

HOWARD COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2013



INTRODUCTORY SECTION

Howard County, Texas
Comprehensive Annual Financial Report
September 30, 2013

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COUNTY VOTERS



Howard County, TX
Elected and Appointed Officials
September 30, 2013

Elected Officials

County Judge	Mark Barr
Commissioner, Precinct 1	Oscar Garcia
Commissioner, Precinct 2	Donnie Baker
Commissioner, Precinct 3	Jimmie Long
Commissioner, Precinct 4	John Cline
District Judge	Timothy Yeats
Sheriff	Stan Parker
District Attorney	Hardy Wilkerson
County Attorney	Josh Hamby
Justice of Peace, Precinct 1, Place 1	Bennie Green
Justice of Peace, Precinct 1, Place 2	Kathryn Wiseman
Justice of Peace, Precinct 2	Quail Dobbs
Tax Assessor Collector	Diane Carter
Treasurer	Teresa Thomas
District Clerk	Colleen Barton
County Clerk	Donna Wright

Appointed Officials

County Auditor	Jackie Olson
Chief Juvenile Probation Officer	Brenda Tubb
Community Supervision and Corrections Director	Kent Minchew

FINANCIAL SECTION

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

MEMBER AICPA
806 872 3233 VOICE

MEMBER TSCPA
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INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge, Commissioners' Court
& County Auditor
Howard County, Texas

We have audited the accompanying financial statements of the governmental activities, and each major fund of Howard County, Texas, as of and for the year ended September 30, 2013, which collectively comprise Howard County's financial Statements as listed in the table of contents. These financial statements are the responsibility of Howard County's management. Our responsibility is to express an opinion on the financial statement based on our audit.

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

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of the governmental activities, each major fund, and aggregate remaining fund information of Howard County as of September 30, 2013, the results of its operation; and cash flows where applicable for the year ended in conformity with Accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 7, 2014 on our consideration of the Howard County's internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

U.S. generally accepted principles require that management's discussion and analysis, the budgetary comparison schedules, Infrastructure assets under modified approach, and schedules of funding progress 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 of 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.

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

DON H. STEPHENS CPA, P.C.
January 7, 2014

Don H Stephens CPA, PC

Howard County, Tx
Management's Discussion and Analysis
September 30, 2013

As Auditor of the County of Howard, I offer readers of the County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2013. I encourage readers to consider the information presented here in conjunction with additional information furnished in the Notes to the Financial Statements as well as the basic financial statements.

Users of Public-Sector Financial Information

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

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

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

Overview of County Government (1)

In the United States, there are 3069 counties, which vary greatly in size and population. They range in area from 26 square miles (Arlington County, Va.) to 87,860 square miles (North Slope Borough, Alaska). The population of counties varies from Loving County, Texas, with 140 residents to Los Angeles County, California, which is home to 9.2 million people.

When our national government was formed, the framers of the Constitution did not provide for local governments. Rather, they left the matter to the states. Subsequently, early state constitutions generally conceptualized county government as an arm of the state.

After World War I, population growth, and suburban development, the government reform movement strengthened the role of local governments. Those developments set the stage for post-World War II urbanization. Changes in structure, greater autonomy from the states, rising revenues, and stronger political accountability ushered in a new era for county government. The counties began providing an ever widening range of services. These trends continue apace today.

Forty-eight of the fifty states have operational county governments. Alaska and Louisiana call their county-type governments boroughs and parishes, respectively. Connecticut and Rhode Island are divided into geographic regions called counties, but they do not have functioning governments, as defined by the Census Bureau.

Hawaii and Delaware each have the fewest counties (3); Texas has the most (254).

Traditionally, counties performed state-mandated duties, which included assessment of property, record keeping (e.g. property and vital statistics), and maintenance of rural roads, administration of election and judicial functions, and poor relief. Today, counties rapidly are moving into other areas, undertaking programs relating to child welfare, consumer protection, economic development, employment/training, planning and zoning, and water quality, to name just a few.

(1) Source: www.naco.org

Overview of the Financial Statements

The County's financial reporting for fiscal year 2013 focuses on the county as a whole, and on major individual funds. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

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

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

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

The fiduciary funds are used to account for resources held for the benefit of others outside the government and are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs.

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

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

Financial Analysis of the County as a Whole

Net Assets. Total assets of the County on September 30, 2013, were \$29,643,104 while total liabilities were \$11,894,141, resulting in a net asset balance of \$17,748,963.

Changes in Net Assets

During the fiscal year the County earned \$2,865,099 in charges for services/fines/fees. Property tax revenue accounted for \$11,809,378, while \$692,790 was earned in investment income, sale of property, and other miscellaneous revenue. Total revenue was \$16,535,402.

Expenses, including general government, public safety and road maintenance totaled \$14,284,503.

Governmental Funds	
<u>Revenues</u>	
Charges for Services	\$ 2,865,099
Grants	144,266
Taxes	11,809,378
Other and Intergovernmental	1,716,659
Total revenues	16,535,402
<u>Expenses</u>	
General government	5,278,924
Public Safety	4,103,528
Road maintenance	2,181,526
Health and Welfare	201,298
Conservation of natural resources	116,593
Culture and recreation	393,050
Intergovernmental	491,334
Interest on debt	493,488
Vehicle operation	1,023,962
Other	800
Total expenses	14,284,503
Change in Net Assets	2,250,899
Net assets, 10-1-12 adjusted	15,498,064
Net assets, 9-30-13	\$ 17,748,963

Budget Variances in the General Fund

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

The original budget for revenues in the general fund was \$10,933,890 compared to \$12,018,082 for the final budget, an increase of \$1,084,192.

<u>Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase or (Decrease)</u>
Taxes	\$ 8,677,537	\$ 8,751,000	\$ 73,463
License/Permits	3,000	3,000	-
Intergovernmental	725,783	839,788	114,005
Charges for Services	1,004,250	1,335,750	331,500
Fines/Fees	475,000	597,500	122,500
Other/Sale of Property	32,500	475,224	442,724
Interest	15,820	15,820	-
Total	\$ 10,933,890	\$ 12,018,082	\$ 1,084,192

The original budget for expenditures in the general fund was \$10,456,829 compared to \$10,632,312 for the final budget, an increase of \$175,483.

<u>Expenditures</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase or (Decrease)</u>
General Government	\$ 5,228,751	\$ 5,175,449	\$ (53,302)
Public Safety	4,055,115	4,275,399	\$ 220,284
Health and Welfare	13,100	13,100	\$ -
Conservation of Natural Resources	102,037	130,722	\$ 28,685
Culture and Recreation	395,075	396,530	\$ 1,455
Intergovernmental	541,751	496,757	\$ (44,994)
Capital Outlay	121,000	144,355	\$ 23,355
Total	\$ 10,456,829	\$ 10,632,312	\$ 175,483

Capital Assets

The County's investment in capital assets as of September 30, 2013, amounts to \$15,246,957 (net of accumulated depreciation). This investment includes land, buildings and improvements and equipment.

<u>Capital Assets (net of accumulated depreciation)</u>	
Land	\$ 589,976
Buildings/Improvements	12,896,357
Equipment	1,760,624
Total	\$ 15,246,957

Contacting the County's Financial Management

This financial report is designed to provide the County's citizens, taxpayers, and creditors with a general overview of the County's finances. If you have questions, contact the County Judge (432-264-2202) or County Auditor (432-264-2210) at 300 Main Street, County Courthouse, and Big Spring, TX 79720.

BASIC FINANCIAL STATEMENTS

Howard County, Tx
Statement of Net Assets
September 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalent	\$ 12,943,716
Petty cash	1,600
Receivables (net of allow. for uncollectibles)	1,081,606
Inventory	64,385
Deferred Charges	304,840
Capital assets (net of accumulated depreciation):	
Land	589,976
Buildings and improvements	12,896,357
Equipment	<u>1,760,624</u>
Total assets	<u>29,643,104</u>
LIABILITIES	
Accounts payable	367,248
Wages payable	143,167
Deferred revenue	562,356
Accrued interest payable	53,473
Noncurrent liabilities:	
Due within one year	602,897
Due in more than one year	<u>10,165,000</u>
Total liabilities	<u>11,894,141</u>
NET ASSETS	
Invested in capital assets, net of related debt	5,083,691
Restricted for:	
General government	1,992,885
Debt services	38,152
Capital projects	
Other purposes	12,371
Unrestricted	<u>10,621,864</u>
Total net assets	<u><u>\$ 17,748,963</u></u>

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

Howard County, Tx
Statement of Activities
For the Year Ended September 30, 2013

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Functions/Programs					
Governmental activities:					
General Government	\$ 5,278,924	\$ 2,113,230	\$ 143,870	\$ -	\$ (3,021,824)
Public Safety	4,103,528	79,724	-	-	(4,023,804)
Road Maintenance	2,181,526	665,390	-	-	(1,516,136)
Health/Welfare	201,298	-	-	-	(201,298)
Conservation of Nat. Resources	116,593	-	-	-	(116,593)
Culture and Recreation	393,050	6,755	396	-	(385,899)
Intergovernmental	491,334	-	-	-	(491,334)
Interest on long term debt	493,488	-	-	-	(493,488)
Vehicle Operation	1,023,962	-	-	-	(1,023,962)
Other	800	-	-	-	(800)
Total governmental activities	14,284,503	2,865,099	144,266	-	(11,275,138)
General revenues:					
Property taxes					11,809,378
Intergovernmental					1,023,869
Other/Interest/Sale of Property					692,790
Transfers (net)					-
Total general revenues and transfers					13,526,037
Change in net assets					2,250,899
Net assets - beginning (adjusted)					15,498,064
Net assets - ending					\$ 17,748,963

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

Howard County, Tx
Balance Sheet
Governmental Funds
September 30, 2013

	Major Funds					Nonmajor Funds	
	General Fund	Road & Bridge Fund	Tobacco Fund	Capital Projects Fund	Debt Service Funds	Other Governmental Funds	Total
ASSETS							
Cash and cash equivalents	\$ 8,563,423	\$ 990,158	\$ 2,362,922	\$ -	\$ 38,152	\$ 815,006	\$ 12,769,661
Petty cash	1,600	-	-	-	-	-	1,600
Receivables (net of allowance for uncollectibles)	528,324	151,664	-	-	13,304	1,805	695,097
Due from other funds	29,160	6,190	-	-	-	0	35,350
Inventory	34,192	-	-	-	-	0	34,192
Total assets	9,156,699	1,148,012	2,362,922	-	51,456	816,811	13,535,900
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	259,372	83,865	-	-	-	8,146	351,383
Wages payable	118,987	17,586	-	-	-	3,409	139,982
Deferred revenue	468,940	80,112	-	-	13,304	-	562,356
Total liabilities	847,299	181,563	-	-	13,304	11,555	1,053,721
Fund balances:							
Nonspendable							
Inventories	34,192	-	-	-	-	-	34,192
Restricted for							
General government	-	-	1,200,000	-	-	792,885	1,992,885
Unclaimed funds	-	-	-	-	-	10,799	10,799
Human services	-	-	-	-	-	1,572	1,572
Debt services	-	-	-	-	38,152	-	38,152
Capital projects	-	-	-	-	-	-	-
Unassigned	8,275,208	966,449	1,162,922	-	-	-	10,404,579
Total fund balances	8,309,400	966,449	2,362,922	-	38,152	805,256	12,482,179
Total liabilities and fund balances	9,156,699	1,148,012	2,362,922	-	51,456	816,811	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

13,904,986

Assets not available to pay for current-period expenditures

655,670

Internal service fund is used to charge the costs of vehicle management to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.

1,525,064

Liabilities, including bonds and interest payable, are not due and payable in the current period and therefore are not reported in the funds

(10,818,936)

Net assets of governmental activities

\$ 17,748,963

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

Howard County, Tx
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2013

	Major Funds					Nonmajor Funds	
	General Fund	Road & Bridge Fund	Tobacco Fund	Capital Projects Fund	Debt Service Funds	Other Governmental Funds	Total
REVENUES							
Taxes	\$ 8,731,206	\$ 2,163,736	\$ -	\$ -	\$ 914,436	\$ -	\$ 11,809,378
License and permits	1,392	665,390	-	-	-	-	666,782
Intergovernmental	857,318	98,648	10,962	55,096	-	120,909	1,142,933
Charges for services	1,356,660	-	-	-	-	65,419	1,422,079
Fines/fees	605,410	-	-	-	-	257,772	863,182
Interest	12,465	1,706	2,925	57	94	430	17,677
Other/Sale of Property	490,407	2,028	-	-	-	1,266	493,701
Total revenues	12,054,858	2,931,508	13,887	55,153	914,530	445,796	16,415,732
EXPENDITURES							
General government	4,696,667	-	-	-	-	319,371	5,016,038
Public Safety	3,988,058	-	-	-	-	-	3,988,058
Road Maintenance	-	2,772,408	-	-	-	-	2,772,408
Health/Welfare	4,816	-	-	-	-	196,320	201,136
Conservation of Natural Resources	103,980	-	-	-	-	-	103,980
Culture and Recreation	390,441	-	-	-	-	-	390,441
Intergovernmental	491,334	-	-	-	-	-	491,334
Interest on debt	-	-	-	-	495,574	-	495,574
Bond principal	-	-	-	-	450,000	-	450,000
Capital outlay	136,625	-	169,162	353,532	-	24,593	683,912
Other	-	-	-	-	800	-	800
Total expenditures	9,811,921	2,772,408	169,162	353,532	946,374	540,284	14,593,681
Excess (deficiency) of revenues over expenditures	2,242,937	159,100	(155,275)	(298,379)	(31,844)	(94,488)	1,822,051
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	200,000	55,093	-	422,741	677,834
Transfers out	(677,834)	-	-	-	-	-	(677,834)
Total other financial sources (uses)	(677,834)	-	200,000	55,093	-	422,741	-
Net change in fund balances	1,565,103	159,100	44,725	(243,286)	(31,844)	328,253	1,822,051
Inventory increase (decrease)	596	-	-	-	-	-	596
Fund balances - beginning	6,743,701	807,349	2,318,197	243,286	69,996	477,003	10,659,532
Fund balances - ending	\$ 8,309,400	\$ 966,449	\$ 2,362,922	\$ -	\$ 38,152	\$ 805,256	\$ 12,482,179

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

Howard County, Tx
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended September 30, 2013

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

Net change in fund balances - total governmental funds	\$ 1,822,051
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	-62,242
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	501,640
Internal service fund is used to charge the costs of vehicle management to individual funds. The net revenue (loss) of this fund is reported with governmental activities.	<u>-10,550</u>
Changes of net assets of governmental activities	<u>\$ 2,250,899</u>

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

Howard County, Tx
Major Funds - General and Road & Bridge
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Original and Final) and Actual
Year Ended September 30, 2013

	General Fund			Road and Bridge Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues:						
Taxes	\$ 8,677,537	\$ 8,751,000	\$ 8,731,206	\$ 2,136,852	\$ 2,154,000	\$ 2,163,736
License and permits	3,000	3,000	1,392	639,800	654,100	665,390
Intergovernmental	725,783	839,788	857,318	31,187	68,687	98,648
Charges for services	1,004,250	1,335,750	1,356,660	-	-	-
Fines/fees	475,000	597,500	605,410	-	-	-
Miscellaneous	32,500	475,224	490,407	-	1,000	2,028
Interest	15,820	15,820	12,465	200	1,550	1,706
Total revenues	10,933,890	12,018,082	12,054,858	2,808,039	2,879,337	2,931,508
Expenditures:						
Current						
General government	5,228,751	5,175,449	4,696,667	-	-	-
Road maintenance	-	-	-	3,540,368	3,539,812	2,772,408
Public safety	4,055,115	4,275,399	3,988,058	-	-	-
Health/welfare	13,100	13,100	4,816	-	-	-
Conservation of natural resources	102,037	130,722	103,980	-	-	-
Culture and recreation	395,075	396,530	390,441	-	-	-
Intergovernmental	541,751	496,757	491,334	-	-	-
Capital expenditures	121,000	144,355	136,625	-	-	-
Other	-	-	-	-	-	-
Total expenditures	10,456,829	10,632,312	9,811,921	3,540,368	3,539,812	2,772,408
Excess (deficiency) of revenues over expenditures	477,061	1,385,770	2,242,937	(732,329)	(660,475)	159,100
Other financing sources (uses):						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	(1,390,046)	(1,386,654)	(677,834)	-	-	-
Total other financing sources (uses)	(1,390,046)	(1,386,654)	(677,834)	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(912,985)	(884)	1,565,103	(732,329)	(660,475)	159,100
Fund balance-October 1	6,700,000	6,743,701	6,743,701	800,000	807,349	807,349
Increase (decrease) in reserve for inventory	-	596	596	-	-	-
Fund balance-September 30	\$ 5,787,015	\$ 6,743,413	\$ 8,309,400	\$ 67,671	\$ 146,874	\$ 966,449

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

Howard County, Tx
Major Funds - Tobacco and Debt Service
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Original and Final) and Actual
Year Ended September 30, 2013

	Tobacco Fund			Debt Service Funds		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ 895,050	\$ 911,515	\$ 914,436
License and permits	-	-	-	-	-	-
Intergovernmental	-	10,000	10,962	-	-	-
Charges for services	-	-	-	-	-	-
Fines/fees	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Interest	2,200	2,800	2,925	10	10	94
Total revenues	2,200	12,800	13,887	895,060	911,525	914,530
Expenditures:						
Current						
General government	-	-	-	-	-	-
Road maintenance	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health/welfare	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Capital expenditures	2,519,200	2,519,200	169,162	-	-	-
Debt service	-	-	-	946,374	946,374	946,374
Total expenditures	2,519,200	2,519,200	169,162	946,374	946,374	946,374
Excess (deficiency) of revenues over expenditures	(2,517,000)	(2,506,400)	(155,275)	(51,314)	(34,849)	(31,844)
Other financing sources (uses):						
Operating transfers in	200,000	200,000	200,000	-	-	-
Operating transfers out	-	-	-	-	-	-
Total other financing sources (uses)	200,000	200,000	200,000	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(2,317,000)	(2,306,400)	44,725	(51,314)	(34,849)	(31,844)
Fund balance-October 1	2,317,000	2,318,197	2,318,197	60,000	69,996	69,996
Increase (decrease) in reserve for inventory	-	-	-	-	-	-
Fund balance-September 30	\$ -	\$ 11,797	\$ 2,362,922	\$ 8,686	\$ 35,147	\$ 38,152

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

Howard County, Tx
Notes to the Financial Statements
September 30, 2013

I. Summary of significant accounting policies

A. Reporting entity

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

The government reports the following major governmental funds:

The General fund is the County's primary operating fund. It is the basic fund of the county and covers all activities for which a special fund has not been established.

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

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

The Debt Service funds are used to account for the accumulation of resources for the payment of principal and interest on long-term debt.

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

The government reports the following proprietary fund:

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

- A. Obligations of the United States of America, its agencies and instrumentalities.
- B. Direct obligations of the State of Texas and agencies thereof.
- C. Other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States of America
- D. Certificates of deposit of state and national banks doing business in Texas, guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or

secured by obligations described in (A) through C) above, in market value no less than the principal of the certificates.

E. Negotiable Order of Withdrawal accounts.

F. Eligible public funds investment pool.

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

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

As of September 30, 2013, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Investment Pools	\$10,451,224

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk; however, as of September 30, 2013, the County's bank balance was not exposed to custodial credit risk.

2. Receivables and payables

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

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

The value of taxable property is determined by the appraisal of each property in Howard County by the Tax Appraisal Office. Size (measurement), structure, type buildings, use, and age are factors which determine the value of properties. The appraisal value is furnished to the Tax Collector by the Appraisal Office and Appraisal Review Board. The taxpayer may render these properties prior to May 1 at his estimate of value. If the appraisal of property is higher than the taxpayer's rendition, he is notified to meet with the Appraisal Review Board. It is the duty of the Review Board to sit as the Equalization Board and review the assessment roll for equalization of value. It is not their duty to set values, but insure equity of value. The Howard County Tax Collector assesses and collects taxes for Howard College, City of Big Spring, City of Coahoma, City of Forsan, Forsan School, Coahoma School, Howard County Water Control and Improvement District, Big Spring Independent School District, Permian Basin Underground Water Conservation District, as well as Howard County.

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

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

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

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

3. Capital assets

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

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

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

4. Long-term obligations

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

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

5. Fund equity

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

6. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

7. Fund Balance Classification:

Fund balances as classified in a hierarchy based on the strength of the constraints governing how those balances can be spent. These classifications are listed below in descending order of restrictiveness:

Nonspendable—This classification includes amounts that cannot be spent because they: (a) are not in spendable form (e.g. inventors and prepaid items; (b) are not expected to be converted into cash within the current period or at all (e.g., long-term receivables); or (c) are legally or contractually required to be maintained intact (e.g., the non-spendable corpus or an endowment).

Restricted—This classification includes amounts subject to usage constraints that have either been: (a) externally imposed by creditors (e.g., through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed—This classification includes amounts that are constrained to use for specific purposes 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 intended by the county for use for a specific purpose but which do not qualify for classification as either restricted or committed. The intent can be expressed by Commissioners Court or by a Court designee (e.g., a department head). This classification applies to the positive unrestricted and uncommitted fund balances of all governmental funds except the General Fund.

Unassigned-- This classification applies to the residual fund balances of the General Fund and to any deficit fund balances of other governmental funds.

Order of spending: Where appropriate, Howard County will typically use restricted, committed, and/or assigned fund balances, in that order, prior to using unassigned resources, but it reserves the right to deviate from this general strategy.

II. Reconciliation of government-wide and fund financial statements

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

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, and not due and payable in the current period and therefore are not reported in the funds." The details of this \$10,818,936 are as follows.

Bonds Payable:	
Due within one year	\$470,000
Due in more than one year	10,165,000
Accrued interest payable	53,473
Compensated Absences Payable	<u>130,463</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net assets-governmental activities	<u>\$10,818,936</u>

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

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

reported in the statement of activity that do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds". The details of this \$501,640 difference are as follows:

Depreciation	\$453,174
Interest payable related to prior period	53,473
Increase in compensated absences	9,692
Increase in inventory	-596
Purchase of capital assets	-527,067
Interest payable not liquidated with current resources	-55,559
Convert debt principal payments to liability reduction	-450,000
Amortization of bond costs/discouts	15,243
Net adjustment	<u>\$501,640</u>

III. Stewardship, compliance, and accountability

A. Budgetary information

Each fiscal year Howard County adopts an annual operating budget. This budget is a plan of proposed expenditures and the means to finance them. It not only serves as a plan for County operations (it is a statement of policy by the Commissioners' Court) but also to prevent deficit spending. The county employs an encumbrance accounting system as a method accomplishing budgetary control. At year-end, open encumbrances are closed and re-appropriated within the following year's budget.

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

The County Auditor compiles figures from the prior budget year and estimates of the current year for each department. These are given to each department head and after consideration each department head submits his budget requests for the upcoming budget year. The County Judge and Auditor then submit to the Commissioners' Court an estimate of revenues and the requests of each department. The Commissioners' Court conducts

budget workshops at which time hearings are held with the department heads, if needed. Public hearings are held on the budget to encourage citizen participation.

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

After final approval of the budget, the Commissioners' Court may spend County funds only in strict compliance with the budget, except in an emergency. The Commissioners' Court may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet unusual and unforeseen conditions that could not have been included in the original budget through the use of reasonably diligent thought and attention. If the Court amends the budget to meet an emergency, the Court files copies of its order amending the budget with the County Clerk, and the Clerk attaches the copy to the original budget. The Commissioners' Court by order may amend the budget to transfer an amount budgeted from one item to another budgeted item without authorizing an emergency expenditure. Line-item amounts at the object level may not be exceeded without budget amendments and all amendments require governing authority approval. Appropriate revisions are posted to the affected budgetary account by the County Auditor.

IV. Detailed notes on all funds

A. Receivables

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

<u>Funds</u>	<u>General</u>	<u>Road & Bridge</u>	<u>Debt Svc.</u>	<u>Nonmajor/Other</u>	<u>Total</u>
Receivables:					
Fines & fees	\$350,830	\$0	\$0	\$0	\$350,830
Taxes, net of uncoll.	468,940	80,112	13,304	0	562,356
Accounts	88,544	77,742	0	2,134	168,420
Total	<u>908,314</u>	<u>\$157,854</u>	<u>\$13,304</u>	<u>\$2,134</u>	<u>\$1,081,606</u>

B. Capital assets

Capital asset activity for the year ended September 30, 2013 was as follows:

Governmental Activities:	
Capital assets, not being depreciated:	
Land	\$589,976
Capital assets, being depreciated:	
Buildings	20,251,027
Machinery and equipment	1,440,060
Less accumulated depreciation:	
Buildings	-7,354,670
Machinery and equipment	-1,021,407
Governmental Activities Capital Assets, Net	<u>13,904,986</u>
Business-Type Activities:	
Machinery and Equipment	4,392,463
Less accumulated depreciation	-3,050,492
Business-Type Activities Capital Assets, Net	<u>\$1,341,971</u>

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

financial section of this report. The County chose to report roads prospectively, not retroactively, beginning with the 2004 fiscal year.

C. Interfund receivables, payables, and transfers

The composition of Interfund balance as of September 30, 2013, is as follows:

Due to/from other funds:

Receivable Fund:	Payable Fund:	Amount:
General Fund	Agency Funds	\$29,160
Road & Bridge Fund	Agency Funds	<u>6,190</u>
Total		<u>\$35,350</u>

Transfers to/from other funds:

Transfers Out:	Transfers In:	Amount:
General Fund	Capital Projects Fund	\$55,093
General Fund	Special Revenue Funds	622,741
General Fund	Debt Service Fund	0
Expendable Trust Fund	Expendable Trust Fund	<u>0</u>
Total		<u>\$677,834</u>

D. Leases

The County leases equipment under noncancellable operating leases. Total costs for such leases were \$39,464 for the year ended September 30, 2013. The future payments on these leases are as follows:

Year Ending September 30,	Amount:
2014	\$38,849
2015	36,298
2016	<u>29,508</u>
Total	<u>\$104,655</u>

E. Accumulated Unpaid Vacation, Compensatory and Sick Leave Benefits

Unpaid Vacation and Compensatory Time

At September 30, 2013 the County had \$132,967 in accumulated unpaid vacation. This amount has been reflected in the government wide financial statements. The obligation is not recognized in the government fund financial statements until they are due and payable, because they are not considered to be uses of current financial resources until that time.

Sick Leave

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

F. Bonds Payable

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

Debt service requirements are as follows:

<u>Year Ended</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2014	\$135,000	\$7,680	\$142,680
2015	140,000	2,625	142,625
Total	<u>\$275,000</u>	<u>\$10,305</u>	<u>\$285,305</u>

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

Debt service requirements are as follows:

<u>Year Ended</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2014	\$335,000	\$470,024	\$805,024
2015	345,000	456,424	801,424
2016	360,000	442,324	802,324
2017-2033	<u>9,320,000</u>	<u>4,336,634</u>	<u>13,656,634</u>
Total	<u>\$10,360,000</u>	<u>\$5,705,406</u>	<u>\$16,065,406</u>

G. Changes in long-term liabilities

During the year ended September 30, 2013, the following changes occurred in liabilities reported in the general long-term debt account group:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u> <u>(adjusted)</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Obligations				
Bonds	\$11,085,000	0	\$450,000	\$10,635,000
Accrued compensated absences	\$125,709	<u>7,258</u>	\$0	<u>\$132,967</u>
Total	<u>\$11,210,709</u>	<u>\$7,258</u>	<u>\$450,000</u>	<u>\$10,767,967</u>

V. Other information

A. Risk management

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

All full-time eligible employees are provided, at no cost to the employee, medical and dental insurance. For employees with dependents covered prior to 10-1-99, the cost to the employee is \$100 per month. At 9-30-13 there were 16 employees in this category. For those dependents covered at or after 10-1-99, the entire cost for dependent coverage is paid by the employee. Coverage is provided by Blue Cross/Blue Shield Insurance Company. The County's obligation for health insurance benefits is limited to the monthly premiums payable during the year and is based upon the number of enrolled employees and dependents during the year. At 9-30-13, the number of enrolled employees is 134 for medical insurance and 136 for dental insurance.

A \$10,000 life insurance policy, through Blue Cross/Blue Shield Insurance Company, is provided full-time eligible employees, at no cost to the employee. Also, a policy is provided

through the Texas County and District Retirement System in an amount equal to the employee's annual salary at the date of death.

B. Contingent liabilities (Source: Howard County Attorney)

As of 9/30/13 there are no claims or possible assessments against Howard County. In addition, there is no pending or threatened litigation against the County.

C. Deferred Compensation Plan

The County offers all of its full-time employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. Nationwide Retirement Solutions and AIG Valic have been appointed as plan administrators. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or emergency. The plan administrators handle all funds in the plan and makes investment decisions and disburse funds to employees in accordance with plan provisions.

D. Other postemployment health care benefits (OPEB)

Retiree Health Care Plan

Beginning in FY2013, the County implemented GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions". In connection with such implementation, the County has commissioned an actuarial study from an outside consultant to quantify the amount of the County's OPEB obligations.

Plan Description. The Retiree Health Care Plan provides health care benefits to eligible retirees. These retiree benefits are authorized by the Commissioners' Court and is considered a substantive plan under GASB 45.

Plan Eligibility. A retiree who became employed with Howard County on or before August 25, 2003, and who retired or retirees under Texas County and District Retirement System (TCDRS), and a) who is age 65 or older with at least 12 year service with Howard County, or b) whose age plus years of service with Howard County equals at least 75, will be

allowed to continue to receive benefits in the County's health program at the same level as currently employed County employees, at no cost to the retiree.

A TCDRS retiree who became employed with Howard County on or before August 2003 ,and who does not meet the requirements set out in a) or b), above, will be allowed to continue to receive benefits in the County's health program at the same level as currently employed County employees, at a cost to the retiree of 50 percent of the premium. Once the retiree meets the requirements above (i.e. turns 65 with 12 years service with Howard County or whose age plus years of service with Howard County equals 75), the County will pay the full premium.

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

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

Health Care and Other Benefits. Retiree medical coverage for eligible retirees is the same as coverage provided to active County employees in accordance with the terms and conditions of the current health care coverage.

Funding Policies. The County does not make annual contributions to the plan. The decision to provide these benefits is made by the Commissioners' Court on a year-to-year basis.

GASB 45 requires the use of a discount rate consistent with the investment return on the employer's general assets. In the valuation, the discount rate is 4.0%.

The actuarially determined contribution requirement for the County's fiscal year is computed through an actuarial valuation performed as of October 1, 2012. The actuarial valuation is performed to determine the adequacy of the contribution rate, to describe the current financial condition of OPEB and to analyze changes in conditions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to

continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on the plan and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and the plan members to that point. Actuarial calculations reflect a long term perspective and employ methods and assumptions that are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

Actuarial Methods and Assumptions :

Actuarial Cost Method	Projected Unit Credit Cost Method.
Investment/Discount Rate of Return	4.0% per annum, net of expenses.
Amortization Method	Level dollar.
Amortization Period	Open 30-year period.
Medical Trend	Medical - graduated from 8.0% to 5.0%; Medicare supplement - level 5.0%.

The County's annual OPEB cost (AOC), contributions, percent contributed, and net OPEB obligation (NOO) is as follows:

Fiscal Year Ending	Annual OPEB Cost (AOC)	Employer Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (NOO)
9/30/2013	\$ 613,450	\$ 289,446	47.18%	\$324,004

The funding status of the OPEB plan as of October 1, 2012, representing the most recent valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/1/2012	\$ 0	\$8,349,826	\$8,349,826	0.00%	\$5,283,153	158.05%

The County's net OPEB obligation (NOO) for fiscal year ended September 30, 2013 is as follows:

	2013
Annual Required Contribution (ARC)	613,450
Interest on Prior Year Net OPEB Obligation	-
Amortization of Prior Year Net OPEB Obligation	-
Total Annual OPEB Cost (AOC)	613,450
Expected net OPEB benefit payments	(289,446)
Changes in Net OPEB Obligation	324,004
Net OPEB Obligation-beginning of year	-
Net OPEB Obligation-end of year	324,004

E. Life Insurance

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

The GTLF is a separate trust administered by the TCDRS board of trustees. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial

statements and required supplementary information for the GTLF. This report may be obtained by writing to the Texas County & District Retirement System, P. O. Box 2034, Austin, Tx 78768-2034, or by calling 800-823-7782. TCDRS' CAFR is also available at www.tcdrs.org.

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. Howard County contributions to the GTLF for the years ended September 30, 2011, 2012, and 2013 were \$32,327, \$29,974 and \$28,794 respectively, which equaled the contractually required contributions each year which included employees and retirees.

F. Employee retirement systems and pension plans

Plan Description. The County provides retirement, disability, and death benefits for all of its employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 624 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 or by calling 800-823-7782.

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

Funding Policy. 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 employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

The County contributed using the actuarially determined rate of 15.63% for the months of the accounting year in 2012, and 15.85% for the months of the accounting year in 2013.

The deposit rate payable by the employee members for calendar year 2013 is the rate of 7% as adopted by the governing body of the employer. For calendar year 2012 the employee deposit rate was 7%. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TDCRS Act.

Annual Pension Cost. The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2012 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2012 was 20 years.

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the plan was 72.56 percent funded. The actuarial accrued liability for benefits was \$21,722,918, and the actuarial value of assets was \$15,762,111, resulting in an unfunded (or overfunded) actuarial accrued liability (UAAL) or (OAAL) of \$5,960,807. The covered payroll (annual payroll of active employees covered by the plan) was \$5,806,488 and the ratio of the UAAL or (OAAL) to the covered payroll was 102.66%.

Actuarial Valuation Information

Actuarial valuation date	12/31/10	12/31/11	12/31/12
Actuarial cost method	Entry age	Entry Age	Entry age
Amortization method	Level percentage of Payroll, closed	Level percentage of Payroll, closed	Level percentage of Payroll, closed

Amortization period in years	20.0	20.0	20.0
Asset valuation method:			
Subdivision accum. fund	10-yr smoothed value	10-yr smoothed value	10-yr smoothed value
Employees saving fund	Fund value	Fund value	Fund value
Assumptions:			
Investment return*	8.0%	8.0%	8.0%
Projected salary increases*	5.4%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

*includes inflation at the stated rate

Schedule of Funding Progress for the Retirement Plan

Source: TCDRS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded or (overfunded) Actuarial Accrued Liability (UAAL) or (OAAL) (b)-(a)	Funded Ratio (a)/(b)	Annual Covered Payroll (actuarial) (c)	UAAL or (OAAL) as A Percentage Of Covered Payroll (b)-(a)/(c)
12/31/10	\$14,488,626	\$19,670,488	\$5,181,822	73.66%	\$5,290,958	97.94%
12/31/11	\$15,453,251	\$21,101,452	\$5,648,201	73.23%	\$5,572,234	101.36%
12/31/12	\$15,762,111	\$21,722,918	\$5,960,807	72.56%	\$5,806,488	102.66%

G. State Grants/Federal Assistance

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

\$119,063 – Federal Funds from FEMA: (Matt Loop Fire \$33,233; Boyken Rd. Fire \$85,830)

\$26,632(CFDA#97.046) Bundle #1 PW00001

\$ 1,235 (CFDA#97.046) Bundle #1 PW00002

\$5,366 (CFDA#97.046) Bundle #1 PW00003

\$67,644 (CFDA#97.046) Bundle #1 PW00001

\$ 7,753 (CFDA#97.046) Bundle #1 PW00002

\$10,433 (CFDA# 97.046) Bundle #1 PW00003

\$24,806 from the Texas Task Force on Indigent Defense, #212-13-114, for indigent defense services.

\$378 fair market value of federal surplus property received through the Texas Facilities Commission's Federal Surplus Program. CFDA 39.003

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Howard County, Tx
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2013

Continued

	Law Library Fund	Indigent Health Care Fund	District Court Building Fund	Records Management Document Filing Fee Fund	Records Management Court Fees Fund	Vital Records Preservation Co. Clerk Fund	Records Management District Clerk Fund	Records Archive Co. Clerk Fund
Cash	\$ 68,940	\$ 3,866	\$ 1,044	\$ 39,817	\$ 26,082	\$ 16,902	\$ 27,015	\$ 138,049
Receivables:								
Accounts	1,402	-	-	-	-	-	-	-
Total assets	70,342	3,866	1,044	39,817	26,082	16,902	27,015	138,049
Liabilities and Fund Balance								
Liabilities:								
Accounts payable	3,037	150	-	-	277	-	-	-
Wages payable	-	2,144	-	-	-	-	-	-
Total liabilities	3,037	2,294	-	-	277	-	-	-
Fund balances:								
Nonspendable:								
Inventory	-	-	-	-	-	-	-	-
Restricted for:								
General Government	67,305	-	1,044	39,817	25,805	16,902	27,015	138,049
Unclaimed Funds	-	-	-	-	-	-	-	-
Human Services	-	1,572	-	-	-	-	-	-
Total fund balances	67,305	1,572	1,044	39,817	25,805	16,902	27,015	138,049
Total liabilities and fund balance	70,342	3,866	1,044	39,817	26,082	16,902	27,015	138,049

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

Howard County, Tx
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2013

Continued

	Juvenile Delinquency Prevention Fund	Courthouse Security Fund	Justice Court Technology Fund	Alternative Dispute Resolution Fund	Child Abuse Prevention Fund	Election Admin. Fund	Justice Court Bldg. Security Fund	FEMA Fund
Cash	\$ 23	\$ 6,882	\$ 16,887	\$ 956	\$ 555	\$ 34,302	\$ 23,764	\$ 234,158
Receivables:								
Accounts	-	-	-	17	-	-	-	-
Total assets	23	6,882	16,887	973	555	34,302	23,764	234,158
Liabilities and Fund Balance								
Liabilities:								
Accounts payable	-	53	-	973	-	-	-	-
Wages payable	-	1,265	-	-	-	-	-	-
Total liabilities	-	1,318	-	973	-	-	-	-
Fund balances:								
Nonspendable								
Inventory	-	-	-	-	-	-	-	-
Restricted for								
General Government	23	5,564	16,887	-	555	34,302	23,764	234,158
Unclaimed Funds	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-
Total fund balances	23	5,564	16,887	-	555	34,302	23,764	234,158
Total liabilities and fund balance	23	6,882	16,887	973	555	34,302	23,764	234,158

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

Howard County, Tx
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2013

Continued

	Assessor Collector Special Inventory Fund	County Attorney Hot Check Fund	District Attorney Hot Check Fund	Sheriff Drug Seizure Fund	District Attorney Drug Seizure Fund	Unclaimed Money Fund	Abandoned Property Fund
Cash	\$ 6,991	\$ 24,013	\$ -	\$ 13,819	\$ 32,398	\$ 10,799	\$ 12,021
Receivables:							
Accounts	-	-	-	-	-	-	150
Total assets	6,991	24,013	-	13,819	32,398	10,799	12,171
Liabilities and Fund Balance							
Liabilities:							
Accounts payable	-	17	-	-	-	-	654
Wages payable	-	-	-	-	-	-	-
Total liabilities	-	17	-	-	-	-	654
Fund balances:							
Nonspendable							
Inventory	-	-	-	-	-	-	-
Restricted for							
General Government	6,991	23,996	-	13,819	32,398	-	11,517
Unclaimed Funds	-	-	-	-	-	10,799	-
Human Services	-	-	-	-	-	-	-
Total Fund Balance	6,991	23,996	-	13,819	32,398	10,799	11,517
Total liabilities and fund balance	6,991	24,013	-	13,819	32,398	10,799	12,171

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

Howard County, Tx
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2013

	Chapter 19 Fund	Jail Commissary Fund	District Court Records Technology Fund	County Court Technology Fund	District Court Technology Fund	District Court Records Preservation Fund	County Court Records Preservation Fund	Total
Cash	\$ (236)	\$ 24,451	\$ 14,483	\$ 1,534	\$ 672	\$ 27,218	\$ 7,601	\$ 815,006
Receivables:								
Accounts	236	-	-	-	-	-	-	1,805
Total assets	-	24,451	14,483	1,534	672	27,218	7,601	816,811
Liabilities and Fund Balance								
Liabilities:								
Accounts payable		2,985	-	-	-	-	-	8,146
Wages payable	-	-	-	-	-	-	-	3,409
Total liabilities	-	2,985	-	-	-	-	-	11,555
Fund balances:								
Nonspendable								
Inventory	-	-	-	-	-	-	-	-
Restricted for								
General Government		21,466	14,483	1,534	672	27,218	7,601	792,885
Unclaimed Funds	-	-	-	-	-	-	-	10,799
Human Services	-	-	-	-	-	-	-	1,572
Total fund balances	-	21,466	14,483	1,534	672	27,218	7,601	805,256
Total liabilities and fund balance	-	24,451	14,483	1,534	672	27,218	7,601	816,811

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

Howard County, Tx
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
September 30, 2013

Continued

	Law Library Fund	Indigent Health Care Fund	District Court Building Fund	Records Management Document Filing Fee Fund	Records Management Court Fees Fund	Vital Records Preservation Co. Clerk Fund	Records Management District Clerk Fund	Records Archive Co. Clerk Fund
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program income	-	-	-	-	-	-	-	-
Fines/fees	23,494	-	-	48,847	15,584	3,808	3,477	48,285
Interest	40	-	1	23	16	10	15	72
Miscellaneous	-	-	-	-	-	-	-	-
Total revenue	23,534	-	1	48,870	15,600	3,818	3,492	48,357
Expenditures:								
Current								
General government	12,776	-	-	34,790	19,043	863	-	-
Welfare/health	-	196,320	-	-	-	-	-	-
Capital expenditures	-	-	-	-	15,819	-	-	-
Total expenditures	12,776	196,320	-	34,790	34,862	863	-	-
Excess (deficiency) of revenues over expenditures	10,758	(196,320)	1	14,080	(19,262)	2,955	3,492	48,357
Other financing sources (uses):								
Operating transfers in	-	195,000	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-
Total other financial sources (uses)	-	195,000	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	10,758	(1,320)	1	14,080	(19,262)	2,955	3,492	48,357
Fund balance-October 1	56,547	2,892	1,043	25,737	45,067	13,947	23,523	89,692
Fund balance-September 30	\$ 67,305	\$ 1,572	\$ 1,044	\$ 39,817	\$ 25,805	\$ 16,902	\$ 27,015	\$ 138,049

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

Howard County, Tx
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
September 30, 2013

Continued

	Juvenile Delinquency Prevention Fund	Courthouse Security Fund	Justice Court Technology Fund	Child Abuse Prevention Fund	Election Admin. Fund	Justice Court Building Security Fund	Alternative Dispute Resolution Fund	FEMA Fund
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,064
Program income	-	-	-	-	-	-	-	-
Fines/fees	-	25,903	13,135	105	7,388	2,406	13,013	-
Interest	-	18	10	-	21	14	-	98
Miscellaneous	-	-	-	-	-	-	-	-
Total revenue	-	25,921	13,145	105	7,409	2,420	13,013	119,162
Expenditures:								
Current								
General government	-	77,533	7,808	-	6,066	-	13,013	57,095
Welfare/health	-	-	-	-	-	-	-	-
Capital expenditures	-	3,494	-	-	-	-	-	-
Total expenditures	-	81,027	7,808	-	6,066	-	13,013	57,095
Excess (deficiency) of revenues over expenditures	-	(55,106)	5,337	105	1,343	2,420	-	62,067
Other financing sources (uses):								
Operating transfers in	-	55,650	-	-	-	-	-	172,091
Operating transfers out	-	-	-	-	-	-	-	-
Total other financial sources (uses)	-	55,650	-	-	-	-	-	172,091
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	544	5,337	105	1,343	2,420	-	234,158
Fund balance-October 1	23	5,020	11,550	450	32,959	21,344	-	-
Fund balance-September 30	\$ 23	\$ 5,564	\$ 16,887	\$ 555	\$ 34,302	\$ 23,764	\$ -	\$ 234,158

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

Howard County, Tx
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
September 30, 2013

Continued

	Assessor Collector Special Inventory Fund	County Attorney Hot Check Fund	Sheriff Drug Seizure Fund	District Attorney Drug Seizure Fund	Unclaimed Money Fund	Abandoned Property Fund
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program income	-	-	-	-	-	18,465
Fines/fees	-	17,997	14,726	4,682	-	-
Interest	4	-	8	20	6	5
Miscellaneous	-	-	-	-	1,266	-
Total revenue	4	17,997	14,734	4,702	1,272	18,470
Expenditures:						
Current						
General government	-	15,509	5,000	2,661	101	13,288
Welfare/health	-	-	-	-	-	-
Capital expenditures	-	1,266	-	225	-	-
Total expenditures	-	16,775	5,000	2,886	101	13,288
Excess (deficiency) of revenues over expenditures	4	1,222	9,734	1,816	1,171	5,182
Other financing sources (uses):						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
Total other financial sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	4	1,222	9,734	1,816	1,171	5,182
Fund balance-October 1	6,987	22,774	4,085	30,582	9,628	6,335
Fund balance-September 30	\$ 6,991	\$ 23,996	\$ 13,819	\$ 32,398	\$ 10,799	\$ 11,517

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

Howard County, Tx
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
September 30, 2013

	Chapter 19 Fund	Jail Commissary Fund	District Court Records Technology Fund	County Court Technology Fund	District Court Technology Fund	District Court Records Preservation Fund	County Court Records Preservation Fund	Total
Revenues:								
Intergovernmental	\$ 1,845	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,909
Program income	-	46,954	-	-	-	-	-	65,419
Fines/fees	-	-	3,968	750	340	7,904	1,960	257,772
Interest	-	21	8	1	-	15	4	430
Miscellaneous	-	-	-	-	-	-	-	1,266
Total revenue	1,845	46,975	3,976	751	340	7,919	1,964	445,796
Expenditures:								
Current								
General government	1,845	51,980	-	-	-	-	-	319,371
Welfare/health	-	-	-	-	-	-	-	196,320
Capital expenditures	-	3,789	-	-	-	-	-	24,593
Total expenditures	1,845	55,769	-	-	-	-	-	540,284
Excess (deficiency) of revenues over expenditures	-	(8,794)	3,976	751	340	7,919	1,964	(94,488)
Other financing sources (uses):								
Operating transfers in	-	-	-	-	-	-	-	422,741
Operating transfers out	-	-	-	-	-	-	-	-
Total other financial sources (uses)	-	-	-	-	-	-	-	422,741
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(8,794)	3,976	751	340	7,919	1,964	328,253
Fund balance-October 1	-	30,260	10,507	783	332	19,299	5,637	477,003
Fund balance-September 30	\$ -	\$ 21,466	\$ 14,483	\$ 1,534	\$ 672	\$ 27,218	\$ 7,601	\$ 805,256

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

INTERNAL SERVICE FUND

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

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

Howard County, Tx
Statement of Net Assets
Internal Service Fund
September 30, 2013

ASSETS

Current assets:

Cash and cash equivalents	\$ 174,055
Accounts receivable	329
Inventories	30,193
Total current assets	<u>204,577</u>

Noncurrent assets:

Capital assets:

Equipment	4,392,463
Less: accumulated depreciation	(3,050,492)
Total capital assets (net of accumulated depreciation)	<u>1,341,971</u>
Total assets	<u>1,546,548</u>

LIABILITIES

Accounts payable	15,865
Wages payable	3,185
Compensated absences payable	2,434
Total liabilities	<u>21,484</u>

NET ASSETS

Invested in capital assets, net of related debt	1,341,971
Assigned to Equipment Operations	183,093
Total net assets	<u>\$ 1,525,064</u>

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

Howard County, Tx
Statement of Revenues, Expenses, and Change in Fund Net Assets
Internal Service Fund
For the Year Ended September 30, 2013

Operating revenues:	
Charges for services	\$ 831,500
Miscellaneous	11,943
Total Operating Revenue	<u>843,443</u>
Operating expenses:	
Personnel services	164,553
Liability insurance	24,246
Maintenance and repairs	136,372
Materials	412,970
Equipment rental	-
Depreciation	285,821
Total Operating Expense	<u>1,023,962</u>
Operating income	<u>(180,519)</u>
Nonoperating revenues (expenses):	
Interest on income	207
Contributions from other funds	49,610
Gain (loss) on sale of equipment	120,152
Total nonoperating revenue (expenses)	<u>169,969</u>
Change in net assets	(10,550)
Total net assets - beginning	<u>1,535,614</u>
Toal net assets - ending	<u>\$ 1,525,064</u>

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

Howard County, Tx
Statement of Cash Flows
Internal Service Fund
For the Year Ended September 30, 2013

Cash flows from operating activities:	
Cash received from user departments	\$ 831,500
Cash paid to employees	(166,553)
Cash paid to suppliers	(553,395)
Miscellaneous revenue	11,943
Net cash provided by operating activities	<u>123,495</u>
Cash flows from capital and related financing activities:	
Acquisition of assets	(598,206)
Proceeds from sale of equipment	<u>174,729</u>
Net cash used for capital and related financing activities	<u>(423,477)</u>
Cash flows from investing activities:	
Interest on investments	<u>207</u>
Net cash used in investing activities	<u>207</u>
Net increase in cash and cash equivalents	(299,775)
Cash and cash equivalent-beginning of year	<u>473,830</u>
Cash and cash equivalent-end of year	<u><u>174,055</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	(180,519)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	285,821
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	153
(Increase) decrease in inventory	8,770
Increase (decrease) in accounts payable	11,271
Increase (decrease) in wages payable	503
Increase (decrease) in compensated absences payable	<u>(2,504)</u>
Net cash provided by operating activities	<u><u>\$ 123,495</u></u>

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

HOWARD COUNTY, TEXAS
EQUIPMENT OPERATING INTERNAL SERVICE FUND
SCHEDULE OF FIXED ASSETS

September 30, 2013

	Fixed Assets				Allowance for Depreciation					Net Value Assets	
	Balance October 1, 2012	Additions	Deletions	Transfers Between Departments	Balance Sept. 30, 2013	Balance October 1, 2012	Depreciation This Year	Depreciation Charge Off	Transfers Between Departments		Balance Sept. 30, 2013
Road and Bridge Department: Vehicles, radio equipment and other equipment	\$3,050,384	\$387,736	(\$317,080)	\$0	\$3,121,041	\$2,254,196	\$159,754	(\$262,503)	\$0	\$2,151,447	\$969,594
Sheriff Department: Vehicles and radio equipment	694,192	202,969	0	0	897,161	519,946	90,829	0	0	610,775	286,386
Extension Department: Vehicles	31,167	0	0	0	31,167	22,510	8,657	0	0	31,167	0
Courthouse Department: Vehicles	68,884	49,610	(12,162)	0	106,332	68,884	14,541	(12,162)	0	71,263	35,069
Volunteer Fire Department: Vehicles, radio equipment and other equipment	229,262	7,500	0	0	236,762	173,799	12,040	0	0	185,839	50,923
Totals	\$4,073,889	\$647,816	(\$329,241)	\$0	\$4,392,463	\$3,039,335	\$285,821	(\$274,664)	\$0	\$3,050,492	\$1,341,971

Fiduciary Fund Type

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

Howard County, Tx
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
September 30, 2013

ASSETS

Cash and temporary investments
Receivables

\$ 1,205,511
24,256

Total Assets

1,229,767

LIABILITIES

Due other funds
Due others

35,350
1,194,417

Total Liabilities

\$ 1,229,767

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

Howard County, Tx
Combining Statement of Changes in Fiduciary Assets and Liabilities
September 30, 2013

	Balance 10/1/2012	Additions	Deletions	Balance 9/30/2013
ASSETS				
Cash and temporary investments	\$ 911,660	\$ 69,684,974	\$ 69,391,123	\$ 1,205,511
Receivables	2,432	24,256	2,432	24,256
Total Assets	\$ 914,092	\$ 69,709,230	\$ 69,393,555	\$ 1,229,767
LIABILITIES				
Accounts payable:				
Due participants	895,135	56,640,805	56,341,523	1,194,417
Due other funds	18,957	13,068,425	13,052,032	35,350
Total Liabilities	\$ 914,092	\$ 69,709,230	\$ 69,393,555	\$ 1,229,767

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

Capital Assets

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

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

These schedules do not include the capital assets of the Internal Service Fund. See Internal Service Fund section of this report for that information.

Howard County, Tx
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules By Source
September 30, 2013

Governmental funds capital assets:

Land	\$ 589,976
Buildings & Improvements	20,251,027
Machinery and Equipment	1,440,060
Infrastructure	
Total governmental funds capital assets	<u><u>22,281,063</u></u>

Investments in governmental funds capital assets by source:

Acquisitions before 1978	1,297,036
General Fund	2,232,546
Capital Projects Fund	17,267,179
Records Management Fund	136,404
Courthouse Security Fund	43,800
D.A. Forfeiture Fund	15,992
Revenue Sharing Fund	39,232
HAVA Fund	234,704
Airport Fund	445,306
Tobacco Fund	168,077
Donations and Grants	400,787
Total governmental funds capital assets	<u><u>\$ 22,281,063</u></u>

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

Howard County, Tx
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
September 30, 2013

Function/Activity	Land	Buildings	Equipment	Infra-structure	Total
General Government:					
Judicial	\$ -	\$ -	\$ 202,386	\$ -	\$ 202,386
Staff Agencies:					
Elections	-	-	318,106	-	318,106
Executive and Financial	-	-	251,436	-	251,436
Total Staff Agencies	-	-	569,542	-	569,542
Public Safety:					
Police Protection	-	-	174,082	-	174,082
Fire Protection	10,150	-	-	-	10,150
Protective Inspection	-	-	-	-	-
Other	-	-	-	-	-
Corrections	-	-	175,458	-	175,458
Total Public Safety	10,150	-	349,540	-	359,690
Government:					
Buildings-Courthouse, Annex, Jail, Showbarn Warehouse and Shop	490,014	18,412,213	138,085	-	19,040,312
Public Welfare	-	-	-	-	-
Waste Removal	18,539	-	-	-	18,539
Library	-	1,464,781	54,189	-	1,518,970
Conservation of Natural Resources	-	-	126,318	-	126,318
Airport	71,273	374,033	-	-	445,306
Total General Fixed Assets	\$ 589,976	\$ 20,251,027	\$ 1,440,060	\$ -	\$ 22,281,063

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

Howard County, Tx
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the fiscal year ended September 30, 2013

Function/Activity	General Fixed Assets 10/1/2012	Additions	Deletions	Transfers/ Adjustments Between Departments	General Fixed Assets 9/30/2013
General Government:					
Judicial	\$ 202,386		\$ -	\$ -	\$ 202,386
Staff Agencies:					
Elections	318,106			-	318,106
Executive and Financial	160,759	105,578	14,901	-	251,436
Total Staff Agencies	478,865	105,578	14,901	-	569,542
Public Safety:					
Police Protection	174,082		-	-	174,082
Fire Protection	10,150		-	-	10,150
Protective Inspection	-	-	-	-	-
Other Inspections	-	-	-	-	-
Corrections	168,868	6,590	-	-	175,458
Total Public Safety	353,100	6,590	-	-	359,690
Government:					
Buildings-Courthouse, Annex, Jail, Showbarn, Warehouse, Shop, Dist. Court Bldg.	18,752,231	288,581	500	-	19,040,312
Welfare/Health	-			-	-
Waste Removal	18,539	-	-	-	18,539
Library	1,518,970	-	-	-	1,518,970
Conservation of Natural Resources		126,318	-	-	126,318
Airport	445,306	-	-	-	445,306
Total General Fixed Assets	\$ 21,769,397	\$ 527,067	\$ 15,401	\$ -	\$ 22,281,063

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

**STATISTICAL
SECTION
(unaudited)**

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

Continued

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses				
Governmental activities:				
General government	\$ 4,304,581	\$ 4,329,636	\$ 4,466,001	\$ 4,626,553
Public safety	1,985,999	2,098,240	3,166,509	2,610,727
Road maintenance	1,091,545	1,140,233	1,263,067	1,025,020
Health/Welfare	696,661	654,216	562,190	564,412
Conservation of natural resources	98,466	105,215	123,695	120,296
Culture and Recreation	407,932	430,666	461,765	372,652
Intergovernmental	556,368	650,371	716,483	749,965
Interest on long-term debt	65,238	36,555	33,612	30,518
Vehicle operation	726,357	800,691	839,277	914,811
Other	147,215	109,642	300	300
Total governmental activities expenses	<u>10,080,362</u>	<u>10,355,465</u>	<u>11,632,899</u>	<u>11,015,254</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	2,221,226	2,340,574	2,215,546	2,831,982
Public safety	117,475	116,551	115,920	97,025
Road maintenance	720,704	720,110	715,071	712,381
Health/Welfare	287,982	341,915	91,887	17,303
Culture and Recreation	8,995	8,974	7,490	7,786
Operating grants and contributions	66,530	101,256	134,598	75,324
Total governmental activities program revenues	<u>3,422,912</u>	<u>3,629,380</u>	<u>3,280,512</u>	<u>3,741,801</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes	6,596,096	7,023,504	7,618,171	9,473,482
Intergovernmental	284,384	311,868	513,359	405,823
Other/Miscellaneous/Interest	191,284	257,241	289,711	679,989
Total governmental activities	<u>7,071,764</u>	<u>7,592,613</u>	<u>8,421,241</u>	<u>10,559,294</u>
 Change in Net Assets	 \$ 414,314	 \$ 866,528	 \$ 68,854	 \$ 3,285,841

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses					
Governmental activities:					
General government	\$ 5,164,305	\$ 4,802,531	\$ 5,350,904	\$6,058,590	\$ 5,278,924
Public safety	2,992,499	3,199,696	3,429,050	3,845,737	4,103,528
Road maintenance	1,343,694	1,365,818	1,689,314	1,471,105	2,181,526
Health/Welfare	238,925	303,919	202,188	194,959	201,298
Conservation of natural resources	147,815	148,627	118,912	107,141	116,593
Culture and Recreation	400,348	394,021	435,451	454,250	393,050
Intergovernmental	747,377	834,561	834,952	779,335	491,334
Interest on long-term debt	917,046	541,962	526,838	510,546	493,488
Vehicle operation	819,048	902,352	1,009,550	981,214	1,023,962
Other	800	800	800	800	800
Total governmental activities expenses	<u>12,771,857</u>	<u>12,494,287</u>	<u>13,597,959</u>	<u>14,403,677</u>	<u>14,284,503</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	1,628,656	1,639,117	1,787,849	1,848,556	2,113,230
Public safety	104,833	123,926	160,621	64,356	79,724
Road maintenance	703,316	668,420	662,569	665,075	665,390
Health/Welfare	-	-	-	0	-
Culture and Recreation	6,787	5,796	5,328	6,293	6,755
Operating grants and contributions	152,053	46,566	98,013	1,860,706	144,266
Total governmental activities program revenue:	<u>2,595,645</u>	<u>2,483,825</u>	<u>2,714,380</u>	<u>4,444,986</u>	<u>3,009,365</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes	10,732,236	11,356,869	11,288,861	11,128,989	11,809,378
Intergovernmental	209,078	425,237	357,900	762,296	1,023,869
Other/Miscellaneous/Interest	353,867	288,133	235,814	185,444	692,790
Total governmental activities	<u>11,295,181</u>	<u>12,070,239</u>	<u>11,882,575</u>	<u>12,076,729</u>	<u>13,526,037</u>
 Change in Net Assets	 <u>\$ 1,118,969</u>	 <u>\$ 2,059,777</u>	 <u>\$ 998,996</u>	 <u>\$ 2,118,038</u>	 <u>\$ 2,250,899</u>

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

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund				
Reserved	40,999	42,465	33,596	34,192
Unreserved	6,017,132	7,167,621	6,710,105	8,275,208
Total general fund	<u>6,058,131</u>	<u>7,210,086</u>	<u>6,743,701</u>	<u>8,309,400</u>
All other governmental funds				
Unreserved, reported in:				
Road & Bridge Fund	806,046	823,459	807,349	966,449
Tobacco Fund	1,554,004	1,967,851	2,318,197	1,162,922
Nonmajor Funds	461,443	409,640	467,375	794,457
Reserved or Restricted:				
Reserved in Debt Service Fund	96,414	82,528	69,996	38,152
Reserved in Tobacco Fund	-	-	-	1,200,000
Reserved for Capital Pro. Fund	0	0	243,286	0
Reserved for claimants	9,003	9,768	9,628	10,799
Total all other governmental funds	<u>\$2,926,910</u>	<u>\$3,293,246</u>	<u>\$3,915,831</u>	<u>\$4,172,779</u>

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues									
Taxes	\$6,437,436	\$6,834,256	\$7,144,582	\$8,192,941	\$12,490,853	\$11,318,570	\$11,247,178	\$11,110,075	\$11,809,378
License and permits	723,598	726,106	719,918	717,395	709,907	676,581	664,431	678,567	666,782
Intergovernmental	431,802	575,982	517,206	421,663	361,131	458,012	453,913	2,615,395	1,085,838
Charges for services	930,724	1,007,533	1,274,230	1,266,336	1,195,211	1,075,316	1,213,206	1,228,231	1,422,079
Fines	821,339	827,282	651,648	804,698	806,164	797,162	805,359	716,237	853,374
Miscellaneous	245,470	309,849	397,599	681,071	322,943	264,739	208,073	163,461	521,186
Total revenues	9,590,369	10,281,008	10,705,183	12,084,104	15,886,209	14,590,380	14,592,160	16,511,966	16,358,637
Expenditures									
General government	4,224,152	5,166,249	4,288,933	4,486,917	4,459,908	4,436,678	4,714,696	4,599,221	4,958,943
Public safety	1,985,999	2,090,222	3,133,466	2,649,767	2,941,827	3,188,651	3,402,686	3,702,897	3,981,468
Road maintenance	1,341,545	705,517	1,957,578	1,725,106	2,315,725	2,156,083	2,277,344	2,054,305	2,772,408
Health/Welfare	677,221	636,342	559,710	564,286	236,227	303,373	200,764	196,000	201,136
Conservation of natural resources	98,466	105,352	123,336	121,516	145,570	148,202	119,839	107,141	103,980
Culture and recreation	406,654	430,505	453,652	371,007	396,619	393,089	428,680	390,566	390,441
Intergovernmental	556,368	650,371	716,483	749,965	747,377	834,561	832,952	779,335	491,334
Debt service	143,385	131,915	133,990	135,915	969,136	939,614	943,614	942,539	945,574
Capital outlay	144,426	109,342	201,938	3,953,611	7,284,704	487,793	153,962	3,574,093	690,502
Other	22,405	19,858	400	381,541	800	0	800	800	800
Total expenditures	9,600,621	10,045,673	11,569,486	15,139,631	19,497,893	12,888,044	13,075,337	16,346,897	14,536,586
Excess of revenues over (under) expenditures	(10,252)	235,335	(864,303)	(3,055,527)	(3,611,684)	1,702,336	1,516,823	165,069	1,822,051
Other financing sources (uses)									
Transfers in	603,895	463,013	241,408	347,059	683,615	951,517	824,232	1,652,684	677,834
Transfers out	(603,895)	(463,013)	(241,408)	(347,059)	(683,615)	(951,517)	(824,232)	(1,652,684)	(677,834)
Bond proceeds	0	0	0	11,570,000	0	0	0	0	0
Total other financing sources (uses)	0	0	0	11,570,000	0	0	0	0	0
Net change in fund balances	(\$10,252)	\$235,335	(\$864,303)	\$8,514,473	(\$3,611,684)	\$1,702,336	\$1,516,823	\$165,069	\$1,822,051
Debt service as a percentage of noncapital expenditures	1.54%	1.35%	1.19%	1.23%	8.62%	8.20%	7.88%	7.97%	7.3%

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

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	All Other	Total
Before 2005 Unavailable						
2005	\$3,356,382	\$66,530	\$0	\$6,596,096	\$475,668	\$10,494,676
2006	3,528,124	71,241	30,015	7,023,504	569,109	11,221,993
2007	3,145,914	134,598	-	7,618,171	803,070	11,701,753
2008	3,666,477	75,324	-	9,473,482	1,085,812	14,301,095
2009	2,443,592	152,053	-	10,732,236	562,945	13,890,826
2010	2,451,050	32,775	-	11,356,869	713,370	14,554,064
2011	2,616,367	98,013	-	11,288,861	593,714	14,596,955
2012	2,584,280	160,706	1,700,000	11,128,989	947,740	16,521,715
2013	2,865,099	144,266	-	11,809,378	1,716,659	16,535,402

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

Fiscal Year	General Government	Public Safety	Road Maint.	Health Welfare	Conservation of Natural Resources	Culture and Recreation	Inter-governmental	Interest on Long-Term Debt	Vehicle Operation	Other	Total
Before 2004											
unavailable											
2005	\$4,304,581	\$1,985,999	\$1,091,545	\$696,661	\$98,466	\$407,932	\$556,368	\$65,238	\$726,357	\$147,215	\$10,080,362
2006	4,329,636	2,098,240	1,140,233	654,216	105,215	430,666	650,371	36,555	800,691	109,642	10,355,465
2007	4,466,001	3,166,509	1,263,067	562,190	123,695	461,765	716,483	33,612	839,277	300	11,632,899
2008	4,626,553	2,610,727	1,025,020	564,412	120,296	372,652	749,965	30,518	914,811	300	11,015,254
2009	5,164,305	2,992,499	1,343,694	238,925	147,815	400,348	747,377	917,046	819,068	800	12,771,877
2010	4,802,531	3,199,696	1,365,818	303,919	148,627	394,021	834,561	541,962	902,352	800	12,494,287
2011	5,350,904	3,429,050	1,689,314	202,188	118,912	435,451	834,952	526,838	1,009,550	800	13,597,959
2012	6,058,590	3,845,737	1,471,105	194,959	107,141	454,250	779,335	510,546	981,214	800	14,403,677
2013	5,278,924	4,103,528	2,181,526	201,298	116,593	393,050	491,334	493,488	1,023,962	800	14,284,503

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

Fiscal Year Ended	Non- Producing Property	Local Real and Personal Property				Less: Tax Exempt Property		Total Taxable Assessed Value	Total County Tax Rate (per \$100) Value
		Mineral Property	Industrial Property	Intangible Property	Personal Property	Tax Exempt Property	Property		
2004	\$ -	\$ 355,980,298	\$ 320,158,166	\$ 1,926,540	\$ 829,782,140	\$ (363,123,007)	\$ 1,144,724,137	0.55337	
2005	-	423,816,055	215,262,940	1,948,961	951,867,843	(349,934,828)	1,242,960,971	0.54546	
2006	-	573,751,875	242,827,750	1,876,143	1,062,999,344	(370,806,691)	1,510,648,421	0.48787	
2007	114,805	632,145,490	693,637,675	1,857,232	1,009,723,024	(463,869,304)	1,873,608,922	0.48787	
2008	-	883,837,505	353,823,074	1,976,545	1,284,986,742	(321,724,721)	2,202,899,145	0.53625	
2009	-	686,650,027	618,386,047	2,091,974	1,075,343,231	(473,841,000)	1,908,630,229	0.57866	
2010	-	964,789,567	732,929,158	2,060,731	967,798,817	(528,653,079)	2,138,925,194	0.52240	
2011	-	1,206,356,447	841,771,143	2,433,694	979,533,594	(495,426,198)	2,534,668,680	0.43672	
2012	-	1,960,081,512	969,110,499	2,484,546	916,396,850	(355,229,874)	3,492,843,533	0.33000	
2013	-	1,648,669,317	1,058,792,221	2,902,887	1,354,628,530	(692,447,211)	3,372,545,744	0.35983	

Source: Howard County Tax Assessor-Collector

Howard County Direct Rates					Overlapping Rates									
Year	General Fund	Road and Bridge	Debt Service	Total Howard County	Permian Basin Underground Water			School						
					Howard College	Conservation District	City	Big Spring	Coahoma	Forsan				
2004	0.50184	0.04000	0.01153	0.55337	0.27561	0.01535	0.71630	0.59746	0.44491	1.57630	1.50000	1.50000	Total	7.17930
2005	0.49728	0.04000	0.00818	0.54546	0.27300	0.01350	0.71630	0.60902	0.30260	1.57630	1.50000	1.66875		7.20493
2006	0.43958	0.03915	0.00914	0.48787	0.24120	0.01850	0.71630	0.60902	0.28000	1.43409	1.37000	1.50000		6.65698
2007	0.44454	0.03585	0.00748	0.48787	0.28908	0.01805	1.02276	0.50054	0.20702	1.10409	1.29000	1.15810		6.56538
2008	0.456347	0.032916	0.046991	0.536254	0.278000	0.014730	1.013243	0.467066	0.136958	1.119890	1.210000	1.129700		5.905841
2009	0.513629	0.037474	0.027553	0.578656	0.315538	0.018050	1.013243	0.451220	0.191599	1.119500	1.290000	1.099300		6.655762
2010	0.444558	0.034268	0.043580	0.522406	0.285618	0.013393	0.999500	0.451220	0.361468	1.449500	1.285000	1.100570		6.468675
2011	0.371455	0.028852	0.036413	0.436720	0.238507	0.010810	0.949500	0.451220	0.350000	1.439500	1.270000	1.096800		6.243057
2012	0.279393	0.025080	0.025527	0.330000	0.176616	0.007023	0.865043	0.451220	0.325000	1.356500	1.270000	1.080910		6.192312
2013	0.299826	0.030000	0.030001	0.359828	0.203738	0.006712	0.856640	0.420000	0.460000	1.449500	1.270000	1.389280		6.775525

Note: Tax rates per \$100 of assessed value

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

2013		2004	
<u>Taxpayer</u>	<u>Taxable Valuation</u>	<u>Taxpayer</u>	<u>Percentage of Total Assessed Valuation</u>
ALON USA	\$243,344,569	FINA OIL AND CHEMICAL CO	5.36%
CONOCO PHILLIPS CO	157,408,063	LCS PRODUCTION CO	2.84%
SHERIDAN PRODUCTION CO LLC	102,690,986	WESTERN CONTAINER	2.02%
LINN OPERATING INC	97,029,546	CONOCO PHILLIPS CO	1.90%
J ARON & COMPANY	97,006,769	AETHON I LP	1.87%
CROWNQUEST OPERATING LLC	96,060,822	ANADARKO PETROLEUM CORP	1.59%
ENDEAVOR ENERGY RESOURCES LP	78,316,558	SID RICHARDSON CARBON LTD	1.51%
ATHLON FE OPERATING LLC	72,710,234	ONCOR ELECTRIC DELIVERY CO	1.39%
APACHE CORP	71,474,663	POWER RESOURCES INC	1.22%
ROBINSON DRILLING OF TEXAS INC	56,627,115	SCENIC MT. MEDICAL CENTER	1.01%
Total	<u>\$1,072,669,325</u>	Total	<u>20.71%</u>

Source: Howard County Tax Assessor-Collector

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

Fiscal Year	Taxes Levied for the Fiscal Year	Amount Collected within the Fiscal Year of Levy	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percentage of Levy Collected
2003-04	\$ 6,118,768	\$ 5,937,906	97%	\$ 132,915	\$ 6,070,821	99%
2004-05	\$ 6,334,563	\$ 6,114,526	97%	\$ 185,262	\$ 6,299,788	99%
2005-06	\$ 6,779,848	\$ 6,441,794	95%	\$ 154,762	\$ 6,596,586	97%
2006-07	\$ 7,371,784	\$ 6,813,776	92%	\$ 158,788	\$ 6,972,564	95%
2007-08	\$ 9,144,533	\$ 7,797,078	85%	\$ 281,349	\$ 8,078,427	88%
2008-09	\$ 11,834,138	\$ 11,117,947	94%	\$ 1,036,688	\$ 12,154,635	103%
2009-10	\$ 11,037,141	\$ 10,893,417	99%	\$ 139,239	\$ 11,032,656	100%
2010-11	\$ 11,166,256	\$ 10,885,560	97%	\$ 1,341,146	\$ 12,226,706	109%
2011-12	\$ 11,072,495	\$ 10,774,244	97%	\$ 218,664	\$ 10,992,908	99%
2012-13	\$ 11,530,110	\$ 11,486,315	99.6%	\$ 226,927	\$ 11,713,342	102%

Source: Howard County Tax Assessor-Collector

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

Alon paid the 2009 taxes as of June 2010 but the actual payment was posted in July 2010

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

Fiscal Year	Population	General Obligations Bonds	Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita
2005	33,627	\$ 1,165,000	\$ 1,242,960,971	0.09%	\$ 34.64
2006	33,627	\$ 1,070,000	\$ 1,510,648,421	0.07%	\$ 31.82
2007	33,627	\$ 970,000	\$ 1,873,608,922	0.05%	\$ 28.85
2008	33,627	\$ 12,435,000	\$ 2,202,899,145	0.56%	\$ 369.79
2009	33,627	\$ 12,325,000	\$ 1,908,630,229	0.65%	\$ 366.52
2010	35,012	\$ 11,930,000	\$ 2,138,925,194	0.56%	\$ 354.77
2011	35,012	\$ 11,515,000	\$ 2,534,668,680	0.45%	\$ 328.89
2012	35,012	\$ 11,085,000	\$ 3,492,843,533	0.32%	\$ 316.61
2013	35,012	\$ 10,635,000	\$ 3,372,545,744	0.32%	\$ 303.75

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

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

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

	2013 (2)		2012 (2)		2011 (2)		2010 (2)		2009 (2)		2008 (2)		2007 (2)		2006 (2)		2005 (2)		2004 (2)	
	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT
Judicial																				
District Judge	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0
Justices of Peace	7	0	7	0	7	0	7	0	7	0	7	0	7	0	7	0	7	0	7	0
District Clerk	4	1	4	0	4	0	4	0	3	1	4	1	4	0	4	0	4	0	4	0
County Attorney	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0
County Clerk	6	0	6	1	6	1	6	0	6	0	6	0	7	0	6	0	7	0	7	0
District Attorney	4	0	5	0	5	0	5	0	5	0	5	0	5	0	5	0	5	0	5	0
Court Collector	0	0	0	0	0	0	0	0	0	0	2	0	2	0	2	0	2	0	2	0
Executive																				
County Judge	2	0	2	0	2	0	2	0	2	0	2	0	2	0	2	0	2	0	2	1
County Commissioners	4	0	4	0	4	0	4	0	4	0	4	0	4	0	4	0	4	0	4	0
Financial Administration																				
County Treasurer	2	0	2	0	2	0	1.5	0	1.5	0	1.5	0	1.5	0	1.5	0	1.5	0	1.5	0
County Auditor	3	0	3	0	3	0	3.5	0	3.5	0	3.5	0	3.5	0	3.5	0	3.5	0	3.5	0
Tax Assessor-Collector	7	0	8	0	8	0	8	0	8	0	7	0	7	0	8	0	8	0	9	0
Information Technology	1	0	1	0	1	0														
Elections	2	0	1	1	1	1	1	2	1	2	1	2	1	2	1	1	1	2	0	0
Courthouse Maintenance	3	0	3	0	3	0	3	0	3	0	3	0	4	1	5	0	4	0	4	0
Sheriff	19	0	18	0	17	0	16	0	21	0	18	2	17	1	16	3	18	2	18	1
Jail	22	3	23	3	26	6	25	3	18	4	9	5	10	5	11	3	11	3	11	6
Joint Law Enforcement	10	0	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Detention	0	3	0	7	0	7	0	5	0	0	3	0	6	0	8	0	4	0	7	7
State (DPS)	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	0	1
Constable	1	0	1	0	1	0	1	0	1	0	1	0	0	0	0	1	0	1	0	3
Emergency Management	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
County Extension Agents	3	0	1	0	2	1	4	0	4	0	4	0	3	0	4	1	3	0	3	1
Library	6	1	5	1	6	1	6	1	6	1	6	1	8	1	8	1	7	3	7	3
Law Library	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Indigent Health Care	2	1	3	1	3	1	3	1	3	2	2	1	2	1	2	1	2	0	2	1
Courthouse Security	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0
Road & Bridge	17	0	17	0	18	0	19	2	17	1	17	0	19	1	20	1	20	1	19	1
Equipment Operating	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0
Senior Citizens Center	0	0	0	0	0	0	0	0	0	0	0	0	3	3	2	2	5	2	4	3
Total	137	9	135	14	130	18	130	14	125	19	114	15	121	21	123	22	126	18	123	28

(1) Source: County Treasurer

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

FT = full time PT = part time

Howard County, Tx
Demographic and Statistical Information
Source: <http://en.wikipedia.org>

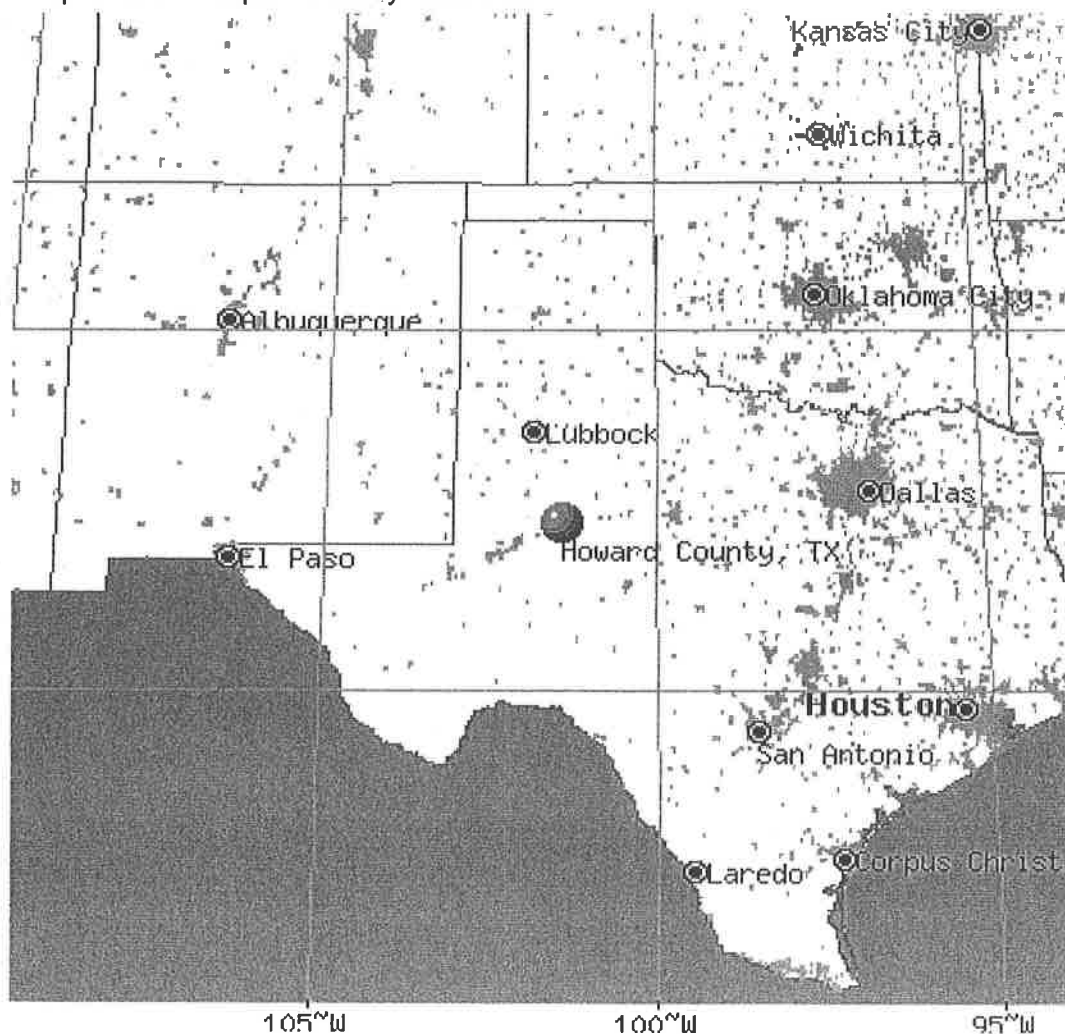
Howard County is a county located in the U.S. state of Texas. Its county seat is Big Spring. Howard County is named for Volney E. Howard, a U. S. Congressman from Texas.

Geography: According to the U.S. Census Bureau, the county has a total area of 904 mi., 903 mi. of it is land and 1 mi. is water.

Major Highways: Interstate 20, U. S. Highway 87, State Highways 176 and 350.

Adjacent Counties: Borden (north), Mitchell (east), Sterling (southeast), Glasscock (south), and Martin (west)

Map Source: <http://www.city-data.com>



Howard County, Tx
Miscellaneous Statistics
Last Nine Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Roads by commissioner precinct. Source: Road Administrator/Engineer									
Miles of paved roads:									
Precinct 1	60.25	60.25	60.25	60.25	60.25	60.25	60.25	60.25	60.25
Precinct 2	59.90	59.90	59.90	59.90	59.90	59.90	59.90	59.90	59.90
Precinct 3	54.20	54.20	54.20	54.20	54.20	54.20	54.20	54.20	54.20
Precinct 4	94.25	94.25	94.25	94.25	94.25	94.25	94.25	94.25	94.25
Total miles of paved roads	268.60	268.60	268.60	268.60	268.60	268.60	268.60	268.60	268.60
Miles of unpaved roads:									
Precinct 1	89.000	89.000	89.000	89.000	89.000	89.000	89.000	89.000	89.000
Precinct 2	54.634	54.634	54.634	54.634	54.634	54.634	54.634	54.634	54.634
Precinct 3	24.300	24.300	24.300	24.300	24.300	24.300	24.300	24.300	24.300
Precinct 4	106.250	106.250	106.250	106.250	106.250	106.250	106.250	106.250	106.250
Total miles of unpaved roads	274.184	274.184	274.184	274.184	274.184	274.184	274.184	274.184	274.184

Source: Chief Deputy Sheriff's Office

Calls for service	2,897	3,529	3,754	3,836	2,041	4,801	5,481	6,929	8,202 Note 1
Civil papers served	1,514	2,629	2,521	3,315	1,873	2,775	2,233	2,618	3,648 Note 1
Reports taken	472	528	531	580	513	748	735	742	931 Note 1
People processed through the jail (calendar year)	1,957	2,190	1,889	2,116	1,827	3,228	3,029	3,064	2,472 Note 1

Library statistics. Source: County Librarian

Volumes in collection	64,158	66,622	68,539	70,296	72,233	65,451	69,923	65,907	64,870 Note 2
Total volumes borrowed	78,578	77,636	65,501	62,758	64,868	64,317	69,778	46,894	54,088 Note 2
Card holders of record	9,184	9,878	9,842	6,607	6,434	8,120	9,213	9,942	10,861 Note 2
Percentage of the county population with a library card	27%	30%	29%	20%	19%	23%	26%	28%	31% Note 2
Times internet used by patrons	10,717	10,556	9,080	7,718	10,042	9,749	7,581	6,329	7,760 Note 2
Number of check-outs of library materials:									
Adults	23,944	38,313	30,636	33,756	33,482	31,612	29,988	26,455	25,487 Note 2
Juveniles	18,915	15,714	19,600	13,642	14,795	16,591	17,322	15,147	14,450 Note 2
Videos/DVDs	15,864	10,447	8,103	5,567	4,272	3,844	3,378	2,991	3,248 Note 2
Young adult	2,391	2,466	2,008	1,993	2,277	2,521	4,388	2,300	2,631 Note 2
Number of hours open per year	2,506	2,500	2,200	2,392	2,392	2,400	2,382	2,340	2,392 Note 2

Note 1 Figures as of 11-20-13 Note 2 Figures as of 12-31-13

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

To the Honorable County Judge, Commissioners Court
And County Auditor of
Howard County, Texas

We have audited the accompanying financial statements of the governmental activities, and each major fund and the Aggregate remaining fund information of Howard County, as of and for the year ended, September 30, 2013, which Collectively comprise Howard County's basic financial statements and have issued our report thereon dated January 7, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by The Comptroller General of the United States.

Internal Control over Financial Reporting

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

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


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

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

Compliance and Other Matters

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

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



DON H. STEPHENS CPA, P.C.

January 7, 2014

**HOWARD COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONS COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Summary of Auditor's Results

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

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

Major programs are as follows:

None

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

None

Findings and Questioned Costs for Federal Awards

<u>Program</u>	<u>Findings/Non Compliance</u>	<u>Questioned Costs</u>
None	None	\$ None