

HOWARD COUNTY, TEXAS

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S
REPORT

YEAR ENDED

SEPTEMBER 30, 2021



Roberts & McGee CPA

HOWARD COUNTY, TEXAS
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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Howard County, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Howard County, Texas, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, other post-employment benefit information, and pension information on pages 3–8 and 46-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Howard County, Texas' basic financial statements. The other supplementary schedules on pages 55-76 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of state awards is presented for purposes of additional analysis as required by the State of Texas Single Audit Circular, and is also not a required part of the basic financial statements.

The other supplementary schedules and the schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary schedules and the schedule of expenditures of state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2022 on our consideration of Howard County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Howard County, Texas' internal control over financial reporting and compliance.


Roberts & McGee, CPA

Abilene, Texas
March 21, 2022

**HOWARD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

As management of Howard County, we offer readers of Howard County's financial statements this narrative overview and analysis of the financial activities of Howard County for the fiscal year ended September 30, 2021.

Financial Highlights

Government-Wide Financial Statements

- The assets and deferred outflows of Howard County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$26,970,522 (net position). Of this amount, \$10,946,554 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. \$6,690,028 of the County's equity is restricted for debt service, capital improvement, and special revenue funds, and \$9,333,940 is invested in capital assets, net of related debt.
- The County's total debt outstanding at September 30, 2021 is \$7,190,000.
- The total net position (*equity*) of the County increased by \$9,407,882 during the current 2021 fiscal year.

Fund Financial Statements

- As of the close of the current fiscal year, Howard County's general fund reported an ending fund balance of \$14,543,976. Most of the total fund balance is unassigned and available for spending at the government's discretion.
- The fund balance of the County's general fund increased by \$2,646,910 during the current 2021 fiscal year

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Howard County's basic financial statements. Howard 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.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Howard County's finances, using accounting methods similar to those used by private sector companies.

The statement of net position presents information on all of Howard County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Howard County is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

**HOWARD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

The government-wide financial statements reflect functions of Howard County that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the County include general administration, judicial, elections, financial administration, public facilities, public safety, health and welfare, conservation, library, other supported services, and road and bridge. The government-wide financial statements can be found on pages 9-10 of this report.

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. Howard County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Howard County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus on governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Howard County has four governmental fund types, which are the general fund, special revenue funds, debt service fund and a capital projects fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the road and bridge fund, the contingency fund, and the American Rescue Plan Act fund, which are considered to be major funds. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The governmental fund financial statements can be found on pages 11-16 of this report.

Howard County adopts an annual appropriated budget for its general fund, road and bridge fund, contingency fund, debt service fund, capital projects fund, and various other special revenue funds. Budgetary comparison statements have been provided for the general fund, the road and bridge fund, and the contingency fund on pages 46-48 and the budgetary comparison schedules for the debt service and capital improvement funds are on pages 55-56.

Proprietary funds. Proprietary funds consist of two types of funds, enterprise and internal service funds. Howard County has no enterprise funds. Internal service funds report activities that provide services and supplies for the County's other programs and activities. The internal service fund financial statements are presented on pages 17-19.

**HOWARD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Fiduciary funds. Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for other governmental units. The County's fiduciary funds are agency funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's basic programs. The agency fund financial statement can be found on page 20.

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. The notes to the financial statements can be found on pages 21-45 of this report.

Other information. The budget to actual schedules and the combining statements for the nonmajor governmental funds are presented as other supplemental information. These schedules and statements can be found on pages 55-76 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Howard County, assets exceeded liabilities by \$26,970,522 at the close of the most recent fiscal year.

Howard County's net position reflect its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that is outstanding of \$9,333,940. Howard County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Howard County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Howard County's Net Position

	Governmental Activities	
	2021	2020
Current assets	\$ 32,751,211	\$ 25,134,249
Capital assets	16,523,940	13,539,778
Deferred outflows of resources	3,318,289	1,667,953
Total Assets and Deferred Outflows of Resources	52,593,440	40,341,980
Current liabilities	2,402,969	2,494,656
Long-term liabilities	18,036,632	18,787,277
Deferred inflows of resources	5,183,317	1,067,407
Total Liabilities and Deferred Inflows of Resources	25,622,918	22,349,340
Net investment in capital assets	9,333,940	5,128,934
Restricted	6,690,028	6,343,823
Unrestricted	10,946,554	6,089,883
Total Net Position	\$ 26,970,522	\$ 17,562,640

**HOWARD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Howard County's Changes in Net Position

	Governmental Activities	
	2021	2020
Revenues:		
Program Revenues:		
Charges for Services	\$ 4,131,620	\$ 5,702,983
Operating Grants and Contributions	1,804,750	2,091,129
Capital Grants and Contributions	2,957,121	
General Revenues		
Property and Other Taxes	18,860,413	17,049,259
Investment Income	92,099	267,892
Gain on disposal of assets	261,976	-
Total Revenues	28,107,979	25,111,263
Expenses		
General Administration	434,730	443,310
Judicial	2,385,368	2,924,833
Elections	297,357	238,126
Financial Administration	930,204	968,258
Public Facilities	570,245	1,283,602
Public Safety	6,678,311	5,854,355
Health and Welfare	365,677	829,644
Conservation	110,176	226,978
Library	430,699	418,612
Other Supported Services	1,519,681	1,240,352
Intergovernmental	948,662	952,346
Road and Bridge	3,778,933	5,585,761
Interest on Long-term Debt	250,054	346,050
Total expenditures	18,700,097	21,312,227
Increase in Net Position	9,407,882	3,799,036
Net Position - Beginning of Year	17,562,640	13,763,604
Net Position - End of Year	\$ 26,970,522	\$ 17,562,640

FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS

As noted earlier, Howard County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Howard County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Howard County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**HOWARD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS - continued

As of the end of the current fiscal year, Howard County's governmental funds reported combined ending fund balances of \$24,670,058. Approximately 58.6% percent of this total amount, \$14,458,459 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, or assigned to indicate that it is not available for new spending because it has already been restricted or assigned to: 1) Road and Bridge funds (\$3.37 million), 2) Special purposes (\$6.61 million), and 3) Debt Services (\$147,025).

The general fund is the chief operating fund of the County. \$14,458,459 of the general fund's fund balance is unassigned. The unassigned fund balance represents approximately 100% of the total general fund expenditures. Howard County's General Fund balance increased by \$2,646,910 from current year operations.

Fund Budgetary Highlights

The amended budget for the General Fund reflects an increase in fund balance of \$217,646. Budget amendments to revenue and expenditures were made during the year within the general fund. The actual expenditures were \$1,060,451 less than the final budgeted amounts, and actual revenues were \$161,986 more than was budgeted. Other financing sources and uses were \$1,206,827 less than budgeted. This resulted in a favorable budget variance of \$2,429,264.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Howard County's investment in capital assets for its governmental activities as of September 30, 2021, amounts to \$16,523,940 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, and infrastructure.

	Howard County's Capital Assets	
	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Land	\$ 625,189	\$ 588,189
Buildings and improvements	19,990,879	19,990,879
Machinery and equipment	9,858,283	9,846,959
Infrastructure	<u>5,148,637</u>	<u>1,546,590</u>
 Total Capital Assets	 35,622,988	 31,972,617
 Total Accumulated Depreciation	 <u>(19,099,048)</u>	 <u>(18,432,839)</u>
Net Capital Assets	<u>\$ 16,523,940</u>	<u>\$ 13,539,778</u>

More detailed information about the County's capital assets can be found in Note 4 on page 31 of this report.

**HOWARD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Debt Administration

- **Tax Notes.** The County issued \$1,775,000 in series 2018 tax notes in previous years to finance a new communications system. The tax notes were paid off during the 2021 fiscal year.
- **Bonds.** The County had outstanding bonded debt of \$7,190,000 as of September 30, 2021. \$475,000 was paid down on the debt during the year.
- **Notes Payable.** The County issued debt in fiscal year 2019 to purchase new election equipment. The note was for \$195,379. The note was paid off during the 2021 fiscal year.

More detailed information about the County's long-term obligations can be found in Note 6 on pages 32-33 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The tax rate for the 2022 fiscal year was set at .327545 per \$100 valuation. The M&O rate is .316505, and the I&S rate is .011040. The previous years tax rate was .299562 per \$100 valuation.
- The County's 2022 fiscal year General Fund budget reflects total budgeted revenues of \$15,247,217, which is a \$204,623 increase over the 2021 adopted budget; and the budgeted expenditures and transfers are \$19,397,176, resulting in a budgeted deficit of \$4,149,959.

Requests for Information

This financial report is designed to provide a general overview of Howard County's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Howard County Auditor, 300 Main Street, Big Spring, Texas 79720.

BASIC FINANCIAL STATEMENTS

HOWARD COUNTY, TEXAS
STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

	Primary Government Governmental Activities
ASSETS:	
Cash and cash investments	\$ 29,167,994
Receivables:	
Accounts	1,327
Property tax, net	1,580,267
Fines, net	489,743
Intergovernmental	1,247,508
Contributions	60,000
Due from agency funds	95,624
Prepaid	42,996
Inventory	65,752
Non-depreciable capital assets	625,189
Depreciable capital assets, net	15,898,751
 TOTAL ASSETS	 49,275,151
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows	3,318,289
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 52,593,440
LIABILITIES:	
Accounts payable	1,126,867
Wages payable	500,803
Compensated absences	263,115
Accrued interest payable	27,184
Long-term debt:	
Due in less than one year	485,000
Due in more than one year	6,705,000
OPEB liability	9,111,492
Pension liability	2,220,140
 TOTAL LIABILITIES	 20,439,601
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows-Pension and OPEB	1,567,795
Deferred inflows-Grants	3,615,522
 TOTAL DEFERRED INFLOWS OF RESOURCES	 5,183,317
NET POSITION:	
Net investment in capital assets	9,333,940
Restricted for debt service	147,025
Restricted for special revenue and capital improvements	6,543,003
Unrestricted	10,946,554
 TOTAL NET POSITION	 \$ 26,970,522

The accompanying notes are an integral part of this statement.

HOWARD COUNTY, TEXAS
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Function/Program	Expenses	Program Revenues		Primary Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Primary Government:				
Governmental activities:				
General administration	\$ 434,730	\$ 19,391	\$ 245,295	\$ (170,044)
Judicial	2,385,368	1,601,212	79,636	(704,520)
Elections	297,357	82,875	28,451	(80,877)
Financial administration	930,204	620,437		(309,767)
Public facilities	570,245			(570,245)
Public safety	6,678,311	405,718	815,735	(5,456,858)
Health and welfare	365,677	1,275	307,255	(57,147)
Conservation	110,176			(110,176)
Library	430,699	17,798	1,259	(395,153)
Other supported services	1,519,681	643,423	242,462	(633,796)
Intergovernmental	948,662			(948,662)
Road and bridge	3,778,933	739,492	84,657	(119,306)
Interest on long-term debt	250,054			(250,054)
Total governmental activities	<u>18,700,097</u>	<u>4,131,620</u>	<u>1,804,750</u>	<u>(9,806,606)</u>
Total primary government	<u>\$ 18,700,097</u>	<u>\$ 4,131,620</u>	<u>\$ 1,804,750</u>	<u>\$ (9,806,606)</u>
General revenues:				
Property taxes				18,860,413
Gain (loss) on disposal of assets				261,976
Investment income				92,099
Total general revenues				<u>19,214,488</u>
Change in net position				9,407,882
Net position - beginning of year				<u>17,562,640</u>
Net position - end of year				<u>\$ 26,970,522</u>

The accompanying notes are an integral part of this statement.

HOWARD COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	General Fund	Road and Bridge Fund	Contingency Fund
ASSETS			
Cash and cash investments	\$ 15,274,555	\$ 2,614,645	\$ 3,436,054
Receivables:			
Property tax, net	1,085,286	400,951	
Fines, net	489,743		
Intergovernmental	80,920	1,143,788	
Other			
Due from agency funds	69,823	19,654	
Prepaid expenses	42,996		
Inventory	42,521		
TOTAL ASSETS	\$ <u>17,085,844</u>	\$ <u>4,179,038</u>	\$ <u>3,436,054</u>
 LIABILITIES			
Accounts payable	\$ 618,221	\$ 344,095	\$
Wages payable	389,046	64,495	
TOTAL LIABILITIES	<u>1,007,267</u>	<u>408,590</u>	<u></u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	<u>1,534,601</u>	<u>400,951</u>	<u></u>
TOTAL DEFERRED INFLOWS	<u>1,534,601</u>	<u>400,951</u>	<u></u>
 FUND BLANCE			
Nonspendable for inventory	85,517		
Restricted for debt service			
Restricted for special revenue and capital improvements		3,369,497	
Assigned			3,436,054
Unassigned	<u>14,458,459</u>	<u></u>	<u></u>
TOTAL FUND BALANCE	<u>14,543,976</u>	<u>3,369,497</u>	<u>3,436,054</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	 \$ <u>17,085,844</u>	 \$ <u>4,179,038</u>	 \$ <u>3,436,054</u>

The accompanying notes are an integral part of this statement.

American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,561,014	\$ 3,431,133	\$ 28,317,401
	94,030	1,580,267
		489,743
	22,800	1,247,508
	60,000	60,000
	6,147	95,624
		42,996
		42,521
<u>\$ 3,561,014</u>	<u>\$ 3,614,110</u>	<u>\$ 31,876,060</u>
\$	\$ 140,354	\$ 1,102,670
	33,729	487,270
	174,083	1,589,940
<u>3,560,776</u>	<u>119,734</u>	<u>5,616,062</u>
<u>3,560,776</u>	<u>119,734</u>	<u>5,616,062</u>
		85,517
	147,025	147,025
238	3,173,268	6,543,003
		3,436,054
		14,458,459
<u>238</u>	<u>3,320,293</u>	<u>24,670,058</u>
<u>\$ 3,561,014</u>	<u>\$ 3,614,110</u>	<u>\$ 31,876,060</u>

HOWARD COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

Total Fund Balances - Governmental Funds \$ 24,670,058

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

Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the governmental funds balance sheet. The net effect is an increase in net position.	13,833,873
Other long-term assets are not available to pay for current-period expenditures, therefore, are deferred in the governmental funds. Deferred revenue is recognized in the government-wide financial statements. This results in an increase in net position.	2,000,540
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. The net effect is a decrease in net position.	(7,466,173)
The Internal Service Fund provides services to the governmental funds. The net position of the fund is included in the net position of the governmental activities. The net effect is to increase net position.	3,513,362
Included on the government-wide financial statements is the recognition of the County's proportionate share of the OPEB liabilities of \$9,111,492 and a deferred inflow of resources of \$2,941 and deferred outflows of resources of \$116,928. The net effect is a decrease in net position.	(8,997,505)
Included on the government-wide financial statements is the recognition of the County's proportionate share of the net pension liability of \$2,220,140, a deferred inflow of resources of \$1,564,854 and deferred outflow of resources of \$3,201,361. The net effect is decrease net position.	<u>(583,633)</u>

Net Position of Governmental Activities \$ 26,970,522

The accompanying notes are an integral part of this statement.

HOWARD COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Road and Bridge Fund	Contingency Fund
REVENUES:			
Property taxes	\$ 13,423,557	\$ 4,009,634	\$
Licenses and permits	10,939	720,310	
Fees and charges for services	1,352,898		
Fines, forfeitures and settlements	516,060		
Intergovernmental	1,065,138	2,920,135	18,200
Investment income	63,954	11,736	3,213
Other miscellaneous	670,915	19,182	
	<u>17,103,461</u>	<u>7,680,997</u>	<u>21,413</u>
EXPENDITURES:			
Current:			
General administration	440,541		
Judicial	2,437,107		
Elections	251,985		
Financial administration	1,030,708		
Public facilities	592,089		
Public safety	6,091,891		
Health and welfare	4,920		
Conservation	111,053		
Library	450,600		
Other supported services	1,791,571		
Intergovernmental	948,662		
Road and bridge		3,988,587	
Debt service			
Principal	65,143		
Interest	626		
Capital outlay	45,976	3,602,047	
	<u>14,262,872</u>	<u>7,590,634</u>	<u></u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	2,840,589	90,363	21,413
OTHER FINANCING SOURCES (USES):			
Transfers in	55,588		
Transfers out	(249,267)		
Loan proceeds			
Bond issuance costs			
Total Other Financing Sources (Uses)	<u>(193,679)</u>	<u></u>	<u></u>
CHANGE IN FUND BALANCE	2,646,910	90,363	21,413
FUND BALANCE - BEGINNING OF YEAR	<u>11,897,066</u>	<u>3,279,134</u>	<u>3,414,641</u>
FUND BALANCE - END OF YEAR	<u>\$ 14,543,976</u>	<u>\$ 3,369,497</u>	<u>\$ 3,436,054</u>

The accompanying notes are an integral part of this statement.

American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$	\$ 987,247	\$ 18,420,438
		731,249
	600,908	1,953,806
	73,045	589,105
	758,398	4,761,871
238	10,088	89,229
	62,380	752,477
238	2,492,066	27,298,175
	19,609	460,150
	102,553	2,539,660
	1,818	253,803
	22	1,030,730
		592,089
	339,625	6,431,516
	374,425	379,345
		111,053
	9,749	460,349
		1,791,571
		948,662
		3,988,587
	1,115,000	1,180,143
	296,763	297,389
	170,577	3,818,600
238	2,430,141	24,283,647
	61,925	3,014,528
	249,267	304,855
	(55,588)	(304,855)
238	193,679	3,014,528
	255,604	3,014,528
	3,064,689	21,655,530
238	3,320,293	24,670,058
\$ 238	\$ 3,320,293	\$ 24,670,058

HOWARD COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Net Change in Fund Balances - Governmental Funds \$ 3,014,528

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

Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays net of disposals is to increase net position. 3,818,600

Depreciation expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation. The net effect of current year depreciation expense is to decrease net position. (1,025,526)

Revenue from property taxes and court fines are recognized in the fund financial statements on the modified accrual basis, but are recognized on the accrual basis in the government-wide financial statements. The net effect is to increase net position. 454,936

Current year payments on long-term debt are expenditures in the fund financial statements, but are shown as reductions of the debt in the government-wide financial statements. The net effect is to increase net position. 1,232,487

The Internal Service Fund provides services to the governmental funds. The activities of the fund are included in the governmental activities. The net effect is to increase net position. 497,264

The County's share of the unrecognized deferred inflows and outflows for the pension liability and the OPEB liability as of the measurement date must be amortized and the County's proportionate share of the pension expense and postemployment benefits must be recognized. The net effect is an increase in net position. 1,415,593

Change in Net Position of Governmental Activities \$ 9,407,882

The accompanying notes are an integral part of this statement.

HOWARD COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND

SEPTEMBER 30, 2021

ASSETS:	<u>Internal Service Fund</u>
Cash and cash investments	\$ 850,593
Accounts receivables	1,327
Inventory	23,231
Capital assets, net of accumulated depreciation	<u>2,690,067</u>
TOTAL ASSETS	<u>3,565,218</u>
LIABILITIES:	
Accounts payable	24,197
Wages payable	13,533
Compensated absences	<u>14,126</u>
TOTAL LIABILITIES	<u>51,856</u>
NET POSITION:	
Net investment in capital assets	2,690,067
Unrestricted	<u>823,295</u>
TOTAL NET POSITION	<u><u>\$ 3,513,362</u></u>

The accompanying notes are an integral part of this statement.

HOWARD COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Internal Service Fund
OPERATING REVENUE	
Charges for services	\$ 1,785,000
Total operating revenue	1,785,000
OPERATING EXPENSES	
Salaries and related benefits	291,701
Insurance	52,181
Materials and supplies	412,597
Maintenance and repairs	42,476
Radio expense	90
Auto expense	82,113
Other expenses	18,829
Depreciation	742,617
Total operating expenses	1,642,604
OPERATING INCOME	142,396
NONOPERATING REVENUE	
Investment income	2,870
Sale of equipment	261,976
Miscellaneous income	90,022
Total nonoperating revenue	354,868
CHANGE IN NET POSITION	497,264
NET POSITION - BEGINNING OF YEAR	3,016,098
NET POSITION - END OF YEAR	\$ 3,513,362

The accompanying notes are an integral part of this statement.

HOWARD COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from other funds	\$ 1,784,493
Payments to suppliers	(406,806)
Payments to employees and related taxes and benefits	(295,621)
Payments to others	(195,689)
Net cash provided (used) by operating activities	<u>886,377</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from sale of capital assets	261,976
Purchase of capital assets	(933,705)
Net cash provided (used) by capital and related financing activities	<u>(671,729)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	2,870
Miscellaneous income	90,022
Net cash provided (used) by investing activities	<u>92,892</u>
NET INCREASE (DECREASE) IN CASH	307,540
CASH AT BEGINNING OF PERIOD	<u>543,053</u>
CASH AT END OF PERIOD	<u><u>\$ 850,593</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 142,396
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	742,617
(Increase) decrease in accounts receivable	(507)
(Increase) decrease in inventory	275
Increase (decrease) in accounts payable	5,516
Increase (decrease) in wages payable	303
Increase (decrease) in accrued compensated absences	(4,223)
Net cash provided (used) by operating activities	<u><u>\$ 886,377</u></u>

The accompanying notes are an integral part of this statement.

HOWARD COUNTY, TEXAS

BALANCE SHEET

FIDUCIARY FUNDS

SEPTEMBER 30, 2021

ASSETS	Agency Funds
Cash and cash investments:	
Tax Assessor Collector	\$ 815,539
Sheriff	13,470
District Attorney	237,936
County Attorney	122
District Clerk	5,055,942
County Clerk	3,330
	<hr/>
TOTAL ASSETS	\$ <u><u>6,126,339</u></u>
LIABILITIES	
Due to the County	\$ 95,624
Due to others	6,030,715
	<hr/>
TOTAL LIABILITIES	\$ <u><u>6,126,339</u></u>

The accompanying notes are an integral part of this statement.

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The authority of county governments and their specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution and Vernon's Annotated Civil Statutes. Howard County (the County) operates under a county judge/commissioners' court type government as provided by state statute.

The Commissioners' Court has governance responsibilities over all activities related to Howard County, Texas. The County receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities; however, the County is not included in any other governmental "reporting entity" as defined by authoritative guidance. There are no component units included within the reporting services.

The County provides the following services to its citizens: public safety, public transportation (roads and bridges), health and welfare, public facilities, judicial, library, intergovernmental support, and general administrative services.

The financial and reporting policies of the County conform to U.S. generally accepted accounting principles ("GAAP") applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), which includes all statements and interpretations of the National Council on Governmental Accounting unless modified by the GASB and those principles prescribed by the American Institute of Certified Public Accountants. The following is a summary of the more significant practices used by the County.

Government-Wide and Fund Financial Statements

Government-wide financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by the program's 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.

Fund financial statements. Separate fund financial statements are provided for governmental funds, a proprietary internal service fund, and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Funds

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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, fines, interest revenue, and revenue received from various governmental entities associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the state at year-end on behalf of the County also are recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Proprietary Fund and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

The government reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

Road and Bridge Fund – The Road and Bridge Fund is a special revenue fund that is used to account for resources used by the County in connection with providing transportation services to its citizens.

Contingency Fund – The Contingency Fund is a special revenue fund that is used to account for funds assigned by the Commissioners Court for contingent, unforeseen, or unbudgeted expenditures of the County.

American Rescue Plan Act (ARPA) Special Revenue Fund – The ARPA Special Revenue Fund is used to account for the proceeds of grant revenue that is restricted for the specified purposes of the ARPA grant.

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Additionally, the government reports nonmajor governmental fund types:

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Non-Major Special Revenue Funds – Non-Major Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are restricted, committed, or assigned to expenditures for specified purposes.

Proprietary Funds

Internal Service Funds – Internal Service Funds are used to account for the financing of goods or services provided by one department or other departments of the County, on a cost-reimbursement basis.

Fiduciary Funds

Agency Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations. Formal budgetary accounting is not required for fiduciary funds. Since by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated in the government-wide statements.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues*. Likewise, general revenues include all taxes.

In the fund financial statements, governmental special revenue, capital improvements, and debt service funds report restrictions of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purposes.

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from those estimates.

Budget Policies

The County follows these procedures in establishing budgetary data reflected in the financial statements:

The County Judge and the County Auditor submit an annual budget to the Commissioners' Court in accordance with the laws of the State of Texas. The budget is presented to the Commissioners' Court for review, budget workshops are held with the various County department officials, and public hearings are held to address priorities and the allocation of resources. In August, the Commissioners' Court adopts the annual fiscal year budgets for all County operating funds. Once approved, the Commissioners' Court may amend the legally adopted budget when modifications are required in estimated revenues and appropriations.

Each fund's approved budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services and related fringe benefits, supplies, other services and charges, capital outlay, transfers, and debt services. Expenditures may not exceed appropriations at the department level. Within this control level, management may transfer appropriations between line items. Budget revisions and the line item transfers are subject to final review by the Commissioners' Court. Revisions to the budget were made throughout the year. The budgeted amounts presented in these statements are as originally adopted and as amended by the Commissioners' Court during the year ended September 30, 2021. All appropriations lapse at year end.

Assets, Liabilities, and Net Position or Equity

Deposits and Investments

Highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

The County has elected to invest its funds in investment pools (TexPool, TexPool Prime, Texas Class, LOGIC-Local Government Investment Cooperative, and TexStar). Investments in the pools are reported as cash investments. The State Comptroller oversees TexPool, an AAA rated pool, with Federated Hermes managing the daily operations of the pool under a contract with the Comptroller. UMB Bank 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 S&P. LOGIC is an AAA rated investment program administered by Hilltop Securities, Inc. and JPMorgan Investment Management, Inc. TexStar is an AAA rated investment program administered by 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 fair value of the pool shares.

As of September 30, 2021, the County had \$26,960,049 in pooled investments.

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Receivables and Payables

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue.

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/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds”: (i.e., the non-current portion of interfund loans).

Property Taxes

Property taxes are levied on October 1 in conformity with Subtitle E, Texas Property Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Property taxes attach as an enforceable lien as of January 1 to secure the payment of all taxes, penalties, and interest ultimately imposed.

The appraisal of property within the County is the responsibility of the Central Appraisal District (the Appraisal District) of Howard County. The Appraisal District is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the Appraisal District must be reappraised every three years. The County may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the County continues to set tax rates on County property. However, if the effective tax rates for bonds and other contractual obligations and adjusted for new improvements exceeds the rate for the previous year by more than 8%, qualified voters of the County may petition for an election to determine whether to limit the tax rate to no more than 8% above the effective tax rate of the previous year.

Through a contractual arrangement with the County, the Central Appraisal District of Howard County is responsible for the valuation of property. The Appraisal District is governed by a Board of Directors elected by the governing bodies of the taxing entities within the Appraisal District. The Board of Directors appoints a Chief Appraiser to act as Chief Administrator of the Appraisal District and an Appraisal Review Board to equalize appraised values.

The County is permitted by Article 8, Section 9 of the State of Texas Constitution to levy taxes up to \$1.20 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The tax rate for the year ended September 30, 2021 was \$.299562 per \$100 valuation.

HOWARD COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Property Taxes – continued

The County’s taxes on real property are a lien against such property until paid. The County may foreclose real property upon which it has a lien for unpaid taxes. Although the County makes little effort to collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title on property.

The County adopted a policy to record all delinquent taxes in the General Fund at year end. The County’s general obligation bonds require an annual tax levy sufficient to pay principal and interest on bonds with full allowance being made for delinquent taxes. The bond ordinances require that the Debt Service Fund be funded from actual tax receipts as received. The later collection of delinquent taxes, after the current year funding requirements have been satisfied, will be in excess of the actual requirements for the payment of the bonds. Therefore, such delinquent taxes are deposited in the County’s General Fund after the County has met the annual requirements for the payment of the bonds.

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 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 ago or older and 100% veteran homestead.

All receivables are shown net of an allowance for uncollectibles.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. The County’s policy is to capitalize equipment costing \$5,000 or more, \$100,000 for real property, and \$500,000 for infrastructure assets. All capital assets are valued at their historical cost or estimated historical cost if actual historical cost is not available.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction is included as part of the capitalized value of the assets constructed. There was no capitalized interest during the current fiscal year.

Depreciable capital assets are depreciated using the straight-line method over the asset’s estimated useful life as follows:

Buildings and improvements	20-30 years
Infrastructure	20-35 years
Furniture and equipment	5-12 years
Vehicles and Heavy Equipment	5-10 years

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has deferred outflows of resources for the differences between projected and actual earnings for its pension plan and contributions made to the pension plan after the measurement date, but before the end of the fiscal year. Deferred outflows are also recorded related to the County's OPEB liability.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows of resources for the differences in actual and projected earnings and changes in assumptions related to the valuation of the net pension liability and the OPEB liability.

Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported in the governmental funds as unavailable revenues from property taxes and fines of \$2,000,540. The governmental funds also report deferred inflows of resources related to unearned grant revenue of \$3,615,522.

Compensated Absences

A liability for unused vacation and for all full time employees is calculated and reported in the government-wide financial statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

1. Leave or compensation is attributable to services already rendered
2. Leave or compensation is not contingent on a specific event

Liabilities for compensated absences are recognized in the fund statements to extent the liabilities have matured. Compensated absences are accrued as long-term debt in the government-wide statements.

Upon termination from the County employment, an employee that has completed six months of employment shall be entitled to payment for total accrued but unused days of vacation. Comp time earned, but not taken, is paid at termination, but cannot accumulate beyond County's specified limits. Once the maximum number of compensatory hours have been accumulated, employees are paid immediately for any additional compensatory hours earned. Sick leave accrues, but compensation is paid only for illness related absences. Unused sick leave is non-vesting and will not be paid on termination, thus vacation and comp time are the only accrued compensation liabilities recorded.

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form; (b) are not expected to be converted into cash within the current period or at all; or (c) are legally or contractually required to be maintained intact. The County had \$85,517 classified as nonspendable fund balance at September 30, 2021.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Federal or state funds are restricted for use only for a specific use. The County had \$3,369,497 restricted for road and bridge repairs, \$2,695,720 for special revenue projects, \$477,786 for capital improvements, and \$147,025 for debt service requirements.

Committed – This classification includes amounts that are constrained to use for specific purpose pursuant to formal action of the Commissioners' Court. These amounts cannot be used for other purposes unless the Court removes or changes the constraints via the same type of action used to initially commit them.

Assigned – This classification includes amounts that are constrained by the County Commissioners' intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners or through the Commissioners delegating this responsibility to management through the budgetary process. The County had \$3,436,054 classified as assigned at September 30, 2021.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The County would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Pensions

The fiduciary net position of the Texas County & District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension asset, deferred outflows of resources, and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCERS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable accordance with the benefit terms. Investments are reported at fair value.

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 2: DEPOSITS AND INVESTMENTS

The County’s funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County’s agent bank approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At September 30, 2021, the carrying amount of the County’s deposits (cash and cash investments) was:

	Fair Value	Maturity	Quality Rating
TexPool	\$ 11,942,397	<60 days - Weighted Avg.	AAAm
TexPool Prime	375,270	<60 days - Weighted Avg.	AAAm
TexStar	5,245,829	<60 days - Weighted Avg.	AAAm
Logic	1,334,365	<60 days - Weighted Avg.	AAAm
Texas Class	8,062,188	<60 days - Weighted Avg.	AAAm
Cash in Bank	8,334,284		
Total	\$ 35,294,333		

Investments

The Public Funds Investment Act (the Act) (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: 1) safety of principal and liquidity, 2) portfolio diversification, 3) allowable investments, 4) acceptable risk levels, 5) expected rates of return, 6) maximum allowable stated maturity of portfolio investments, 7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, 8) investment staff quality and capabilities, and 9) bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in: 1) obligations of the U.S. Treasury or the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) money market savings accounts, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) common trust funds.

Local government investment pools operate in a manner consistent with SEC’s Rule 2a7 of the Investment Company Act of 1940. Local government investment pools use amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in these pools is approximately the same as the value of the shares in each pool. The pools manage their exposure to declines in fair values by limiting the weighted average maturity of their investment portfolios to 60 days, and they seek to maintain a constant dollar objective.

HOWARD COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 2: DEPOSITS AND INVESTMENTS - continued

Investment Accounting Policy

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy that address the following risks:

Custodial credit risk - Deposits: This is the risk that in the event of bank failure, the County’s deposits may not be returned to it. The County’s policy regarding types of deposits allowed and collateral requirements is for the safekeeping bank to provide minimum collateral of 110% of the County deposits. Deposits in financial institutions are carried at cost which approximates fair value. At September 30, 2021, the County had cash and cash investments, which represents demand deposits and savings accounts at federally insured local banks. At September 30, 2021, the County was fully insured by federal depository insurance and pledged securities held by the County’s agent bank.

Custodial credit risk – Investments: This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus, positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book form.

Interest rate risk: In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. The weighted average days to maturity for the operating fund portfolio shall be less than 270 days and the maximum allowable maturity shall be no longer than two years. General Fund balances at the end of the fiscal year shall have a maximum allowable maturity not to exceed three years. The maximum maturity for all construction or capital improvement funds shall not be more than five years. County funds that are considered “bond proceeds” for arbitrage purposes shall have a maximum maturity not to exceed one year. Special revenue funds are legally restricted to expenditures for a particular purpose under the direction of a certain department. They may be invested in compliance with the Policy and all applicable laws, subject to cash flow requirements with maximum maturity not to exceed three years. Agency funds are to be invested not to exceed ninety days. Registry funds maturity are not to exceed court order limits.

Concentration of credit risk: Diversification by investment type shall be established by the following maximum percentages of investment types to the total County investment portfolio at the time of each investment transaction:

a) U. S. Treasury Bills/Notes/Bonds	100%
b) U. S. Agencies and Instrumentalities	85%
c) States, Counties, Cities, and Other	50%
d) Certificates of Deposit	100%
e) Money Market Mutual Funds	80%
f) Eligible Investment Pools	100%

Other credit risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County invests only in issues permitted by state law. To minimize credit risk, TexPool’s investment policy allows the portfolio’s investment manager to only invest in obligations of the U.S. Government, its agencies; repurchase agreements; and no-load AAA money market mutual funds registered with the SEC, TexPool is rated AAA by Standard & Poor’s. It is the County’s policy to diversify its portfolio to eliminate the risk of loss resulting from the concentration of assets in a specific maturity, a specific issuer, or a specific class of investments.

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 3: RECEIVABLES

Receivables at year end, including the applicable allowances for uncollectible accounts, are as follows:

	Property Taxes	Fines and Fees	Inter- Governmental	Other	Total Receivables
Governmental Funds					
General Fund	\$ 1,085,286	\$ 489,743	\$ 80,920		\$ 1,655,949
Road and Bridge Fund	400,951	-	1,143,788		1,544,739
Non-major Government Funds	94,030	-	22,800	60,000	176,830
Total Governmental Funds	<u>\$ 1,580,267</u>	<u>\$ 489,743</u>	<u>\$ 1,247,508</u>	<u>\$ 60,000</u>	<u>\$ 3,377,518</u>

NOTE 4: CAPITAL ASSETS

The changes in capital assets for the year ended September 30, 2021 are as follows:

Capital Assets	Balance October 1, 2020	Additions	Retirements	Balance September 30, 2021
Land (not depreciated)	\$ 588,189	\$ 37,000	\$	\$ 625,189
Buildings and improvements	19,990,879			19,990,879
Machinery and equipment	9,846,959	1,113,258	(1,101,934)	9,858,283
Infrastructure	1,546,590	3,602,047		5,148,637
Total capital assets	<u>31,972,617</u>	<u>4,752,305</u>	<u>(1,101,934)</u>	<u>35,622,988</u>
Less accumulated depreciation for:				
Buildings and improvements	(12,532,101)	(676,418)		(13,208,519)
Machinery and equipment	(5,707,264)	(1,020,352)	1,101,934	(5,625,682)
Infrastructure	(193,474)	(71,373)		(264,847)
Total accumulated depreciation	<u>(18,432,839)</u>	<u>(1,768,143)</u>	<u>1,101,934</u>	<u>(19,099,048)</u>
Governmental activities capital assets	<u>\$ 13,539,778</u>	<u>\$ 2,984,162</u>	<u>\$</u>	<u>\$ 16,523,940</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General administration	\$ 16,460
Judicial	52,995
Elections	60,740
Public safety	1,048,419
Public facilities	36,946
Road and bridge	551,492
Library	1,091
	<u>\$1,768,143</u>

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 5: INTERFUND BALANCES AND ACTIVITY

Transfers to and from other funds at September 30, 2021, consisted of the following:

Transfers from General Fund to:

Nonmajor governmental funds	\$ 249,267
Total Transfers from General Fund	<u>249,267</u>

Transfers from Non-Major Court Cost Fund to:

General Fund	<u>55,588</u>
Total Transfers	<u>\$ 304,855</u>

NOTE 6: LONG-TERM OBLIGATIONS

The County's long-term debt consists of tax notes payable and general obligation refunding bonds. Other long-term obligations consists of the accrued liability for employee vested compensated absences, the net pension liability, and the net OPEB obligations.

Bonds

During 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. In 2015 Howard County issued \$8,705,000 in general obligation refunding bonds with interest rates of 2.0% to 4.0%.

Tax Notes

In March 2018, the County issued \$1,775,000 in tax notes, series 2018 with interest rate of 3.34% to finance a communications system to be utilized by both the Howard County sheriff's office and the City of Big Spring police department. The parties have agreed to pay the debt with 55% being paid by the City and 45% being paid by the County. The debt will be paid over three years and was paid off in February 2021.

Howard County, Texas has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of Howard County, Texas.

Note Payable

In November 2018, the County entered into a note payable with Nationwide Capital, LLC for the purchase of election equipment totaling \$195,379. The note required principal and interest payments of \$65,769 with an interest rate of .99%, which matured in November 2021.

Current requirements for indebtedness of the County are accounted for in the Debt Service Fund.

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 6: LONG-TERM OBLIGATIONS – continued

A summary of changes in long-term obligations at September 30, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Government Activities:				
General Obligation Bonds	\$ 7,665,000		\$ 475,000	\$ 7,190,000
Tax Notes	640,000		640,000	-
Premium on Tax Notes	42,003		42,003	-
Notes Payable	63,841		63,841	-
Total Long-term Debt	8,410,844	-	1,220,844	7,190,000
Other Long-term Obligations				
Compensated Absences	272,346		9,231	263,115
Net OPEB Obligations	9,861,206		749,714	9,111,492
Net Pension Liability	1,736,071	484,069		2,220,140
Total Other Long-term Obligations	11,869,623	484,069	758,945	11,594,747
Total Governmental Activities				
Long-term Liabilities	\$ 20,280,467	\$ 484,069	\$ 1,979,789	\$ 18,784,747

Current maturities of long-term debt are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 485,000	263,162	\$ 748,162
2023	505,000	245,838	750,838
2024	520,000	227,900	747,900
2025	540,000	209,350	749,350
2026	560,000	190,100	750,100
2027-2031	3,140,000	610,750	3,750,750
2032-2033	1,440,000	58,200	1,498,200
Total	\$ 7,190,000	\$ 1,805,300	\$ 8,995,300

NOTE 7: OPERATING LEASE OBLIGATIONS

The County leases equipment under non-cancelable operating leases. Total costs for such leases were \$23,910 for the year ended September 30, 2021. The future minimum payments for these outstanding operating lease obligations at September 30, 2021 are as follows:

Year Ending September 30	Amount
2022	\$ 13,394
2023	1,685

HOWARD COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 8: RETIREMENT PLAN

Plan Description

The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (the TCDRS). The Commissioners are responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of nearly 800 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.

Benefits Provided

The plan provisions are adopted by the governing body of the employer, within the options available in the state statutes governing the TCDRS (TCDRS Act). Members employed by Howard County can retire at age 60 and above with eight or more years of service, with 30 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 eight years of employment but must leave their accumulated contributions in the plan to receive any employer-financed benefits.

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 County 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. There are no automatic post-employment benefit changes; including automatic COLA's. Ad hoc post-employment benefit changes, including ad hoc COLA's, can be granted by the County Commissioners within certain guidelines.

Membership

County membership in the TCDRS plan at December 31, 2020 consisted of the following:

Inactive Employees Receiving Benefits	147
Inactive Employees Not Yet Receiving Benefits	<u>131</u>
Current Employee's Accounts	278
Active Employee Accounts	181

Contributions

The County has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 8: RETIREMENT PLAN - continued

The rate the County contributed for the months of the accounting year in 2020 and 2021 was 16.82%. The deposit rate payable by the employee members for the calendar year 2020 and 2021 is the rate of 7.00% as adopted by the governing body of the County. The total retirement contributions made by the County for the fiscal year ended September 30, 2021 were \$1,713,710.

Actuarial Assumptions

The total pension asset at December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

	Actuarially determined contributions rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Valuation Timing	
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	7.0 years
Asset Valuation Method	5 year smoothed market
Discount Rate	7.60%
Inflation	2.50%
Salary Increases	4.60% average
Investment Rate of Return	7.50%
Payroll Growth Rate	3.00%

All actuarial assumptions that determined the total pension liability at December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 to December 31, 2016, except were required to be different by GASB 68.

There were no changes in assumptions or methods reflected in the December 31, 2020 actuarial valuation. There was one change reflected in the December 31, 2019 actuarial valuation. The asset valuation method was changed so that the remaining unrecognized asset gains or losses from the previous year were updated to the current year to account for the time value of money using the investment return assumption.

Refer to the most recent CAFR issued by TCDRS for a complete discussion of all assumptions.

Discount Rate

The discount rate used to measure the total pension asset was 7.60%. This is a change from the previous year discount rate of 8.10%.

In order to determine the discount rate to be used, we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under our funding policy and the legal requirements under the TCDRS Act:

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 8: RETIREMENT PLAN - continued

- 1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20 – year closed layered periods.
- 2) Under the TCRDS Act, the employer is legally required to make the contribution specified in the funding policy
- 3) The employer’s assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
- 4) Any increased cost due to the adoption of a cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future year, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.0%, net of all expenses, increased by .10% to be gross of administrative expenses.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS’s investment consultant, Cliffwater LLC. The numbers shown are based on January 2016 information for a 7-10 year time horizon.

Note that the valuation assumptions for long-term expected return is re-assessed at a minimum of every four years, and is based on a 30-year time horizon; the most recent analysis was performed in 2017 based on the period January 1, 2013 to December 31, 2016. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 8: RETIREMENT PLAN – continued

Asset Class	Benchmark	Target Allocation	Real Rate of Return
US Equities	Dow Jones US Total Stock Market	11.50%	4.25%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00%	7.25%
Global Equities	MSCI World (net) Index	2.50%	4.55%
International Equities – Developed	MSCI Work (net) Index Ex USA	5.00%	4.25%
International Equities – Emerging	MSCI EM Standard (net) index	6.00%	4.75%
Investment Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped	9.00%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	5.70%
REIT Equities	Index + 33% FRSE EPRA/NAREIT Global Rate Estate Index	2.00%	3.45%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.10%
Private Real Estate	Cambridge Associates Real Estate Index	6.00%	4.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-0.70%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At September 30, 2021, the County, Howard County Community Supervision and Corrections Department, and the Howard County Juvenile Probation Department reported a combined net pension liability of \$2,220,140 for its proportionate share of the TCDRS's net pension liability measured at December 31, 2020. For the year ended September 30, 2021, the County, Howard County Community Supervision and Corrections Department, and the Howard County Juvenile Probation Department recognized pension expense of \$1,088,980.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

There were no changes in plan provisions reflected in the December 31, 2020 actuarial valuation.

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 8: RETIREMENT PLAN - continued

Changes in the net pension asset for the measurement year ended December 31, 2020 are as follows:

Changes in Net Pension Liability	Increases (Decreases)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a)-
Balance at December 31, 2019	\$ 43,987,306	\$ 42,251,234	\$ 1,736,072
Changes for the year:			
Service Cost	1,104,119		1,104,119
Interest on total pension liability	3,533,530		3,533,530
Effect of plan changes			-
Effect of economic/demographic gains\losses	8,707		8,707
Effect of assumptions changes or inputs	2,413,224		2,413,224
Refunds of contributions	(48,254)	(48,254)	-
Benefit payments	(2,945,227)	(2,945,227)	-
Administrative expenses		(33,537)	33,537
Member contributions		577,070	(577,070)
Net investment income		4,363,344	(4,363,344)
Employer contributions		1,686,619	(1,686,619)
Other		(17,984)	17,984
Balance as of December 31, 2020	<u>\$ 48,053,405</u>	<u>\$ 45,833,265</u>	<u>\$ 2,220,140</u>

Discount Rate Sensitivity Analysis

The following presents the net pension liability/(asset) of the County, calculated using the discount rate of 7.60%, as well as what the County's net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease in Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
Total Pension Liability	<u>\$ 53,700,567</u>	<u>\$ 48,053,405</u>	<u>\$ 43,295,167</u>
Fiduciary Net Position	<u>45,833,265</u>	<u>45,833,265</u>	<u>45,833,265</u>
Net Pension Liability/ (Asset)	<u>\$ 7,867,302</u>	<u>\$ 2,220,140</u>	<u>\$ (2,538,098)</u>

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 8: RETIREMENT PLAN - continued

At December 31, 2020, the County reported its share of the TCDRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Recourses	Deferred Inflows of Recourses
Differences between expected and actual economic experience	\$ 57,446	
Changes in actuarial assumptions	1,809,918	
Differences between projected and actual investment earnings		1,564,854
Contributions subsequent to the measurement date	1,333,997	
Total	\$ 3,201,361	\$ 1,564,854

\$1,333,997 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2021	\$ 169,888
2022	536,534
2023	(209,507)
2024	(194,405)
Thereafter	\$ 302,510

Note 9: OTHER POST EMPLOYEMENT BENEFIT LIABILITY – TCDRS GROUP TERM LIFE

The County participates in the multiple-employer defined benefit group-term life insurance plan operated by the Texas County & District Retirement System known as the Group Term Life (GTL) program. The GTL program is treated as an unfunded trust, because the GTL trust covers both actives and retirees and is not segregated. The GTL program does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement Number 75 because the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan. For GASB 75 purposes, this OPEB plan is not a cost sharing plan, so the annual benefit payments are treated as being equal to the employer's actual retiree GTL contributions for the year.

The GTL plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retirees GTL program. The OPEB benefit is a fixed \$5,000 lump sum benefit. No future increases are assumed in the \$5,000 benefit.

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 9: OTHER POST EMPLOYEMENT BENEFIT LIABILITY – TCDRS GROUP TERM LIFE - continued

Employees covered by benefit terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the GTL:

Inactive Employees Receiving Benefits	116
Inactive Employees Not Yet Receiving Benefits	33
Active Employee Accounts	181
Total	330

OPEB Liability

The County’s total OPEB liability related to the TCDRS GTL program, measured as of December 31, 2020 was \$624,761, and was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The OPEB liability related to the County’s GTL program were determined using the Entry Age Normal actuarial cost method. The actuarially determined contributions rates were calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions were reported.

The significant actuarial methods and assumptions are as follows:

Amortization Method	Straight-Line amortization over Expected Working Life
Investment Rate of Return	2.12% - 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2020
Mortality:	
Depositing Members	90% of the RP-2014 Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 100% of the MP-2014 Ultimate scale after 2014
Service retirees, beneficiaries, and non- depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Tables for females, both project with 100% of the MP-2014 Ultimate scale after 2014
Disabled retirees	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 115% of the RP-2014 Healthy Annuitant Mortality Tables for females, both project with 100% of the MP-2014 Ultimate scale after 2014

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2013 to December 31, 2016.

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 9: OTHER POST EMPLOYMENT BENEFIT LIABILITY – TCDRS GROUP TERM LIFE - continued

Changes in OPEB Liability	Total OPEB Liability (a)
Balance as 12/31/2019	\$ 554,600
Changes for the year:	
Service cost	18,369
Interest on total OPEB liability	15,475
Change of benefit terms	
Difference between expected and actual experience	(12,364)
Changes in assumptoins or other inputs	65,169
Benefit payments	(16,488)
Other changes	
Net Changes	<u>70,161</u>
Balance as of 12/31/2020	<u>\$ 624,761</u>

Sensitivity of the OPEB Liability to changes in the discount rate

The following presents the OPEB liability of the County, calculated using the discount rate of 2.12%, as well as what the County’s OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.12%) or 1-percentage-point higher (3.12%) than the current rate:

	1% Decrease in Discount Rate (1.12%)	Discount Rate (2.12%)	1% Increase in Discount Rate (3.12%)
County's OPEB Liability	\$ 755,502	\$ 624,761	\$ 524,486

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2021, the County recognized OPEB expense (benefit) of \$31,324.

At September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Recourses	Deferred Inflows of Recourses
Differences between expected and actual economic experience	\$	\$ 2,941
Changes in actuarial assumptions	105,248	
Contributions subsequent to the measurement date	11,680	
Total	<u>\$ 116,928</u>	<u>\$ 2,941</u>

HOWARD COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

Note 9: OTHER POST EMPLOYMENT BENEFIT LIABILITY – TCDRS GROUP TERM LIFE - continued

The deferred outflows balance includes contributions subsequent to the measurement date of \$11,680. This amount will be recognized as a reduction of the OPEB liability for the year ending December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	
2021	\$ 29,685
2022	29,686
2023	32,374
2024	10,561
Thereafter	
	<u>\$ 102,306</u>

Note 10: OTHER POST EMPLOYMENT BENEFIT LIABILITY – RETIREE MEDICAL PLAN

Howard County provides medical and prescription drug benefits to eligible retirees. The County pays 100% of the individual coverage active participant contribution for eligible retirees under 65 and 100% of the premium for an individual Medicare supplement policy for County retirees aged 65 and older. All active employees who were hired on or before August 25, 2003 and who retire directly from the County and meet the eligibility criteria may participate and receive the full subsidy.

Employees covered by benefit terms

At the September 30, 2021 valuation and measurement date, the following employees were covered by the retiree medical plan:

Active employee entitled to but not yet receiving benefi	12
Retired employees receiving benefits	<u>46</u>
Total	58

OPEB Liability

The County's total OPEB liability related to the medical benefits provided to eligible retirees of \$8,486,731 was measured as of September 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The OPEB Liability related to the County's retiree medical plan actuarial valuation as of September 30, 2021 was determined using the following actuarial assumptions:

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 10: *OTHER POST EMPLOYMENT BENEFIT LIABILITY – RETIREE MEDICAL PLAN - continued*

Actuarial Method	Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary
Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan’s benefit formula. This allocation is based on each participant’s service between date of hire and date of expected termination.
Discount Rate	2.26% (-.24% real rate of return plus 2.50% inflation)
Average per capita claim cost	Dependent upon the age of the retiree. Ranges from \$8,048 for a 50-year-old retiree to \$11,371 for a retiree who is 64. The current combined Medicare supplement/prescription drug annual premium is used for the age 65 and later per capita cost. These costs range from \$4,461 for ages 65-69 to \$6,214 for ages 90 and over.
Health Care Cost Trend	Level 4.50%
Mortality	RPH-2014 Total table with projection MP-2020
Salary Scale	3.50%
Coverage	All who currently have healthcare coverage will continue with same coverage for life. All active employees who are eligible to receive the benefit at retirement will continue with individual coverage upon retirement.
Retiree contributions	No retiree contribution is required for individual coverage with the full cost paid by the County. The retiree pays the full additional premium for any elected dependent coverage.

Net OPEB Liability

The Net OPEB liability is the difference between the total OPEB liability and the Plan Fiduciary Net Position. The Plan Fiduciary Net Position is zero for plans with no dedicated plan assets. To be included as assets of the plan the assets must be held in an irrevocable trust for the exclusive purpose of providing post-retirement benefits. The County has not established a trust for this purpose and therefore there are no plan assets to net against the Total OPEB Liability.

Changes to the Net OPEB Liability related to the County’s retiree medical benefit plan are as follows:

Changes in OPEB Liability	Total OPEB Liability (a)
Balance as 12/31/2019	\$ 9,306,606
Changes for the year:	
Service cost	90,988
Interest on total OPEB liability	207,761
Difference between expected and actual experience	(599,034)
Changes in assumptoins or other inputs	(192,026)
Benefit payments	(327,564)
Other changes	
Net Changes	<u>(819,875)</u>
Balance as of 12/31/2020	<u>\$ 8,486,731</u>

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 10: OTHER POST EMPLOYMENT BENEFIT LIABILITY – RETIREE MEDICAL PLAN - continued

Sensitivity of the OPEB Liability to changes in the discount rate

The following presents the OPEB liability related to the medical benefits provided to retirees of the County, calculated using the discount rate of 2.26%, as well as what the County’s OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.26%) or 1-percentage-point higher (3.26%) than the current rate:

	1% Decrease in Discount Rate (1.26%)	Discount Rate (2.26%)	1% Increase in Discount Rate (3.26%)
County's OPEB Liability	\$ 9,846,628	\$ 8,846,731	\$ 7,390,174

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the County recognized OPEB (benefit) related to the retiree medical coverage of (\$510,635).

At September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Recourses</u>	<u>Deferred Inflows of Recourses</u>
Differences between expected and actual economic experience		
Changes in actuarial assumptions		
Contributions subsequent to the measurement date		
Total	<u>\$ -</u>	<u>\$ -</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	
2022	\$ -
2023	-
2024	-
2025	-
Thereafter	-
	<u>\$ -</u>

HOWARD COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 11: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2021, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three years.

NOTE 12: FINANCIAL INSTRUMENTS

The County has estimated that the fair value of all financial instruments (none of which is held for trading purposes) at September 30, 2021, does not differ materially from their aggregate carrying values recorded in the accompanying statement of financial position. The estimate is based on the assumption that fair value approximates carrying values due to short initial maturities. Financial instruments consist of cash, accounts receivables, inventory, accounts payable, and payroll liabilities.

REQUIRED SUPPLEMENTARY INFORMATION

HOWARD COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>		
REVENUES:				
Property taxes	\$ 12,197,139	\$ 13,370,000	\$ 13,423,557	\$ 53,557
Licenses and permits	3,000	10,800	10,939	139
Fees and charges for services	1,238,608	1,337,069	1,352,898	15,829
Fines, forfeitures and settlements	403,200	511,700	516,060	4,360
Intergovernmental	948,662	1,027,746	1,065,138	37,392
Investment earnings	30,000	57,650	63,954	6,304
Other miscellaneous	131,985	626,510	670,915	44,405
	<u>14,952,594</u>	<u>16,941,475</u>	<u>17,103,461</u>	<u>161,986</u>
Total Revenues				
EXPENDITURES:				
Current:				
General administration	452,594	455,083	440,541	14,542
Judicial	2,654,560	2,681,272	2,437,107	244,165
Elections	240,913	272,337	251,985	20,352
Financial administration	1,082,811	1,085,381	1,030,708	54,673
Public facilities	573,537	612,145	592,089	20,056
Public safety	6,435,941	6,518,984	6,091,891	427,093
Health and welfare	11,740	7,718	4,920	2,798
Conservation	112,985	113,632	111,053	2,579
Library	449,885	462,367	450,600	11,767
Other supported services	1,865,745	1,745,732	1,791,571	(45,839)
Intergovernmental	1,102,332	1,059,855	948,662	111,193
Debt service				
Principal	65,759	65,759	65,143	616
Interest			626	(626)
Capital outlay	185,771	243,058	45,976	197,082
	<u>15,234,573</u>	<u>15,323,323</u>	<u>14,262,872</u>	<u>1,060,451</u>
Total Expenditures				
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(281,979)	1,618,152	2,840,589	1,222,437
OTHER FINANCING SOURCES (USES):				
Transfers in	90,000	55,500	55,588	88
Transfers out	<u>(1,456,006)</u>	<u>(1,456,006)</u>	<u>(249,267)</u>	<u>1,206,739</u>
Total Other Financing Sources (Uses)	<u>(1,366,006)</u>	<u>(1,400,506)</u>	<u>(193,679)</u>	<u>1,206,827</u>
CHANGE IN FUND BALANCE	(1,647,985)	217,646	2,646,910	2,429,264
FUND BALANCE - BEGINNING OF YEAR	<u>11,897,066</u>	<u>11,897,066</u>	<u>11,897,066</u>	
FUND BALANCE - END OF YEAR	<u>\$ 10,249,081</u>	<u>\$ 12,114,712</u>	<u>\$ 14,543,976</u>	<u>\$ 2,429,264</u>

HOWARD COUNTY, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - ROAD AND BRIDGE FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget			Variance
	Original	Amended	Actual	Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 3,642,818	\$ 3,642,818	\$ 4,009,634	\$ 366,816
Licenses and permits	697,500	697,500	720,310	22,810
Fees and charges for services				
Intergovernmental	2,693,742	5,093,502	2,920,135	(2,173,367)
Investment income	11,300	11,300	11,736	436
Other miscellaneous		6,628	19,182	12,554
	<u>7,045,360</u>	<u>9,451,748</u>	<u>7,680,997</u>	<u>(1,770,751)</u>
EXPENDITURES:				
Current:				
Road and bridge	8,078,194	10,484,822	3,988,587	6,496,235
Capital outlay			3,602,047	(3,602,047)
	<u>8,078,194</u>	<u>10,484,822</u>	<u>7,590,634</u>	<u>2,894,188</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(1,032,834)	(1,033,074)	90,363	1,123,437
FUND BALANCE - BEGINNING OF YEAR	<u>3,279,134</u>	<u>3,279,134</u>	<u>3,279,134</u>	<u> </u>
FUND BALANCE - END OF YEAR	<u>\$ 2,246,300</u>	<u>\$ 2,246,060</u>	<u>\$ 3,369,497</u>	<u>\$ 1,123,437</u>

HOWARD COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CONTINGENCY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget			Variance
	Original	Amended	Actual	Favorable (Unfavorable)
REVENUES:				
Intergovernmental	\$ 10,000	\$ 18,000	\$ 18,200	\$ 200
Investment income	8,600	3,200	3,213	13
Total Revenues	18,600	21,200	21,413	213
EXPENDITURES:				
Elections				
Debt service				
Capital outlay	3,418,600	3,418,600		3,418,600
Total Expenditures	3,418,600	3,418,600		3,418,600
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(3,400,000)	(3,397,400)	21,413	3,418,813
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out				
Total Other Financing Sources (Uses)				
CHANGE IN FUND BALANCE	(3,400,000)	(3,397,400)	21,413	3,418,813
FUND BALANCE - BEGINNING OF YEAR	3,414,641	3,414,641	3,414,641	
FUND BALANCE - END OF YEAR	\$ 14,641	\$ 17,241	\$ 3,436,054	\$ 3,418,813

HOWARD COUNTY, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Texas County & District Retirement System

For Fiscal Year 2021

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a Percentage of Covered Payroll
2011	\$ 843,077	\$ 843,077	\$ -	\$ 5,572,234	\$ 15.1%
2012	907,554	969,124	(61,570)	5,806,488	16.7%
2013	933,873	1,033,871	(99,998)	5,891,943	17.5%
2014	1,069,194	1,369,194	(300,000)	6,356,686	21.5%
2015	1,126,613	1,497,831	(371,218)	7,121,444	21.0%
2016	1,006,406	1,482,936	(476,530)	7,032,886	21.1%
2017	943,717	1,498,895	(555,178)	7,127,774	21.0%
2018	1,015,589	1,580,521	(564,932)	7,613,110	20.8%
2019	1,013,902	1,612,835	(598,933)	7,805,249	20.7%
2020	1,061,809	1,686,619	(624,810)	8,243,859	20.5%

(1) Payroll is calculated based on contributions as reported to TCDRS

HOWARD COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Year Ended September 30, 2021

Note A: Net Pension Liability - Texas County & District Retirement System

Valuation date	Actuarially determined contributions rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	7.0 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.6%, average over career, including inflation
Investment rate of return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement age assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Health Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Mortality Table for females, both projected with e100% of the MP-2014 Ultimate scale after 2014
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected 2017: New mortality assumptions were reflected 2019: New inflation, mortality and other assumptions were reflected
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the schedule 2016: No changes in plan provisions were reflected in the schedule 2017: New annuity purchase rates were reflected for benefits earned after 2017 2018: No changes in plan provisions were reflected in the schedule 2019: No changes in plan provisions were reflected in the schedule 2020: No changes in plan provisions were reflected in the schedule

HOWARD COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)
YEARS ENDED DECEMBER 31

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Pension Liability				
Service cost	\$ 827,613	\$ 947,838	\$ 1,128,248	\$ 1,008,023
Interest (on the Total Pension Liability)	2,619,515	2,766,096	2,927,248	3,082,161
Effect of plan changes	-	(136,837)	-	-
Effect of assumption changes or inputs	-	436,345	-	313,249
Effect of economic/demographic (gains) or loss	91,161	116,885	(275,957)	309,863
Benefit payments, including refunds	<u>(1,861,243)</u>	<u>(2,010,499)</u>	<u>(2,157,177)</u>	<u>(2,493,205)</u>
Net Change in Total Pension Liability	1,677,046	2,119,828	1,622,362	2,220,091
Total Pension Liability - Beginning	32,846,440	34,523,486	36,643,314	38,265,676
Total Pension Liability - Ending (a)	<u>\$ 34,523,486</u>	<u>\$ 36,643,314</u>	<u>\$ 38,265,676</u>	<u>\$ 40,485,767</u>
 Plan Fiduciary Net Position				
Contributions - Employer	\$ 1,369,194	\$ 1,497,831	\$ 1,482,936	\$ 1,498,895
Contributions - Employee	444,968	498,501	492,302	498,944
Net Investment Income	2,022,247	64,306	2,344,783	4,929,629
Benefit payments, including refunds	(1,861,243)	(2,010,499)	(2,157,178)	(2,493,205)
Administrative Expense	(23,483)	(22,706)	(25,469)	(25,424)
Other	<u>(26,028)</u>	<u>178,997</u>	<u>28,554</u>	<u>(6,877)</u>
Net Change in Plan Fiduciary Net Position	1,925,655	206,430	2,165,928	4,401,962
Plan Fiduciary Net Position - Beginning	<u>29,529,230</u>	<u>31,454,885</u>	<u>31,661,315</u>	<u>33,827,243</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 31,454,885</u>	<u>\$ 31,661,315</u>	<u>\$ 33,827,243</u>	<u>\$ 38,229,205</u>
 Net Pension Liability - Ending (a)-(b)	<u>\$ 3,068,601</u>	<u>\$ 4,981,999</u>	<u>\$ 4,438,433</u>	<u>\$ 2,256,562</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.11%	86.40%	88.40%	94.43%
 Covered Employee Payroll	6,355,686	7,121,444	\$ 7,032,886	\$ 7,127,774
 Net Pension Liability as a Percentage of Covered Employee Payroll	48.28%	69.96%	63.11%	31.66%

HOWARD COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)
YEARS ENDED DECEMBER 31

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Pension Liability			
Service cost	\$ 1,019,464	\$ 1,069,422	\$ 1,104,119
Interest (on the Total Pension Liability)	3,256,398	3,408,441	3,533,530
Effect of plan changes	-	-	-
Effect of assumption changes or inputs	-	-	2,413,224
Effect of economic/demographic (gains) or loss	301,884	(49,113)	8,707
Benefit payments, including refunds	<u>(2,657,318)</u>	<u>(2,847,638)</u>	<u>(2,993,480)</u>
Net Change in Total Pension Liability	1,920,428	1,581,112	4,066,100
Total Pension Liability - Beginning	40,485,767	42,406,194	43,987,306
Total Pension Liability - Ending (a)	<u>\$ 42,406,195</u>	<u>\$ 43,987,306</u>	<u>\$ 48,053,406</u>
 Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,580,521	\$ 1,612,835	\$ 1,686,619
Contributions - Employee	532,918	546,367	577,070
Net Investment Income	(718,277)	6,064,523	4,363,344
Benefit payments, including refunds	(2,657,318)	(2,847,638)	(2,993,480)
Administrative Expense	(29,658)	(32,197)	(33,537)
Other	<u>(12,363)</u>	<u>(17,684)</u>	<u>(17,984)</u>
Net Change in Plan Fiduciary Net Position	(1,304,177)	5,326,206	3,582,032
Plan Fiduciary Net Position - Beginning	<u>38,229,205</u>	<u>36,925,028</u>	<u>42,251,234</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 36,925,028</u>	<u>\$ 42,251,234</u>	<u>\$ 45,833,266</u>
 Net Pension Liability - Ending (a)-(b)	<u>\$ 5,481,167</u>	<u>\$ 1,736,072</u>	<u>\$ 2,220,140</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.07%	96.05%	95.38%
 Covered Employee Payroll	\$ 7,613,110	\$ 7,613,110	\$ 8,243,859
 Net Pension Liability as a Percentage of Covered Employee Payroll	72.00%	22.80%	26.93%

HOWARD COUNTY, TEXAS
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)
YEARS ENDED DECEMBER 31

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB Liability - Group Term Life Insurance				
Service cost	\$ 13,401	\$ 15,374	\$ 12,851	\$ 18,369
Interest (on the Total OPEB Liability)	15,627	15,875	17,858	15,475
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	12,651	(46,723)	109,242	65,169
Effect of economic/demographic (gains) or losses	18,763	7,111	(185)	(12,364)
Benefit payments, including refunds	(14,256)	(14,465)	(15,610)	(16,488)
Net Change in OPEB Liability	46,186	(22,828)	124,156	70,161
Total OPEB Liability - Beginning	407,086	453,272	430,444	554,600
Total OPEB Liability - Ending (a)	<u>\$ 453,272</u>	<u>\$ 430,444</u>	<u>\$ 554,600</u>	<u>\$ 624,761</u>
Plan Fiduciary Net Position (b)	-	-	-	-
Net OPEB Liability - Ending (a)-(b)	<u>\$ 453,272</u>	<u>\$ 430,444</u>	<u>\$ 554,600</u>	<u>\$ 624,761</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 7,127,774	\$ 7,613,110	\$ 7,805,249	\$ 8,243,859
Net OPEB Liability as a Percentage of Covered Employee Payroll	6.36%	5.65%	7.11%	7.58%

HOWARD COUNTY, TEXAS
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)
YEARS ENDED SEPTEMBER 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB Liability - Retiree Medical Plan				
Service cost	\$ 79,357	\$ 106,291	\$ 106,291	\$ 90,988
Interest (on the Total OPEB Liability)	359,347	350,881	259,416	207,761
Differences between expected and actual experience	-	(432,032)	(455,099)	(599,034)
Effect of assumption changes or inputs	-	1,454,496	(174,036)	(192,026)
Effect of economic/demographic (gains) or losses	-	-	-	-
Benefit payments, including refunds	(380,762)	(374,214)	(364,896)	(327,564)
Net Change in Total OPEB Liability	<u>57,942</u>	<u>1,105,422</u>	<u>(628,324)</u>	<u>(819,875)</u>
Total OPEB Liability - Beginning	8,771,566	8,829,508	9,934,930	9,306,606
Total OPEB Liability - Ending (a)	<u>\$ 8,829,508</u>	<u>\$ 9,934,930</u>	<u>\$ 9,306,606</u>	<u>\$ 8,486,731</u>
Plan Fiduciary Net Position (b)	-	-	-	-
Net OPEB Liability - Ending (a)-(b)	<u>\$ 8,829,508</u>	<u>\$ 9,934,930</u>	<u>\$ 9,306,606</u>	<u>\$ 8,486,731</u>

OTHER SUPPLEMENTARY INFORMATION

HOWARD COUNTY, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - DEBT SERVICE FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget			Variance
	Original	Amended	Actual	Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 879,096	\$ 983,126	\$ 987,247	\$ 4,121
Intergovernmental	245,295	245,295	245,295	
Investment income	700	1,372	1,372	
Total Revenues	1,125,091	1,229,793	1,233,914	4,121
EXPENDITURES:				
Debt service	1,411,763	1,411,763	1,411,763	
Total Expenditures	1,411,763	1,411,763	1,411,763	
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(286,672)	(181,970)	(177,849)	4,121
OTHER FINANCING SOURCES (USES):				
Transfers in				
Total Other Financing Sources (Uses)				
CHANGE IN FUND BALANCE	(286,672)	(181,970)	(177,849)	4,121
FUND BALANCE - BEGINNING OF YEAR	324,874	324,874	324,874	
FUND BALANCE - END OF YEAR	\$ 38,202	\$ 142,904	\$ 147,025	\$ 4,121

HOWARD COUNTY, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget			Variance
	Original	Amended	Actual	Favorable (Unfavorable)
REVENUES:				
Investment income	\$ _____	\$ 1,580	\$ 1,581	\$ 1
Total Revenues	_____	1,580	1,581	1
EXPENDITURES:				
Current:				
Other supported services				
Capital outlay	400,000	400,000	52,241	347,759
Total Expenditures	400,000	400,000	52,241	347,759
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(400,000)	(398,420)	(50,660)	347,760
OTHER FINANCING SOURCES (USES):				
Transfers in	_____	_____	_____	_____
Total Other Financing Sources (Uses)	_____	_____	_____	_____
CHANGE IN FUND BALANCE	(400,000)	(398,420)	(50,660)	347,760
FUND BALANCE - BEGINNING OF YEAR	528,446	528,446	528,446	_____
FUND BALANCE - END OF YEAR	\$ 128,446	\$ 130,026	\$ 477,786	\$ 347,760

HOWARD COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	Law Library	Indigent Health Care	Courthouse Security	Justice Court Building Security
ASSETS				
Cash and cash investments	\$ 25,294	\$ 9,426	20,343	\$ 42,579
Property tax, net				
Intergovernmental receivable	384			
Contribution receivable				
Interfund balances				
Total Assets	\$ 25,678	\$ 9,426	\$ 20,343	\$ 42,579
 LIABILITIES				
Accounts payable	\$ 3,261	\$ 50	\$	\$
Wages payable		6,483	3,873	
Total Liabilities	3,261	6,533	3,873	
 DEFERRED INFLOWS OF RECOURCES				
Deferred revenue				
Total Deferred Inflows of Recources				
 FUND EQUITY				
Nonspendable for prepaids				
Restricted for debt service				
Restricted for capital improvement				
Restricted fund balances	22,417	2,893	16,470	42,579
Total Fund Balance	22,417	2,893	16,470	42,579
Total Liabilities and Fund Balance	\$ 25,678	\$ 9,426	\$ 20,343	\$ 42,579

<u>Special Court</u>	<u>Court Report Services</u>	<u>Local Truancy Prevention</u>	<u>Child Abuse Prevention</u>	<u>Records Management Court Fees</u>	<u>Records Archive County Clerk</u>	<u>Vital Records Preservation</u>
\$ 3,434	\$ 58,667	\$ 18,847	\$ 5,174	\$ 21,970	\$ 776,436	\$ 23,724
<u>3,434</u>	<u>58,667</u>	<u>18,847</u>	<u>5,174</u>	<u>21,970</u>	<u>776,436</u>	<u>23,724</u>
\$	\$ 6,571	\$	\$	\$	\$	\$
	<u>6,571</u>					
<u>3,434</u>	<u>52,096</u>	<u>18,847</u>	<u>5,174</u>	<u>21,970</u>	<u>776,436</u>	<u>23,724</u>
<u>3,434</u>	<u>52,096</u>	<u>18,847</u>	<u>5,174</u>	<u>21,970</u>	<u>776,436</u>	<u>23,724</u>
<u>\$ 3,434</u>	<u>\$ 58,667</u>	<u>\$ 18,847</u>	<u>\$ 5,174</u>	<u>\$ 21,970</u>	<u>\$ 776,436</u>	<u>\$ 23,724</u>

HOWARD COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - Continued

SEPTEMBER 30, 2021

	<u>Records Management Doc Filing</u>	<u>Records Management Court Fees</u>	<u>Juvenile Delinquency Prevention</u>	<u>Justice Court Technology</u>
ASSETS				
Cash and cash investments	\$ 507,645	\$ 33,174	\$ 27	\$ 32,478
Property tax, net				
Intergovernmental receivable				
Contribution receivable				
Interfund balances				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 507,645</u>	<u>\$ 33,174</u>	<u>\$ 27</u>	<u>\$ 32,478</u>
LIABILITIES				
Accounts payable	\$ 3,877	\$	\$	\$
Wages payable				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>3,877</u>			
DEFERRED INFLOWS OF RECOURCES				
Deferred revenue				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Recourses				
FUND EQUITY				
Nonspendable for prepaids				
Restricted for debt service				
Restricted for capital improvement				
Restricted fund balances	<u>503,768</u>	<u>33,174</u>	<u>27</u>	<u>32,478</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balance	<u>503,768</u>	<u>33,174</u>	<u>27</u>	<u>32,478</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	<u>\$ 507,645</u>	<u>\$ 33,174</u>	<u>\$ 27</u>	<u>\$ 32,478</u>

<u>District Court Records Technology</u>	<u>Alternative Dispute Resolution</u>	<u>County Court Technology</u>	<u>District Court Technology</u>	<u>District Court Records Archive</u>	<u>District Court Records Preservation</u>	<u>County Court Records Preservation</u>
\$ 11,116	\$ 13,149	\$ 2,657	\$ 2,273	\$ 17,390	\$ 20,096	\$ 8,106
<u>11,116</u>	<u>13,149</u>	<u>2,657</u>	<u>2,273</u>	<u>17,390</u>	<u>20,096</u>	<u>8,106</u>
\$	\$	\$	\$	\$	\$	\$
<u>11,116</u>	<u>13,149</u>	<u>2,657</u>	<u>2,273</u>	<u>17,390</u>	<u>20,096</u>	<u>8,106</u>
<u>11,116</u>	<u>13,149</u>	<u>2,657</u>	<u>2,273</u>	<u>17,390</u>	<u>20,096</u>	<u>8,106</u>
\$ <u>11,116</u>	\$ <u>13,149</u>	\$ <u>2,657</u>	\$ <u>2,273</u>	\$ <u>17,390</u>	\$ <u>20,096</u>	\$ <u>8,106</u>

HOWARD COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - Continued

SEPTEMBER 30, 2021

	<u>FEMA Fund</u>	<u>CARES COVID-19 Fund</u>	<u>County Attorney Diversionary</u>	<u>County Library Donation</u>
ASSETS				
Cash and cash investments	\$ 22,786	\$	\$ 111,501	\$ 109,274
Property tax, net				
Intergovernmental receivable				
Contribution receivable				
Interfund balances				
Total Assets	<u>\$ 22,786</u>	<u>\$</u>	<u>\$ 111,501</u>	<u>\$ 109,274</u>
LIABILITIES				
Accounts payable	\$	\$	\$	\$
Wages payable				
Total Liabilities				
DEFERRED INFLOWS OF RECOURCES				
Deferred revenue				
Total Deferred Inflows of Recourses				
FUND EQUITY				
Nonspendable for prepaids				
Restricted for debt service				
Restricted for capital improvement				
Restricted fund balances	<u>22,786</u>	<u></u>	<u>111,501</u>	<u>109,274</u>
Total Fund Balance	<u>22,786</u>	<u></u>	<u>111,501</u>	<u>109,274</u>
Total Liabilities and Fund Balance	<u>\$ 22,786</u>	<u>\$</u>	<u>\$ 111,501</u>	<u>\$ 109,274</u>

<u>Communication Systems</u>	<u>Communication Main Fund</u>	<u>HAVA Election Security Grant</u>	<u>Election Administration</u>	<u>LEOSE District Attorney</u>	<u>LEOSE Sheriff</u>
\$ 73,230	\$ 12,490	\$ 38,901	\$ 88,440	\$ 1,736	\$ 13,260
<u>73,230</u>	<u>12,490</u>	<u>38,901</u>	<u>88,440</u>	<u>1,736</u>	<u>13,260</u>
\$	\$	\$	\$	\$	\$
		25,704			
		25,704			
73,230	12,490	13,197	88,440	1,736	13,260
73,230	12,490	13,197	88,440	1,736	13,260
<u>73,230</u>	<u>12,490</u>	<u>38,901</u>	<u>88,440</u>	<u>1,736</u>	<u>13,260</u>

HOWARD COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - Continued

SEPTEMBER 30, 2021

	<u>Sheriff Donations</u>	<u>Cash Bond</u>	<u>Court Cost</u>	<u>MHMR Officers</u>
ASSETS				
Cash and cash investments	\$ 7,209	\$ 99,775	\$ 106,286	\$ 94,123
Property tax, net				
Intergovernmental receivable				21,363
Contribution receivable	60,000			
Interfund balances				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>67,209</u>	\$ <u>99,775</u>	\$ <u>106,286</u>	\$ <u>115,486</u>
 LIABILITIES				
Accounts payable	\$	\$	\$ 106,286	\$
Wages payable				10,802
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities			<u>106,286</u>	<u>10,802</u>
 DEFERRED INFLOWS OF RECOURCES				
Deferred revenue				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Recourses				
 FUND EQUITY				
Nonspendable for prepaids				
Restricted for debt service				
Restricted for capital improvement				
Restricted fund balances	<u>67,209</u>	<u>99,775</u>	<u> </u>	<u>104,684</u>
Total Fund Balance	<u>67,209</u>	<u>99,775</u>	<u> </u>	<u>104,684</u>
Total Liabilities and Fund Balance	\$ <u>67,209</u>	\$ <u>99,775</u>	\$ <u>106,286</u>	\$ <u>115,486</u>

<u>School Resource Officer</u>	<u>Scofflaw Fund</u>	<u>County Attorney Hot Check</u>	<u>District Attorney Forfeiture</u>	<u>Sheriff Forfeiture</u>	<u>Jail Commissary</u>	<u>Chapter 19</u>
\$ 5,098	\$ 17,825	\$ 1,552	\$ 174,171	\$ 27,318	\$ 90,637	\$ (151)
902						151
		69			1,960	
<u>\$ 6,000</u>	<u>\$ 17,825</u>	<u>\$ 1,621</u>	<u>\$ 174,171</u>	<u>\$ 27,318</u>	<u>\$ 92,597</u>	<u>\$</u>
\$ 6,000	\$	\$ 16	\$ 27	\$	\$ 5,425	\$
<u>6,000</u>	<u></u>	<u>16</u>	<u>27</u>	<u></u>	<u>5,425</u>	<u></u>
	17,825	1,605	174,144	27,318	87,172	
	17,825	1,605	174,144	27,318	87,172	
<u>\$ 6,000</u>	<u>\$ 17,825</u>	<u>\$ 1,621</u>	<u>\$ 174,171</u>	<u>\$ 27,318</u>	<u>\$ 92,597</u>	<u>\$</u>

HOWARD COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - Continued

SEPTEMBER 30, 2021

	Assessor Collector Special Inventory	Abandoned Property	Unclaimed Money	Total Special Revenue Funds
ASSETS				
Cash and cash investments	\$ 8,230	\$ 8,557	\$ 22,900	\$ 2,789,153
Property tax, net				22,800
Intergovernmental receivable				60,000
Contribution receivable				2,029
Interfund balances				
Total Assets	\$ 8,230	\$ 8,557	\$ 22,900	\$ 2,873,982
LIABILITIES				
Accounts payable	\$	\$ 125	\$	\$ 119,067
Wages payable				33,729
Total Liabilities		125		152,796
DEFERRED INFLOWS OF RECOURCES				
Deferred revenue				25,704
Total Deferred Inflows of Recources				25,704
FUND EQUITY				
Nonspendable for prepaids				
Restricted for debt service				
Restricted for capital improvement				
Restricted fund balances	8,230	8,432	22,900	2,695,482
Total Fund Balance	8,230	8,432	22,900	2,695,482
Total Liabilities and Fund Balance	\$ 8,230	\$ 8,557	\$ 22,900	\$ 2,873,982

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 142,907	\$ 499,073	\$ 3,431,133
94,030		94,030
		22,800
		60,000
<u>4,118</u>	<u> </u>	<u>6,147</u>
<u>241,055</u>	<u>499,073</u>	<u>3,614,110</u>
\$	\$ 21,287	\$ 140,354
<u> </u>	<u> </u>	<u>33,729</u>
 	<u>21,287</u>	<u>174,083</u>
<u>94,030</u>	<u> </u>	<u>119,734</u>
<u>94,030</u>	<u> </u>	<u>119,734</u>
147,025	477,786	147,025
<u> </u>	<u> </u>	<u>477,786</u>
		<u>2,695,482</u>
<u>147,025</u>	<u>477,786</u>	<u>3,320,293</u>
\$ <u>241,055</u>	\$ <u>499,073</u>	\$ <u>3,614,110</u>

HOWARD COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Law Library</u>	<u>Indigent Health Care</u>	<u>Courthouse Security</u>	<u>Justice Court Building Security</u>
REVENUES:				
Property taxes	\$	\$	\$	\$
Fees and charges for services	17,930		29,040	357
Fines, forfeitures and settlements				
Intergovernmental				
Investment income	30		318	35
Other miscellaneous				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	17,960		29,358	392
EXPENDITURES:				
Current:				
General administration				
Judicial	29,157			
Elections				
Financial administration				
Public facilities				
Public safety			86,926	
Health and welfare		135,900		
Conservation				
Library				
Other supported services				
Intergovernmental				
Road and bridge				
Debt service				
Principal				
Interest				
Capital outlay				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	29,157	135,900	86,926	
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(11,197)	(135,900)	(57,568)	392
OTHER FINANCING SOURCES (USES):				
Transfers in		135,000	70,000	
Transfers out				
Total Other Financing Sources (Uses)		<hr/>	<hr/>	<hr/>
		135,000	70,000	
NET CHANGE IN FUND BALANCE	(11,197)	(900)	12,432	392
FUND BALANCE - BEGINNING OF YEAR	<hr/>	<hr/>	<hr/>	<hr/>
	33,614	3,793	4,038	42,187
FUND BALANCE - END OF YEAR	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 22,417	\$ 2,893	\$ 16,470	\$ 42,579

<u>Special Court</u>	<u>Court Report Services</u>	<u>Local Truancy Prevention</u>	<u>Child Abuse Prevention</u>	<u>Records Management Court Fees</u>	<u>Records Archive County Clerk</u>	<u>Vital Records Preservation</u>
\$ 2,742	\$ 13,195	\$ 12,482	\$ 807	\$ 2,865	\$ 107,690	\$ 3,825
12	404	93	9	63	1,154	41
<u>2,754</u>	<u>13,599</u>	<u>12,575</u>	<u>816</u>	<u>2,928</u>	<u>108,844</u>	<u>3,866</u>
	7,685					1,345
	<u>7,685</u>					<u>1,345</u>
2,754	5,914	12,575	816	2,928	108,844	2,521
<u>2,754</u>	<u>5,914</u>	<u>12,575</u>	<u>816</u>	<u>2,928</u>	<u>108,844</u>	<u>2,521</u>
<u>680</u>	<u>46,182</u>	<u>6,272</u>	<u>4,358</u>	<u>19,042</u>	<u>667,592</u>	<u>21,203</u>
<u>\$ 3,434</u>	<u>\$ 52,096</u>	<u>\$ 18,847</u>	<u>\$ 5,174</u>	<u>\$ 21,970</u>	<u>\$ 776,436</u>	<u>\$ 23,724</u>

HOWARD COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS - continued

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Records Management Doc Filing</u>	<u>Records Management Court Fees</u>	<u>Juvenile Delinquency Prevention</u>	<u>Justice Court Technology</u>
REVENUES:				
Property taxes	\$	\$	\$	\$
Fees and charges for services	108,319	10,963		
Fines, forfeitures and settlements				11,563
Intergovernmental				
Investment income	710	35		43
Other miscellaneous				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	<u>109,029</u>	<u>10,998</u>	<u> </u>	<u>11,606</u>
EXPENDITURES:				
Current:				
General administration				
Judicial	21,450	3,581		17,035
Elections				
Financial administration				
Public facilities				
Public safety				
Health and welfare				
Conservation				
Library				
Other supported services				
Intergovernmental				
Road and bridge				
Debt service				
Principal				
Interest				
Capital outlay				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>21,450</u>	<u>3,581</u>	<u> </u>	<u>17,035</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	87,579	7,417		(5,429)
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out				
Total Other Financing Sources (Uses)	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	87,579	7,417		(5,429)
FUND BALANCE - BEGINNING OF YEAR	<u>416,189</u>	<u>25,757</u>	<u>27</u>	<u>37,907</u>
FUND BALANCE - END OF YEAR	<u>\$ 503,768</u>	<u>\$ 33,174</u>	<u>\$ 27</u>	<u>\$ 32,478</u>

<u>District Court Records Technology</u>	<u>Alternative Dispute Resolution</u>	<u>County Court Technology</u>	<u>District Court Technology</u>	<u>District Court Records Archive</u>	<u>District Court Records Preservation</u>	<u>County Court Records Preservation</u>
\$ 5,746	\$ 5,202	\$ 452	\$ 472	\$ 681	\$ 5,897	\$ 1,980
20	38	7	9	16	52	24
<u>5,766</u>	<u>5,240</u>	<u>459</u>	<u>481</u>	<u>697</u>	<u>5,949</u>	<u>2,004</u>
	8,150					
	<u>8,150</u>					
5,766	(2,910)	459	481	697	5,949	2,004
<u>5,766</u>	<u>(2,910)</u>	<u>459</u>	<u>481</u>	<u>697</u>	<u>5,949</u>	<u>2,004</u>
<u>5,350</u>	<u>16,059</u>	<u>2,198</u>	<u>1,792</u>	<u>16,693</u>	<u>14,147</u>	<u>6,102</u>
<u>\$ 11,116</u>	<u>\$ 13,149</u>	<u>\$ 2,657</u>	<u>\$ 2,273</u>	<u>\$ 17,390</u>	<u>\$ 20,096</u>	<u>\$ 8,106</u>

HOWARD COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS - continued

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	FEMA Fund	CARES COVID-19 Fund	County Attorney Diversionary	County Library Donation
REVENUES:				
Property taxes	\$	\$	\$	\$
Fees and charges for services			12,600	
Fines, forfeitures and settlements				
Intergovernmental		16,489		
Investment income	12		137	65
Other miscellaneous				663
Total Revenues	12	16,489	12,737	728
EXPENDITURES:				
Current:				
General administration				
Judicial			7,949	
Elections				
Financial administration				
Public facilities				
Public safety				
Health and welfare				
Conservation				
Library		9,630		119
Other supported services				
Intergovernmental				
Road and bridge				
Debt service				
Principal				
Interest				
Capital outlay		6,859		6,322
Total Expenditures		16,489	7,949	6,441
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	12		4,788	(5,713)
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out				
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCE	12		4,788	(5,713)
FUND BALANCE - BEGINNING OF YEAR	22,774		106,713	114,987
FUND BALANCE - END OF YEAR	\$ 22,786	\$	\$ 111,501	\$ 109,274

<u>Communication Systems</u>	<u>Communication Main Fund</u>	<u>HAVA Election Security Grant</u>	<u>Election Administration</u>	<u>LEOSE District Attorney</u>	<u>LEOSE Sheriff</u>
\$	\$	\$	\$	\$	\$
			54,160		
489	98	118,230 122	444	629 4	3,551 45
<u>489</u>	<u>98</u>	<u>118,352</u>	<u>54,604</u>	<u>633</u>	<u>3,596</u>
				1,063	
					1,770
		<u>105,155</u>			
		<u>105,155</u>		<u>1,063</u>	<u>1,770</u>
489	98	13,197	54,604	(430)	1,826
22,500	2,250				
<u>22,500</u>	<u>2,250</u>				
22,989	2,348	13,197	54,604	(430)	1,826
<u>50,241</u>	<u>10,142</u>		<u>33,836</u>	<u>2,166</u>	<u>11,434</u>
\$ <u>73,230</u>	\$ <u>12,490</u>	\$ <u>13,197</u>	\$ <u>88,440</u>	\$ <u>1,736</u>	\$ <u>13,260</u>

HOWARD COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS - continued

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Sheriff Donations	Cash Bond	Court Cost	MHMR Officers
REVENUES:				
Property taxes	\$	\$	\$	\$
Fees and charges for services		44,000		
Fines, forfeitures and settlements			55,588	
Intergovernmental				256,356
Investment income	24			728
Other miscellaneous	60,000			
Total Revenues	60,024	44,000	55,588	257,084
EXPENDITURES:				
Current:				
General administration				
Judicial				
Elections				
Financial administration				
Public facilities				
Public safety	7,213			
Health and welfare				238,525
Conservation				
Library				
Other supported services				
Intergovernmental				
Road and bridge				
Debt service				
Principal				
Interest				
Capital outlay				
Total Expenditures	7,213			238,525
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	52,811	44,000	55,588	18,559
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out			(55,588)	
Total Other Financing Sources (Uses)			(55,588)	
NET CHANGE IN FUND BALANCE	52,811	44,000		18,559
FUND BALANCE - BEGINNING OF YEAR	14,398	55,775		86,125
FUND BALANCE - END OF YEAR	\$ 67,209	\$ 99,775	\$	\$ 104,684

<u>School Resource Officer</u>	<u>Scofflaw Fund</u>	<u>County Attorney Hot Check</u>	<u>District Attorney Forfeiture</u>	<u>Sheriff Forfeiture</u>	<u>Jail Commissary</u>	<u>Chapter 19</u>
\$	\$	\$	\$	\$	\$	\$
		616			147,147	
116,030	5,894					1,818
224	28		89	15	447	
<u>116,254</u>	<u>5,922</u>	<u>616</u>	<u>1,717</u>	<u>15</u>	<u>147,594</u>	<u>1,818</u>
		269	4,869			1,818
135,771				1,800	106,145	
<u>135,771</u>	<u>5,922</u>	<u>269</u>	<u>4,869</u>	<u>1,800</u>	<u>106,145</u>	<u>1,818</u>
(19,517)	5,922	347	(3,063)	(1,785)	41,449	
19,517						
<u>19,517</u>	<u>11,903</u>	<u>1,258</u>	<u>177,207</u>	<u>29,103</u>	<u>45,723</u>	
	5,922	347	(3,063)	(1,785)	41,449	
	<u>17,825</u>	<u>1,605</u>	<u>174,144</u>	<u>27,318</u>	<u>87,172</u>	

HOWARD COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS - continued

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Assessor Collector Special Inventory</u>	<u>Abandoned Property</u>	<u>Unclaimed Money</u>	<u>Total Special Revenue Funds</u>
REVENUES:				
Property taxes	\$	\$	\$	\$
Fees and charges for services		11,412	328	600,908
Fines, forfeitures and settlements				73,045
Intergovernmental				513,103
Investment income	897	106	48	7,135
Other miscellaneous				62,380
	<u>897</u>	<u>11,518</u>	<u>376</u>	<u>1,256,571</u>
Total Revenues				
EXPENDITURES:				
Current:				
General administration		19,609		19,609
Judicial				102,553
Elections				1,818
Financial administration			22	22
Public facilities				
Public safety				339,625
Health and welfare				374,425
Conservation				
Library				9,749
Other supported services				
Intergovernmental				
Road and bridge				
Debt service				
Principal				
Interest				
Capital outlay				118,336
	<u>897</u>	<u>19,609</u>	<u>22</u>	<u>966,137</u>
Total Expenditures				
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	897	(8,091)	354	290,434
OTHER FINANCING SOURCES (USES):				
Transfers in				249,267
Transfers out				(55,588)
Total Other Financing Sources (Uses)				193,679
NET CHANGE IN FUND BALANCE	897	(8,091)	354	484,113
FUND BALANCE - BEGINNING OF YEAR	<u>7,333</u>	<u>16,523</u>	<u>22,546</u>	<u>2,211,369</u>
FUND BALANCE - END OF YEAR	<u>\$ 8,230</u>	<u>\$ 8,432</u>	<u>\$ 22,900</u>	<u>\$ 2,695,482</u>

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 987,247	\$	\$ 987,247
		600,908
		73,045
245,295		758,398
1,372	1,581	10,088
<u> </u>	<u> </u>	<u>62,380</u>
<u>1,233,914</u>	<u>1,581</u>	<u>2,492,066</u>
		19,609
		102,553
		1,818
		22
		339,625
		374,425
		9,749
1,115,000		1,115,000
296,763		296,763
<u> </u>	<u>52,241</u>	<u>170,577</u>
<u>1,411,763</u>	<u>52,241</u>	<u>2,430,141</u>
(177,849)	(50,660)	61,925
		249,267
		(55,588)
<u> </u>	<u> </u>	<u>193,679</u>
(177,849)	(50,660)	255,604
<u>324,874</u>	<u>528,446</u>	<u>3,064,689</u>
<u>\$ 147,025</u>	<u>\$ 477,786</u>	<u>\$ 3,320,293</u>

STATE SINGLE AUDIT SECTION

ROBERTS & MCGEE, CPA

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INDEPENDENT AUDITOR'S 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
Members of the Commissioners Court of
Howard County, Texas:

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Howard County, Texas as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 21, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Howard County, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

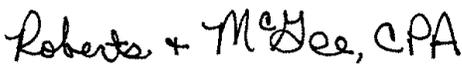
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Howard County, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant 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 an 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 Auditing Standards*.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Roberts & McGee, CPA

Abilene, Texas
March 21, 2022

ROBERTS & MCGEE, CPA

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

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

Report on Compliance for Each Major State Program

We have audited Howard County, Texas' compliance with the types of compliance requirements described in the State of Texas Single Audit Circular that could have a direct and material effect on each of Howard County, Texas' major state programs for the year ended September 30, 2021. Howard County, Texas' major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Howard County, Texas' major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of Texas Single Audit Circular. Those standards and the State Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Howard County, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Howard County, Texas' compliance.

Opinion on Each Major State Program

In our opinion, Howard County, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

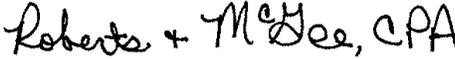
Management of Howard County, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Howard County, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are

appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Howard County, Texas' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.


Roberts & McGee, CPA

Abilene, Texas
March 21, 2022

**HOWARD COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

<u>State Awards</u>	<u>Grant\ Contract Number</u>	<u>State Award</u>	<u>State Expenditures</u>
<u>Texas Department of Transportation</u>			
County Transportation Infrastructure Fund Grant	CTIF-02-115	\$ 8,777,940	\$ 2,835,478
Total Texas Department of Transportation		<u>8,777,940</u>	<u>2,835,478</u>
<u>Texas Office of Attorney General - Grants Administration Division</u>			
Statewide Automated Victim Notification Services (SAVNS)	2111268	18,596	18,596
Total Texas Office of Attorney General		<u>18,596</u>	<u>18,596</u>
<u>Texas Indigent Defence Commission (TIDC)</u>			
Formula Grant Program	212-21-114	32,699	32,699
Total Texas Indigent Defence Commission		<u>32,699</u>	<u>32,699</u>
Totals		<u>\$ 8,829,235</u>	<u>\$ 2,886,773</u>

HOWAR COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Awards (Schedule) presents the activity of all applicable state awards of Howard County, Texas for the year ended September 30, 2021. The County's reporting entity is defined in Note 1 of the financial statements. Texas State awards are included on the Schedule of Expenditures of State Awards. The information is presented in accordance with the requirements of the State of Texas Single Audit Circular. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or change in net position of the County.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the accompanying Schedule of Expenditures of State Awards are reported on the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the financial statements. Such expenditures are recognized following the cost principles contained in the State of Texas Single Audit Circular, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

The format for the Schedule of Expenditures of State Awards has been prescribed by the State of Texas Single Audit Circular. Such format includes revenue and expenditures recognized in Howard County, Texas' financial statements. The County has not elected to use the 10 percent de minimis indirect cost rate as allowed.

HOWARD COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

A. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unmodified
2. No significant deficiencies required to be reported in this schedule were disclosed in the audit of the financial statements.
3. Noncompliance which is material to the financial statements: None
4. No significant deficiencies required to be reported in this schedule were disclosed in the audit of the major program.
5. Type of auditor's report on compliance for major programs: Unmodified
6. Did the audit disclose findings which are required to be reported under Sec. 510(a): No
7. State major program:
County Transportation Infrastructure Fund Grant
8. Dollar threshold used to distinguish between Type A and Type B state programs: \$300,000
9. Low-risk auditee: No

B. Findings Related to the Financial Statements

None

C. Findings and Questioned Costs Related to the State Award Programs

None

HOWARD COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

No Findings or Questioned Costs in Prior Year