Total
2013	\$ 232,192
2014	106,659
2015	29,356
2016	29,356
Minimum Lease Payments	<u>\$ 397,563</u>
Less: Interest	24,855
PV of Net Minimum Lease Payments	<u>\$ 372,708</u>

**TABLE 12 - CHANGES IN NET ASSETS**

	Fiscal Year Ending September 30,				
	2012	2011	2010	2009	2008
<u>Revenues</u>					
Program Revenues:					
Charges for Services	\$ 4,048,520	\$ 5,416,197	\$ 4,349,279	\$ 4,594,507	\$ 5,087,091
Operating Grants and Contributions	1,455,592	1,466,080	2,444,688	1,878,634	1,759,306
Capital Grants and Contributions	403,677	3,139,046	445,416	2,711,688	3,339,546
General Revenues:					
Maintenance and Operations Taxes	9,400,546	9,271,081	9,488,891	8,779,353	7,635,451
Sales Taxes	1,589,379	1,460,061	1,482,696	1,772,732	1,914,937
Other Taxes	90,488	107,906	103,433	102,462	50,101
Unrestricted Investment Earnings	111,406	159,162	211,104	430,823	572,204
Misellaneous	449,176	474,843	472,475	227,847	332,606
Total Revenues:	<u>\$ 17,548,784</u>	<u>\$ 21,494,376</u>	<u>\$ 18,997,982</u>	<u>\$ 20,498,046</u>	<u>\$ 20,691,242</u>
<u>Expenses</u>					
Governmental Activities:					
General Administration	\$ 2,253,048	\$ 1,996,623	\$ 1,822,935	\$ 2,072,407	\$ 1,701,790
Legal	380,516	371,978	382,089	376,672	338,301
Judicial	2,830,485	3,352,430	2,772,521	2,842,028	2,672,676
Financial Administration	721,726	721,383	736,347	751,953	562,048
Public Facilities	490,910	675,167	679,385	644,407	655,930
Public Safety	6,450,895	6,337,504	7,180,138	6,624,593	6,362,153
Public Transportation	3,695,556	3,461,988	3,636,553	4,396,904	4,851,508
Health and Welfare	940,492	1,164,990	1,028,786	790,575	656,506
Conservation - Agriculture	119,482	104,688	128,235	121,396	97,970
Interest and Fiscal Charges	206,800	219,139	390,792	368,411	383,211
Total Expenses:	<u>\$ 18,089,910</u>	<u>\$ 18,405,890</u>	<u>\$ 18,757,781</u>	<u>\$ 18,989,346</u>	<u>\$ 18,282,093</u>
Increase (Decrease) in Net Assets Before Transfers	\$ (541,126)	\$ 3,088,486	\$ 240,201	\$ 1,508,700	\$ 2,409,149
Transfers	-	-	-	-	-
Increase (Decrease) in Net Assets	<u>\$ (541,126)</u>	<u>\$ 3,088,486</u>	<u>\$ 240,201</u>	<u>\$ 1,508,700</u>	<u>\$ 2,409,149</u>
Net Assets-Beginning Balance	\$ 26,612,771 <sup>(1)</sup>	\$ 23,782,431	\$ 23,542,230	\$ 22,033,530	\$ 19,624,381
Net Assets-Ending Balance	<u>\$ 26,071,645</u>	<u>\$ 26,870,917</u>	<u>\$ 23,782,431</u>	<u>\$ 23,542,230</u>	<u>\$ 22,033,530</u>

(1) Restated.

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

	Fiscal Year Ended September 30,				
	2012	2011	2010	2009	2008
<u>Revenues:</u>					
Taxes					
Property	\$ 6,120,432	\$ 6,022,273	\$ 6,029,651	\$ 5,536,571	\$ 4,662,529
Sales	1,303,292	1,197,250	1,186,159	1,418,185	1,531,950
Other	90,488	107,906	103,433	102,462	50,101
Intergovernmental	697,066	492,272	458,810	750,233	423,423
Charges for Services	1,329,831	1,217,686	1,177,751	1,298,102	1,558,528
Fines and Forfeitures	68,486	74,765	48,452	64,886	68,313
Interest	63,974	97,684	131,028	246,422	317,545
Miscellaneous	189,432	33,833	56,266	80,304	152,830
Total Revenues	<u>\$ 9,863,001</u>	<u>\$ 9,243,669</u>	<u>\$ 9,191,550</u>	<u>\$ 9,497,165</u>	<u>\$ 8,765,219</u>
<u>Expenditures:</u>					
Current					
General Administration	\$ 2,104,621	\$ 1,681,825	\$ 1,741,540	\$ 1,897,248	\$ 1,682,388
Legal	361,474	355,230	354,057	351,919	297,044
Judicial	1,244,338	1,220,343	1,285,091	1,238,461	1,215,708
Financial Administration	722,964	717,318	728,078	768,338	556,947
Public Facilities	384,335	387,257	380,578	379,076	374,290
Public Safety	4,876,496	4,883,876	4,839,131	4,661,197	4,424,930
Public Transportation	-	-	-	-	179,965
Health and Welfare	192,263	244,720	212,875	127,594	122,794
Conservation - Agriculture	121,783	103,785	126,837	127,401	97,393
Debt Service	44,754	-	-	-	-
Current Expenditures	-	44,754	-	-	-
Total Expenditures	<u>\$ 10,053,028</u>	<u>\$ 9,639,108</u>	<u>\$ 9,668,187</u>	<u>\$ 9,551,234</u>	<u>\$ 8,951,459</u>
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (190,027)	\$ (395,439)	\$ (476,637)	\$ (54,069)	\$ (186,240)
<u>Other Financing Sources (Uses):</u>					
Sale of Capital Assets	\$ 8,956	\$ 2,033	\$ 6,735	\$ 1,010	\$ 5,520
Capital Lease	-	167,200	-	-	-
Operating Transfers In	463,119	179,840	693,001	195,530	207,040
Operating Transfers Out	(309,906)	(252,000)	(717,117)	(134,822)	(108,555)
Total Other Sources (Uses)	<u>\$ 162,169</u>	<u>\$ 97,073</u>	<u>\$ (17,381)</u>	<u>\$ 61,718</u>	<u>\$ 104,005</u>
Net changes in Fund Balance	\$ (27,858)	\$ (298,366)	\$ (494,018)	\$ 7,649	\$ (82,235)
Beginning Fund Balance	<u>\$ 2,929,307</u> <sup>(1)</sup>	<u>\$ 3,403,504</u>	<u>\$ 3,897,522</u>	<u>\$ 3,889,873</u>	<u>\$ 3,972,108</u>
Ending Fund Balance	<u>\$ 2,901,449</u>	<u>\$ 3,105,138</u>	<u>\$ 3,403,504</u>	<u>\$ 3,897,522</u>	<u>\$ 3,889,873</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
2008	\$ 1,914,938	25.53%	\$ 0.1002	\$ 53.43
2009	1,772,731	20.64%	0.0853	49.46
2010	1,482,698	16.15%	0.0732	42.26
2011	1,460,061	15.69%	0.0725	41.61
2012	1,589,379	17.79%	0.0788	45.30

**TABLE 14 - CURRENT INVESTMENTS**

As of September 30, 2012, the County's investable funds were invested in the following categories:

Description	% of Portfolio	Market Value
Collateralized Demand Deposits	100.00%	\$ 8,751,610
Total	100.00%	\$ 8,751,610