

# Outstanding Debt

*FY 2019*



## **McCulloch County, Texas**

Specialized Public Finance Inc.  
4925 Greenville Ave.,  
Suite 1350  
Dallas, Texas 75206  
214.373.3911  
214.373.3913 Fax  
[www.spubfin.com](http://www.spubfin.com)



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

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**TAB A**  
**SUMMARY OF DEBT**



**McCulloch County, Texas**  
**Outstanding General Obligation Debt as of FY 2019**

	\$1,525,000 Certificates of Obligation Series 2008		\$9,355,000 GO Bonds Series 2017		\$1,305,000 Tax Notes Series 2019	
FYE 9/30	Principal (000s)	Coupon	Principal (000s)	Coupon	Principal (000s)	Coupon
2019	115	3.797%	270	2.000%		
2020	115	3.797%	280	3.000%	159	2.390%
2021	120	3.797%	290	3.000%	176	2.390%
2022	125	3.797%	300	3.000%	181	2.390%
2023	130	3.797%	305	3.000%	188	2.390%
2024			455	3.000%	194	2.390%
2025			465	3.000%	200	2.390%
2026			480	3.000%	207	2.390%
2027			495	3.000%		
2028			510	3.000%		
2029			525	3.000%		
2030			540	3.000%		
2031			560	3.000%		
2032			575	3.000%		
2033			595	3.000%		
2034			610	3.000%		
2035			630	3.000%		
2036			650	3.000%		
2037			670	3.000%		
Total	\$605		\$9,205		\$1,305	

Issue Details						
<i>Next Call</i>	Any date @ par plus prepayment fee		February 15, 2027 @ par		Any date @ par	
<i>Delivery Date</i>	June 8, 2008		March 15, 2017		May 8, 2019	
<i>Interest Due</i>	December 1	June 1	February 15	August 15	February 15	August 15
<i>Principal Due</i>	June 1		February 15		February 15	
<i>Insurance</i>	None		none		none	
<i>Paying Agent</i>	Bank of America		UMB Bank		Amegy Bank	
<i>Use of Funds</i>	New Money		New Money		New Money	

Noncallable  
Callable

**TAB B**

**DEBT SERVICE REQUIREMENTS**



## McCulloch County, Texas

### Aggregate Debt Service

## Aggregate Debt Service

Part 1 of 3

Date	Principal	Interest	Total P+I	Fiscal Total
09/30/2018	-	-	-	-
12/01/2018	-	11,485.93	11,485.93	-
02/15/2019	270,000.00	136,725.00	406,725.00	-
06/01/2019	115,000.00	11,485.93	126,485.93	-
08/15/2019	-	134,025.00	134,025.00	-
09/30/2019	-	-	-	678,721.86
12/01/2019	-	9,302.65	9,302.65	-
02/15/2020	439,000.00	158,023.59	597,023.59	-
06/01/2020	115,000.00	9,302.65	124,302.65	-
08/15/2020	-	143,519.70	143,519.70	-
09/30/2020	-	-	-	874,148.59
12/01/2020	-	7,119.38	7,119.38	-
02/15/2021	466,000.00	143,519.70	609,519.70	-
06/01/2021	120,000.00	7,119.38	127,119.38	-
08/15/2021	-	137,066.50	137,066.50	-
09/30/2021	-	-	-	880,824.96
12/01/2021	-	4,841.18	4,841.18	-
02/15/2022	481,000.00	137,066.50	618,066.50	-
06/01/2022	125,000.00	4,841.18	129,841.18	-
08/15/2022	-	130,403.55	130,403.55	-
09/30/2022	-	-	-	883,152.41
12/01/2022	-	2,468.05	2,468.05	-
02/15/2023	493,000.00	130,403.55	623,403.55	-
06/01/2023	130,000.00	2,468.05	132,468.05	-
08/15/2023	-	123,581.95	123,581.95	-
09/30/2023	-	-	-	881,921.60
02/15/2024	649,000.00	123,581.95	772,581.95	-
08/15/2024	-	114,438.65	114,438.65	-
09/30/2024	-	-	-	887,020.60
02/15/2025	665,000.00	114,438.65	779,438.65	-
08/15/2025	-	105,073.65	105,073.65	-
09/30/2025	-	-	-	884,512.30
02/15/2026	687,000.00	105,073.65	792,073.65	-
08/15/2026	-	95,400.00	95,400.00	-
09/30/2026	-	-	-	887,473.65
02/15/2027	495,000.00	95,400.00	590,400.00	-
08/15/2027	-	87,975.00	87,975.00	-
09/30/2027	-	-	-	678,375.00
02/15/2028	510,000.00	87,975.00	597,975.00	-
08/15/2028	-	80,325.00	80,325.00	-

## McCulloch County, Texas

### Aggregate Debt Service

## Aggregate Debt Service

Part 2 of 3

Date	Principal	Interest	Total P+I	Fiscal Total
09/30/2028	-	-	-	678,300.00
02/15/2029	525,000.00	80,325.00	605,325.00	-
08/15/2029	-	72,450.00	72,450.00	-
09/30/2029	-	-	-	677,775.00
02/15/2030	540,000.00	72,450.00	612,450.00	-
08/15/2030	-	64,350.00	64,350.00	-
09/30/2030	-	-	-	676,800.00
02/15/2031	560,000.00	64,350.00	624,350.00	-
08/15/2031	-	55,950.00	55,950.00	-
09/30/2031	-	-	-	680,300.00
02/15/2032	575,000.00	55,950.00	630,950.00	-
08/15/2032	-	47,325.00	47,325.00	-
09/30/2032	-	-	-	678,275.00
02/15/2033	595,000.00	47,325.00	642,325.00	-
08/15/2033	-	38,400.00	38,400.00	-
09/30/2033	-	-	-	680,725.00
02/15/2034	610,000.00	38,400.00	648,400.00	-
08/15/2034	-	29,250.00	29,250.00	-
09/30/2034	-	-	-	677,650.00
02/15/2035	630,000.00	29,250.00	659,250.00	-
08/15/2035	-	19,800.00	19,800.00	-
09/30/2035	-	-	-	679,050.00
02/15/2036	650,000.00	19,800.00	669,800.00	-
08/15/2036	-	10,050.00	10,050.00	-
09/30/2036	-	-	-	679,850.00
02/15/2037	670,000.00	10,050.00	680,050.00	-
09/30/2037	-	-	-	680,050.00
<b>Total</b>	<b>\$11,115,000.00</b>	<b>\$3,209,925.97</b>	<b>\$14,324,925.97</b>	<b>-</b>

## McCulloch County, Texas

### Aggregate Debt Service

## Aggregate Debt Service

Part 3 of 3

### Yield Statistics

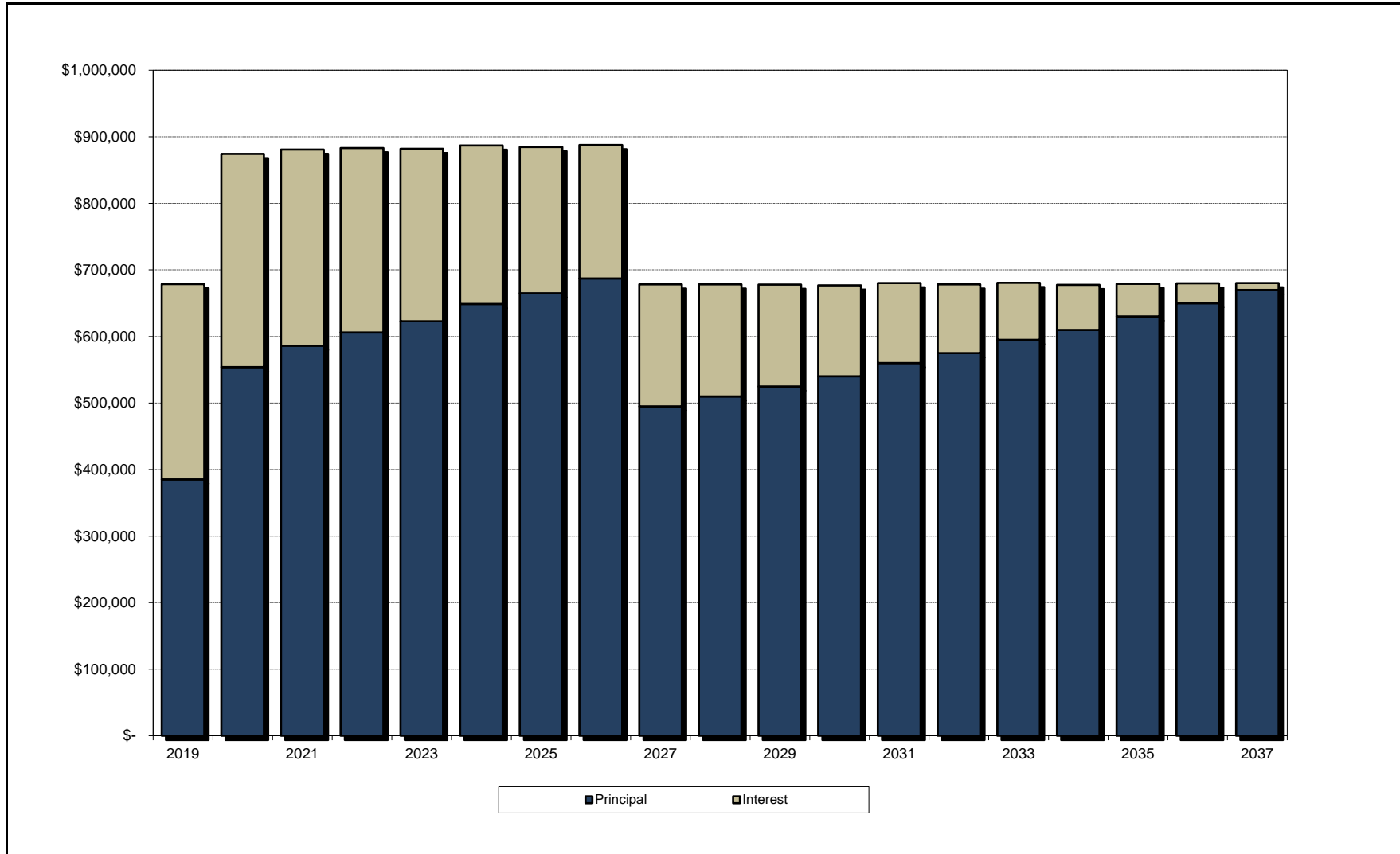
Base date for Avg. Life & Avg. Coupon Calculations	9/01/2018
Average Life	9.710 Years
Average Coupon	2.9774198%

### Par Amounts Of Selected Issues

08 c/o	605,000.00
2017 General Obligation Bonds Final Numbers	9,205,000.00
2019 Tax Note - Final Numbers	1,305,000.00
<b>TOTAL</b>	<b>11,115,000.00</b>



**McCulloch County, Texas**  
**Aggregate Debt**  
*As of Fiscal Year 2019*



## McCulloch County, Texas

\$1,525,000 Certificates of Obligation, Series 2008

### Debt Service Schedule

Date	Principal	Interest	Total P+I	Fiscal Total
09/30/2018	-	-	-	-
12/01/2018	-	11,485.93	11,485.93	-
06/01/2019	115,000.00	11,485.93	126,485.93	-
09/30/2019	-	-	-	137,971.86
12/01/2019	-	9,302.65	9,302.65	-
06/01/2020	115,000.00	9,302.65	124,302.65	-
09/30/2020	-	-	-	133,605.30
12/01/2020	-	7,119.38	7,119.38	-
06/01/2021	120,000.00	7,119.38	127,119.38	-
09/30/2021	-	-	-	134,238.76
12/01/2021	-	4,841.18	4,841.18	-
06/01/2022	125,000.00	4,841.18	129,841.18	-
09/30/2022	-	-	-	134,682.36
12/01/2022	-	2,468.05	2,468.05	-
06/01/2023	130,000.00	2,468.05	132,468.05	-
09/30/2023	-	-	-	134,936.10
<b>Total</b>	<b>\$605,000.00</b>	<b>\$70,434.38</b>	<b>\$675,434.38</b>	<b>-</b>

#### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculations	9/01/2018
Average Life	2.816 Years
Average Coupon	3.7970013%

#### Par Amounts Of Selected Issues

08 c/o	605,000.00
<b>TOTAL</b>	<b>605,000.00</b>

## McCulloch County, Texas

### General Obligation Bonds, Series 2017

## Debt Service Schedule

Part 1 of 2

Date	Principal	Interest	Total P+I	Fiscal Total
09/30/2018	-	-	-	-
02/15/2019	270,000.00	136,725.00	406,725.00	-
08/15/2019	-	134,025.00	134,025.00	-
09/30/2019	-	-	-	540,750.00
02/15/2020	280,000.00	134,025.00	414,025.00	-
08/15/2020	-	129,825.00	129,825.00	-
09/30/2020	-	-	-	543,850.00
02/15/2021	290,000.00	129,825.00	419,825.00	-
08/15/2021	-	125,475.00	125,475.00	-
09/30/2021	-	-	-	545,300.00
02/15/2022	300,000.00	125,475.00	425,475.00	-
08/15/2022	-	120,975.00	120,975.00	-
09/30/2022	-	-	-	546,450.00
02/15/2023	305,000.00	120,975.00	425,975.00	-
08/15/2023	-	116,400.00	116,400.00	-
09/30/2023	-	-	-	542,375.00
02/15/2024	455,000.00	116,400.00	571,400.00	-
08/15/2024	-	109,575.00	109,575.00	-
09/30/2024	-	-	-	680,975.00
02/15/2025	465,000.00	109,575.00	574,575.00	-
08/15/2025	-	102,600.00	102,600.00	-
09/30/2025	-	-	-	677,175.00
02/15/2026	480,000.00	102,600.00	582,600.00	-
08/15/2026	-	95,400.00	95,400.00	-
09/30/2026	-	-	-	678,000.00
02/15/2027	495,000.00	95,400.00	590,400.00	-
08/15/2027	-	87,975.00	87,975.00	-
09/30/2027	-	-	-	678,375.00
02/15/2028	510,000.00	87,975.00	597,975.00	-
08/15/2028	-	80,325.00	80,325.00	-
09/30/2028	-	-	-	678,300.00
02/15/2029	525,000.00	80,325.00	605,325.00	-
08/15/2029	-	72,450.00	72,450.00	-
09/30/2029	-	-	-	677,775.00
02/15/2030	540,000.00	72,450.00	612,450.00	-
08/15/2030	-	64,350.00	64,350.00	-
09/30/2030	-	-	-	676,800.00
02/15/2031	560,000.00	64,350.00	624,350.00	-
08/15/2031	-	55,950.00	55,950.00	-
09/30/2031	-	-	-	680,300.00

Aggregate | 5/ 9/2019 | 1:07 PM

**McCulloch County, Texas**  
 General Obligation Bonds, Series 2017

**Debt Service Schedule**

Part 2 of 2

<b>Date</b>	<b>Principal</b>	<b>Interest</b>	<b>Total P+I</b>	<b>Fiscal Total</b>
02/15/2032	575,000.00	55,950.00	630,950.00	-
08/15/2032	-	47,325.00	47,325.00	-
09/30/2032	-	-	-	678,275.00
02/15/2033	595,000.00	47,325.00	642,325.00	-
08/15/2033	-	38,400.00	38,400.00	-
09/30/2033	-	-	-	680,725.00
02/15/2034	610,000.00	38,400.00	648,400.00	-
08/15/2034	-	29,250.00	29,250.00	-
09/30/2034	-	-	-	677,650.00
02/15/2035	630,000.00	29,250.00	659,250.00	-
08/15/2035	-	19,800.00	19,800.00	-
09/30/2035	-	-	-	679,050.00
02/15/2036	650,000.00	19,800.00	669,800.00	-
08/15/2036	-	10,050.00	10,050.00	-
09/30/2036	-	-	-	679,850.00
02/15/2037	670,000.00	10,050.00	680,050.00	-
09/30/2037	-	-	-	680,050.00
<b>Total</b>	<b>\$9,205,000.00</b>	<b>\$3,017,025.00</b>	<b>\$12,222,025.00</b>	<b>-</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculations	9/01/2018
Average Life	10.886 Years
Average Coupon	2.9987725%

**Par Amounts Of Selected Issues**

2017 General Obligation Bonds Final Numbers	9,205,000.00
<b>TOTAL</b>	<b>9,205,000.00</b>

## McCulloch County, Texas

Tax Note, Series 2019

### Debt Service Schedule

Date	Principal	Interest	Total P+I	Fiscal Total
05/08/2019	-	-	-	-
02/15/2020	159,000.00	23,998.59	182,998.59	-
08/15/2020	-	13,694.70	13,694.70	-
09/30/2020	-	-	-	196,693.29
02/15/2021	176,000.00	13,694.70	189,694.70	-
08/15/2021	-	11,591.50	11,591.50	-
09/30/2021	-	-	-	201,286.20
02/15/2022	181,000.00	11,591.50	192,591.50	-
08/15/2022	-	9,428.55	9,428.55	-
09/30/2022	-	-	-	202,020.05
02/15/2023	188,000.00	9,428.55	197,428.55	-
08/15/2023	-	7,181.95	7,181.95	-
09/30/2023	-	-	-	204,610.50
02/15/2024	194,000.00	7,181.95	201,181.95	-
08/15/2024	-	4,863.65	4,863.65	-
09/30/2024	-	-	-	206,045.60
02/15/2025	200,000.00	4,863.65	204,863.65	-
08/15/2025	-	2,473.65	2,473.65	-
09/30/2025	-	-	-	207,337.30
02/15/2026	207,000.00	2,473.65	209,473.65	-
09/30/2026	-	-	-	209,473.65
<b>Total</b>	<b>\$1,305,000.00</b>	<b>\$122,466.59</b>	<b>\$1,427,466.59</b>	<b>-</b>

#### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculations	9/01/2018
Average Life	4.613 Years
Average Coupon	2.3900000%

#### Par Amounts Of Selected Issues

2019 Tax Note - Final Numbers	1,305,000.00
<b>TOTAL</b>	<b>1,305,000.00</b>

**TAB C**  
**RATING AGENCY REPORT**



# RatingsDirect®

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**Summary:**

## McCulloch County, Texas; General Obligation

**Primary Credit Analyst:**

Ann M Richardson, Dallas (214) 765-5878; ann.richardson@spglobal.com

**Secondary Contact:**

Nora G Wittstruck, Centennial (1) 303-721-4362; nora.wittstruck@spglobal.com

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Rationale

Outlook

Related Research

## Summary:

# McCulloch County, Texas; General Obligation

Credit Profile		
US\$9.55 mil GO bnds ser 2017 due 02/15/2037		
Long Term Rating	AA-/Stable	New

## Rationale

S&P Global Ratings assigned its 'AA-' rating and stable outlook to McCulloch County, Texas' series 2017 general obligation (GO) bonds. The outlook is stable.

The bonds are payable from an ad valorem tax levied on all taxable property within the county, within the limits prescribed by law. The maximum allowable rate in Texas is 80 cents per \$100 of assessed value for all purposes, with the portion dedicated to debt service limited to 40 cents. The county's levy is well below the maximum, at 52.3 cents total. Despite the limitations imposed by the state levy limit law, we did not make a rating distinction for the limited-tax GO pledge given the county's flexibility under the levy limit. We understand that proceeds from the sale of the bonds will be used to finance the construction of a new county jail.

The rating reflects our assessment of the following factors for McCulloch County:

- Weak economy, with market value per capita of \$65,755 and projected per capita effective buying income at 89.6% of the national level;
- Adequate management, with "standard" financial policies and practices under our financial management assessment (FMA) methodology;
- Strong budgetary performance, with operating surpluses in the general fund and at the total governmental fund level in fiscal 2015;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2015 of 79% of operating expenditures;
- Very strong liquidity, with total government available cash at 71.4% of total governmental fund expenditures and 12.1x governmental debt service and access to external liquidity we consider strong;
- Very weak debt and contingent liability position, with debt service carrying charges at 5.9% of expenditures and net direct debt that is 232.6% of total governmental fund revenue; and
- Strong institutional framework score.

### Weak economy

We consider McCulloch County's economy weak. The county has an estimated population of 8,429. The county has a projected per capita effective buying income of 89.6% of the national level and per capita market value of \$65,755. Overall, the county's market value fell by 3.2% over the past year to \$554.3 million in 2017. The county unemployment rate was 4.8% in 2015.

The county is in central Texas, about 130 miles northwest of Austin and 100 miles southeast of San Angelo. The county is the leading producer of fracking sand in Texas. As a result of the downturn in oil prices, values fell slightly in



fiscal 2017 from previous years. Based on conversations with management, we expect significant growth in property values within the next five years because construction on a new windfarm and oil and gas pipeline is set to kick off in early 2017. In addition, a cement factory plans to relocate within the county, which would add about 200 new jobs. In total, based on conversations with management, we believe there could be upward of \$700 million of new taxable values coming online within the next five years.

### **Adequate management**

We view the county's management as adequate, with "standard" financial policies and practices under our FMA methodology, indicating the finance department maintains adequate policies in some but not all key areas.

Officials monitor the budget through monthly budget-to-actual reports, and have the flexibility to make adjustments as they deem necessary. McCulloch County has a goal to maintain six-to-nine months' worth of operating expenditures in its general fund balance for cash flow purposes. It also maintains a formal investment policy that it reviews annually. Management reports its investment holdings monthly to the governing body. The county lacks policies in some areas, including long-term financial and capital plans, and debt management that set basic debt issuance guidelines.

### **Strong budgetary performance**

McCulloch County's budgetary performance is strong in our opinion. The county had operating surpluses of 17% of expenditures in the general fund and of 2.4% across all governmental funds in fiscal 2015. Our assessment accounts for the fact that we expect budgetary results could deteriorate somewhat from 2015 results in the near term.

We adjusted 2015 audited numbers for one-time transfers to match grant proceeds, one-time grant revenues, and costs associated with a grant project that pertained to road construction. Over the past three years, the county has had net operating surpluses in its general fund and across all governmental funds. Based on unaudited results for 2016, we believe there will be another slight surplus, but likely not in excess of 5% in the general fund. In addition, the 2017 adopted budget is balanced. As a result, we believe McCulloch County's budgetary performance will be strong, deteriorating slightly from the very strong results seen in 2015.

### **Very strong budgetary flexibility**

McCulloch County's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2015 of 79% of operating expenditures, or \$2.4 million. We expect the available fund balance to remain above 30% of expenditures for the current and next fiscal years, which we view as a positive credit factor.

The county's fund balance has consecutively increased in each of the past three years, or increased to \$2.4 million (79% of expenditures) from \$1.8 million (66% of expenditures). This is a significant increase from fiscal 2009 levels, where the unreserved general fund balance was less than \$500,000. We attribute the increasing fund balance to management's conservative budgeting techniques and management's desire to high reserves on hand to ensure sufficient cash flows throughout the year. Based on 2016 unaudited results, we believe reserve levels in 2016 will increase slightly. In fiscal 2017, the county may use about \$300,000 of the fund balance to complete a library project, which will predominately be funded by a private donation, and therefore the fund balance could fall below 75% of operating expenditures over the next two years. There are, however, no other plans to reduce the county's reserves and so we expect the fund balance will be maintained at very strong levels.

### **Very strong liquidity**

In our opinion, McCulloch County's liquidity is very strong, with total government available cash at 71.4% of total governmental fund expenditures and 12.1x governmental debt service in 2015. In our view, the county has strong access to external liquidity if necessary.

This strong access to external liquidity is demonstrated by the county's access to the market in the past two decades. McCulloch County has issued primarily GO-backed bonds over the past 20 years. It has historically had what we consider very strong cash balances and we do not believe its liquidity position will materially worsen over the next two years. Currently, all of McCulloch County's investments comply with Texas statutes and the county's internal investment policy. At year-end fiscal 2015, the majority of the county's cash was stored in certificates of deposits with maturities of less than one year.

### **Very weak debt and contingent liability profile**

In our view, McCulloch County's debt and contingent liability profile is very weak. Total governmental fund debt service is 5.9% of total governmental fund expenditures, and net direct debt is 232.6% of total governmental fund revenue.

The county's outstanding debt obligations are minimal with principal due totaling less than \$1 million. As a result, carrying charges are low; however, we expect debt service costs to increase to about \$700,000 annually, beginning in fiscal 2018 through fiscal 2037, following the issuance of the 2017 bonds. Despite the increased debt service payments from audited 2015 payments, we estimate that carrying charges will remain less than 15%. In addition, voters approved this issuance with the understanding that property taxes could increase up to 8.5 cents per \$100 of taxable valuation, which could moderate our net direct debt-to-revenue ratio and improve our view of the county's debt profile. There are no plans to issue any additional debt at this time. In addition, overall net direct debt to market value is 4.7%. If this key ratio falls below 3%, which could occur once the windfarm and pipeline projects are complete, our view of the county's debt could further improve, all else being equal.

McCulloch County's pension contributions totaled 1.8% of total governmental fund expenditures in 2015. The county made 119% of its annual required pension contribution in 2015.

The county participates in the Texas County and District Retirement System (TCDRS), which is administered by the State of Texas. McCulloch County's required pension contribution is its actuarially determined contribution, which is calculated at the state level, based on an actuary study. Using updated reporting standards in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, the county's net pension asset was measured as of Dec. 31, 2014, which is the most recent available date for the agent plan, and was \$395,000. The TCERS plan maintained a funded level of 108.5%, using the plan's fiduciary net position as a percent of the total pension liability. For additional details on GASB 67 and 68, see our report "Incorporating GASB 67 And 68: Evaluating Pension/OPEB Obligations Under Standard & Poor's U.S. Local Government GO Criteria," published Sept. 2, 2015, on RatingsDirect.

### **Strong institutional framework**

The institutional framework score for Texas counties is strong.

## **Outlook**

The stable outlook reflects our opinion that we will not change the rating over the two-year outlook horizon. The outlook also reflects our expectation that management will continue maintain reserves in compliance with its informal reserve target, enabling the county's budgetary flexibility to remain very strong. In addition, the outlook reflects our view that the county has no additional debt plans, and that forward-looking economic development will enable the county's wealth values to further strengthen.

### **Downside scenario**

A weakening of the county's economic metrics or a trend of weak budgetary performance, would likely result in a lower rating.

### **Upside scenario**

Economic expansion leading to stronger market value per capita and income levels we consider strong, coupled with improvement to the debt profile, could lead to upward rating potential. There is also potential for a higher rating if the county demonstrates its ability to maintain reserves consistently higher than 75% of annual operating expenses.

## **Related Research**

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Incorporating GASB 67 And 68: Evaluating Pension/OPEB Obligations Under Standard & Poor's U.S. Local Government GO Criteria, Sept. 2, 2015
- 2016 Update Of Institutional Framework For U.S. Local Governments

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.globalcreditportal.com](http://www.globalcreditportal.com). All ratings affected by this rating action can be found on the S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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**TAB D**  
**TEXAS MUNICIPAL REPORT**





FINANCIAL STATEMENT

FINANCIAL STATEMENT (As of September 30, 2018)

Table with 2 columns: Description, Amount. Includes Net Taxable Assessed Valuation, GO Debt payable, and Net Debt.

Net Debt Per Net Taxable Assessed Valuation - 1.48%
Net Debt Per Sq mile - \$8,991.99
Net Debt Per Capita - \$1,217.09

Net Taxable Assessed Valuation Per Capita - \$81,998.26

Bureau of Census Pop: 2000 - 8,205
Bureau of Census Pop: 2010 - 8,283
2018 Estimated Population - 7,957
Area: 1,077.00 Sq mile

PAYMENT RECORD

Never defaulted.

TAX DATA

Table with 6 columns: Tax Year, A.V., Tax Rate, Adjusted Levy, % Collections Current, % Collections Total, Year Ended. Shows data from 2013 to 2018.

Table with 5 columns: Tax Rate Distribution, 2018, 2017, 2016, 2015. Includes Operations, I&S, Road & Bridge, and Totals.

Tax Rate Limitation:

Limited Tax Bonds Texas Constitution (Art. VIII, Sec. 9) imposes limit of \$0.80 per \$100 assessed valuation for all purposes of General Fund, Permanent Improvement Fund, Road & Bridge Fund and Jury Fund...

SALES TAX

Optional Sales Tax. Texas Counties have the option of assessing a 1/2 of 1% sales tax if approved by the voters in a local option election...

Table with 5 columns: Calendar Year, Rate, Total Collected, % of Ad Val Tax Levy, Equiv of Ad Val Tax Rate. Shows data for 2015, 2016, and 2017.

Table with 5 columns: Year, Rate, Total Collected, Rate, Rate. Shows data for 2015, 2016, 2017, and 2018.

SALES TAX COLLECTIONS FOR McCULLOCH CO HOSPITAL DISTRICT

Table with 3 columns: Calendar Year, Rate, Total Collected. Shows data for 2015, 2016, 2017, and 2018.

DETAILS OF OUTSTANDING DEBT

Details of Limited Tax Debt (Outstanding 9/30/2018)

C/O Ser 2008

Tax Treatment: Bank Qualified
Original Issue Amount \$1,525,000.00
Dated Date: 05/01/2008
Sale Date: 04/28/2008
Delivery Date: 06/08/2008
Sale Type: Private Placement
Record Date: MSRB
Bond Form: FR
Denomination \$1,525,000
Interest pays Semi-Annually: 06/01, 12/01
1st Coupon Date: 12/01/2008

Paying Agent: Bank of America, N.A., Fort Worth, TX
Bond Counsel: McCall Parkhurst & Horton L.L.P.
Financial Advisor: The Skiles Company, Marfa, TX
Purchaser: Bank of America, N.A.

Use of Proceeds: Courthouse.

Refunding Notes: Mty(s) 6/1/2009 defeased by GO Ref Bds Ser 2009 @ par.

Table with 4 columns: Maturity, Amount, Coupon, Orig Reoffering Price/Yield. Shows maturity schedule from 06/01/2019 to 06/01/2023.

Call Option: Bonds maturing on 06/01/2010 to 06/01/2023 callable in whole or in part on any date beginning 05/01/2008 @ par plus prepayment fee as specified in the authorizing resolution.

Refunded Notes: Mty(s) 06/01/2009 escrowed to mty.

GO Bds Ser 2017

Tax Treatment: Bank Qualified
Original Issue Amount \$9,355,000.00
Dated Date: 02/01/2017
Sale Date: 02/13/2017
Delivery Date: 03/15/2017
Sale Type: Competitive
TIC: 2.6571%
Record Date: MSRB
Bond Form: BE
Denomination \$5,000
Interest pays Semi-Annually: 08/15, 02/15
1st Coupon Date: 02/15/2018

Paying Agent: UMB Bank, N.A., Dallas, TX
Bond Counsel: Bickerstaff Heath Delgado Acosta LLP, Austin, TX

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Financial Advisor: Specialized Public Finance Inc., Dallas, TX  
 Lead Manager: PNC Capital Markets Inc.

Use of Proceeds: Law Enforcement Center.

Maturity	Amount	Coupon	Orig Reoffering Price/Yield
02/15/2019	270,000.00	2.0000%	1.200%
02/15/2020	280,000.00	3.0000%	1.300%
02/15/2021	290,000.00	3.0000%	1.500%
02/15/2022	300,000.00	3.0000%	1.700%
02/15/2023	305,000.00	3.0000%	1.850%
02/15/2024	455,000.00	3.0000%	2.000%
02/15/2025	465,000.00	3.0000%	2.100%
02/15/2026	480,000.00	3.0000%	2.250%
02/15/2027	495,000.00	3.0000%	2.350%
02/15/2028	510,000.00	3.0000%	2.400%
02/15/2029	525,000.00	3.0000%	2.500%
02/15/2037T	4,830,000.00	3.0000%	2.700%
-----\$9,205,000.00			

Call Option: Bonds maturing on 02/15/2028 to 02/15/2029 and term bonds maturing on 02/15/2037 callable in whole or in part on any date beginning 02/15/2027 @ par.

Term Call: Term bonds maturing on 02/15/2037 subject to mandatory redemption as follows:

Redemption Date	Principal Amount
02/15/2030	\$540,000
02/15/2031	\$560,000
02/15/2032	\$575,000
02/15/2033	\$595,000
02/15/2034	\$610,000
02/15/2035	\$630,000
02/15/2036	\$650,000
02/15/2037	\$670,000
-----	
	\$4,830,000

**Grand Total =====> \$9,810,000.00**

**Bond Debt Service**

Period Ending	Principal	Interest	Debt Service
09/30/19	385,000.00	293,721.85	678,721.85
09/30/20	395,000.00	282,455.30	677,455.30
09/30/21	410,000.00	269,538.75	679,538.75
09/30/22	425,000.00	256,132.35	681,132.35
09/30/23	435,000.00	242,311.10	677,311.10
09/30/24	455,000.00	225,975.00	680,975.00
09/30/25	465,000.00	212,175.00	677,175.00
09/30/26	480,000.00	198,000.00	678,000.00
09/30/27	495,000.00	183,375.00	678,375.00
09/30/28	510,000.00	168,300.00	678,300.00
09/30/29	525,000.00	152,775.00	677,775.00
09/30/30	540,000.00	136,800.00	676,800.00
09/30/31	560,000.00	120,300.00	680,300.00
09/30/32	575,000.00	103,275.00	678,275.00
09/30/33	595,000.00	85,725.00	680,725.00
09/30/34	610,000.00	67,650.00	677,650.00
09/30/35	630,000.00	49,050.00	679,050.00
09/30/36	650,000.00	29,850.00	679,850.00
09/30/37	670,000.00	10,050.00	680,050.00
-----			
	9,810,000.00	3,087,459.35	12,897,459.35

COMPUTED ON BASIS OF MANDATORY REDEMPTION

**Debt Amortization Rates**

Period Ending	Principal	% of Principal Retired
09/30/2019	385,000.00	03.92%
09/30/2020	395,000.00	07.95%
09/30/2021	410,000.00	12.13%
09/30/2022	425,000.00	16.46%
09/30/2023	435,000.00	20.90%
09/30/2024	455,000.00	25.54%
09/30/2025	465,000.00	30.28%
09/30/2026	480,000.00	35.17%
09/30/2027	495,000.00	40.21%
09/30/2028	510,000.00	45.41%
09/30/2029	525,000.00	50.76%
09/30/2030	540,000.00	56.27%
09/30/2031	560,000.00	61.98%
09/30/2032	575,000.00	67.84%
09/30/2033	595,000.00	73.90%
09/30/2034	610,000.00	80.12%
09/30/2035	630,000.00	86.54%
09/30/2036	650,000.00	93.17%
09/30/2037	670,000.00	100.00%

**DEBT SERVICE FUND MANAGEMENT INDEX**

G.O. Debt Service Requirements for fiscal year-ending 09/30/2019	\$678,722
I&S Fds all G.O. issues 09/30/2018	\$125,625
2018 I&S Fund Tax Levy @ 90%*	540,237

\* The tax levy collection percentage would have to be 92% to meet debt service requirements.

**AUTHORIZED BUT UNISSUED**

GENERAL OBLIGATION BONDS AUTHORIZED BUT UNISSUED None

**PENSION FUND LIABILITY**

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of nontraditional defined benefit pension plans. TCDS in the aggregate issues a comprehensive annual financial report ("CAFR") on a calendar year basis. The CAFR is available upon written request from the TCDS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDS ("TCDS Act"). Members can retire with eight or more years of service at age 60 and above, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service 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 their employer.

Required Contribution Rates (Percentage of gross covered salary)

	2018	2017
Employee:	7.00%	7.00%
County:	4.81%	5.29%

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Actuarial Valuation as of	12/31/2017	12/31/2016
Assets	\$5,492,723	\$5,175,370
Accrued Liabilities	\$5,464,611	\$5,224,638
-----		
(Unfunded)/Overfunded Liab.	\$28,112	(\$49,268)
Funded Ratio	100.51%	99.06%
Annual Covered Payroll	\$1,572,931	\$1,485,448
(Unfunded)/Overfunded Liability as a % of Covered Payroll	1.79%	(3.32)%

CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	12/31/2017	12/31/2016
Total Pension Liability	\$5,298,344	\$5,067,901
Plan Fiduciary Net Position	\$5,729,732	\$5,096,181
-----		
Net Pension Liability(Asset) Fiduciary Net Position as a % of Total Pension Liability	108.14%	100.56%
Covered Employee Payroll	\$1,572,931	\$1,485,448
Net Pension Liability as a % of Covered Payroll	(27.43)%	(1.90)%
Employer Contributions	\$110,105	\$103,981
Employee Contributions	\$110,105	\$103,981
Pension Expense	\$125,540	\$182,290

Membership Data:

Number of Annuitants	34	37
Number of Members	69	62
Number of Depositing Members	47	43
-----		
Total	150	142

Source: Texas County and District Retirement System

NON FUNDED DEBT

NON-FUNDED DEBT PAYABLE (As of September 30, 2018)

The County reports additional debt in the principal amount of \$814,594 under Govt Activities as follows:

	Amount Outstanding	Int Rate	Next Year's Requirements	Reported Under
Notes payable	\$566,272	2.7-4.841%	\$174,627	Govt Activities
Capital Leases	\$235,716	2.72-3.81%	\$45,573	Govt Activities
Compensated Absences	\$12,606	N/A	N/A	Govt Activities

OVERLAPPING DEBT

ESTIMATED OVERLAPPING DEBT STATEMENT

Taxing Body	Debt Amount	As Of	%Ovlpg	Ovlpg Amt
Brady ISD	\$14,252,129	08/31/17	89.47	\$12,751,380
Brady, City of	4,505,000	* 03/31/19	100.00	4,505,000
Lohn ISD	940,000	* 03/31/19	100.00	940,000
Mason ISD	3,565,953	08/31/18	7.25	258,532
Rochelle ISD	-None-	03/31/19	100.00	0
Total Overlapping Debt:				\$18,454,911
McCulloch Co				09/30/18
				\$9,684,375
Total Direct and Overlapping Debt:				\$28,139,286
Total Direct and Overlapping Debt % of A.V.:				4.31%

Total Direct and Overlapping Debt per Capita: \$3,536

\* Gross Debt

ECONOMIC BACKGROUND

McCulloch County is a central Texas county traversed by U.S. Highways 87, 190, 283, 377 and State Highway 71. The Colorado River acts as the northern boundary for the county and Brady Creek runs through the center.

COUNTY SEAT: Brady

2010 census: 8,283 increasing 1.0% since 2000  
2000 census: 8,205 decreasing 6.5% since 1990  
1990 census: 8,778

ECONOMIC BASE

Mineral: sand, oil, gravel and gas.

Industry: tourism, manufacturing, hunting leases and agriculture.

Agricultural: wheat, sorghums, sheep, peanuts, irrigation, hogs, hay, goats, dairy cattle, dairy, cotton and beef cattle.

OIL AND GAS - 2018

The county ranks 175 out of all the counties in Texas for oil production.

OIL PRODUCTION (Texas Railroad Commission)

Year	Description	Volume	% Change From Previous Year
2015	Oil	49,487 BBL	-6.33
2016	Oil	48,857 BBL	-1.27
2017	Oil	39,920 BBL	-18.29
2018	Oil	37,981 BBL	-4.86

RETAIL SALES & EFFECTIVE BUYING INCOME (The Nielsen Company)

Year	2018	2017	2016
Retail Sales	\$104.5M	\$102.9M	\$196.2M
Effective Buying Income (EBI)	\$164.6M	\$176.6M	\$161.9M
County Median Household Income	\$39,940	\$41,240	\$36,456
State Median Household Income	\$61,175	\$57,227	\$55,352
% of Households with EBI below \$25K	27.4%	27.9%	14.9%
% of Households with EBI above \$25K	66.8%	65.5%	65.6%

EMPLOYMENT DATA (Texas Workforce Commission)

	2018		2017		2016	
	Employed	Earnings	Employed	Earnings	Employed	Earnings
1st Q:	2,901	\$29.3M	2,834	\$28.7M	2,855	\$25.9M
2nd Q:	2,917	\$30.2M	2,859	\$28.5M	2,816	\$25.0M
3rd Q:	2,955	\$28.6M	2,886	\$28.4M	2,817	\$25.2M
4th Q:	N/A	N/A	2,964	\$34.2M	2,854	\$27.6M

TOP TAXPAYERS

Principal Taxpayers	2018 A.V.	% of A.V.
1. FML Sand LLC Quarry	\$31,580,050	4.84%
2. Enterprise Crude Pipeline LLC Oil & Gas Pipeline	31,272,880	4.79%
3. Rattlesnake Power LLC Electric Utility	28,021,480	4.29%
4. Cadre Material Products LLC Quarry	23,643,300	3.62%
5. Permian Frac Sand LLC Quarry	20,265,660	3.11%
6. Premier Silica LLC Manufacturing	14,554,900	2.23%
7. Caterpillar Financial Services CC Financial/Banking	13,998,710	2.15%
8. Hexion Inc.	12,194,450	1.87%

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Chemical Plant		
9. Unimin Corp.	9,480,050	1.45%
Manufacturing		
10. Oncor Electric Delivery Co.	9,180,470	1.41%
Electric Utility		
	-----	-----
Total:	\$194,191,950	29.76%

As shown in the table above, the top ten taxpayers in the District currently account for over 29% of the District's tax base. Adverse developments in economic conditions could adversely impact the businesses in the District and the tax values in the District, resulting in less local tax revenue.

**FINANCE CONNECTED OFFICIALS**

County Judge  
 Bill J. Spiller  
 199 Courthouse Square RM 302  
 Brady, TX 76825  
 Phone: 325-597-0733 Ext: 4  
 Fax: 325-597-2980  
 bill.spiller@co.mcculloch.tx.us

County Treasurer  
 Steven Estes  
 199 Courthouse Square RM 301  
 Brady, TX 76825  
 Phone: 325-597-0733 Ext: 6  
 Fax: 325-597-1814  
 steven.estes@co.mcculloch.tx.us

Chief Appraiser-Tax A/C  
 Zane Brandenberger  
 McCulloch County Appraisal District  
 306 W. Lockhart  
 Brady, TX 76825  
 Phone: 325-597-1627  
 Fax: 325-597-2408  
 zane@mccullochcad.org

**CD**

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