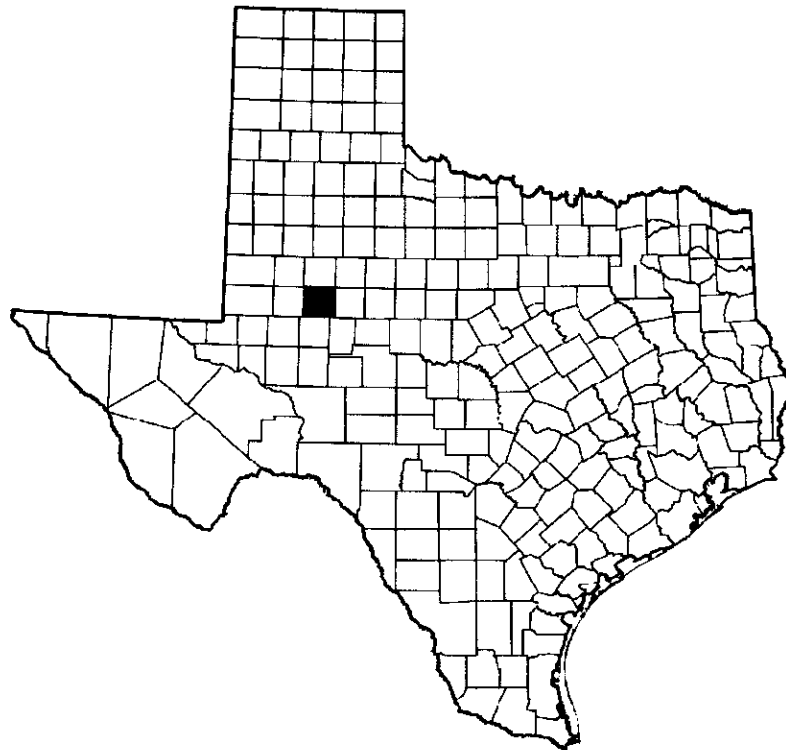


HOWARD COUNTY, TEXAS

Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2010



Prepared by Office of County Auditor
Audited by Don H. Stephens, CPA, PC

Introductory Section

Howard County, Texas
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2010

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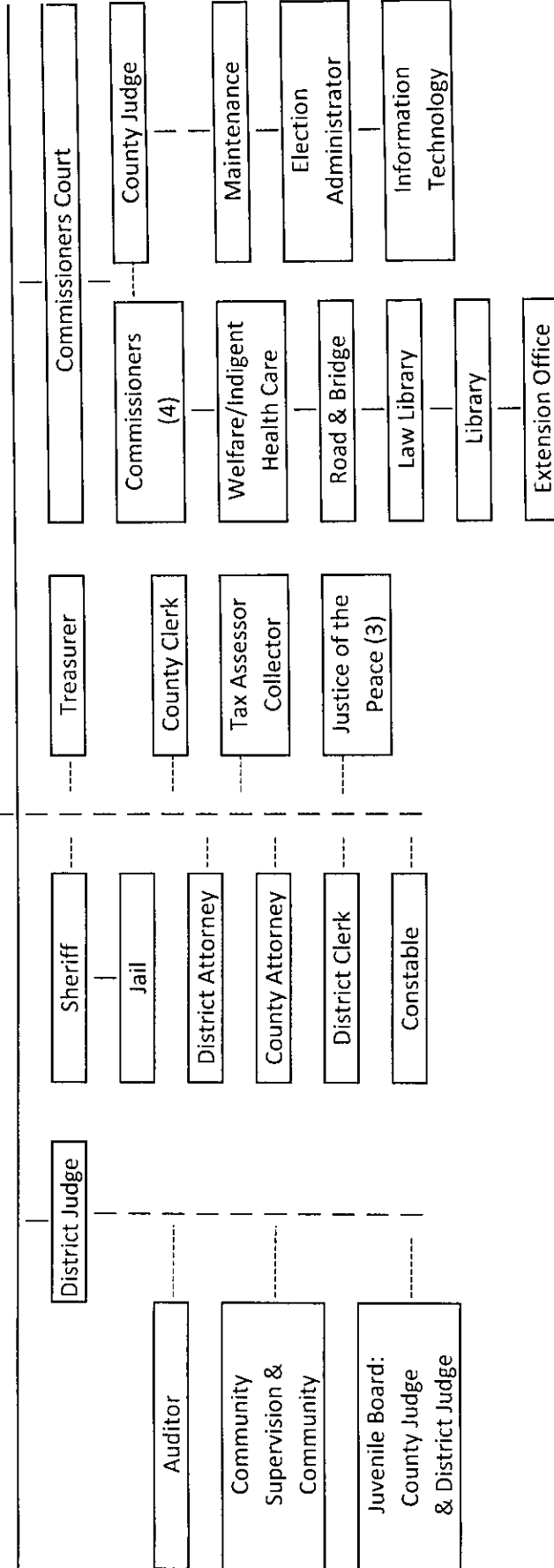
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HOWARD COUNTY ORGANIZATION CHART

COUNTY VOTERS



Shaded Boxes represent elected positions

Howard County, Tx
List of Elected and Appointed Officials
September 30, 2010

Elected Officials

District Judge	Robert H. Moore, III
County Judge	Mark Barr
Commissioner – Precinct 1	Emma Puga Brown
Commissioner – Precinct 2	Jerry Kilgore
Commissioner – Precinct 3	Jimmie Long
Commissioner – Precinct 4	Gary Simer
Sheriff	Stan Parker
District Attorney	Hardy Wilkerson
County Attorney	Joshua Hamby
Justice of Peace – Precinct 1, Place 1	Bennie Green
Justice of Peace – Precinct 1, Place 2	Kathryn Wiseman
Justice of Peace – Precinct 2, Place 1	Quail Dobbs
Tax Assessor Collector	Kathy Sayles
Treasurer	Teresa Thomas
District Clerk	Colleen Barton
County Clerk	Donna Wright

Appointed Officials

County Auditor	Jackie Olson
Juvenile Probation Officer	Gerrilyn Randle
Community Supervision and Corrections Director	Kent Minchew

Financial Section

DON H. STEPHENS CPA, P.C.
A PROFESSIONAL CORPORATION
703 SOUTH FIRST STREET
LAMESA, TEXAS 79331

MEMBER AICPA
806 872 3233 VOICE

MEMBER TSCPA
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INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge and Commissioners' Court of
Howard County, Texas

We have audited the accompanying financial statements of the governmental activities, and each major fund of Howard County, Texas, as of and for the year ended September 30, 2010, which collectively comprise Howard County's financial statements as listed in the table of contents. These financial statements are the responsibility of Howard County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and aggregate remaining fund information of Howard County as of September 30, 2010, the results of its operation; and cash flows where applicable for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2011, on our consideration of the Howard County's internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information are not required parts of the financial statement, but constitute supplementary information required by accounting principles generally accepted in the United States of America. This supplementary information is the responsibility of Howard County's management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the County's respective financial statements. The introductory section combining and individual non-major fund financial statements, and statistical section ("supplementary information"), listed in the forgoing table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management of Howard County. The combining and individual fund financial statements, have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Don H. Stephens CPA, PC

Don H. Stephens CPA, P.C.
January 31, 2011

Howard County, Tx
Management's Discussion and Analysis
September 30, 2010

As Auditor of the County of Howard, I offer readers of the County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2010. I encourage readers to consider the information presented here in conjunction with additional information furnished in the Notes to the Financial Statements as well as the basic financial statements.

Users of Public-Sector Financial Information

Many groups and individuals need reliable information about a government's finances.

Management needs financial information for planning purposes and to ensure and demonstrate compliance with budgetary and grantor restrictions on the use of resources. Oversight bodies need financial information to make informed decisions on the allocation of scarce resources and to monitor management's compliance with budgetary and other legal restrictions.

Investors and creditors need financial information to determine the creditworthiness of the government and whether the government is complying with finance related legal and contractual requirements. Citizens need financial information to evaluate the financial stewardship of their elected representatives and to provide a basis for their own informed participation in the budgetary process.

General Background Information

The U.S. Constitution establishes only two levels of government, state and federal. Each state has its own constitution, which provides for a third (local) level of government. In effect, local governments derive their powers from the states that created them. Different states have different structures of local government, either general-purpose governments or special-purpose governments. General-purpose governments include counties, municipalities, towns and townships. Municipal governments are characteristic of all 50 states. Towns and townships are found in 20 states. The most common type of special-purpose government is the independent public school district. A brief summary of the types of local governments in the United States is presented in the following exhibit. (1)

Types of local government	General-Purpose	Special-Purpose	Total
Counties	3,034	0	3,034
Municipalities	19,431	0	19,431
Towns and townships	16,506	0	16,506
Independent school districts	0	13,522	13,522
Special districts	<u>0</u>	<u>35,356</u>	<u>35,356</u>
Total	38,971	48,878	87,849

(1) Source: Governmental Accounting, Auditing, and Financial Reporting Handbook
Data based on the 2002 Census of Governments

Overview of the Financial Statements

The County's financial reporting for fiscal year 2010 focuses on the county as a whole, and on major individual funds. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to present an overall picture of the financial position of the County of Howard. These statements consist of the statement of net assets and the statement of activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting. This means that all the current year's revenues and expenses are included regardless of when cash is received or paid, producing a view of financial position similar to that presented by most private-sector companies.

The statement of net assets combines and consolidates the government's current financial resources with capital assets and long-term obligations. This statement includes all of the County's assets and liabilities.

Net assets is the difference between the County's assets and liabilities, and represents one measure of the County's financial health.

The statement of activities focuses on both the gross and net cost of various activities (governmental and business-type). This statement summarizes the cost of providing specific government services.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Howard uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County of Howard can be grouped in one category: governmental funds.

Governmental funds are accounted for using the modified accrual basis of accounting, which measures cash and other assets that can be readily converted to cash. The reconciliation following the fund financial statements explains the differences between the County's activities, reported in the government-wide statement of net assets and government-wide statement of activities, and the governmental funds. The General Fund, Road and Bridge Fund, and the Tobacco Fund are reported as major funds. (Major funds are funds whose revenues, expenditures/expenses, assets, or liabilities are at least 10 percent of corresponding totals for all governmental funds and at least 5 percent of the aggregate amount for all governmental funds for the same item.) The County also includes the Debt Service Funds as major funds.

The County maintains a proprietary fund, an internal service fund, to account for its fleet of vehicles. Because this service benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The County also maintains additional individual governmental funds. Data from these funds are combined into a single, aggregated presentation.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Analysis of the County as a Whole

Net Assets. Total assets of the County on September 30, 2010, were \$25,741,248 while total liabilities were \$12,702,542, resulting in a net asset balance of \$13,038,706.

Howard County's Net Assets

Current and other assets	\$ 11,619,940
Capital assets	<u>14,121,308</u>
Total assets	25,741,248
Long-term liabilities outstanding	11,930,000
Other liabilities	<u>772,542</u>
Total liabilities	12,702,542
Net assets: Invested in capital assets, net of related debt	2,191,308
Restricted	96,414
Unrestricted	<u>10,750,984</u>
Total net assets	\$ <u>13,038,706</u>

Changes in Net Assets

During the fiscal year the County earned \$2,437,259 in charges for services/fines/fees. Property tax revenue accounted for \$11,356,869, while \$713,370 was earned in investment income and other miscellaneous revenue.

Governmental Funds

Revenues	
Program revenues:	
Charges for services	\$ 2,437,259
Grants	46,566
General revenues:	
Taxes	11,356,869
Other	<u>713,370</u>
Total revenues	14,554,064

<u>Expenses</u>	
General government	\$4,802,531
Public safety	3,199,696
Road maintenance	1,365,818
Health/welfare	303,919
Conservation of natural Resources	148,627
Culture and recreation	394,021
Intergovernmental	834,561
Interest on debt	541,962
Vehicle operation	902,352
Other	<u>800</u>
Total expenses	<u>12,494,287</u>
Change in Net Assets	2,059,777
Net assets, 10-01-09 adjusted	10,978,929
Net assets, 9-30-10	<u>13,038,706</u>

Budget Variances in the General Fund

Unlike budgets in the private sector, the appropriated budget of a local government is much more than just a financial plan. It is the concrete manifestation of a legislative body's use of the power of the purse to set public policy.

The original budget for revenues in the general fund was \$10,715,819 compared to \$10,806,158 for the final budget, a decrease of \$90,339.

Revenues	Original Budget	Final Budget	Increase or (Decrease)
Taxes	\$ 8,565,268	\$8,565,268	\$ -0-
License/permits	4,800	8,150	3,350
Intergovernmental	337,890	381,351	43,461
Charge for services	912,250	1,023,250	111,000
Fines/fees	651,800	5,888,007	-63,000
Other	218,811	222,839	4,028
Interest	<u>25,000</u>	<u>16,500</u>	<u>-8,500</u>
Total	<u>10,715,819</u>	<u>10,806,158</u>	<u>90,339</u>

The original budget for expenditures in the general fund was \$9,358,006 compared to \$9,658,005 for the final budget, an increase of \$299,999

Expenditures	Original Budget	Final Budget	Increase or (Decrease)
General government	\$4,749,014	\$4,497,014	-\$252,000
Public safety	3,119,633	3,245,269	125,636
Health/welfare	12,800	12,800	0
Conservation of Natural resources	154,430	154,430	0
Culture/Recreation	412,112	412,736	624
Intergovernmental	778,017	935,756	157,739
Capital outlay	<u>132,000</u>	<u>400,000</u>	<u>268,000</u>
Total	<u>9,358,006</u>	<u>9,658,005</u>	<u>299,999</u>

Capital Assets

The County's investment in capital assets as of September 30, 2010, amounts to \$14,121,308 (net of accumulated depreciation). This investment includes land, buildings and improvements and equipment.

Capital Assets (net of accumulated depreciation)

Land	590,351
Buildings/improvements	12,112,866
Equipment	<u>1,418,091</u>
Total	<u>14,121,308</u>

Contacting the County's Financial Management

This financial report is designed to provide the County's citizens, taxpayers, and creditors with a general overview of the County's finances. If you have questions, contact the County Judge or County Auditor at 300 Main Street, County Courthouse, and Big Spring, TX 79720.

Basic Financial Statements

Howard County, Tx
Statement of Net Assets
September 30, 2010

	Governmental Activities
ASSETS	
Cash and cash equivalent	\$ 9,992,351
Petty cash	1,400
Receivables (net of allow. for uncollectibles)	1,211,305
Inventory	64,315
Deferred Charges	350,569
Capital assets (net of accumulated depreciation):	
Land	590,351
Buildings and improvements	12,112,866
Equipment	1,418,091
Total assets	25,741,248
LIABILITIES	
Accounts payable	283,132
Wages payable	301,638
Accrued interest payable	59,328
Noncurrent liabilities:	
Due within one year	1,072,058
Due in more than one year	10,986,386
Total liabilities	12,702,542
NET ASSETS	
Invested in capital assets, net of related debt	2,191,308
Reserved for debt service	96,414
Unrestricted	10,750,984
Total net assets	\$ 13,038,706

The notes to the financial statements are an integral part of this statement.

Howard County, Tx
Statement of Activities
For the Year Ended September 30, 2010

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Functions/Programs					
Governmental activities:					
General Government	\$ 4,802,531	\$ 1,639,117	\$ 28,419	\$ -	\$ (3,134,995)
Public Safety	3,199,696	123,926	6,686	-	(3,069,084)
Road Maintenance	1,365,818	668,420	-	-	(697,398)
Health/Welfare	303,919	-	-	-	(303,919)
Conservation of Nat. Resources	148,627	-	-	-	(148,627)
Culture and Recreation	394,021	5,796	11,461	-	(376,764)
Intergovernmental	834,561	-	-	-	(834,561)
Interest on long term debt	541,962	-	-	-	(541,962)
Vehicle Operation	902,352	-	-	-	(902,352)
Other	800	-	-	-	(800)
Total governmental activities	12,494,287	2,437,259	46,566	-	(10,010,462)
General revenues:					
Property taxes					11,356,869
Intergovernmental					425,237
Other/Miscellaneous/Interest					288,133
Transfers (net)					-
Total general revenues and transfers					12,070,239
Change in net assets					2,059,777
Adjustment to fund balances					378,062
Net assets - beginning					10,600,867
Net assets - ending					\$ 13,038,706

The notes to the financial statements are an integral part of this statement.

Howard County, Tx
Balance Sheet
Governmental Funds
September 30, 2010

	Major Funds					Nonmajor Funds	Total
	General Fund	Road & Bridge Fund	Tobacco Fund	Debt Service 2005	Debt Service 2008	Other Governmental Funds	
ASSETS							
Cash and cash equivalents	\$ 6,431,031	\$ 837,035	\$ 1,554,004	\$ 16,390	\$ 80,024	\$ 484,200	\$ 9,402,684
Petty cash	1,400	-	-	-	-	0	1,400
Receivables (net of allowance for uncollectibles)	514,753	92,365	-	30,451	-	19,548	657,117
Due from other funds	37,897	3,793	-	-	-	0	41,690
Inventory	40,998	-	-	-	-	0	40,998
Total assets	7,026,079	933,193	1,554,004	46,841	80,024	503,748	10,143,889
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	240,174	4,529	-	-	-	22,594	267,297
Wages payable	243,542	40,221	-	-	-	10,708	294,471
Deferred revenue	484,232	82,397	-	30,451	-	-	597,080
Total liabilities	967,948	127,147	-	30,451	-	33,302	1,158,848
Fund balances:							
Reserved for inventory	40,999	-	-	-	-	-	40,999
Reserved for claimants	-	-	-	-	-	9,003	9,003
Unreserved, reported in:							
General Fund	6,017,132	-	-	-	-	-	6,017,132
Special Revenue Funds	-	806,046	1,554,004	-	-	461,443	2,821,493
Capital Projects Fund	-	-	-	-	-	-	-
Debt Service Fund	-	-	-	16,390	80,024	-	96,414
Total fund balances	6,058,131	806,046	1,554,004	16,390	80,024	470,446	8,985,041
Total liabilities and fund balances	7,026,079	933,193	1,554,004	46,841	80,024	503,748	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	12,892,409
Assets not available to pay for current-period expenditures	1,459,998
Internal service fund is used to charge the costs of vehicle management to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	1,813,654
Liabilities, including bonds and interest payable, are not due and payable in the current period and therefore are not reported in the funds	(12,112,396)
Net assets of governmental activities	\$ 13,038,706

The notes to the financial statements are an integral part of this statement.

Howard County, Tx
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2010

	Major Funds-----					Nonmajor Funds	Total
	General Fund	Road & Bridge Fund	Tobacco Fund	Debt Service 2005	Debt Service 2008	Other Governmental Funds	
REVENUES							
Taxes	\$ 9,159,742	\$ 1,616,425	\$ -	\$ 100,202	\$ 442,201	\$ -	\$ 11,318,570
License and permits	8,161	668,420	-	-	-	0	676,581
Intergovernmental	406,638	38,981	10,611	-	-	1,782	458,012
Charges for services	1,035,208	-	-	-	-	40,108	1,075,316
Fines/fees	588,079	-	-	-	-	209,083	797,162
Interest	16,812	1,821	2,958	15	255	603	22,464
Miscellaneous	218,949	80	-	-	-	23,246	242,275
Total revenues	11,433,589	2,325,727	13,569	100,217	442,456	274,822	14,590,380
EXPENDITURES							
General government	4,161,557	-	-	-	-	275,121	4,436,678
Public Safety	3,188,651	-	-	-	-	-	3,188,651
Road Maintenance	-	2,156,083	-	-	-	-	2,156,083
Health/Welfare	6,724	-	-	-	-	296,649	303,373
Conservation of Natural Resources	148,202	-	-	-	-	-	148,202
Culture and Recreation	393,089	-	-	-	-	-	393,089
Intergovernmental	834,561	-	-	-	-	-	834,561
Interest on debt	-	-	-	24,390	519,424	-	543,814
Bond principal	-	-	-	110,000	285,000	-	395,000
Capital outlay	392,839	-	-	-	-	94,954	487,793
Other	-	-	-	300	500	-	800
Total expenditures	9,125,623	2,156,083	-	134,690	804,924	666,724	12,888,044
Excess (deficiency) of revenues over expenditures	2,307,966	169,644	13,569	(34,473)	(362,468)	(391,902)	1,702,336
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	400,000	-	-	551,517	951,517
Transfers out	(851,517)	-	-	-	-	(100,000)	(951,517)
Total other financing sources (uses)	(851,517)	-	400,000	-	-	451,517	-
Net change in fund balances	1,456,449	169,644	413,569	(34,473)	(362,468)	59,615	1,702,336
Inventory increase (decrease)	16,982	-	-	-	-	-	16,982
Fund balances - beginning	4,584,700	636,402	1,140,435	50,863	442,492	410,831	7,265,723
Fund balances - ending	\$ 6,058,131	\$ 806,046	\$ 1,554,004	\$ 16,390	\$ 80,024	\$ 470,446	\$ 8,985,041

The notes to the financial statements are an integral part of this statement.

Howard County, Tx
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended September 30, 2010

Amounts reported for governmental activities in the statements of activities are different because:

Net change in fund balances - total governmental funds	\$ 1,702,336
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	-59,710
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	185,734
Internal service fund is used to charge the costs of vehicle management to individual funds. The net revenue of this fund is reported with governmental activities.	<u>231,417</u>
Changes of net assets of governmental activities	<u><u>\$ 2,059,777</u></u>

The notes to the financial statements are an integral part of this statement.

Howard County, Tx
Major Funds - General and Road & Bridge
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Original and Final) and Actual
Year Ended September 30, 2010

	General Fund			Road and Bridge Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues:						
Taxes	\$ 8,565,268	\$ 8,565,268	\$ 9,159,742	\$ 1,523,215	\$ 1,523,215	\$ 1,616,425
License and permits	4,800	8,150	8,161	662,500	665,000	668,420
Intergovernmental	337,890	381,351	406,638	26,243	38,743	38,981
Charges for services	912,250	1,023,250	1,035,208	-	-	-
Fines/fees	651,800	588,800	588,079	-	-	-
Miscellaneous	218,811	222,839	218,949	-	-	80
Interest	25,000	16,500	16,812	4,000	1,800	1,821
Total revenues	10,715,819	10,806,158	11,433,589	2,215,958	2,228,758	2,325,727
Expenditures:						
Current						
General government	4,749,014	4,497,014	4,161,557	-	-	-
Road maintenance	-	-	-	2,464,860	2,429,834	2,156,083
Public safety	3,119,633	3,245,269	3,188,651	-	-	-
Health/welfare	12,800	12,800	6,724	-	-	-
Conservation of natural resources	154,430	154,430	148,202	-	-	-
Culture and recreation	412,112	412,736	393,089	-	-	-
Intergovernmental	778,017	935,756	834,561	-	-	-
Capital expenditures	132,000	400,000	392,839	-	-	-
Total expenditures	9,358,006	9,658,005	9,125,623	2,464,860	2,429,834	2,156,083
Excess (deficiency) of revenues over expenditures	1,357,813	1,148,153	2,307,966	(248,902)	(201,076)	169,644
Other financing sources (uses):						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	(1,635,892)	(1,651,959)	(851,517)	-	-	-
Total other financing sources (uses)	(1,635,892)	(1,651,959)	(851,517)	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(278,079)	(503,806)	1,456,449	(248,902)	(201,076)	169,644
Fund balance-October 1	3,700,000	4,584,700	4,584,700	250,000	636,402	636,402
Increase (decrease) in reserve for inventory	-	-	16,982	-	-	-
Fund balance-September 30	\$ 3,421,921	\$ 4,080,894	\$ 6,058,131	\$ 1,098	\$ 435,326	\$ 806,046

The notes to the financial statements are an integral part of this statement.

Howard County, Tx
Major Funds - Debt Service Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Original and Final) and Actual
Year Ended September 30, 2010

	Tobacco Fund			Debt Service 2005 Series Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ 85,700	\$ 85,700	\$ 100,202
License and permits	-	-	-	-	-	-
Intergovernmental	10,000	10,000	10,611	-	-	-
Charges for services	-	-	-	-	-	-
Fines/fees	-	-	-	-	-	-
Donations/grants	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-
Interest	5,000	2,900	2,958	-	-	15
Total revenues	15,000	12,900	13,569	85,700	85,700	100,217
Expenditures:						
Current						
General government	-	-	-	-	-	-
Road maintenance	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health/welfare	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-
Debt service	-	-	-	134,890	134,890	134,690
Total expenditures	-	-	-	134,890	134,890	134,690
Excess (deficiency) of revenues over expenditures	15,000	12,900	13,569	(49,190)	(49,190)	(34,473)
Other financing sources (uses):						
Operating transfers in	400,000	400,000	400,000	-	-	-
Operating transfers out	-	-	-	-	-	-
Total other financing sources (uses)	400,000	400,000	400,000	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	415,000	412,900	413,569	(49,190)	(49,190)	(34,473)
Fund balance-October 1	1,130,000	1,140,435	1,140,435	50,000	50,863	50,863
Increase (decrease) in reserve for inventory	-	-	-	-	-	-
Fund balance-September 30	\$ 1,545,000	\$ 1,553,335	\$ 1,554,004	\$ 810	\$ 1,673	\$ 16,390

The notes to the financial statements are an integral part of this statement.

Howard County, Tx
Major Funds - Jail Construction Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Original and Final) and Actual
Year Ended September 30, 2010

	Debt Service 2008 Series Fund		
	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 458,087	\$ 458,087	\$ 442,201
License and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines/fees	-	-	-
Donations/grants	-	-	-
Miscellaneous	-	-	-
Interest	-	-	255
Total revenues	458,087	458,087	442,456
Expenditures:			
Current			
General government	-	-	-
Road maintenance	-	-	-
Public safety	-	-	-
Health/welfare	-	-	-
Conservation of natural resources	-	-	-
Culture and recreation	-	-	-
Intergovernmental	-	-	-
Capital expenditures	-	-	-
Debt service	804,924	804,924	804,924
Total expenditures	804,924	804,924	804,924
Excess (deficiency) of revenues over expenditures	(346,837)	(346,837)	(362,468)
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(346,837)	(346,837)	(362,468)
Fund balance-October 1	437,600	442,492	442,492
Increase (decrease) in reserve for inventory	-	-	-
Fund balance-September 30	\$ 90,763	\$ 95,655	\$ 80,024

The notes to the financial statements are an integral part of this statement.

Howard County, Tx
Notes to the Financial Statements
September 30, 2010

I. Summary of significant accounting policies

A. Reporting entity

Howard County is the primary local county government. County government is a part of the State of Texas and a unit of local government. As part of the State, its structure is set out in the Texas Constitution and its operations prescribed in detail by state statutes. The County's operations are overseen by an elected commissioners court consisting of four commissioners, each elected from one of four precincts, and a county judge elected on a county-wide basis.

B. Government-wide and fund financial statements

The government-wide financial statements (the statement of net assets and the statements of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The government reports the following major governmental funds:

The general fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The road and bridge fund is designed to account for current funds used for the purpose of operation, construction, and maintenance of county roads.

The tobacco fund accounts for funds received as a result of a law suit brought by the attorney general of the State of Texas. There are no restrictions on how the funds are spent by the commissioner's court.

The debt service funds are used to account and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The government reports the following proprietary fund:

The internal service fund - equipment operating - consists of one department that operates on funds derived from other county departments for rental of vehicles and equipment for the road and bridge, sheriff, extension agent, maintenance, and fire departments.

D. Assets, liabilities, and net assets of equity

1. Deposits and investments

At year end, \$250,000 of the bank balance was covered by federal depository insurance with the remaining balance collateralized with securities held by the pledging financial institution or by its trust department or its agent in the county's name.

Investments are made in accordance with an investment policy, approved annually by the Commissioners' Court, which includes the following authorized investment instruments:

- A. Obligations of the United States of America, its agencies and instrumentalities.
- B. Direct obligations of the State of Texas and agencies thereof.
- C. Other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States of America
- D. Certificates of deposit of state and national banks doing business in Texas, guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or secured by obligations described in (A) through (C) above, in market value no less than the principal of the certificates.
- E. Negotiable Order of Withdrawal accounts.
- F. Eligible public funds investment pool.

During the year the County chose to invest its funds in pools (TexPool, MBIA's Texas CLASS, LOGIC-Local Government Investment Cooperative, and TexStar) and in certificates of deposit. Investments in the pools and certificates which mature within three months of purchase date are reported as cash equivalents. Those certificates which have a maturity time of greater than three months are reported as investments on the financial statements. The County does not purchase certificates with maturities greater than one year. In accordance with Statement No. 31 of the Governmental Accounting Standards Board, these certificates are carried at cost.

The State Comptroller oversees TexPool, an AAAM rated pool, with Lehman Brothers and Federated Investors managing the daily operations of the pool under a contract with the Comptroller. Wells Fargo is the custodian bank for Texas CLASS, and in addition, there is a board of directors that oversees the pool which is rated AAA by Fitch. MBIA MISC manages the daily operation of the pool. LOGIC is an AAA rated investment program administered by First Southwest Asset Management, Inc. and JP Morgan Chase. TexStar is rated AAAM by Standard and Poor's and is administered by First Southwest Asset Management, Inc. and JPMorgan Chase. These pools are 2(a) 7 like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest is accrued daily and paid monthly. The reported value of the pools is the same as the fair value of the pool shares.

As of September 30, 2010, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Investment Pools	\$9,764,865

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk; however, as of September 30, 2010, the County's bank balance was not exposed to custodial credit risk.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds".

All property taxes receivable are shown net of an allowance for uncollectible, equal to 5 percent of outstanding property taxes at year end.

The value of taxable property is determined by the appraisal of each property in Howard County by the Tax Appraisal Office. Size (measurement), structure, type buildings, use, and age are factors which determine the value of properties. The appraisal value is furnished to the Tax Collector by the Appraisal Office and Appraisal Review Board. The taxpayer may render these properties prior to May 1 at his estimate of value. If the appraisal of property is higher than the taxpayer's rendition, he is notified to meet with the Appraisal Review Board. It is the duty of the Review Board to sit as the Equalization Board and review the assessment roll for

equalization of value. It is not their duty to set values, but insure equity of value. The Howard County Tax Collector assesses and collects taxes for Howard College, City of Big Spring, City of Coahoma, City of Forsan, Forsan School, Coahoma School, Howard County Water Control and Improvement District, Big Spring Independent School District, Permian Basin Underground Water Conservation District, as well as Howard County.

Tax rolls are generally completed by October 1 of each year and tax bills mailed by October 1st or as soon thereafter as practicable.

Ad valorem taxes are due and payable, without penalty or interest, from October 1 of the year in which levied until the following January 31, and thereafter are subject to interest plus penalty. Collections of the current year's levy are reported as current collections if made by June 30 and collections made thereafter are reported as delinquent collections.

The County's taxes on real property are a lien against such property until paid. The County may cause real property upon which it has a lien for unpaid taxes to be foreclosed, with the exception of homestead property belonging to persons 65 years of age or older. Although the County makes little effort to collect delinquent taxes through foreclosure proceedings, delinquent taxes on real property not otherwise collected are generally paid at such time as there is a sale or other disposition of the property.

The County's ad valorem tax is imposed on real property and certain personal property situated in the County. Property which is exempt from taxation includes certain properties of religious, educational and charitable organizations, household goods and personal effects not held or used for the production of income, farm products in the hands of producers, certain properties of other governmental entities, property moving in interstate commerce, with certain limitations on value, properties of disabled veterans and their survivors and \$12,000 plus 20% of assessed valuation of homestead property of persons 65 years of age or older and new for 2009 100% veteran homestead.

3. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (effective 9/04 CAFR), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the county as assets with an initial cost of more than \$5,000 for equipment and \$100,000 for property and infrastructure assets. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property and equipment of the county is depreciated using the straight line method.

4. Long-term obligations

In the government-wide financial statements, long-term debt is reported as a liability in the applicable governmental activity.

In the fund financial statements, governmental fund types recognize bond principal and interest costs during the current period.

5. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted for use for a specific purpose. Designations of fund balance represent management plans that are subject to change.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, and not due and payable in the current period and therefore are not reported in the funds." The details of this \$12,112,396 are as follows.

Bonds Payable:	
Due within one year	\$943,614
Due in more than one year	\$11,096,869
Accrued interest payable	\$59,328
Compensated Absences Payable:	
Due in one year	<u>\$12,585</u>
Net adjustment to reduce fund balance- Total governmental funds to arrive at net assets-Governmental activities	<u>\$12,112,396</u>

B. Explanations of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains

that "expenses in the statement of activity that do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds". The details of this \$185,734 difference are as follows:

Depreciation	\$372,829
Interest payable related to prior period	59,328
Decrease in compensated absences	-12,585
Increase in inventory	-16,982
Purchase of capital assets	-147,387
Interest payable not liquidated with current resources	-61,180
Convert debt principal payments to liability reduction	-395,000
Amortization of bond costs/discounts	15,243
Net adjustment	\$185,734

III. Stewardship, compliance, and accountability

A. Budgetary information

Each fiscal year Howard County adopts an annual operating budget with appropriations lapsing at year end. This budget is a plan of proposed expenditures and the means to finance them. It not only serves as a plan for County operations (it is a statement of policy by the Commissioners' Court) but also to prevent deficit spending.

Howard County follows the procedures listed below in establishing budgetary data reflected in the financial statements.

The County Auditor compiles figures from the prior budget year and estimates of the current year for each department. These are given to each department head and after consideration each department head submits his budget requests for the upcoming budget year. The County Judge and Auditor then submit to the Commissioners' Court an estimate of revenues and the requests of each department. The Commissioners' Court conducts budget workshops at which time hearings are held with the department heads, if needed. Public hearings are held on the budget to encourage citizen participation.

Once the budget is approved, adopted by the Commissioners' Court and filed with the County Clerk, the budget is incorporated into the accounting records. No revenue is taken in or expenditures made without being recorded in the records of the County. This enables the County Auditor to monitor the progress of receipts and expenditures against budgeted figures and keeps the Commissioners' Court aware of how the County's financial plan is working.

After final approval of the budget, the Commissioners' Court may spend County funds only in strict compliance with the budget, except in an emergency. The Commissioners' Court may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet unusual and unforeseen conditions that could not have been included in the original budget through the use of reasonably diligent thought and attention. If the Court amends the budget to meet an emergency,

the Court files copies of its order amending the budget with the County Clerk, and the Clerk attaches the copy to the original budget. The Commissioners' Court by order may amend the budget to transfer an amount budgeted from one item to another budgeted item without authorizing an emergency expenditures. Line-item amounts at the object level may not be exceeded without budget amendments and all amendments require governing authority approval. Appropriate revisions are posted to the affected budgetary account by the County Auditor.

IV. Detailed notes on all funds

A. Receivables

Receivables at year end for the government's individual major funds, nonmajor/other funds, and internal service funds are as follows:

Funds	General	Road & Bridge	Equipment Operating	Nonmajor/Other	Total
Receivables:					
Fines & Fees	\$512,349	0	0	0	\$512,349
Taxes, net of uncoll.	484,232	82,397	30,451	0	597,080
Accounts	72,211	9,968	0	19,697	101,876
Total	\$1,068,792	\$92,365	\$30,451	\$19,697	1,211,305

B. Capital assets

Capital asset activity for the year ended September 30, 2010 was as follows:

Governmental Activities:	
Capital assets, not being depreciated:	
Land	\$590,351
Capital assets, being depreciated:	
Buildings	17,463,458
Machinery and equipment	1,143,910
Less accumulated depreciation:	
Buildings	-5,350,592
Machinery and equipment	-954,718
Governmental Activities Capital Assets, Net	<u>12,892,409</u>
Business-Type Activities:	
Machinery and Equipment	3,989,904
Less accumulated depreciation	-2,761,005
Business-Type Activities Capital Assets, Net	<u>\$1,228,899</u>

Capital Assets Used in the Operation of Governmental Funds – Schedule by Source, Schedule by Function and Activity, and Schedule of Changes by Function and Activity, provide additional information about the County's capital assets and can be found in the financial section of this report.

The County chose to report roads prospectively, not retroactively, beginning with the 2005 fiscal year.

C. Interfund receivables, payables, and transfers

The composition of interfund balance as of September 30, 2010, is as follows:

Due to/from other funds:

Receivable Fund:	Payable Fund:	Amount:
General Fund	Agency Funds	\$37,897
Road & Bridge Fund	Agency Funds	\$3,793
Total		\$41,690

Transfers to/from other funds:

Transfers Out:	Transfers In:	Amount:
General Fund	Tobacco Fund	\$400,000
General Fund	Special Revenue Funds	451,517
Special Revenue Funds	Special Revenue Funds	100,000
Total		\$951,517

D. Leases

The County leases equipment under noncancellable operating leases. Total costs for such leases were \$67,014 for the year ended September 30, 2010. The future payments on these leases are as follows:

Year Ending September 30	Amount:
2011	\$ 64,885
2012	\$ 35,551
2013	\$ 8,327
Total	\$108,763

E. Accumulated Unpaid Vacation, Compensatory and Sick Leave Benefits

Unpaid Vacation and Compensatory Time

At September 30, 2010 the County had \$123,068 in accumulated unpaid vacation. This amount has been reflected in the government wide financial statements. The obligation is not recognized in the government fund financial statements until they are due and payable, because they are not considered to be uses of current financial resources until that time.

Sick Leave

Sick leave is not paid upon termination and therefore is not accrued.

F. Bonds Payable

In 2005 Howard County issued \$1,165,000 in general obligation bonds with an average interest rate of 3.1975% to advance refund \$1,125,000 of outstanding 1995 series bonds with an interest rate of 5.50% to 8.00%. Interest payments are due semi-annually on February 15 and August 15. Principal payments are due annually on February 15.

Debt service requirements are as follows:

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2011	\$120,000	\$20,790	\$140,790
2012	\$120,000	\$16,815	\$136,815
2013	\$130,000	\$12,450	\$142,450
2014-2015	<u>275,000</u>	<u>\$10,305</u>	<u>\$285,305</u>
Total	<u>\$645,000</u>	<u>\$60,360</u>	<u>\$705,360</u>

In 2008 the County issued \$11,570,000 in general obligation bonds with interest rates of 4.00% to 5.00% to finance the construction and equipping of a new jail and the acquisition of a site thereof. Interest payments are due semi-annually on February 15 and August 15. Principal payments are due February 15.

Debt service requirements are as follows:

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2011	\$295,000	\$507,824	\$802,824
2012	\$310,000	\$495,724	\$805,724
2013	\$320,000	\$483,124	\$803,124
2014-2033	<u>\$10,360,000</u>	<u>\$5,705,405</u>	<u>\$16,065,405</u>
Total	<u>\$11,285,000</u>	<u>\$7,192,077</u>	<u>\$18,477,077</u>

G. Changes in long-term liabilities

During the year ended September 30, 2010, the following changes occurred in liabilities reported in the general long-term debt account group:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Obligations Bonds	\$12,325,000	0	\$395,000	\$11,930,000
Accrued compensated absences	\$135,653		\$12,585	\$123,068
Total	\$12,460,653	\$	\$407,585	\$12,053,068

V. Other information

A. Risk management

The county is exposed to various risks of loss related to general liability, workers compensation, automobile liability, and property damage. To reduce its risk exposure in these areas, the county contracts with Wells Fargo Insurance Services of Texas, Inc. to provide coverage for property/commercial equipment, general liability, crime, commercial automobile, public officials liability/employment practices liability and law enforcement liability. Wells Fargo Insurance Services of Texas, Inc. submits sealed bids to counties during the bid process.

All full-time eligible employees are provided, at no cost to the employee, medical and dental insurance. For employees with dependents covered prior to 10-1-99, the cost to the employee is \$100 per month. For those dependents covered at or after 10-1-99, the entire cost for dependent coverage is paid by the employee. Coverage is provided by Blue Cross/Blue Shield Insurance Company. The County's obligation for health insurance benefits is limited to the monthly premiums payable during the year and is based upon the number of enrolled employees and dependents during the year.

A \$10,000 life insurance policy, through Blue Cross/Blue Shield Insurance Company, is provided full-time eligible employees, at no cost to the employee. Also, a policy is provided through the Texas County and District Retirement System in an amount equal to the employee's annual salary at the date of death.

B. Contingent liabilities (Source: Howard County Attorney)

As of 9/30/10 the County does not have any pending cases or pending claims.

C. Other postemployment health care benefits (OPEB)

In June 2004, the Governmental Accounting Standards Board (GASB) issued its formal Statement No. 45 - Accounting and Financial Reporting for Employers for Postemployment Benefits Other Than Pensions. This statement established requirements that standardize the methods used to account for non-pension postemployment benefits, commonly referred to as "other postemployment benefits" or "OPEB". In order to implement these changes,

governmental must quantify and recognize the cost of OPEB attributable to former and current employees.

However, the Texas State Legislature, during their 80th regular session, amended Chapter 2264 of the Government Code to establish a "statutory modified accrual basis of accounting" that allows for the recognition of the costs of OPEBs on a pay-as-you-go basis, allowing counties to not implement the provisions of GASB Statement No. 45. Howard County elected to recognize the costs on a pay-as-you-go basis for the following OPEBs:

Health Insurance –

A retiree who became employed with Howard County on or before August 25, 2003, and who retired or retirees under TCDRS, and a) who is age 65 or older with at least 12 year service with Howard County, or b) whose age plus years of service with Howard County equals at least 75, will be allowed to continue to receive benefits in the County's health program at the same level as currently employed County employees, at no cost to the retiree.

A TCDRS retiree who became employed with Howard County on or before August 2003 ,and who does not meet the requirements set out in a) or b), above, will be allowed to continue to receive benefits in the County's health program at the same level as currently employed County employees, at a cost to the retiree of 50 percent of the premium. Once the retiree meets the requirements above(i.e. turns 65 with 12 years' service with Howard County or whose age plus years of service with Howard County equals 80), the County will pay the full premium.

A TCDRS retiree who became employed with Howard County on or before August 25, 2003, and who retires or retired because of a disability will be allowed to continue to receive benefits in the County's health program at the same level as currently employed County employees, at no cost to the retiree, regardless of age or years of service.

Employees hired by Howard County after August 25, 2003, will not be eligible for retiree health insurance benefits, regardless of age, years of service or disability status.

The County's contributions for postemployment benefits are financed on a pay-as-you-go basis. The cost of benefits is recognized as expenditure as premiums are paid. For the year ended, costs totaled \$192,498.

Life Insurance –

Howard County participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the Texas County & District Retirement System (TCDRS). This plan is referred to as the Optional Group Term Life Fund (OGTLF). This optional plan provides group-term life insurance coverage to current eligible employees and, if elected by the employers,, to retired employees. The coverage provided to retired employee is a postemployment benefit other than pension benefits (OPEB). Retired employees are insured for \$5,000.

The OGTLF is a separate trust administered by the TCDRS board of trustees. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the SDBF. This report may be obtained by writing to the Texas County & District Retirement System, P. O. Box 2034, Austin, Tx 78768-2034, or by calling 800-823-7782. TCDRS' CAFR is also available at www.tcdrs.org.

Each participating employer contributes to the OGTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the united credit method for providing one-year term life insurance. Howard County contributions to the SDBF for the years ended September 30, 2008, 2009, and 2010 were \$28,479, \$30,275 and \$ 33,449 respectively, which equaled the contractually required contributions each year.

D. Employee retirement systems and pension plans

The County provides retirement, disability, and death benefits for all of its employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 602 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 upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, 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. The plan does allow for partial lump-sum payments.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Plan Type. The current plan type for the 2010 year is a Variable-Rate Plan.

Funding Policy. The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

The employer contributed using the actuarially determined rate of 15.33% for the months of the accounting year in 2010, and 15.47% for the months of the accounting year in 2009.

The deposit rate payable by the employee members for calendar year 2010 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TDCRS Act.

Annual Pension Cost. The County's contribution for the years ended September 31, 2010, 2009, and 2008 were \$806,393, \$755,458, and \$685,063, respectively, which equaled the required contributions each year. The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2007 and December 31, 2008, the basis for determining the contribution rates for calendar years 2009 and 2010. The December 31, 2009 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial valuation date	12/31/2007	12/31/2008	12/31/2009
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in yrs.	15.0	20.0	20.0
Asset valuation method	SAF: 10-yr smoothed value, ESF: fund value	SAF: 10-yr smoothed value, ESF: fund value	SAF: 10-yr smoothed value, ESF: fund value
Actuarial Assumptions:			
Investment return*	8.00%	8.00%	8.00%
Projected salary increases*	5.3%	5.3%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%
*includes inflation at the stated rate			

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the plan was 75.49 percent funded. The actuarial accrued liability for benefits was \$18,890,175, and the actuarial value of assets was \$14,260,638, resulting in an unfunded actuarial accrued liability (UALL) of \$4,629,537. The covered payroll (annual payroll of active employees covered by the plan) was \$5,063,354, and the ratio of the UAAL to the covered payroll was 91.43 percent.

The schedule of funding progress, presented in the statistical section, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

E. State Grants/Federal Assistance

The County received the following state grants/federal assistance during the fiscal year:

\$1,200 JAG Grant – Combined Law Enforcement Technology Program

\$2,500 - From the Texas Library Festival for purchase of books

\$5,486 – Department of Justice for the purchase of Law Enforcement vests

\$8,961 Loan Star Library Grant, #442-10007 from the Texas State Library and Archives Commission, for library materials and contractual services.

\$14,628 (cash basis) from the Texas Task Force on Indigent Defense, #212-10-114, for indigent defense services.

\$13,791 from the State of Tx – Office of Attorney General Grant 0810309 for Texas VINE automated victim notification services.

**Nonmajor
Governmental
Funds**

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Howard County, Tx
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2010

Continued

	Law Library Fund	Indigent Health Care Fund	District Court Building Fund	Records Management Document Filing Fee Fund	Records Management Court Fees Fund	Vital Records Preservation Co. Clerk Fund	Records Management District Clerk Fund	Records Archive Co. Clerk Fund
Cash	\$ 28,803	\$ 10,694	\$ 23,457	\$ 7,137	\$ 47,489	\$ 7,800	\$ 21,521	\$ 59,534
Receivables:								
Accounts	1,405	18,124	-	-	-	-	-	-
Total assets	<u>30,208</u>	<u>28,818</u>	<u>23,457</u>	<u>7,137</u>	<u>47,489</u>	<u>7,800</u>	<u>21,521</u>	<u>59,534</u>
Liabilities and Fund Balance								
Liabilities:								
Accounts payable	2,690	679	-	-	4,012	-	-	-
Wages payable	-	8,124	-	-	-	-	-	-
Total liabilities	<u>2,690</u>	<u>8,803</u>	<u>-</u>	<u>-</u>	<u>4,012</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Reserved for claimants	-	-	-	-	-	-	-	-
Reserved for inventory	-	-	-	-	-	-	-	-
Unreserved-undesignated	27,518	20,015	23,457	7,137	43,477	7,800	21,521	59,534
Total fund balances	<u>27,518</u>	<u>20,015</u>	<u>23,457</u>	<u>7,137</u>	<u>43,477</u>	<u>7,800</u>	<u>21,521</u>	<u>59,534</u>
Total liabilities and fund balance	<u>30,208</u>	<u>28,818</u>	<u>23,457</u>	<u>7,137</u>	<u>47,489</u>	<u>7,800</u>	<u>21,521</u>	<u>59,534</u>

The notes to the financial statements are an integral part of this statement.

Howard County, Tx
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2010

Continued

	Juvenile Delinquency Prevent Fund	Courthouse Security Fund	Justice Court Technology Fund	Alternative Dispute Resolution Fund	Child Abuse Prevention Fund	Election Admin. Fund	Justice Court Bldg. Security Fund	Help America Vote Act Fund	Health Center Fund
Cash	\$ 23	\$ 5,659	\$ 7,420	\$ 732	\$ 246	\$ 25,335	\$ 16,880	\$ -	\$ 100,879
Receivables:									
Accounts	-	-	-	19	-	-	-	-	-
Total assets	<u>23</u>	<u>5,659</u>	<u>7,420</u>	<u>751</u>	<u>246</u>	<u>25,335</u>	<u>16,880</u>	<u>-</u>	<u>100,879</u>
Liabilities and Fund Balance									
Liabilities:									
Accounts payable	-	-	1,362	751	-	-	-	-	-
Wages payable	-	2,584	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>2,584</u>	<u>1,362</u>	<u>751</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:									
Reserved for claimants	-	-	-	-	-	-	-	-	-
Reserved for inventory	-	-	-	-	-	-	-	-	-
Unreserved-undesignated	23	3,075	6,058	-	246	25,335	16,880	-	100,879
Total fund balances	<u>23</u>	<u>3,075</u>	<u>6,058</u>	<u>-</u>	<u>246</u>	<u>25,335</u>	<u>16,880</u>	<u>-</u>	<u>100,879</u>
Total liabilities and fund balance	<u>23</u>	<u>5,659</u>	<u>7,420</u>	<u>751</u>	<u>246</u>	<u>25,335</u>	<u>16,880</u>	<u>-</u>	<u>100,879</u>

The notes to the financial statements are an integral part of this statement.

Howard County, Tx
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2010

Continued

	Assessor Collector Special Inventory Fund	County Attorney Hot Check Fund	District Attorney Hot Check Fund	Sheriff Drug Seizure Fund	District Attorney Drug Seizure Fund	Unclaimed Money Fund	Abandoned Motor Vehicle Fund
Cash	\$ 6,976	\$ 11,890	\$ -	\$ 13,619	\$ 25,288	\$ 9,003	\$ 21,276
Receivables:							
Accounts	-	-	-	-	-	-	-
Total assets	<u>6,976</u>	<u>11,890</u>	<u>-</u>	<u>13,619</u>	<u>25,288</u>	<u>9,003</u>	<u>21,276</u>
Liabilities and Fund Balance							
Liabilities:							
Accounts payable	-	33	-	-	-	-	11,163
Wages payable	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>33</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,163</u>
Fund balances:							
Reserved for claimants	-	-	-	-	-	9,003	-
Reserved for inventory	-	-	-	-	-	-	-
Unreserved-undesignated	6,976	11,857	-	13,619	25,288	-	10,113
Total fund balances	<u>6,976</u>	<u>11,857</u>	<u>-</u>	<u>13,619</u>	<u>25,288</u>	<u>9,003</u>	<u>10,113</u>
Total liabilities and fund balance	<u>6,976</u>	<u>11,890</u>	<u>-</u>	<u>13,619</u>	<u>25,288</u>	<u>9,003</u>	<u>21,276</u>

The notes to the financial statements are an integral part of this statement.

Howard County, Tx
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2010

	Chapter 19 Fund	Jail Commissary Fund	District Court Records Technology Fund	County Court Technology Fund	District Court Technology Fund	District Court Records Preservation Fund	County Court Records Preservation Fund	Total
Cash	\$ -	\$ 23,535	\$ 2,950	\$ 95	\$ 59	\$ 4,509	\$ 1,391	\$ 484,200
Receivables:								
Accounts	-	-	-	-	-	-	-	19,548
Total assets	-	23,535	2,950	95	59	4,509	1,391	503,748
Liabilities and Fund Balance								
Liabilities:								
Accounts payable	-	1,904	-	-	-	-	-	22,594
Wages payable	-	-	-	-	-	-	-	10,708
Total liabilities	-	1,904	-	-	-	-	-	33,302
Fund balances:								
Reserved for claimants	-	-	-	-	-	-	-	9,003
Reserved for inventory	-	-	-	-	-	-	-	-
Unreserved-undesignated	-	21,631	2,950	95	59	4,509	1,391	461,443
Total fund balances	-	21,631	2,950	95	59	4,509	1,391	470,446
Total liabilities and fund balance	-	23,535	2,950	95	59	4,509	1,391	503,748

The notes to the financial statements are an integral part of this statement.

Howard County, Tx
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
September 30, 2010

Continued

	Law Library Fund	Indigent Health Care Fund	District Court Building Fund	Records Management Document Filing Fee Fund	Records Management Court Fees Fund	Vital Records Preservation Co. Clerk Fund	Records Management District Clerk Fund	Records Archive Co. Clerk Fund
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program income	-	-	-	-	-	-	-	-
Fines/fees	24,086	-	-	33,466	13,985	4,353	3,868	33,155
Interest	86	-	41	22	110	11	35	87
Miscellaneous	-	20,708	-	-	-	-	-	-
Total revenue	24,172	20,708	41	33,488	14,095	4,364	3,903	33,242
Expenditures:								
Current								
General government	13,205	-	-	83,564	-	1,097	-	46,539
Welfare/health	-	296,649	-	-	-	-	-	-
Capital expenditures	-	-	-	-	81,868	-	-	-
Total expenditures	13,205	296,649	-	83,564	81,868	1,097	-	46,539
Excess (deficiency) of revenues over expenditures	10,967	(275,941)	41	(50,076)	(67,773)	3,267	3,903	(13,297)
Other financing sources (uses):								
Operating transfers in	-	390,450	-	-	-	-	-	-
Operating transfers out	-	(100,000)	-	-	-	-	-	-
Total other financial sources (uses)	-	290,450	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	10,967	14,509	41	(50,076)	(67,773)	3,267	3,903	(13,297)
Fund balance-October 1	16,551	5,506	23,416	57,213	111,250	4,533	17,618	72,831
Fund balance-September 30	\$ 27,518	\$ 20,015	\$ 23,457	\$ 7,137	\$ 43,477	\$ 7,800	\$ 21,521	\$ 59,534

The notes to the financial statements are an integral part of this statement.

Howard County, Tx
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
September 30, 2010

Continued

	Juvenile Delinquency Prevention Fund	Courthouse Security Fund	Justice Court Technology Fund	Child Abuse Prevention Fund	Election Admin. Fund	Justice Court Building Security Fund	Alternative Dispute Resolution Fund	Help America Vote Act Fund	Health Center Fund
Revenues:									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,782
Program income	-	-	-	-	-	-	-	-	-
Fines/fees	-	23,529	13,893	77	3,381	2,896	10,151	-	-
Interest	-	33	16	-	18	28	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenue	-	23,562	13,909	77	3,399	2,924	10,151	-	1,782
Expenditures:									
Current									
General government	-	65,567	8,394	-	-	-	10,151	2,762	5,903
Welfare/health	-	-	-	-	-	-	-	-	-
Capital expenditures	-	-	7,674	-	-	-	-	-	-
Total expenditures	-	65,567	16,068	-	-	-	10,151	2,762	5,903
Excess (deficiency) of revenues over expenditures	-	(42,005)	(2,159)	77	3,399	2,924	-	(2,762)	(4,121)
Other financing sources (uses):									
Operating transfers in	-	45,000	-	-	13,305	-	-	2,762	100,000
Operating transfers out	-	-	-	-	-	-	-	-	-
Total other financial sources (uses)	-	45,000	-	-	13,305	-	-	2,762	100,000
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	2,995	(2,159)	77	16,704	2,924	-	-	95,879
Fund balance-October 1	23	80	8,217	169	8,631	13,956	-	-	5,000
Fund balance-September 30	\$ 23	\$ 3,075	\$ 6,058	\$ 246	\$ 25,335	\$ 16,880	\$ -	\$ -	\$ 100,879

The notes to the financial statements are an integral part of this statement.

Howard County, Tx
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
September 30, 2010

Continued

	Assessor Collector Special Inventory Fund	County Attorney Hot Check Fund	Sheriff Drug Seizure Fund	District Attorney Drug Seizure Fund	Unclaimed Money Fund	Abandoned Motor Vehicle Fund
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program income	-	-	-	-	-	6,066
Fines/fees	-	21,693	9,541	2,013	-	-
Interest	12	-	8	45	14	-
Miscellaneous	-	111	-	-	2,427	-
Total revenue	12	21,804	9,549	2,058	2,441	6,066
Expenditures:						
Current						
General government	-	12,698	-	2,583	-	8,096
Welfare/health	-	-	-	-	-	-
Capital expenditures	-	4,600	-	-	-	-
Total expenditures	-	17,298	-	2,583	-	8,096
Excess (deficiency) of revenues over expenditures	12	4,506	9,549	(525)	2,441	(2,030)
Other financing sources (uses):						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
Total other financial sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	12	4,506	9,549	(525)	2,441	(2,030)
Fund balance-October 1	6,964	7,351	4,070	25,813	6,562	12,143
Fund balance-September 30	\$ 6,976	\$ 11,857	\$ 13,619	\$ 25,288	\$ 9,003	\$ 10,113

The notes to the financial statements are an integral part of this statement.

Howard County, Tx
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
September 30, 2010

	Chapter 19 Fund	Jail Commissary Fund	District Court Records Technology Fund	County Court Technology Fund	District Court Technology Fund	District Court Records Preservation Fund	County Court Records Preservation Fund	Total
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,782
Program income	-	34,042	-	-	-	-	-	40,108
Fines/fees	-	-	2,947	95	59	4,505	1,390	209,083
Interest	-	29	3	-	-	4	1	603
Miscellaneous	-	-	-	-	-	-	-	23,246
Total revenue	-	34,071	2,950	95	59	4,509	1,391	274,822
Expenditures:								
Current								
General government	-	14,562	-	-	-	-	-	275,121
Welfare/health	-	-	-	-	-	-	-	296,649
Capital expenditures	-	812	-	-	-	-	-	94,954
Total expenditures	-	15,374	-	-	-	-	-	666,724
Excess (deficiency) of revenues over expenditures	-	18,697	2,950	95	59	4,509	1,391	(391,902)
Other financing sources (uses):								
Operating transfers in	-	-	-	-	-	-	-	551,517
Operating transfers out	-	-	-	-	-	-	-	(100,000)
Total other financial sources (uses)	-	-	-	-	-	-	-	451,517
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	18,697	2,950	95	59	4,509	1,391	59,615
Fund balance-October 1	-	2,934	-	-	-	-	-	410,831
Fund balance-September 30	\$ -	\$ 21,631	\$ 2,950	\$ 95	\$ 59	\$ 4,509	\$ 1,391	\$ 470,446

The notes to the financial statements are an integral part of this statement.

**Internal
Service
Fund**

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the government, on a cost reimbursement basis.

This fund is used to account for the rental of motor vehicles to other departments.

Howard County, Tx
Statement of Net Assets
Internal Service Fund
September 30, 2010

ASSETS

Current assets:

Cash and cash equivalents	\$ 589,667
Accounts receivable	149
Inventories	<u>23,317</u>
Total current assets	<u>613,133</u>

Noncurrent assets:

Capital assets:

Equipment	3,989,904
Less: accumulated depreciation	<u>(2,761,005)</u>
Total capital assets (net of accumulated depreciation)	<u>1,228,899</u>
Total assets	<u>1,842,032</u>

LIABILITIES

Accounts payable	15,835
Wages payable	7,167
Compensated absences payable	<u>5,376</u>
Total liabilities	<u>28,378</u>

NET ASSETS

Invested in capital assets, net of related debt	1,228,899
Unrestricted	<u>584,755</u>
Total net assets	<u>\$ 1,813,654</u>

The notes to the financial statements are an integral part of this statement.

Howard County, Tx
Statement of Revenues, Expenses, and Change in Fund Net Assets
Internal Service Fund
For the Year Ended September 30, 2010

Operating revenues:	
Charges for services	\$ 1,110,375
Miscellaneous	-
Total Operating Revenue	<u>1,110,375</u>
Operating expenses:	
Personnel services	157,472
Liability insurance	20,004
Maintenance and repairs	93,428
Materials	286,703
Equipment rental	-
Depreciation	<u>344,745</u>
Total Operating Expense	<u>902,352</u>
Operating income	<u>208,023</u>
Nonoperating revenues (expenses):	
Interest on income	508
Gain (loss) on sale of equipment	<u>22,886</u>
Total nonoperating revenue (expenses)	<u>23,394</u>
Change in net assets	231,417
Total net assets - beginning	<u>1,582,237</u>
Total net assets - ending	<u><u>\$ 1,813,654</u></u>

The notes to the financial statements are an integral part of this statement.

Howard County, Tx
Statement of Cash Flows
Internal Service Fund
For the Year Ended September 30, 2010

Cash flows from operating activities:	
Cash received from user departments	\$ 1,110,375
Cash paid to employees	(157,700)
Cash paid to suppliers	(405,843)
Miscellaneous revenue	-
Net cash provided by operating activities	<u>546,832</u>
Cash flows from capital and related financing activities:	
Acquisition of assets	(559,855)
Proceeds from sale of equipment	<u>46,342</u>
Net cash used for capital and related financing activities	<u>(513,513)</u>
Cash flows from investing activities:	
Interest on investments	<u>508</u>
Net cash used in investing activities	<u>508</u>
Net increase in cash and cash equivalents	33,827
Cash and cash equivalent-beginning of year	<u>555,840</u>
Cash and cash equivalent-end of year	<u><u>589,667</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	208,023
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	344,745
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	12
(Increase) decrease in inventory	7,818
Increase (decrease) in accounts payable	(13,537)
Increase (decrease) in wages payable	422
Increase (decrease) in compensated absences payable	<u>(651)</u>
Net cash provided by operating activities	<u><u>\$ 546,832</u></u>

The notes to the financial statements are an integral part of this statement.

HOWARD COUNTY, TEXAS
EQUIPMENT OPERATING INTERNAL SERVICE FUND

SCHEDULE OF FIXED ASSETS

September 30, 2010

	Fixed Assets				Allowance for Depreciation				Net Value Assets		
	Balance October 1, 2009	Additions	Deletions	Transfers Between Departments	Balance Sept. 30, 2010	Balance October 1, 2009	Depreciation This Year	Depreciation Charge Off		Transfers Between Departments	Balance Sept. 30, 2010
Road and Bridge Department: Vehicles, radio equipment and other equipment	\$2,741,023	\$390,938	(\$165,610)	\$0	\$2,966,351	\$1,869,020	\$238,337	(\$142,153)	\$0	\$1,965,204	\$1,001,147
Sheriff Department: Vehicles and radio equipment	542,840	107,851	(656)	25,838	675,873	414,368	87,317	(656)	25,838	526,867	149,006
Extension Department: Vehicles	60,714	31,166	0	(25,838)	66,042	31,519	13,357	0	(25,838)	19,038	47,004
Courthouse Department: Vehicles	30,339	0	0	0	30,339	30,339	0	0	0	30,339	0
Volunteer Fire Department: Vehicles, radio equipment and other equipment	378,976	29,900	(157,577)	0	251,299	371,401	5,734	(157,577)	0	219,558	31,741
Totals	\$3,753,892	\$559,855	(\$323,843)	\$0	\$3,989,904	\$2,716,647	\$344,745	(\$300,386)	\$0	\$2,761,005	\$1,228,899

**Fiduciary
Fund
Type**

Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other government and other funds. They are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations.

Howard County, Tx
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
September 30, 2010

ASSETS	
Cash and temporary investments	\$ 1,865,494
Receivables	<u>55,244</u>
Total Assets	<u><u>1,920,738</u></u>
LIABILITIES	
Due other funds	41,689
Due others	<u>1,879,049</u>
Total Liabilities	<u><u>\$ 1,920,738</u></u>

The notes to the financial statements are an integral part of this statement.

Howard County, Tx
Combining Statement of Changes in Fiduciary Assets and Liabilities
September 30, 2009

	Balance 10/1/2009	Additions	Deletions	Balance 9/30/2010
ASSETS				
Cash and temporary investments	\$ 1,662,737	\$ 54,191,382	\$ 53,988,625	\$ 1,865,494
Receivables	64	55,244	64	55,244
Total Assets	\$ 1,662,801	\$ 54,246,626	\$ 53,988,689	\$ 1,920,738
LIABILITIES				
Accounts payable:				
Due participants	1,634,923	41,530,943	41,286,817	1,879,049
Due other funds	27,878	12,715,683	12,701,872	41,689
Total Liabilities	\$ 1,662,801	\$ 54,246,626	\$ 53,988,689	\$ 1,920,738

The notes to the financial statements are an integral part of this statement.

Capital Assets

The capital assets of the County include land, buildings, building improvements, machine and infrastructure that are used in operations and that have initial useful lives extending beyond a single reporting period.

Infrastructure, such as roads, are reported prospectively, not retroactively, beginning with the 2004 fiscal year.

These schedules do not include the capital assets of the Internal Service Fund. See page 53 for this information.

Howard County, Tx
 Capital Assets Used in the Operation of Governmental Funds
 Comparative Schedules By Source
 September 30, 2010

Governmental funds capital assets:	
Land	\$ 590,351
Buildings & Improvements	17,463,458
Machinery and Equipment	1,143,910
Infrastructure	-
Total governmental funds capital assets	<u>19,197,719</u>
Investments in governmental funds capital assets by source:	
Acquisitions before 1978	1,297,536
General Fund	2,232,819
Capital Projects Fund	14,514,312
Records Management Fund	120,585
Courthouse Security Fund	43,800
D.A. Forfeiture Fund	15,992
Revenue Sharing Fund	39,232
HAVA Fund	87,350
Airport Fund	445,306
Donations and Grants	400,787
Total governmental funds capital assets	<u>\$ 19,197,719</u>

Howard County, Tx
 Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity
 September 30, 2010

Function/Activity	Land	Buildings	Equipment	Infra-structure	Total
General Government:					
Judicial	\$ -	\$ -	\$ 182,397	\$ -	\$ 182,397
Staff Agencies:					
Elections	-	-	318,106	-	318,106
Executive and Financial	-	-	179,306	-	179,306
Total Staff Agencies	-	-	497,412	-	497,412
Public Safety:					
Police Protection	-	-	102,959	-	102,959
Fire Protection	10,150	-	-	-	10,150
Protective Inspection	-	-	-	-	-
Other	-	-	-	-	-
Corrections	-	-	168,868	-	168,868
Total Public Safety	10,150	-	271,827	-	281,977
Government:					
Buildings-Courthouse, Annex, Jail, Showbarn Warehouse and Shop	490,389	15,624,644	138,085	-	16,253,118
Public Welfare	-	-	-	-	-
Waste Removal	18,539	-	-	-	18,539
Library	-	1,464,781	54,189	-	1,518,970
Conservation of Natural Resources	-	-	-	-	-
Airport	71,273	374,033	-	-	445,306
Total General Fixed Assets	\$ 590,351	\$ 17,463,458	\$ 1,143,910	\$ -	\$ 19,197,719

The notes to the financial statements are an integral part of this statement.

Howard County, Tx
 Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes By Function and Activity
 For the fiscal year ended September 30, 2010

Function/Activity	General Fixed Assets 10/1/2009	Additions	Deletions	Transfers/ Adjustments Between Departments	General Fixed Assets 9/30/2010
General Government:					
Judicial	\$ 126,860	\$ 55,537	\$ -	\$ -	\$ 182,397
Staff Agencies:					
Elections	230,756	87,350	-	-	318,106
Executive and Financial	179,306	-	-	-	179,306
Total Staff Agencies	<u>410,062</u>	<u>87,350</u>	<u>-</u>	<u>-</u>	<u>497,412</u>
Public Safety:					
Police Protection	102,959	-	-	-	102,959
Fire Protection	5,650	4,500	-	-	10,150
Protective Inspection	-	-	-	-	-
Other Inspections	-	-	-	-	-
Corrections	168,868	-	-	-	168,868
Total Public Safety	<u>277,477</u>	<u>4,500</u>	<u>-</u>	<u>-</u>	<u>281,977</u>
Government:					
Buildings-Courthouse, Annex, Jail, Showbarn, Warehouse, Shop, Dist. Court Bldg.	16,253,118	-	-	-	16,253,118
Welfare/Health	-	-	-	-	-
Waste Removal	18,539	-	-	-	18,539
Library	1,518,970	-	-	-	1,518,970
Conservation of Natural Resources	-	-	-	-	-
Airport	445,306	-	-	-	445,306
Total General Fixed Assets	<u>\$ 19,050,332</u>	<u>\$ 147,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,197,719</u>

The notes to the financial statements are an integral part of this statement.

**Statistical
Section
(Unaudited)**

Howard County, Tx
Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses						
Governmental activities:						
General government	\$ 4,304,581	\$ 4,329,636	\$ 4,466,001	\$ 4,626,553	\$ 5,164,305	\$ 4,802,531
Public safety	\$ 1,985,999	\$ 2,098,240	\$ 3,166,509	\$ 2,610,727	\$ 2,992,499	\$ 3,199,696
Road maintenance	\$ 1,091,545	\$ 1,140,233	\$ 1,263,067	\$ 1,025,020	\$ 1,343,694	\$ 1,365,818
Health/Welfare	\$ 696,661	\$ 654,216	\$ 562,190	\$ 564,412	\$ 238,925	\$ 303,919
Conservation of natural resources	\$ 98,466	\$ 105,215	\$ 123,695	\$ 120,296	\$ 147,815	\$ 148,627
Culture and Recreation	\$ 407,932	\$ 430,666	\$ 461,765	\$ 372,652	\$ 400,348	\$ 394,021
Intergovernmental	\$ 556,368	\$ 650,371	\$ 716,483	\$ 749,965	\$ 747,377	\$ 834,561
Interest on long-term debt	\$ 65,238	\$ 36,555	\$ 33,612	\$ 30,518	\$ 917,046	\$ 541,962
Vehicle operation	\$ 726,357	\$ 800,691	\$ 839,277	\$ 914,811	\$ 819,048	\$ 902,352
Other	\$ 147,215	\$ 109,642	\$ 300	\$ 300	\$ 800	\$ 800
Total governmental activities expenses	<u>\$ 10,080,362</u>	<u>\$ 10,355,465</u>	<u>\$ 11,632,899</u>	<u>\$ 11,015,254</u>	<u>\$ 12,771,857</u>	<u>\$ 12,494,287</u>

Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 2,221,226	\$ 2,340,574	\$ 2,215,546	\$ 2,831,982	\$ 1,628,656	\$ 1,652,908
Public safety	\$ 117,475	\$ 116,551	\$ 115,920	\$ 97,025	\$ 104,833	\$ 123,926
Road maintenance	\$ 720,704	\$ 720,110	\$ 715,071	\$ 712,381	\$ 703,316	\$ 668,420
Health/Welfare	\$ 287,982	\$ 341,915	\$ 91,887	\$ 17,303	-	-
Culture and Recreation	\$ 8,995	\$ 8,974	\$ 7,490	\$ 7,786	\$ 6,787	\$ 5,796
Operating grants and contributions	\$ 66,530	\$ 101,256	\$ 134,598	\$ 75,324	\$ 152,053	\$ 32,775
Total governmental activities program revenues	<u>\$ 3,422,912</u>	<u>\$ 3,629,380</u>	<u>\$ 3,280,512</u>	<u>\$ 3,741,801</u>	<u>\$ 2,595,645</u>	<u>\$ 2,483,825</u>

General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes	\$ 6,596,096	\$ 7,023,504	\$ 7,618,171	\$ 9,473,482	\$ 10,732,236	\$ 11,356,869
Intergovernmental	\$ 284,384	\$ 311,868	\$ 513,359	\$ 405,823	\$ 209,078	\$ 425,237
Other/Miscellaneous/Interest	\$ 191,284	\$ 257,241	\$ 289,711	\$ 679,989	\$ 353,867	\$ 288,133
Total governmental activities	<u>\$ 7,071,764</u>	<u>\$ 7,592,613</u>	<u>\$ 8,421,241</u>	<u>\$ 10,559,294</u>	<u>\$ 11,295,181</u>	<u>\$ 12,070,239</u>

Change in Net Assets	\$ (414,314)	\$ (866,528)	\$ (68,854)	\$ (3,285,841)	\$ (1,118,969)	\$ (2,059,777)
Governmental activities						

Howard County, Tx
Fund Balances of Governmental Funds
Last Five Fiscal Years
(modified accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund					
Reserved	\$ 31,764	\$ 29,223	\$ 31,806	\$ 24,163	\$ 24,017
Unreserved	1,377,883	1,785,359	844,916	1,467,877	4,560,683
Total general fund	<u>1,409,647</u>	<u>1,814,582</u>	<u>876,722</u>	<u>1,492,040</u>	<u>4,584,700</u>
All other governmental funds					
Unreserved, reported in:					
Road & Bridge Fund	360,078	88,149	32,965	366,325	636,402
Tobacco Fund	819,648	884,789	958,689	1,061,836	1,140,435
Nonmajor Funds	400,524	444,805	497,881	328,615	404,269
Jail Construction Fund	-	-	-	7,536,945	-
Reserved in Debt Service Fund	-	-	205	86,391	493,355
Reserved	12,598	2,771	7,973	5,401	6,562
Total all other governmental funds	<u>\$ 1,592,848</u>	<u>\$ 1,420,514</u>	<u>\$ 1,497,713</u>	<u>\$ 9,385,513</u>	<u>\$ 2,681,023</u>

2010

General Fund	
Reserved	\$ 24,017
Unreserved	4,560,683
Total general fund	<u>4,584,700</u>

All other governmental funds	
Unreserved, reported in:	
Road & Bridge Fund	806,046
Tobacco Fund	1,554,004
Nonmajor Funds	461,443
Reserved in Debt Service Fund	96,414
Reserved	9,003
Total all other governmental funds	<u>\$ 2,926,910</u>

Howard Co, Tx
Changes in Fund Balances of Governmental Funds
Last Five Fiscal Years

(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010
Revenues						
Taxes	\$ 6,437,436	\$ 6,834,256	\$ 7,144,582	\$ 8,192,941	\$ 12,490,853	\$ 11,318,570
License and permits	723,598	726,106	719,918	717,395	709,907	676,581
Intergovernmental	431,802	575,982	517,206	421,663	361,131	458,012
Charges for services	930,724	1,007,533	1,274,230	1,266,336	1,195,211	1,075,316
Fines	821,339	827,282	651,648	804,698	806,164	797,162
Miscellaneous	245,470	309,849	397,599	681,071	322,943	264,739
Total revenues	9,590,369	10,281,008	10,705,183	12,084,104	15,886,209	\$ 14,590,380
Expenditures						
General government	4,224,152	5,166,249	4,288,933	4,486,917	4,459,908	4,436,678
Public safety	1,985,999	2,090,222	3,133,466	2,649,767	2,941,827	3,188,651
Road maintenance	1,341,545	705,517	1,957,578	1,725,106	2,315,725	2,156,083
Health/Welfare	677,221	636,342	559,710	564,286	236,227	303,373
Conservation of natural resources	98,466	105,352	123,336	121,516	145,570	148,202
Culture and recreation	406,654	430,505	453,652	371,007	396,619	393,089
Intergovernmental	556,368	650,371	716,483	749,965	747,377	834,561
Debt service	143,385	131,915	133,990	135,915	969,136	939,614
Capital outlay	144,426	109,342	201,938	3,953,611	7,284,704	487,793
Other	22,405	19,858	400	381,541	800	0
Total expenditures	9,600,621	10,045,673	11,569,486	15,139,631	19,497,893	12,888,044
Excess of revenues over (under) expenditures	(10,252)	235,335	(864,303)	(3,055,527)	(3,611,684)	1,702,336
Other financing sources (uses)						
Transfers in	603,895	463,013	241,408	347,059	683,615	951,517
Transfers out	(603,895)	(463,013)	(241,408)	(347,059)	(683,615)	-951,517
Bond proceeds	-	-	-	11,570,000	-	0
Total other financing sources (uses)	-	-	-	11,570,000	-	0
Net change in fund balances	\$ (10,252)	\$ 235,335	\$ (864,303)	\$ 8,514,473	\$ (3,611,684)	\$ 1,702,336
Debt service as a percentage of noncapital expenditures	1.54%	1.35%	1.19%	1.23%	8.62%	1.93%

Howard County, Tx
Government-wide Revenues
Last Seven Fiscal Years

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	All Other	Total
Before 2004 Unavailable						
2004	\$ 2,564,281	\$ 23,203	\$ -	\$ 6,154,931	\$ 565,628	\$ 9,308,043
2005	\$ 3,356,382	\$ 66,530	\$ -	\$ 6,596,096	\$ 475,668	\$ 10,494,676
2006	\$ 3,528,124	\$ 71,241	\$ 30,015	\$ 7,023,504	\$ 569,109	\$ 11,221,993
2007	\$ 3,145,914	\$ 134,598	\$ -	\$ 7,618,171	\$ 803,070	\$ 11,701,753
2008	\$ 3,666,477	\$ 75,324	\$ -	\$ 9,473,482	\$ 1,085,812	\$ 14,301,095
2009	\$ 2,443,592	\$ 152,053	\$ -	\$ 10,732,236	\$ 562,945	\$ 13,890,826
2010	\$ 2,451,050	\$ 32,775	\$ -	\$ 11,356,869	\$ 713,370	\$ 14,554,064

Howard County, Tx
 Government-wide Expenses by Function
 Last Seven Fiscal Years
 (accrual basis of accounting)

Fiscal Year	General Government	Public Safety	Road Maint.	Health Welfare	Conservation of Natural Resources	Culture and Recreation	Inter-governmental	Interest on Long-Term Debt	Vehicle Operation	Other	Total
Before 2004											
2004	\$ 4,054,853	\$ 1,976,102	\$ 1,011,241	\$ 643,348	\$ 86,215	\$ 405,513	\$ 603,265	\$ 62,249	\$ 721,821	\$ 68,032	\$ 9,632,639
2005	\$ 4,304,581	\$ 1,985,999	\$ 1,091,545	\$ 696,661	\$ 98,466	\$ 407,932	\$ 556,368	\$ 65,238	\$ 726,357	\$ 147,215	\$ 10,080,362
2006	\$ 4,329,636	\$ 2,098,240	\$ 1,140,233	\$ 654,216	\$ 105,215	\$ 430,666	\$ 650,371	\$ 36,555	\$ 800,691	\$ 109,642	\$ 10,355,465
2007	\$ 4,466,001	\$ 3,166,509	\$ 1,263,067	\$ 562,190	\$ 123,695	\$ 461,765	\$ 716,483	\$ 33,612	\$ 839,277	\$ 300	\$ 11,632,899
2008	\$ 4,626,553	\$ 2,610,727	\$ 1,025,020	\$ 564,412	\$ 120,296	\$ 372,652	\$ 749,965	\$ 30,518	\$ 914,811	\$ 300	\$ 11,015,254
2009	\$ 5,164,305	\$ 2,992,499	\$ 1,343,694	\$ 238,925	\$ 147,815	\$ 400,348	\$ 747,377	\$ 917,046	\$ 819,068	\$ 800	\$ 12,771,877
2010	\$ 4,802,531	\$ 3,199,696	\$ 1,365,818	\$ 303,919	\$ 148,627	\$ 394,021	\$ 834,561	\$ 541,962	\$ 902,352	\$ 800	\$ 12,494,287

Before 2004 unavailable

Howard County, Tx
 Taxable Assessed Value and Actual Value of Property
 Last Seven Fiscal Years

Fiscal Year Ended	Non-Producing Property	Mineral Property	Industrial Property	Local Real and Personal Property		Intangible Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total County Tax Rate (per \$100) Value
				Property	Property				
2004	\$ -	\$ 355,980,298	\$ 320,158,166	\$ 829,782,140	\$ 1,926,540	\$ (363,123,007)	\$ 1,144,724,137	0.55337	
2005	-	423,816,055	215,262,940	951,867,843	1,948,961	(349,934,828)	1,242,960,971	0.54546	
2006	-	573,751,875	242,827,750	1,062,999,344	1,876,143	(370,806,691)	1,510,648,421	0.48787	
2007	114,805	632,145,490	693,637,675	1,009,723,024	1,857,232	(463,869,304)	1,873,608,922	0.48787	
2008	-	883,837,505	353,823,074	1,284,986,742	1,976,545	(321,724,721)	2,202,899,145	0.53625	
2009	-	686,650,027	618,386,047	1,075,343,231	2,091,974	(473,841,000)	1,908,630,229	0.57866	
2010	-	964,789,567	732,929,158	967,798,817	2,060,731	(528,653,079)	2,138,925,194	0.52240	

Source: Howard County Tax Assessor-Collector

Howard County, Tx
Direct and Overlapping Property Tax Rates
Last Ten Years

Year	Howard County Direct Rates										Overlapping Rates							Total
	General Fund	Road and Bridge	Debt Service	Total Howard County	Howard College	Conservation District	City			School			Total					
							Big Spring	Coahoma	Forsan	Big Spring	Coahoma	Forsan						
2000	0.38498	0.05000	0.01392	0.44890	0.25854	0.01802	0.65630	0.64443	0.41288	1.56630	1.39000	1.45000	6.84537					
2001	0.33938	0.07000	0.01136	0.42074	0.25854	0.01315	0.65630	0.64443	0.41288	1.57630	1.46000	1.50000	6.94234					
2002	0.41626	0.04500	0.01232	0.47358	0.26985	0.01512	0.65630	0.64195	0.41288	1.57630	1.50000	1.50000	7.04598					
2003	0.49186	0.04500	0.01314	0.55000	0.27561	0.01638	0.68630	0.64195	0.44491	1.57630	1.50000	1.50000	7.19145					
2004	0.50184	0.04000	0.01153	0.55337	0.27561	0.01535	0.71630	0.59746	0.44491	1.57630	1.50000	1.50000	7.17930					
2005	0.49728	0.04000	0.00818	0.54546	0.27300	0.01350	0.71630	0.60902	0.30260	1.57630	1.50000	1.66875	7.20493					
2006	0.43958	0.03915	0.00914	0.48787	0.24120	0.01850	0.71630	0.60902	0.28000	1.43409	1.37000	1.50000	6.65698					
2007	0.44454	0.03585	0.00748	0.48787	0.28908	0.01805	1.02276	0.50054	0.20702	1.10409	1.29000	1.15810	6.56538					
2008	0.456347	0.032916	0.046991	0.536254	0.278000	0.014730	1.013243	0.467066	0.136958	1.119890	1.210000	1.129700	5.905841					
2009	0.513629	0.037474	0.027553	0.578656	0.315538	0.018050	1.013243	0.451220	0.191599	1.119500	1.290000	1.099300	6.655762					

Source: Tax Assessor-Collector

Note: Tax rates per \$100 of assessed value

Howard County, Tx
Principal Taxpayers
Current Year and Nine Years Ago

<u>Taxpayer</u>	2010		2001	
	<u>Taxable Valuation</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Taxpayer</u>	<u>Taxable Valuation</u> <u>Percentage of Total Assessed Valuation</u>
ALON USA LP	\$119,433,100	6.26%	FINA OIL AND CHEMICAL COMPANY	\$86,254,328 6.06%
CONOCO PHILLIPS COMPANY	112,281,341	5.88%	POWER RESOURCES INC	58,197,902 4.09%
ENDEAVOR ENERGY RESOURCES LP	55,539,411	2.91%	WESTERN CONTAINER CORP	36,863,590 2.59%
SHERIDAN PRODUCTION CO LLC	55,270,171	2.90%	SID RICHARDSON CARBON	23,366,740 1.64%
APACHE CORPORATION	47,372,695	2.48%	CONOCO INC	22,376,483 1.57%
MERIT ENERGY COMPANY	46,209,720	2.42%	KERR MCGEE	21,939,120 1.54%
ROBINSON DRILLING OF TEXAS INC	43,856,760	2.30%	TXU ELECTRIC CO	19,808,280 1.39%
WALSH & WATTS	32,834,650	1.72%	TEXACO EXPLORATION & PROD.	16,438,730 1.16%
CHESAPEAKE OPERATING INC	31,664,950	1.66%	SCENIC MT. MEDICAL	13,051,839 0.92%
ONCOR ELECTRIC DELIVERY CO LLC	27,074,379	1.42%	SOUTHWESTERN BELL TELEPHONE	12,410,780 0.87%
Total	<u>\$571,537,177</u>	<u>29.94%</u>	Total	<u>\$310,707,792</u> <u>21.83%</u>

Source: Howard County Tax Assessor-Collector

Howard County, Tx
Property Tax Levies and Collections
Last Ten Years - July 1 through June 30

Fiscal Year	Taxes Levied for the Fiscal Year	Amount Collected within the Fiscal Year of Levy	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percentage of Levy Collected
1999-00	\$ 4,475,860	\$ 4,287,983	96%	\$ 116,905	\$ 4,405,888	98%
2000-01	\$ 4,826,703	\$ 4,644,897	96%	\$ 65,500	\$ 4,710,397	98%
2001-02	\$ 5,109,796	\$ 4,828,676	94%	\$ 77,176	\$ 4,905,852	96%
2002-03	\$ 5,379,311	\$ 5,178,257	96%	\$ 127,155	\$ 5,305,413	99%
2003-04	\$ 6,118,768	\$ 5,937,906	97%	\$ 132,915	\$ 6,070,821	99%
2004-05	\$ 6,334,563	\$ 6,114,526	97%	\$ 185,262	\$ 6,299,788	99%
2005-06	\$ 6,779,848	\$ 6,441,794	95%	\$ 154,762	\$ 6,596,586	97%
2006-07	\$ 7,371,784	\$ 6,813,776	92%	\$ 158,788	\$ 6,972,564	95%
2007-08	\$ 9,144,533	\$ 7,797,078	85%	\$ 281,349	\$ 8,078,427	88%
2008-09	\$11,834,138	\$ 11,117,947	94%	\$ 1,036,688	\$ 12,154,635	103%
2009-10	\$11,037,141	\$ 10,893,417	99%	\$ 139,239	\$ 11,032,656	100%

Source: Howard County Tax Assessor-Collector

Note 1: In Feb. 2008, Alon taxes for 2006 and 2007 were collected.

Howard County, Tx
Ratios of General Bonded Debt Outstanding
Last Six Fiscal Years

Fiscal Year	Population	General Obligations Bonds	Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita
2005	33,627	\$ 1,165,000	\$1,242,960,971	0.09%	\$ 34.64
2006	33,627	\$ 1,070,000	\$ 1,510,648,421	0.07%	\$ 31.82
2007	33,627	\$ 970,000	\$ 1,873,608,922	0.05%	\$ 28.85
2008	33,627	\$ 12,435,000	\$2,202,899,145	0.56%	\$ 369.79
2009	33,627	\$ 12,325,000	\$1,908,630,229	0.65%	\$ 366.52
2010	33,627	\$ 11,930,000	\$2,138,925,194	0.56%	\$ 354.77

Source for population: www.epodunk.com and U.S. Census Bureau

Source for taxable value of property: Howard County Tax Assessor-Collector

Howard County, Tx
County Employees by Function (1)
Last Ten Fiscal Years
(Unaudited)

	2010 (2)		2009 (2)		2008 (2)		2007 (2)		2006 (2)		2005 (2)		2004 (2)		2003 (2)		2002 (2)		2001 (2)		
	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	
Judicial																					
District Judge	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	4	0	
Justices of Peace	7	0	7	0	7	0	7	0	7	0	7	0	7	0	7	0	7	0	6	1	
District Clerk	4	0	3	1	4	1	4	0	4	0	4	0	4	0	4	0	5	0	5	0	
County Attorney	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	
County Clerk	6	0	6	0	6	0	7	0	6	0	7	0	7	0	7	0	7	0	7	0	
District Attorney	5	0	5	0	5	0	5	0	5	0	5	0	5	0	5	0	4	0	4	0	
Court Collector	0	0	0	0	2	0	2	0	2	0	2	0	2	0	0	0	0	0	0	0	
Executive																					
County Judge	2	0	2	0	2	0	2	0	2	0	2	0	2	1	3	0	3	0	3	0	
County Commissioners	4	0	4	0	4	0	4	0	4	0	4	0	4	0	4	0	4	0	4	0	
Financial Administration																					
County Treasurer	1.5	0	1.5	0	1.5	0	1.5	0	1.5	0	1.5	0	1.5	0	1.5	0	1.5	0	1.5	0	
County Auditor	3.5	0	3.5	0	3.5	0	3.5	0	3.5	0	3.5	0	3.5	0	3.5	0	3.5	0	3.5	0	
Tax Assessor-Collector	8	0	8	0	7	0	7	0	8	0	8	0	9	0	7	0	9	0	9	0	
Elections	1	2	1	2	1	2	1	2	1	1	1	2	0	0	0	0	0	0	0	0	
Courthouse Maintenance	3	0	3	0	3	0	4	1	5	0	4	0	4	0	4	0	4	0	4	0	
Sheriff	16	0	21	0	18	2	17	1	16	3	18	2	18	1	18	1	18	2	18	3	
Jail	25	3	18	4	9	5	10	5	11	3	11	3	11	6	11	5	11	5	11	5	
Detention	0	5	0	8	0	3	0	6	0	8	0	4	0	7	0	8	0	11	0	4	
State (DPS)	1	0	1	0	1	0	1	0	1	0	1	0	0	1	0	1	0	1	0	1	
Constable	1	0	1	0	1	0	0	0	0	1	0	1	0	3	0	3	0	3	0	2	
Task Force	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	2	0	2	0	
County Extension Agents	4	0	4	0	4	0	3	0	4	1	3	0	3	1	3	0	2	1	3	1	
Library	6	1	6	1	6	1	8	1	8	1	7	3	7	3	8	1	8	1	6	3	
Law Library	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1	
Indigent Health Care	3	1	3	2	2	1	2	1	2	1	2	0	2	1	2	0	2	0	2	0	
Courthouse Security	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	0	0	
Road & Bridge	19	2	17	1	17	0	19	1	20	1	20	1	19	1	20	1	21	0	21	0	
Equipment Operating	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	
Senior Citizens Center	0	0	0	0	0	0	3	3	2	2	5	2	4	3	4	3	4	4	4	1	
Total	130	14	125	19	114	16	121	21	123	22	126	18	123	28	124	23	126	29	124	22	

(1) Source: County Treasurer

(2) Number of Employees on payroll at September 30th of each year

FT = full time PT = part time

Howard County, Tx
Miscellaneous Statistics
Last Six Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Roads by commissioner precinct. Source: Road Administrator						
Miles of paved roads:						
Precinct 1	60.25	60.25	60.25	60.25	60.25	60.25
Precinct 2	59.90	59.90	59.90	59.90	59.90	59.90
Precinct 3	54.20	54.20	54.20	54.20	54.20	54.20
Precinct 4	94.25	94.25	94.25	94.25	94.25	94.25
Total miles of paved roads	268.60	268.60	268.60	268.60	268.60	268.60
Miles of unpaved roads:						
Precinct 1	89,000	89,000	89,000	89,000	89,000	89,000
Precinct 2	54,634	54,634	54,634	56,635	56,635	56,635
Precinct 3	24,300	24,300	24,300	24,300	24,300	24,300
Precinct 4	106,250	106,250	106,250	106,250	106,250	106,250
Total miles of unpaved roads	274,184	274,184	274,184	274,184	274,184	274,184

Source: Chief Deputy						
Calls for service	2,897	3,529	3,754	3,836	2,041	4,801
Civil papers served	1,514	2,629	2,521	3,315	1,873	2,775
Reports taken	472	528	531	580	513	748
People processed through the jail (calendar year)	1,957	2,190	1,889	2,116	1,827	unavailable

Library statistics. Source: County Librarian						
Volumes in collection	64,158	66,622	68,539	70,296	72,233	65,451
Total volumes borrowed	78,578	77,636	65,501	62,758	64,868	64,317
Card holders of record	9,184	9,878	9,842	6,607	6,434	8,120
Percentage of the community with a library card	27%	30%	29%	20%	19%	24%
Times internet used by patrons	10,717	10,556	9,080	7,718	10,042	9,749
Number of check-outs of library materials:						
Adults	23,944	38,313	30,636	33,756	33,482	31,612
Juveniles	18,915	15,714	19,600	13,642	14,795	16,591
Videos/DVDs	15,864	10,447	8,103	5,567	4,272	3,844
Young adult	2,391	2,466	2,008	1,993	2,277	2,521
Number of hours open per year	2,506	2,500	2,200	2,392	2,392	2,400

Independent Auditor's Section

DON H. STEPHENS CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT

A PROFESSIONAL CORPORATION

703 SOUTH FIRST STREET

LAMESA, TEXAS 79331

MEMBER AICPA
806 872 3233 VOICE

MEMBER TSCPA
806 872 5898 FAX

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable County Judge and Commissioners Court
of Howard County, Texas

We have audited the accompanying financial statements of the governmental activities, and each major fund and the aggregate remaining fund information of Howard County, as of and for the year ended, September 30, 2010, which collectively comprise Howard County's basic financial statements and have issued our report thereon dated January 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Howard County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Howard County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Howard County's internal control over the financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Howard County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Howard County's financial statements that is more than inconsequential will not be prevented or detected by Howard County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Howard County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Howard County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and or great agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not as objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Accounting Standards.

This report is intended for the information and use of management, Commissioner's Court, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Don H. Stephens CPA, P.C.

Don H. Stephens CPA, P.C.
January 31, 2011

**HOWARD COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

A. Summary of Auditor's Results

An unqualified opinion was issued on the general purpose financial statements.

The audit disclosed no compliance which is material to the Financial statements.

Major programs are as follows:

None

**B. Findings Relating to the Financial Statements which are Required to be Reported
In Accordance with Generally Accepted United States Government Auditing Standards**

None

C. Findings and Questioned Costs for Federal Awards

<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
None	None	None

D. Management Response

None Required