

**HOWARD COUNTY, TEXAS**

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FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S  
REPORT

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YEAR ENDED

SEPTEMBER 30, 2019



**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:**

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, 2019, 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. 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, 2019, 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 55-72 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary schedules 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Roberts + McGee, CPA*  
Roberts & McGee, CPA

Abilene, Texas  
March 13, 2020

**HOWARD COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

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, 2019.

**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 \$13,763,604 (net position). Of this amount, \$3,131,275 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. \$6,138,440 of the County's equity is restricted for debt service, capital improvement, and special revenue funds, and \$4,493,889 is invested in capital assets, net of related debt.
- The County's total debt outstanding at September 30, 2019 is \$9,578,616.
- The total net position (*equity*) of the County increased by \$2,671,087 through operations during the current 2018 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 \$9,633,183. Most of the total fund balance is unassigned and available for spending at the government's discretion.

**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).

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

**HOWARD COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

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, the debt service fund, and the capital projects 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.

***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.

**HOWARD COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

**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 combining statements referred to earlier in connection with nonmajor governmental funds are presented as other supplemental information. Combining statements can be found on pages 57-72 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 \$13,763,604 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 \$4,493,889. 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	
	2019	2018
Current assets	\$ 22,288,407	\$ 21,645,314
Capital assets	14,072,505	2,976,364
Deferred outflows of resources	5,697,759	3,064,868
Total Assets and Deferred Outflows of Resources	42,058,671	27,686,546
Current liabilities	2,528,684	1,583,111
Long-term liabilities	24,258,687	22,259,465
Deferred inflows of resources	1,507,696	1,906,441
Total Liabilities and Deferred Inflows of Resources	28,295,067	25,749,017
Net investment in capital assets	4,493,889	3,991,958
Restricted	6,138,440	6,511,285
Unrestricted	3,131,275	1,434,286
Total Net Position	\$ 13,763,604	\$ 11,937,529

**HOWARD COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

**Howard County's Changes in Net Position**

	Governmental Activities	
	2019	2018
Revenues:		
Program Revenues:		
Charges for Services	\$ 4,339,903	\$ 3,837,122
Operating Grants and Contributions	1,929,043	1,716,939
General Revenues		
Property and Other Taxes	15,774,150	13,440,933
Investment Income	554,351	340,501
Other Income	(90,748)	34,350
Total Revenues	22,506,699	19,369,845
 Expenses		
General Administration	859,417	582,815
Judicial	2,745,352	2,828,957
Elections	298,691	182,857
Financial Administration	1,011,365	930,029
Public Facilities	1,187,854	1,188,343
Public Safety	6,044,781	5,584,356
Health and Welfare	174,463	166,334
Conservation	143,100	142,312
Library	423,930	382,863
Other Supported Services	1,392,848	1,415,118
Intergovernmental	1,012,424	1,100,476
Road and Bridge	4,232,488	3,260,245
Interest on Long-term Debt	308,899	424,656
Total expenditures	19,835,612	18,189,361
 Increase in Net Position	2,671,087	1,180,484
Net Position - Beginning of Year	11,937,529	10,757,045
Prior Period Adjustments	(845,012)	
Net Position - End of Year	\$ 13,763,604	\$ 11,937,529

***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, 2019**

***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 \$19,051,911. Approximately 50% percent of this total amount, \$9,594,687 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonexpendable, 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 (\$3.25 million), 2) Special purposes (\$5.92 million), and 3) Debt Services (\$253,661).

The general fund is the chief operating fund of the County. \$9,594,687 of the general fund's fund balance is unassigned. The unassigned fund balance represents 72.2% of the total general fund expenditures. Howard County's General Fund balance increased by \$1,539,683 from current year operations.

**Fund Budgetary Highlights**

The amended budget for the General Fund reflects a deficit of \$450,317, which would draw upon the fund balance. Budget amendments to expenditures were made during the year within the general fund departments. The actual expenditures were \$722,465 less than the final budgeted amounts, and actual revenues were \$66,561 more than was budgeted. Other financing uses were \$1,200,974 less than budgeted. This resulted in a favorable budget variance of \$1,990,000.

***CAPITAL ASSET AND DEBT ADMINISTRATION***

**Capital Assets.** Howard County's investment in capital assets for its governmental activities as of September 30, 2019, amounts to \$14,072,505 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, and infrastructure.

Major events affecting capital assets during the year were:

- Machinery, vehicles, equipment and infrastructure additions were \$2,908,578.
- Net capital asset retirements were \$174,079
- Depreciation expense was \$1,638,858.

	<b>Howard County's Capital Assets</b>	
	<b>Governmental Activities</b>	
	<u>2019</u>	<u>2018</u>
Land	\$ 588,189	\$ 588,189
Buildings and improvements	19,990,879	19,990,879
Machinery and equipment	8,926,534	7,905,220
Infrastructure	<u>1,546,590</u>	<u>1,037,048</u>
 Total Capital Assets	 31,052,192	 29,521,336
 Total Accumulated Depreciation	 <u>(16,979,687)</u>	 <u>(16,544,972)</u>
Net Capital Assets	<u>\$ 14,072,505</u>	<u>\$ 12,976,364</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, 2019**

***Debt Administration***

- **Tax Notes.** The County issued \$1,775,000 in new tax notes series 2018 during the prior fiscal year to finance a new communications system. The balance at the end of fiscal year 2019 is \$1,245,000
- **Bonds.** The County had outstanding bonded debt of \$8,120,000 as of September 30, 2019. \$440,000 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 \$195,379 and the outstanding balance at year end was \$129,610.

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 2020 fiscal year was set at .303165 per \$100 valuation, which is equal to the rollback tax rate. The previous years tax rate was .328024 per \$100 valuation.
- The County's 2020 fiscal year General Fund budget reflects total budgeted revenues of \$15,199,684, which is a \$265,676 increase over the 2019 final amended budget; and the budgeted expenditures and transfers are \$16,642,381, which are \$1,258,056 more than the 2019 final amended budget

**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, 2019

	Primary Government Governmental Activities
<b>ASSETS:</b>	
Cash and cash investments	\$ 20,453,587
Receivables:	
Accounts	1,558
Property tax, net	977,242
Fines, net	632,484
Intergovernmental	165,009
Inventory	58,527
Non-depreciable capital assets	588,189
Depreciable capital assets, net	13,484,316
 TOTAL ASSETS	 36,360,912
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred outflows	5,697,759
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 42,058,671
<b>LIABILITIES:</b>	
Accounts payable	744,905
Wages payable	369,521
Compensated absences	207,673
Accrued interest payable	40,115
Long-term debt:	
Due in less than one year	1,166,470
Due in more than one year	8,412,146
OPEB liability	10,365,374
Pension liability	5,481,167
 TOTAL LIABILITIES	 26,787,371
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred inflows	1,507,696
 TOTAL DEFERRED INFLOWS OF RESOURCES	 1,507,696
<b>NET POSITION:</b>	
Net investment in capital assets	4,493,889
Restricted for debt service	253,661
Restricted for special revenue and capital improvements	5,884,779
Unrestricted	3,131,275
 TOTAL NET POSITION	 \$ 13,763,604

The accompanying notes are an integral part of this statement.

**HOWARD COUNTY, TEXAS**  
**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Function/Program	Expenses	Program Revenues			Primary Government
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental activities:					
General administration	\$ 859,417	\$ 22,605	\$ -	\$	\$ (836,812)
Judicial	2,745,352	1,837,783	109,797		(797,772)
Elections	298,691	66,008			(232,683)
Financial administration	1,011,365	697,759			(313,606)
Public facilities	1,187,854	27,249			(1,160,605)
Public safety	6,044,781	146,694	827,151		(5,070,936)
Health and welfare	174,463	1,577	285,745		112,859
Conservation	143,100				(143,100)
Library	423,930	43,672	1,358		(378,900)
Other supported services	1,392,848	260,362	594,284		(538,202)
Intergovernmental	1,012,424				(1,012,424)
Road and bridge	4,232,488	1,236,194	110,708		(2,885,586)
Interest on long-term debt	308,899				(308,899)
<b>Total governmental activities</b>	<b>19,835,612</b>	<b>4,339,903</b>	<b>1,929,043</b>		<b>(13,566,666)</b>
<b>Total primary government</b>	<b>\$ 19,835,612</b>	<b>\$ 4,339,903</b>	<b>\$ 1,929,043</b>	<b>\$</b>	<b>(13,566,666)</b>
General revenues:					
Property taxes					15,774,150
Investment income					554,351
Gain (loss) on disposal of assets					(90,748)
<b>Total general revenues</b>					<b>16,237,753</b>
Change in net position					2,671,087
Net position - beginning of year					11,937,529
Prior period adjustments					(845,012)
<b>Net position - end of year</b>				<b>\$</b>	<b>13,763,604</b>

The accompanying notes are an integral part of this statement.

**HOWARD COUNTY, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2019

	General Fund	Road and Bridge Fund	Contingency Fund
<b>ASSETS</b>			
Cash and cash investments	\$ 10,173,464	\$ 3,337,349	\$ 3,280,288
Receivables:			
Property tax, net	687,771	228,036	
Fines, net	632,484		
Intergovernmental	93,854	47,152	
Inventory	38,496		
<b>TOTAL ASSETS</b>	<b>\$ 11,626,069</b>	<b>\$ 3,612,537</b>	<b>\$ 3,280,288</b>
 <b>LIABILITIES</b>			
Accounts payable	\$ 484,763	\$ 87,001	\$
Wages payable	295,425	47,624	
<b>TOTAL LIABILITIES</b>	780,188	134,625	
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	1,212,698	228,036	
<b>TOTAL DEFERRED INFLOWS</b>	1,212,698	228,036	
 <b>FUND BLANCE</b>			
Nonspendable for inventory	38,496		
Restricted for debt service			
Restricted for special revenue and capital improvements		3,249,876	
Assigned			3,280,288
Unassigned	9,594,687		
<b>TOTAL FUND BALANCE</b>	9,633,183	3,249,876	3,280,288
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 11,626,069</b>	<b>\$ 3,612,537</b>	<b>\$ 3,280,288</b>

The accompanying notes are an integral part of this statement.

Debt Service Funds	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 253,661	\$ 474,339	\$ 2,307,323	\$ 19,826,424
61,435			977,242
		24,003	632,484
			165,009
			38,496
<u>\$ 315,096</u>	<u>\$ 474,339</u>	<u>\$ 2,331,326</u>	<u>\$ 21,639,655</u>
\$	\$	\$ 152,111	\$ 723,875
		18,651	361,700
		170,762	1,085,575
61,435			1,502,169
61,435			1,502,169
253,661	474,339	2,160,564	38,496
			253,661
			5,884,779
			3,280,288
			9,594,687
<u>253,661</u>	<u>474,339</u>	<u>2,160,564</u>	<u>19,051,911</u>
<u>\$ 315,096</u>	<u>\$ 474,339</u>	<u>\$ 2,331,326</u>	<u>\$ 21,639,655</u>

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

SEPTEMBER 30, 2019

Total Fund Balances - Governmental Funds	\$	19,051,911
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.		11,875,377
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.		1,502,169
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.		(9,813,755)
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.		2,804,380
Included on the government-wide financial statements is the recognition of the County's proportionate share of the OPEB liabilities of \$10,365,374 and a deferred outflow of resources of \$289,814 and deferred inflows of resources of \$112,359. The net effect is a decrease in net position.		(10,187,919)
Included on the government-wide financial statements is the recognition of the County's proportionate share of the net pension liability of \$5,481,167, a deferred inflow of resources of \$1,395,337, and a deferred outflow of resources of \$5,407,945. The net effect is to decrease net position.		<u>(1,468,559)</u>
Net Position of Governmental Activities	\$	<u><u>13,763,604</u></u>

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, 2019

	General Fund	Road and Bridge Fund	Contingency Fund
<b>REVENUES:</b>			
Property taxes	\$ 10,959,725	\$ 3,644,444	\$
Licenses and permits	11,794	848,774	
Fees and charges for services	1,708,733	387,420	
Fines, forfeitures and settlements	586,576		
Intergovernmental	1,231,902	110,708	18,348
Investment income	278,024	113,227	74,644
Other miscellaneous	223,815		
	<u>15,000,569</u>	<u>5,104,573</u>	<u>92,992</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
General administration	536,592		
Judicial	2,591,594		
Elections	193,102		18,940
Financial administration	971,840		
Public facilities	491,903		
Public safety	5,360,723		
Health and welfare	2,178		
Conservation	133,272		
Library	415,469		
Other supported services	1,326,319		
Intergovernmental	1,012,424		
Road and bridge		4,285,276	
Debt service			14,769
Capital outlay	251,018	509,542	11,928
	<u>13,286,434</u>	<u>4,794,818</u>	<u>45,637</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	1,714,135	309,755	47,355
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	105,962	68,348	250,000
Transfers out	(475,793)		
Loan proceeds	195,379		
Bond issuance costs			
<b>Total Other Financing Sources (Uses)</b>	<u>(174,452)</u>	<u>68,348</u>	<u>250,000</u>
<b>CHANGE IN FUND BALANCE</b>	1,539,683	378,103	297,355
<b>FUND BALANCE - BEGINNING OF YEAR</b>	8,093,500	2,871,773	2,982,933
Prior Period Adjustments			
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 9,633,183</u>	<u>\$ 3,249,876</u>	<u>\$ 3,280,288</u>

The accompanying notes are an integral part of this statement.

Debt Service Funds	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,287,657	\$	\$ 32,153	\$ 15,923,979
			860,568
		605,741	2,701,894
		12,577	599,153
244,637		323,448	1,929,043
5,788	23,999	45,714	541,396
		14,414	238,229
<u>1,538,082</u>	<u>23,999</u>	<u>1,034,047</u>	<u>22,794,262</u>
		40,344	576,936
		91,729	2,683,323
		59,336	271,378
		37	971,877
			491,903
		526,475	5,887,198
		168,934	171,112
			133,272
			415,469
			1,326,319
			1,012,424
			4,285,276
1,405,511			1,420,280
	<u>1,026,263</u>		<u>1,798,751</u>
<u>1,405,511</u>	<u>1,026,263</u>	<u>886,855</u>	<u>21,445,518</u>
132,571	(1,002,264)	147,192	1,348,744
		225,793	650,103
		(254,240)	(730,033)
			195,379
		<u>(28,447)</u>	<u>115,449</u>
132,571	(1,002,264)	118,745	1,464,193
121,090	1,476,603	2,041,819	17,587,718
<u>\$ 253,661</u>	<u>\$ 474,339</u>	<u>\$ 2,160,564</u>	<u>\$ 19,051,911</u>

**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, 2019

Net Change in Fund Balances - Governmental Funds \$ 1,464,193

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. 1,708,003

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. (981,546)

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 decrease net position. (221,347)

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. 1,090,572

Current year proceeds from issuance of debt is not shown as revenue in the government-wide financial statements. The net effect is to decrease net position. (195,379)

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. 237,144

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 a decrease in net position. (430,553)

Change in Net Position of Governmental Activities \$ 2,671,087

The accompanying notes are an integral part of this statement.

**HOWARD COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**

SEPTEMBER 30, 2019

<b>ASSETS:</b>	<u>Internal Service Fund</u>
Cash and cash investments	\$ 627,163
Accounts receivables	1,558
Inventory	20,031
Capital assets, net of accumulated depreciation	<u>2,197,128</u>
TOTAL ASSETS	<u>2,845,880</u>
<b>LIABILITIES:</b>	
Accounts payable	21,030
Wages payable	7,821
Compensated absences	<u>12,649</u>
TOTAL LIABILITIES	<u>41,500</u>
<b>NET POSITION:</b>	
Net investment in capital assets	2,197,128
Unrestricted	<u>607,252</u>
TOTAL NET POSITION	<u><u>\$ 2,804,380</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, 2019

	<u>Internal Service Fund</u>
OPERATING REVENUE	
Charges for services	\$ 1,639,000
Total operating revenue	<u>1,639,000</u>
OPERATING EXPENSES	
Salaries and related benefits	228,245
Insurance	34,589
Materials and supplies	458,468
Maintenance and repairs	41,856
Radio expense	9,365
Auto expense	76,802
Depreciation	656,993
Total operating expenses	<u>1,506,318</u>
OPERATING INCOME	<u>132,682</u>
NONOPERATING REVENUE	
Investment income	12,955
Miscellaneous income	11,577
Transfers in	79,930
Total nonoperating revenue	<u>104,462</u>
CHANGE IN NET POSITION	237,144
NET POSITION - BEGINNING OF YEAR	<u>2,567,236</u>
NET POSITION - END OF YEAR	<u><u>\$ 2,804,380</u></u>

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, 2019

	<u>Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from other funds	\$ 1,638,658
Payments to suppliers	(437,401)
Payments to employees and related taxes and benefits	(229,042)
Payments to others	(162,612)
Net cash provided (used) by operating activities	<u>809,603</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Transfers	79,930
Purchase of capital assets	(1,026,496)
Net cash provided (used) by capital and related financing activities	<u>(946,566)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Investment income	12,955
Miscellaneous income	11,577
Net cash provided (used) by investing activities	<u>24,532</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(112,431)
<b>CASH AT BEGINNING OF PERIOD</b>	<u>739,775</u>
<b>CASH AT END OF PERIOD</b>	<u>\$ 627,344</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:</b>	
Operating income (loss)	\$ 132,682
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	656,993
(Increase) decrease in accounts receivable	(342)
(Increase) decrease in inventory	5,353
Increase (decrease) in accounts payable	12,824
Increase (decrease) in wages payable	621
Increase (decrease) in accrued compensated absences	1,472
Net cash provided (used) by operating activities	<u>\$ 809,603</u>

The accompanying notes are an integral part of this statement.

**HOWARD COUNTY, TEXAS**  
**BALANCE SHEET**  
**FIDUCIARY FUNDS**

SEPTEMBER 30, 2019

ASSETS	Agency Funds
Cash and cash investments:	
Tax Assessor Collector	\$ 872,517
Sheriff	8,320
District Attorney	105,398
County Attorney	1,760
District Clerk	994,012
County Clerk	16,466
	<hr/>
TOTAL ASSETS	\$ <u><u>1,998,473</u></u>
LIABILITIES	
Due to others	\$ <u>1,998,473</u>
TOTAL LIABILITIES	\$ <u><u>1,998,473</u></u>

The accompanying notes are an integral part of this statement.

## HOWARD COUNTY, TEXAS

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2019

#### 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, 2019

#### *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.

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.

## HOWARD COUNTY, TEXAS

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2019

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

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.

Additionally, the government reports nonmajor governmental fund types:

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.

#### **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.

## HOWARD COUNTY, TEXAS

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2019

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

##### **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, 2019. 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, MBIA's 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 Lehman Brothers and Federated Investors managing the daily operations of the pool under a contract with the Comptroller. Wells Fargo is the custodian bank for Texas CLASS, and in addition, there is a board of directors that oversees the pool which is rated AAA by Fitch. MBIA MISC manages the daily operation of the pool. LOGIC is an AAA rated investment program administered by First Southwest Asset Management, Inc. and 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, 2019, the County had \$19,276,302 in pooled investments.

## HOWARD COUNTY, TEXAS

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2019

#### *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 collection of taxes. 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, 2019 was \$.328024 per \$100 valuation.

**HOWARD COUNTY, TEXAS**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

*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, 2019

#### *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 \$1,502,169.

#### **Compensated Absences**

A liability for unused vacation and comp time 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 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 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, 2019

#### 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 \$38,496 classified as nonspendable fund balance at September 30, 2019.

*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 \$3,249,876 restricted for road and bridge repairs, \$2,160,564 for special revenue projects, \$474,339 for capital improvements, and \$253,661 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 \$3,280,288 classified as assigned at September 30, 2019.

*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, 2019

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, 2019, the carrying amount of the County’s deposits (cash and temporary investments) was:

	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Rating</u>
TexPool	\$ 4,805,773	<60 days - Weighted Avg.	AAAm
TexPool Prime	370,548	<60 days - Weighted Avg.	AAAm
TexStar	5,006,225	<60 days - Weighted Avg.	AAAm
Logic	2,946,631	<60 days - Weighted Avg.	AAAm
Texas Class	6,147,125	<60 days - Weighted Avg.	AAAm
Cash in Bank	1,177,285		
Total	<u>\$ 20,453,587</u>		

The County has a financial arrangement with its depository bank and TexPool whereby TexPool transfers funds to the bank to cover any shortfalls in the operating account.

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, 2019

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, 2019, the County had cash and cash investments, which represents demand deposits and savings accounts at federally insured local banks. At September 30, 2019, 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, 2019

*NOTE 3: RECEIVABLES*

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

	Property Taxes	Fines and Fees	Inter-Governmental	Total Receivables
Governmental Funds				
General Fund	\$ 687,771	\$ 632,484	\$ 93,854	\$ 1,414,109
Road and Bridge Fund	228,036	-	47,152	275,188
Debt Services Fund	61,435	-		61,435
Non-major Government Funds	-	-	24,003	24,003
Total Governmental Funds	<u>\$ 977,242</u>	<u>\$ 632,484</u>	<u>\$ 165,009</u>	<u>\$ 1,774,735</u>

*NOTE 4: CAPITAL ASSETS*

The changes in capital assets for the year ended September 30, 2019 are as follows:

<b>Capital Assets</b>	Balance October 1, 2018	Additions	Retirements	Balance September 30, 2019
Land (not depreciated)	\$ 588,189	\$	\$	\$ 588,189
Buildings and improvements	19,990,879			19,990,879
Machinery and equipment	7,905,220	2,399,036	(1,377,722)	8,926,534
Infrastructure	1,037,048	509,542		1,546,590
Total capital assets	<u>29,521,336</u>	<u>2,908,578</u>	<u>(1,377,722)</u>	<u>31,052,192</u>
Less accumulated depreciation for:				
Buildings and improvements	10,353,581	694,652		11,048,233
Machinery and equipment	6,139,547	869,461	(1,203,643)	5,805,365
Infrastructure	51,844	74,245		126,089
Total accumulated depreciation	<u>16,544,972</u>	<u>1,638,358</u>	<u>(1,203,643)</u>	<u>16,979,687</u>
Governmental activities capital assets	<u>\$ 12,976,364</u>	<u>\$ 1,270,220</u>	<u>\$ (174,079)</u>	<u>\$ 14,072,505</u>

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

Governmental Activities:	
General administration	\$ 94,371
Financial	15,735
Judicial	18,504
Elections	23,814
Public safety	289,366
Public facilities	694,652
Road and bridge	490,906
Conservation	11,010
	<u>\$1,638,358</u>

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

NOTE 5: INTERFUND BALANCES AND ACTIVITY

Transfers to and from other funds at September 30, 2019, consisted of the following:

Transfers from General Fund to:

Contingency Fund	\$	250,000
Indigent Health Care Fund		166,050
Courthouse Security Fund		38,387
School Resource Officer Fund		<u>21,356</u>
Total Transfers from General Fund		475,793

Transfers from Non-Major Court Cost Fund to:

General Fund	105,962
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Transfers from Tax Increment Fund to:

Road and Bridge Fund	68,348
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Transfers from Equipment Operating Fund to:

FEMA Fund	<u>79,930</u>
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Total Transfers	\$	<u><u>730,033</u></u>
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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 will be 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.

**HOWARD COUNTY, TEXAS**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

*NOTE 6: LONG-TERM OBLIGATIONS – continued*

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

A summary of changes in long-term obligations at September 30, 2019 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Government Activities:</b>				
General Obligation Bonds	\$ 8,560,000	\$	\$ 440,000	\$ 8,120,000
Tax Notes	1,775,000		530,000	1,245,000
Premium on Tax Notes	126,009		42,003	84,006
Notes Payable		195,379	65,769	129,610
<b>Total Long-term Debt</b>	<b>10,461,009</b>	<b>195,379</b>	<b>1,077,772</b>	<b>9,578,616</b>
<b>Other Long-term Obligations</b>				
Compensated Absences	185,392	22,281		207,673
Net OPEB Obligations	9,282,780	1,082,594		10,365,374
Net Pension Liability	2,256,560	3,224,607		5,481,167
<b>Total Other Long-term Obligations</b>	<b>11,724,732</b>	<b>4,329,482</b>	<b>-</b>	<b>16,054,214</b>
<b>Total Governmental Activities</b>				
Long-term Liabilities	\$ 22,185,741	\$ 4,524,861	\$ 1,077,772	\$ 25,632,830

Current maturities of long-term debt are as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 1,124,467	\$ 346,552	\$ 1,471,019
2021	1,180,143	296,589	1,476,732
2022	485,000	263,162	748,162
2023	505,000	245,838	750,838
2024	520,000	227,900	747,900
2025-2029	2,905,000	841,100	3,746,100
2030-2033	2,775,000	227,300	3,002,300
<b>Total</b>	<b>\$ 9,494,610</b>	<b>\$ 2,448,441</b>	<b>\$ 11,943,051</b>

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

NOTE 7: OPERATING LEASE OBLIGATIONS

The County leases equipment under non-cancelable operating leases. Total costs for such leases were \$33,234 for the year ended September 30, 2019. The future payments for these leases are:

Current maturities of the outstanding long-term debt at September 30, 2019 are as follows:

Year Ending September 30	Amount
2020	\$ 24,850
2021	23,910
2022	13,394
2023	1,685

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 780 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.

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

NOTE 8: RETIREMENT PLAN - continued

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.

The rate the County contributed for the months of the accounting year in 2018 and 2019 was 16.82%. The deposit rate payable by the employee members for the calendar year 2018 and 2019 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, 2019 were \$1,600,851.

Actuarial Assumptions

The total pension asset at December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	7 Years (based on contribution rate calculated in 12/31/18 valuation)
Asset Valuation Method	5 year smoothed value
Inflation	2.75%
Discount Rate	8.10%
Long-term expected Investment Rate of Return	8.00%, net of administrative and investment expenses
Salary increases	4.9% average over career including inflation

The actuarial assumptions that determined the total pension liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 to December 31, 2016, except where required to be different by GASB 68.

There were no changes in assumptions or methods reflected in the December 31, 2018 actuarial valuation.

Discount Rate

The discount rate used to measure the total pension asset was 8.10%. There was no change in the discount rate since the previous year.

## HOWARD COUNTY, TEXAS

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2019

*NOTE 8: RETIREMENT PLAN - continued*

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:

- 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 8.10%. 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, 2019

*NOTE 8: RETIREMENT PLAN - continued*

<b>Asset Class</b>	<b>Benchmark</b>	<b>Target Allocation</b>	<b>Geometric Real Rate of Return (Expected minus inflation)</b>
US Equities	Dow Jones US Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
International Equities – Developed	MSCI Work Ex USA (net)	10.00%	5.40%
International Equities – Emerging	MSCI Emerging Markets (net) index	7.00%	5.90%
Investment Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REIT's Index + 33% FRSE EPRA/NAREIT Global Rate Estate Index	2.00%	4.15%
Master Limited Partnerships (MLP's)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

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

At September 30, 2019, the County, Howard County Community Supervision and Corrections Department, and the Howard County Juvenile Probation Department reported a combined net pension liability of \$4,481,167 for its proportionate share of the TCDRS's net pension liability measured at December 31, 2018. For the year ended September 30, 2019, the County, Howard County Community Supervision and Corrections Department, and the Howard County Juvenile Probation Department recognized pension expense of \$1,951,201.

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



**HOWARD COUNTY, TEXAS**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

*NOTE 8: RETIREMENT PLAN - continued*

Changes in the net pension asset for the measurement year ended December 31, 2018 are as follows:

Changes in Net Pension Liability/(Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) – (b)
Balance at December 31, 2017	\$ 40,485,765	\$38,229,205	\$ 2,256,560
Changes for the year:			
Service Cost	1,019,464		1,019,464
Interest on total pension liability	3,256,398		3,256,398
Effect of plan changes			
Effect of economic/demographic gains or losses	301,885		301,885
Effect of assumptions changes or inputs			
Refund of contributions	(58,562)	(58,562)	
Benefit payments	(2,598,757)	(2,598,757)	
Administrative expenses		(29,658)	29,658
Member contributions		532,918	(532,918)
Net investment income		(718,277)	718,277
Employer contributions		1,580,521	(1,580,521)
Other		(12,364)	12,364
Balances as of December 31, 2018	\$ 42,406,193	\$36,925,026	\$ 5,481,167

Discount Rate Sensitivity Analysis

The following presents the net pension liability/(asset) of the County, calculated using the discount rate of 8.10%, 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 (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease in Discount Rate (7.10%)	Discount Rate (8.10%)	1% Increase in Discount Rate (9.100%)
Total Pension Liability	\$ 47,169,019	\$ 42,406,193	\$ 38,347,929
Fiduciary Net Position	36,925,026	36,925,026	36,925,026
Net Pension Liability/(Asset)	\$ 10,243,993	\$ 5,481,167	\$ 1,422,903

**HOWARD COUNTY, TEXAS**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

*NOTE 8: RETIREMENT PLAN - continued*

At December 31, 2018, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 381,345	\$ 68,990
Changes in actuarial assumptions	156,625	
Difference between projected and actual investment earnings	3,620,712	1,326,347
Contributions subsequent to the measurement date	1,249,263	
<b>Total</b>	<b>\$ 5,407,945</b>	<b>\$ 1,395,337</b>

\$1,249,263 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 September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended December 31:</b>	
2019	\$ 1,023,373
2020	589,986
2021	391,670
2022	758,316
2023	
Thereafter	
	<b>\$ 2,763,345</b>

*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, 2019

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

Employees covered by benefit terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the GTL:

Inactive employees or beneficiaries currently receiving benefits	109
Inactive employees entitled to but not yet receiving benefits	30
Active employees	<u>176</u>
Total	315

OPEB Liability

The County’s total OPEB liability related to the TCDRS GTL program, measured as of December 31, 2018 was \$430,444, 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
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Does not apply
Investment Rate of Return	4.10% - 20 Year Bond GO Index published by bondbuyer.com as of December 27, 2018
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, 2018 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, 2019

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

<b>Changes in the OPEB Liability</b>	Total OPEB Liability (a)
Balance as 12/31/2017	\$ 453,272
Changes for the year:	
Service cost	15,374
Interest on total OPEB liability	15,875
Change of benefit terms	
Difference between expected and actual experience	7,111
Changes in assumptions or other inputs	(46,723)
Benefit Payments	(14,465)
Other changes	
Net Changes	22,828
<b>Balance 12/31/2018</b>	<b>\$ 430,444</b>

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 4.10%, 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 (3.10%) or 1-percentage-point higher (5.10%) than the current rate:

	1% Decrease in Discount Rate (3.10%)	Discount Rate (4.10%)	1% Increase in Discount Rate (5.10%)
County’s OPEB Liability	\$ 504,262	\$ 430,444	\$ 371,897

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

For the year ended September 30, 2019, the County recognized OPEB expense (benefit) of \$28,562.

At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 14,123	
Changes in actuarial assumptions	12,509	37,378
Difference between projected and actual investment earnings		
Contributions subsequent to the measurement date	10,749	
Total	\$ 37,381	\$ 37,378

**HOWARD COUNTY, TEXAS**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

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

The deferred outflows balance includes contributions subsequent to the measurement date of \$10,749. This amount will be recognized as a reduction of the OPEB liability for the year ending September 30, 2019. 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:	
2019	\$ (2,687)
2020	(2,687)
2021	(2,686)
2022	(2,686)
2023	0
Thereafter	0
<b>Total</b>	<b>\$ 10,746</b>

*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 premium 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, 2019 valuation and measurement date, the following employees were covered by the retiree medical plan:

Active employees entitled to but not yet receiving benefits	14
Retired employees receiving benefits	<u>46</u>
Total	60

**OPEB Liability**

The County’s total OPEB liability related to the medical benefits provided to eligible retirees of \$9,934,930 was measured as of September 30, 2019 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, 2019 was determined using the following actuarial assumptions:

**HOWARD COUNTY, TEXAS**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

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	2.66% (-.34% real rate of return plus 3.0% inflation)
Average per capita claim cost	Dependent upon the age of the retiree. Ranges from \$8,733 for a 50-year old retiree to \$12,340 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 \$4,299 for ages 65-69 to \$5,970 for ages 90 and over.
Health Care Cost Trend	Level 5.0%
Mortality	RPH-2014 Total table with projection MP-2019
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:

<b>Changes in the OPEB Liability</b>	<b>Total OPEB Liability (a)</b>
Balance as 09/30/2018	\$ 8,829,508
Changes for the year:	
Service cost	106,291
Interest on total OPEB liability	350,881
Change of benefit terms	
Difference between expected and actual experience	(432,032)
Changes in assumptions or other inputs	1,454,496
Benefit Payments	(374,214)
Other changes	
Net Changes	1,105,422
<b>Balance 09/30/2019</b>	<b>\$ 9,934,930</b>

**HOWARD COUNTY, TEXAS**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

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 2.66%, 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 (1.66%) or 1-percentage-point higher (3.66%) than the current rate:

	1% Decrease in Discount Rate (1.66%)	Discount Rate (2.66%)	1% Increase in Discount Rate (3.66%)
County’s OPEB Liability	\$ 11,586,973	\$ 9,934,930	\$ 8,611,537

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

For the year ended September 30, 2019, the County recognized OPEB expense (benefit) related to the retiree medical coverage of \$1,302,184.

At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 252,433	
Changes in actuarial assumptions		\$ 74,981
Difference between projected and actual investment earnings		
<b>Total</b>	<b>\$ 252,433</b>	<b>\$ 74,981</b>

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

Year Ended December 31:	
2019	\$ 177,452
2020	0
2021	0
2022	0
2023	0
Thereafter	0
<b>Total</b>	<b>\$ 177,452</b>

## HOWARD COUNTY, TEXAS

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2019

#### NOTE 11: *ABATEMENTS*

The County has entered into tax abatement agreements with four electric generation wind farms operating in the County. Three of the tax abatement agreements are with Duke Energy (58.8 Megawatts), NRG Energy (121.9 Megawatts) and E.ON Energy (36 Megawatts) and cover a period from 2009 through 2019. A fourth tax abatement agreement with Gunsight Mountain Wind Energy, LLC (120 Megawatts) was entered into in 2014 and covers a 10 year term beginning after the commencement of commercial operations which is reflected in the contract as of a date no later than December 31, 2017. The abatement agreements provide for a 100% abatement of County ad valorem taxes on the wind farms for the term of each agreement, and the obligations under the abatement agreements are for annual payments in lieu of taxes to the County at a rate of \$1,025 per Megawatt with a 2.5% annual escalator for all except Gunsight Mountain Wind Energy, which is at a rate of \$1,100 per Megawatt with no annual escalator. Annual payments to the County resulting from the agreements currently operating were approximately \$409,394 during the 2018-2019 fiscal year.

#### NOTE 12: *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 2019, 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 13: *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, 2019, 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.

#### Note 14: *ADJUSTMENT TO BEGINNING NET POSITION IN THE GOVERNMENT-WIDE STATEMENTS*

During the year ended September 30, 2019 the County adjusted the prior year deferred outflows and deferred inflows related to the OPEB Liability related to the retiree medical coverage. The deferred outflows and inflows were adjusted due to the changes in assumptions used by the actuary to prepare the OPEB liability. This change resulted in a decrease to net position of \$845,012.



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, 2019

	Budget			Variance Favorable (Unfavorable)
	Original	Amended	Actual	
<b>REVENUES:</b>				
Property taxes	\$ 9,605,667	\$ 10,905,000	\$ 10,959,725	\$ 54,725
Licenses and permits			11,794	11,794
Fees and charges for services	1,625,880	1,682,080	1,708,733	26,653
Fines, forfeitures and settlements	562,900	628,900	586,576	(42,324)
Intergovernmental	1,307,403	1,244,403	1,231,902	(12,501)
Investment earnings	120,000	287,000	278,024	(8,976)
Other miscellaneous	62,350	186,625	223,815	37,190
Total Revenues	13,284,200	14,934,008	15,000,569	66,561
<b>EXPENDITURES:</b>				
Current:				
General administration	534,753	535,566	536,592	(1,026)
Judicial	2,666,669	2,708,190	2,591,594	116,596
Elections	177,450	200,194	193,102	7,092
Financial administration	989,846	997,856	971,840	26,016
Public facilities	542,948	550,661	491,903	58,758
Public safety	5,641,782	5,831,245	5,360,723	470,522
Health and welfare	11,790	2,925	2,178	747
Conservation	132,172	133,435	133,272	163
Library	434,172	426,604	415,469	11,135
Other supported services	1,710,291	1,406,371	1,326,319	80,052
Intergovernmental	1,036,846	1,080,552	1,012,424	68,128
Capital outlay	135,300	135,300	251,018	(115,718)
Total Expenditures	14,014,019	14,008,899	13,286,434	722,465
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	(729,819)	925,109	1,714,135	789,026
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in		105,963	105,962	(1)
Transfers out	(1,480,300)	(1,481,389)	(475,793)	1,005,596
Loan proceeds			195,379	195,379
Total Other Financing Sources (Uses)	(1,480,300)	(1,375,426)	(174,452)	1,200,974
<b>CHANGE IN FUND BALANCE</b>	(2,210,119)	(450,317)	1,539,683	1,990,000
<b>FUND BALANCE - BEGINNING OF YEAR</b>	8,093,500	8,093,500	8,093,500	
<b>FUND BALANCE - END OF YEAR</b>	\$ 5,883,381	\$ 7,643,183	\$ 9,633,183	\$ 1,990,000

**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, 2019

	Budget			Variance
	Original	Amended	Actual	Favorable (Unfavorable)
<b>REVENUES:</b>				
Property taxes	\$ 3,178,823	\$ 3,610,000	\$ 3,644,444	\$ 34,444
Licenses and permits	670,000	820,000	848,774	28,774
Fees and charges for services	80,000	383,420	387,420	4,000
Intergovernmental	60,000	60,510	110,708	50,198
Investment income	25,000	110,000	113,227	3,227
Total Revenues	4,013,823	4,983,930	5,104,573	120,643
<b>EXPENDITURES:</b>				
Current:				
Road and bridge	3,939,461	5,047,929	4,285,276	762,653
Capital outlay			509,542	(509,542)
Total Expenditures	3,939,461	5,047,929	4,794,818	253,111
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	74,362	(63,999)	309,755	373,754
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in		68,000	68,348	348
Transfers out				
Total Other Financing Sources (Uses)		68,000	68,348	348
<b>CHANGE IN FUND BALANCE</b>	74,362	4,001	378,103	374,102
<b>FUND BALANCE - BEGINNING OF YEAR</b>	2,871,773	2,871,773	2,871,773	
<b>FUND BALANCE - END OF YEAR</b>	\$ 2,946,135	\$ 2,875,774	\$ 3,249,876	\$ 374,102

**HOWARD COUNTY, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budget			Variance
	Original	Amended	Actual	Favorable (Unfavorable)
REVENUES:				
Intergovernmental	\$ 10,000	\$ 18,000	\$ 18,348	\$ 348
Investment income	25,000	70,000	74,644	4,644
Total Revenues	35,000	88,000	92,992	4,992
EXPENDITURES:				
Elections			18,940	(18,940)
Debt service		28,925	14,769	14,156
Capital outlay	3,003,450	2,974,525	11,928	2,962,597
Total Expenditures	3,003,450	3,003,450	45,637	2,957,813
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(2,968,450)	(2,915,450)	47,355	2,962,805
OTHER FINANCING SOURCES (USES):				
Transfers in	250,000	250,000	250,000	
Total Other Financing Sources (Uses)	250,000	250,000	250,000	
CHANGE IN FUND BALANCE	(2,718,450)	(2,665,450)	297,355	2,962,805
FUND BALANCE - BEGINNING OF YEAR	2,982,933	2,982,933	2,982,933	
FUND BALANCE - END OF YEAR	\$ 264,483	\$ 317,483	\$ 3,280,288	\$ 2,962,805

**HOWARD COUNTY, TEXAS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Texas County & District Retirement System

For Fiscal Year 2019

<b>Year Ending December 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Pensionable Covered Payroll (1)</b>	<b>Actual Contribution as a Percentage of Covered Payroll</b>
2009	\$ 783,301	\$ 783,301	\$ -	\$ 5,063,354	15.5%
2010	811,104	811,104	-	5,290,958	15.3%
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%

(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, 2019

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

Assumptions

The following methods and assumptions were used to determine contribution rates:

<b>Valuation date</b>	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.
<b>Actuarial cost method</b>	Entry age
<b>Amortization method</b>	Level percentage of payroll, closed
<b>Remaining amortization period</b>	7.0 years (based on contribution rate calculated in 12/31/2017 valuation)
<b>Asset valuation method</b>	5-year smoothed market
<b>Inflation</b>	2.75%
<b>Salary increases</b>	Varies by age and service. 4.9%, average over career, including inflation
<b>Investment rate of return</b>	8.00%, including inflation
<b>Retirement Age</b>	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.
<b>Mortality</b>	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.
<b>Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions</b>	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected
<b>Changes in Plan Provisions Reflected in the Schedule of Employer Contributions</b>	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

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

**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>2017</u>	<u>2018</u>
<b>Total Pension Liability</b>		
Service cost	\$ 1,008,023	\$ 1,019,464
Interest (on the Total Pension Liability)	3,082,161	3,256,398
Effect of plan changes	-	-
Effect of assumption changes or inputs	313,249	-
Effect of economic/demographic (gains) or loss	309,863	301,885
Benefit payments, including refunds	<u>(2,493,205)</u>	<u>(2,657,318)</u>
<b>Net Change in Total Pension Liability</b>	2,220,091	1,920,429
<b>Total Pension Liability - Beginning</b>	38,265,676	40,485,766
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 40,485,767</u>	<u>\$ 42,406,195</u>
 <b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 1,498,895	\$ 1,580,521
Contributions - Employee	498,944	532,918
Net Investment Income	4,929,629	(718,277)
Benefit payments, including refunds	(2,493,205)	(2,657,318)
Administrative Expense	(25,424)	(29,658)
Other	<u>(6,877)</u>	<u>(12,363)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	4,401,962	(1,304,177)
<b>Plan Fiduciary Net Position - Beginning</b>	<u>33,827,243</u>	<u>38,229,205</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 38,229,205</u>	<u>\$ 36,925,028</u>
 <b>Net Pension Liability - Ending (a)-(b)</b>	<u>\$ 2,256,562</u>	<u>\$ 5,481,167</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.43%	87.07%
 Covered Employee Payroll	\$ 7,127,774	\$ 7,613,110
 Net Pension Liability as a Percentage of Covered Employee Payroll	31.66%	72.00%



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

	<b>2017</b>	<b>2018</b>
<b>Total OPEB Liability - Group Term Life Insurance</b>		
Service cost	\$ 13,401	\$ 15,374
Interest (on the Total OPEB Liability)	15,627	15,875
Effect of plan changes	-	-
Effect of assumption changes or inputs	12,651	(46,723)
Effect of economic/demographic (gains) or losses	18,763	7,111
Benefit payments, including refunds	(14,256)	(14,465)
<b>Net Change in OPEB Liability</b>	46,186	(22,828)
<b>Total OPEB Liability - Beginning</b>	407,086	453,272
<b>Total OPEB Liability - Ending (a)</b>	\$ 453,272	\$ 430,444
<b>Plan Fiduciary Net Position (b)</b>	-	-
<b>Net OPEB Liability - Ending (a)-(b)</b>	\$ 453,272	\$ 430,444
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%	0.00%
Covered Employee Payroll	\$ 7,127,774	\$ 7,613,110
Net OPEB Liability as a Percentage of Covered Employee Payroll	6.36%	5.65%

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

	<b>2018</b>	<b>2019</b>
<b>Total OPEB Liability - Retiree Medical Plan</b>		
Service cost	\$ 79,357	\$ 106,291
Interest (on the Total OPEB Liability)	359,347	350,881
Differences between expected and actual experience	-	(432,032)
Effect of assumption changes or inputs	-	1,454,496
Effect of economic/demographic (gains) or losses	-	-
Benefit payments, including refunds	(380,762)	(374,214)
<b>Net Change in Total OPEB Liability</b>	57,942	1,105,422
<b>Total OPEB Liability - Beginning</b>	8,771,566	8,829,508
<b>Total OPEB Liability - Ending (a)</b>	\$ 8,829,508	\$ 9,934,930
<b>Plan Fiduciary Net Position (b)</b>	-	-
<b>Net OPEB Liability - Ending (a)-(b)</b>	\$ 8,829,508	\$ 9,934,930

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, 2019

	Budget			Variance
	Original	Amended	Actual	Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 1,127,691	\$ 1,251,400	\$ 1,287,657	\$ 36,257
Intergovernmental	244,637	244,637	244,637	
Investment income	700	5,740	5,788	48
Total Revenues	1,373,028	1,501,777	1,538,082	36,305
EXPENDITURES:				
Debt service	1,405,865	1,407,812	1,405,511	2,301
Total Expenditures	1,405,865	1,407,812	1,405,511	2,301
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(32,837)	93,965	132,571	38,606
OTHER FINANCING SOURCES (USES):				
Transfers in				
Total Other Financing Sources (Uses)				
CHANGE IN FUND BALANCE	(32,837)	93,965	132,571	38,606
FUND BALANCE - BEGINNING OF YEAR	121,090	121,090	121,090	
FUND BALANCE - END OF YEAR	\$ 88,253	\$ 215,055	\$ 253,661	\$ 38,606

**HOWARD COUNTY, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budget			Variance
	Original	Amended	Actual	Favorable (Unfavorable)
REVENUES:				
Investment income	\$ 7,500	\$ 23,000	\$ 23,999	\$ 999
Total Revenues	<u>7,500</u>	<u>23,000</u>	<u>23,999</u>	<u>999</u>
EXPENDITURES:				
Current:				
Other supported services	218,748	218,748		218,748
Capital outlay	<u>1,265,752</u>	<u>1,265,752</u>	<u>1,026,263</u>	<u>239,489</u>
Total Expenditures	<u>1,484,500</u>	<u>1,484,500</u>	<u>1,026,263</u>	<u>458,237</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(1,477,000)	(1,461,500)	(1,002,264)	459,236
OTHER FINANCING SOURCES (USES):				
Transfers out			-	
Bond proceeds			-	
Bond issuance costs			-	
Total Other Financing Sources (Uses)		<u>-</u>	<u>-</u>	
CHANGE IN FUND BALANCE	(1,477,000)	(1,461,500)	(1,002,264)	459,236
FUND BALANCE - BEGINNING OF YEAR	<u>1,476,603</u>	<u>1,476,603</u>	<u>1,476,603</u>	
FUND BALANCE - END OF YEAR	<u><u>\$ (397)</u></u>	<u><u>\$ 15,103</u></u>	<u><u>\$ 474,339</u></u>	<u><u>\$ 459,236</u></u>

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

SEPTEMBER 30, 2019

	Tax Increment	Law Library	Indigent Health Care	Courthouse Security
<b>ASSETS</b>				
Cash and cash investments	\$	\$ 47,749	\$ 5,200	28,865
Intergovernmental receivable		2,077		
Interfund balances				
Total Assets	\$	\$ 49,826	\$ 5,200	\$ 28,865
<b>LIABILITIES</b>				
Accounts payable	\$	\$ 5,064	\$ 238	\$
Wages payable			4,956	2,951
Total Liabilities		5,064	5,194	2,951
<b>FUND EQUITY</b>				
Nonspendable for prepaids				
Restricted fund balances		44,762	6	25,914
Total Fund Balance		44,762	6	25,914
Total Liabilities and Fund Balance	\$	\$ 49,826	\$ 5,200	\$ 28,865

<u>Justice Court Building Security</u>	<u>Child Abuse Prevention</u>	<u>Records Management Court Fees</u>	<u>Records Archive County Clerk</u>	<u>Vital Records Preservation</u>	<u>Records Management Doc Filing</u>
\$ 40,565	\$ 4,027	\$ 15,949	\$ 785,803	\$ 23,530	\$ 351,727
<u>\$ 40,565</u>	<u>\$ 4,027</u>	<u>\$ 15,949</u>	<u>\$ 785,803</u>	<u>\$ 23,530</u>	<u>\$ 351,727</u>
\$	\$	\$	\$	\$ 4,762	\$ 4,872
				<u>4,762</u>	<u>4,872</u>
<u>40,565</u>	<u>4,027</u>	<u>15,949</u>	<u>785,802</u>	<u>18,768</u>	<u>346,855</u>
<u>40,565</u>	<u>4,027</u>	<u>15,949</u>	<u>785,802</u>	<u>18,768</u>	<u>346,855</u>
<u>\$ 40,565</u>	<u>\$ 4,027</u>	<u>\$ 15,949</u>	<u>\$ 785,802</u>	<u>\$ 23,530</u>	<u>\$ 351,727</u>

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

SEPTEMBER 30, 2019

	<u>Records Management Court Fees</u>	<u>Juvenile Delinquency Prevention</u>	<u>Justice Court Technology</u>	<u>District Court Records Technology</u>
<b>ASSETS</b>				
Cash and cash investments	\$ 41,363	\$ 26	\$ 47,954	\$ 32,697
Intergovernmental receivable				
Interfund balances				
Total Assets	<u>\$ 41,363</u>	<u>\$ 26</u>	<u>\$ 47,954</u>	<u>\$ 32,697</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 299	\$	\$	\$
Wages payable				
Total Liabilities	<u>299</u>			
<b>FUND EQUITY</b>				
Nonspendable for prepaids				
Restricted fund balances	<u>41,064</u>	<u>27</u>	<u>47,954</u>	<u>32,697</u>
Total Fund Balance	<u>41,064</u>	<u>27</u>	<u>47,954</u>	<u>32,697</u>
Total Liabilities and Fund Balance	<u>\$ 41,363</u>	<u>\$ 27</u>	<u>\$ 47,954</u>	<u>\$ 32,697</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>
\$ 12,264	\$ 1,842	\$ 1,386	\$ 16,296	\$ 20,045	\$ 4,427
<u>12,264</u>	<u>1,842</u>	<u>1,386</u>	<u>16,296</u>	<u>20,045</u>	<u>4,427</u>
\$	\$	\$	\$	\$	\$
<u>12,264</u>	<u>1,842</u>	<u>1,386</u>	<u>16,296</u>	<u>20,045</u>	<u>4,427</u>
<u>12,264</u>	<u>1,842</u>	<u>1,386</u>	<u>16,296</u>	<u>20,045</u>	<u>4,427</u>
<u>\$ 12,264</u>	<u>\$ 1,842</u>	<u>\$ 1,386</u>	<u>\$ 16,296</u>	<u>\$ 20,045</u>	<u>\$ 4,427</u>

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

SEPTEMBER 30, 2019

	<u>FEMA Fund</u>	<u>County Attorney Diversionary</u>	<u>County Library Donation</u>	<u>Election Administration</u>
<b>ASSETS</b>				
Cash and cash investments	\$ 47,437	\$ 96,258	\$ 113,774	\$ 10,799
Intergovernmental receivable				
Interfund balances				
Total Assets	<u>\$ 47,437</u>	<u>\$ 96,258</u>	<u>\$ 113,774</u>	<u>\$ 10,799</u>
<b>LIABILITIES</b>				
Accounts payable	\$	\$	\$	\$
Wages payable				
Total Liabilities				
<b>FUND EQUITY</b>				
Nonspendable for prepaids				
Restricted fund balances	<u>47,437</u>	<u>96,258</u>	<u>113,774</u>	<u>10,799</u>
Total Fund Balance	<u>47,437</u>	<u>96,258</u>	<u>113,774</u>	<u>10,799</u>
Total Liabilities and Fund Balance	<u>\$ 47,437</u>	<u>\$ 96,258</u>	<u>\$ 113,774</u>	<u>\$ 10,799</u>

<u>LEOSE District Attorney</u>	<u>LEOSE Sheriff</u>	<u>Sheriff Donations</u>	<u>Cash Bond</u>	<u>Court Cost</u>	<u>MHMR Officers</u>	<u>School Resource Officer</u>
\$ 1,826	\$ 7,692	\$ 7,839	\$ 57,925	\$ 130,431	\$ 57,140 21,363	\$ 2,443 266
<u>\$ 1,826</u>	<u>\$ 7,692</u>	<u>\$ 7,839</u>	<u>\$ 57,925</u>	<u>\$ 130,431</u>	<u>\$ 78,503</u>	<u>\$ 2,709</u>
\$	\$	\$	\$	\$ 130,431	\$ 8,035	\$ 2,709
				130,431	8,035	2,709
<u>1,826</u>	<u>7,692</u>	<u>7,839</u>	<u>57,925</u>		<u>70,468</u>	
<u>1,826</u>	<u>7,692</u>	<u>7,839</u>	<u>57,925</u>		<u>70,468</u>	
<u>\$ 1,826</u>	<u>\$ 7,692</u>	<u>\$ 7,839</u>	<u>\$ 57,925</u>	<u>\$ 130,431</u>	<u>\$ 78,503</u>	<u>\$ 2,709</u>

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

SEPTEMBER 30, 2019

	<u>Scofflaw Fund</u>	<u>Assessor Collector Special Inventory</u>	<u>County Attorney Hot Check</u>	<u>Sheriff Forfeiture</u>
<b>ASSETS</b>				
Cash and cash investments	\$ 19,165	\$ 7,223	\$ 1,723	\$ 29,846
Intergovernmental receivable				
Interfund balances				
Total Assets	<u>\$ 19,165</u>	<u>\$ 7,223</u>	<u>\$ 1,723</u>	<u>\$ 29,846</u>
<b>LIABILITIES</b>				
Accounts payable	\$	\$	\$ 18	\$
Wages payable				
Total Liabilities			<u>18</u>	
<b>FUND EQUITY</b>				
Nonspendable for prepaids				
Restricted fund balances	<u>19,165</u>	<u>7,223</u>	<u>1,705</u>	<u>29,846</u>
Total Fund Balance	<u>19,165</u>	<u>7,223</u>	<u>1,705</u>	<u>29,846</u>
Total Liabilities and Fund Balance	<u>\$ 19,165</u>	<u>\$ 7,223</u>	<u>\$ 1,723</u>	<u>\$ 29,846</u>

<u>District Attorney Forfeiture</u>	<u>Unclaimed Money</u>	<u>Abandoned Property</u>	<u>Chapter 19</u>	<u>Jail Commissary</u>	<u>Communication Systems</u>	<u>Total Nonmajor Special Revenue Fund</u>
\$ 170,105	\$ 20,183	\$ 8,900	\$ (297) 297	\$ 30,170	\$ 5,026	\$ 2,307,323 24,003
<u>\$ 170,105</u>	<u>\$ 20,183</u>	<u>\$ 8,900</u>	<u>\$</u>	<u>\$ 30,170</u>	<u>\$ 5,026</u>	<u>\$ 2,331,326</u>
\$ 313	\$	\$	\$	\$ 6,114	\$	\$ 152,111 18,651
<u>313</u>	<u></u>	<u></u>	<u></u>	<u>6,114</u>	<u></u>	<u>170,762</u>
<u>169,792</u>	<u>20,183</u>	<u>8,900</u>	<u></u>	<u>24,056</u>	<u>5,026</u>	<u>2,160,564</u>
<u>169,792</u>	<u>20,183</u>	<u>8,900</u>	<u></u>	<u>24,056</u>	<u>5,026</u>	<u>2,160,564</u>
<u>\$ 170,105</u>	<u>\$ 20,183</u>	<u>\$ 8,900</u>	<u>\$</u>	<u>\$ 30,170</u>	<u>\$ 5,026</u>	<u>\$ 2,331,326</u>

**HOWARD COUNTY, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Tax Increment</u>	<u>Law Library</u>	<u>Indigent Health Care</u>	<u>Courthouse Security</u>
REVENUES:				
Property taxes	\$ 32,153	\$	\$	\$
Fees and charges for services		20,928		24,912
Fines, forfeitures and settlements				
Intergovernmental				
Investment income	1,195	902		925
Other miscellaneous			302	
	<u>33,348</u>	<u>21,830</u>	<u>302</u>	<u>25,837</u>
Total Revenues				
EXPENDITURES:				
Current:				
Salaries and benefits			135,207	78,923
Supplies			938	263
Repairs				
Other operating		29,718	32,789	
Capital outlay				
	<u>33,348</u>	<u>29,718</u>	<u>168,934</u>	<u>79,186</u>
Total Expenditures				
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	33,348	(7,888)	(168,632)	(53,349)
OTHER FINANCING SOURCES (USES):				
Transfers in			166,050	38,387
Transfers out	(68,348)			
Total Other Financing Sources (Uses)	<u>(68,348)</u>		<u>166,050</u>	<u>38,387</u>
NET CHANGE IN FUND BALANCE	(35,000)	(7,888)	(2,582)	(14,962)
FUND BALANCE - BEGINNING OF YEAR	<u>35,000</u>	<u>52,650</u>	<u>2,588</u>	<u>40,876</u>
FUND BALANCE - END OF YEAR	\$ <u><u>          </u></u>	\$ <u><u>44,762</u></u>	\$ <u><u>6</u></u>	\$ <u><u>25,914</u></u>

<u>Justice Court Building Security</u>	<u>Child Abuse Prevention</u>	<u>Records Management Court Fees</u>	<u>Records Archive County Clerk</u>	<u>Vital Records Preservation</u>	<u>Records Management Doc Filing</u>
\$ 2,337	\$ 360	\$ 4,165	\$ 129,032	\$ 3,805	\$ 129,659
883	85	300	15,581	483	6,499
<u>3,220</u>	<u>445</u>	<u>4,465</u>	<u>144,613</u>	<u>4,288</u>	<u>136,158</u>
				7,440	28,872
				<u>7,440</u>	<u>28,872</u>
3,220	445	4,465	144,613	(3,152)	107,286
<u>3,220</u>	<u>445</u>	<u>4,465</u>	<u>144,613</u>	<u>(3,152)</u>	<u>107,286</u>
<u>37,345</u>	<u>3,582</u>	<u>11,484</u>	<u>641,189</u>	<u>21,920</u>	<u>239,569</u>
\$ <u><u>40,565</u></u>	\$ <u><u>4,027</u></u>	\$ <u><u>15,949</u></u>	\$ <u><u>785,802</u></u>	\$ <u><u>18,768</u></u>	\$ <u><u>346,855</u></u>

**HOWARD COUNTY, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Records Management Court Fees</u>	<u>Juvenile Delinquency Prevention</u>	<u>Justice Court Technology</u>	<u>District Court Records Technology</u>
REVENUES:				
Property taxes	\$	\$	\$	\$
Fees and charges for services	12,410		9,544	7,509
Fines, forfeitures and settlements				
Intergovernmental				
Investment income	788	1	1,098	1,146
Other miscellaneous				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	<u>13,198</u>	<u>1</u>	<u>10,642</u>	<u>8,655</u>
EXPENDITURES:				
Current:				
Salaries and benefits				
Supplies				
Repairs				
Other operating	3,582		9,834	24,783
Capital outlay				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>3,582</u>	<u></u>	<u>9,834</u>	<u>24,783</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	9,616	1	808	(16,128)
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out				
Total Other Financing Sources (Uses)	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	9,616	1	808	(16,128)
FUND BALANCE - BEGINNING OF YEAR	<u>31,448</u>	<u>26</u>	<u>47,146</u>	<u>48,825</u>
FUND BALANCE - END OF YEAR	\$ <u><u>41,064</u></u>	\$ <u><u>27</u></u>	\$ <u><u>47,954</u></u>	\$ <u><u>32,697</u></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>
\$ 6,357	\$ 436	\$ 436	\$ 832	\$ 7,617	\$ 1,769
336	43	27	358	463	62
<u>6,693</u>	<u>479</u>	<u>463</u>	<u>1,190</u>	<u>8,080</u>	<u>1,831</u>
6,800	655	766	1,790		
<u>6,800</u>	<u>655</u>	<u>766</u>	<u>1,790</u>		
(107)	(176)	(303)	(600)	8,080	1,831
(107)	(176)	(303)	(600)	8,080	1,831
<u>12,371</u>	<u>2,018</u>	<u>1,689</u>	<u>16,896</u>	<u>11,965</u>	<u>2,596</u>
<u>\$ 12,264</u>	<u>\$ 1,842</u>	<u>\$ 1,386</u>	<u>\$ 16,296</u>	<u>\$ 20,045</u>	<u>\$ 4,427</u>

**HOWARD COUNTY, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>FEMA Fund</u>	<u>County Attorney Diversionary</u>	<u>County Library Donation</u>	<u>Election Administration</u>
REVENUES:				
Property taxes	\$	\$	\$	\$
Fees and charges for services		16,800		17,598
Fines, forfeitures and settlements				
Intergovernmental				
Investment income	1,544	1,937	2,585	536
Other miscellaneous			596	
	<u>1,544</u>	<u>18,737</u>	<u>3,181</u>	<u>18,134</u>
Total Revenues	<u>1,544</u>	<u>18,737</u>	<u>3,181</u>	<u>18,134</u>
EXPENDITURES:				
Current:				
Salaries and benefits				
Supplies				
Repairs				
Other operating		225		59,336
Capital outlay				
		<u>225</u>		<u>59,336</u>
Total Expenditures		<u>225</u>		<u>59,336</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	1,544	18,512	3,181	(41,202)
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out	<u>(79,930)</u>			
Total Other Financing Sources (Uses)	<u>(79,930)</u>			
NET CHANGE IN FUND BALANCE	(78,386)	18,512	3,181	(41,202)
FUND BALANCE - BEGINNING OF YEAR	<u>125,823</u>	<u>77,746</u>	<u>110,593</u>	<u>52,001</u>
FUND BALANCE - END OF YEAR	\$ <u><u>47,437</u></u>	\$ <u><u>96,258</u></u>	\$ <u><u>113,774</u></u>	\$ <u><u>10,799</u></u>

<u>LEOSE District Attorney</u>	<u>LEOSE Sheriff</u>	<u>Sheriff Donations</u>	<u>Cash Bond</u>	<u>Court Cost</u>	<u>MHMR Officers</u>	<u>School Resource Officer</u>
\$	\$	\$	\$	\$	\$	\$
				105,962		
67	3,767 179	218			256,356 507	59,061 133
<u>67</u>	<u>3,946</u>	<u>5,650</u>	<u>3,250</u>	<u>105,962</u>	<u>256,863</u>	<u>59,194</u>
					229,477	76,739
2,389	3,660	5,532	6,200		3,019	1,678
<u>2,389</u>	<u>3,660</u>	<u>5,532</u>	<u>6,200</u>		<u>232,496</u>	<u>78,417</u>
(2,322)	286	336	(2,950)	105,962	24,367	(19,223)
				(105,962)		19,106
				<u>(105,962)</u>		<u>19,106</u>
(2,322)	286	336	(2,950)		24,367	(117)
<u>4,148</u>	<u>7,406</u>	<u>7,503</u>	<u>60,875</u>		<u>46,101</u>	<u>117</u>
<u>\$ 1,826</u>	<u>\$ 7,692</u>	<u>\$ 7,839</u>	<u>\$ 57,925</u>	<u>\$</u>	<u>\$ 70,468</u>	<u>\$</u>

**HOWARD COUNTY, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Scofflaw Fund</u>	<u>Assessor Collector Special Inventory</u>	<u>County Attorney Hot Check</u>	<u>Sheriff Forfeiture</u>
REVENUES:				
Property taxes	\$	\$	\$	\$
Fees and charges for services	6,317		2,370	
Fines, forfeitures and settlements				
Intergovernmental				
Investment income	352	165		675
Other miscellaneous				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	<u>6,669</u>	<u>165</u>	<u>2,370</u>	<u>675</u>
EXPENDITURES:				
Current:				
Salaries and benefits			4,963	
Supplies			120	
Repairs				
Other operating		37	213	
Capital outlay				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>        </u>	<u>37</u>	<u>5,296</u>	<u>        </u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	6,669	128	(2,926)	675
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out				
Total Other Financing Sources (Uses)	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	6,669	128	(2,926)	675
FUND BALANCE - BEGINNING OF YEAR	<u>12,496</u>	<u>7,095</u>	<u>4,631</u>	<u>29,171</u>
FUND BALANCE - END OF YEAR	<u>\$ 19,165</u>	<u>\$ 7,223</u>	<u>\$ 1,705</u>	<u>\$ 29,846</u>

<u>District Attorney Forfeiture</u>	<u>Unclaimed Money</u>	<u>Abandoned Property</u>	<u>Chapter 19</u>	<u>Jail Commissary</u>	<u>Communication Systems</u>	<u>Nonmajor Special Revenue Fund</u>
\$	\$	\$	\$	\$	\$	\$
				94,586		32,153
4,871		7,706				605,741
			4,264			12,577
4,017	430	274		894	26	323,448
	<u>1,866</u>				<u>2,750</u>	<u>45,714</u>
<u>8,888</u>	<u>2,296</u>	<u>7,980</u>	<u>4,264</u>	<u>95,480</u>	<u>2,776</u>	<u>1,034,047</u>
5,861			4,264	27,140		552,449
				63,727		80,705
6,556	42	15,306		8,011		253,701
<u>12,417</u>	<u>42</u>	<u>15,306</u>	<u>4,264</u>	<u>98,878</u>		<u>886,855</u>
(3,529)	2,254	(7,326)		(3,398)	2,776	147,192
					2,250	225,793
						(254,240)
					<u>2,250</u>	<u>(28,447)</u>
(3,529)	2,254	(7,326)		(3,398)	5,026	118,745
<u>173,321</u>	<u>17,929</u>	<u>16,226</u>		<u>27,454</u>		<u>2,041,819</u>
\$ <u><u>169,792</u></u>	\$ <u><u>20,183</u></u>	\$ <u><u>8,900</u></u>	\$ <u><u></u></u>	\$ <u><u>24,056</u></u>	\$ <u><u>5,026</u></u>	\$ <u><u>2,160,564</u></u>