

**HOWARD COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**For the fiscal year ended**

**September 30, 2015**



# INTRODUCTORY SECTION

Howard County, Texas  
Comprehensive Annual Financial Report  
September 30, 2015

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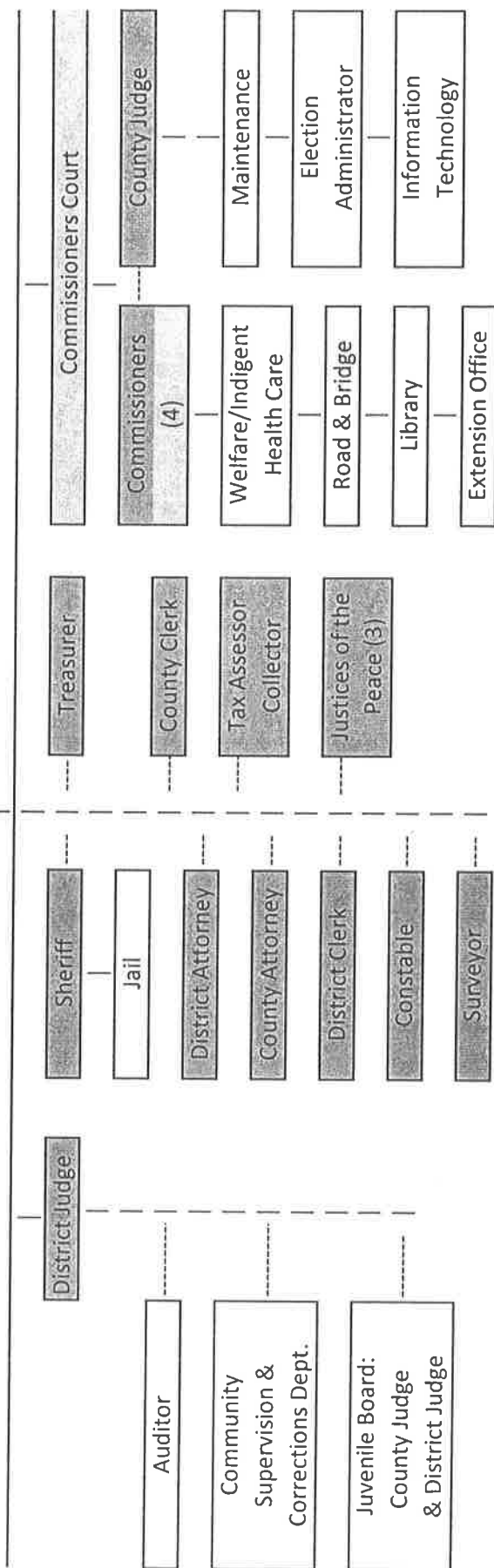
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Comprehensive Annual Financial Report  
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# HOWARD COUNTY ORGANIZATIONAL CHART

## COUNTY VOTERS



Shaded Boxes represent elected positions

Howard County, TX  
Elected and Appointed Officials  
September 30, 2015

Elected Officials

County Judge	Kathryn Wiseman
Commissioner, Precinct 1	Oscar Garcia
Commissioner, Precinct 2	Craig Bailey
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	Robert Fitzgibbons
Justice of Peace, Precinct 2	Connie Shaw
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  
806-872-5898 fax**

**REPORT OF INDEPENDENT AUDITORS'**

**To: The Honorable Judge & Commissioners Court  
& County Auditor  
Howard County, Texas**

***Report on the Financial Statements***

**We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Howard County, Texas as of and for the year ended September 30, 2015 and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.**

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

**Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.**

**An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.**



In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting Principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the General Fund Budgetary Comparison, Schedule of Funding Progress (Texas and County District Retirement System) and the schedule of funding progress (post retirement benefits ) 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 managements' 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 limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual non major fund financial statements ( including the budgetary comparison schedules for non major funds) and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures (FEMA Grant ) is presented for purposes of additional analysis as required by U.S. office of Management and Budget Circular A 133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards and the combining and individual non major fund financial statements ( including the budgetary comparison schedules for non major funds) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic

financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non major fund financial statements ( including the budgetary comparison schedules for non major funds) and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole. The Introductory Section and Statistical section 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.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated January 15, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control over financial reporting and compliance.

 CPA PC

Don H. Stephens CPA, P.C.

January 15, 2016

**Don H. Stephens CPA, P.C.**

Howard County, Tx  
Management's Discussion and Analysis  
September 30, 2015

Readers of the County's financial statements are presented this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2015. Readers are encouraged 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 71 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.

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](http://www.naco.org)

### Overview of the Financial Statements

The County's financial reporting for fiscal year 2015 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, 2015, were \$29,982,884, Deferred Outflows of Resources \$1,509,869, while total liabilities were \$14,836,617, resulting in a net asset balance of \$16,656,136.

#### Changes in Net Assets

During the fiscal year the County earned \$3,233,461 in charges for services/fines/fees. Property tax revenue accounted for \$12,185,896, while \$4945,569 was earned in investment income, sale of property and other miscellaneous revenue. Total revenue was \$17,816,204.

Expenses, including general government, public safety and road maintenance totaled \$16,590,589

<u>Governmental Funds</u>	
<u>Revenues</u>	
Charges for Services	\$ 3,233,461
Grants	37,272
Donations	51,447
Taxes	12,185,896
Other and Intergovernmental	2,308,129
Total revenues	<u>17,816,205</u>

Expenses

General government	\$	6,586,740
Public Safety		4,495,281
Road maintenance		2,205,794
Health and Welfare		157,617
Conservation of natural resources		178,991
Culture and recreation		414,571
Intergovernmental		1,392,727
Interest on debt		456,675
Vehicle operation		1,061,443
Other		750
Total expenses		<u>16,950,589</u>
Change in Net Assets		865,616
Net assets, 10-1-14		18,078,820
Net assets, 10-1-14 adjusted		<u>(2,288,300)</u>
Net assets, 9-30-15	\$	<u><u>16,656,136</u></u>

Budget Variances in the General Fund

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

The original budget for revenues in the general fund was \$11,254,810 compared to \$11,557,785 for the final budget, an increase of \$302,975.

<u>Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase or (Decrease)</u>
Taxes	\$ 8,263,902	\$ 8,263,902	\$ -
License/Permits	5,000	5,000	-
Intergovernmental	916,433	1,006,383	89,950
Charges for Services	1,322,250	1,499,975	177,725
Fines/Fees	688,275	645,275	(43,000)
Other/Sale of Property	45,700	124,000	78,300
Interest	13,250	13,250	-
Total	\$ 11,254,810	\$ 11,557,785	\$ 302,975

The original budget as well as the final budget for expenditures in the general fund was \$13,218,137. Budget adjustments during the year involved only line item transfers.

<u>Expenditures</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase or (Decrease)</u>
General Government	\$ 5,899,184	\$ 5,912,207	\$ 13,023
Public Safety	5,001,531	5,034,031	\$ 32,500
Health and Welfare	13,100	13,100	\$ -
Conservation of Natural Resources	170,460	171,333	\$ 873
Culture and Recreation	439,817	444,080	\$ 4,263
Other	32,400	-	\$ -
Intergovernmental	1,540,645	1,518,532	\$ (22,113)
Capital Outlay	121,000	124,854	\$ 3,854
Total	\$ 13,218,137	\$ 13,218,137	\$ 32,400

### Capital Assets

The County's investment in capital assets as of September 30, 2015, amounts to \$14,813,369 (net of accumulated depreciation). This investment includes land, buildings and improvements and equipment.

<u>Capital Assets (net of accumulated depreciation)</u>	
Land	\$ 589,476
Buildings/Improvements	12,006,856
Equipment	2,217,037
Total	\$ 14,813,369

### 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, 2015

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalent	\$ 13,475,210
Petty cash	1,780
Receivables (net of allow. for uncollectibles)	1,635,680
Inventory	56,845
Deferred Charges	-
Capital assets (net of accumulated depreciation):	
Land	589,476
Buildings and improvements	12,006,856
Equipment	2,217,037
<b>Total assets</b>	<u>29,982,884</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Difference between expected and actual experience	68,371
Difference between projected and actual earnings on pension plan	311,413
Contributions subsequent to the measurement date	1,130,085
<b>Total Deferred Outflows of Resources</b>	<u>1,509,869</u>
<b>LIABILITIES</b>	
Accounts payable	827,041
Wages payable	232,056
Deferred revenue	669,557
Accrued interest payable	48,798
Noncurrent liabilities:	
Due within one year	595,564
Due in more than one year	9,395,000
Pension liability	3,068,601
<b>Total liabilities</b>	<u>14,836,617</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	4,983,369
Restricted for:	
General government	1,254,332
Debt services	134,434
Capital projects	-
Other purposes	11,835
Unrestricted	10,272,166
<b>Total net assets</b>	<u>\$ 16,656,136</u>

Howard County, Tx  
Statement of Activities  
For the Year Ended September 30, 2015

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants & Donations	Capital Grants & Contributions	
<b>Functions/Programs</b>					
<b>Governmental activities:</b>					
General Government	\$ 6,586,740	\$ 2,488,876	\$ 37,272	\$ -	(4,060,592)
Public Safety	4,495,281	88,574	-	-	(4,406,707)
Road Maintenance	2,205,794	647,799	-	-	(1,557,995)
Health/Welfare	157,617	-	-	-	(157,617)
Conservation of Nat. Resources	178,991	-	-	-	(178,991)
Culture and Recreation	414,571	8,212	-	-	(406,359)
Intergovernmental	1,392,727	-	-	-	(1,392,727)
Interest on long term debt	456,675	-	-	-	(456,675)
Vehicle Operation	1,061,443	-	-	-	(1,061,443)
Other	750	-	51,447	-	50,697
<b>Total governmental activities</b>	<b>16,950,589</b>	<b>3,233,461</b>	<b>88,719</b>	<b>-</b>	<b>(13,628,409)</b>
General revenues:					
Property taxes					12,185,896
Intergovernmental					1,362,560
Other/Interest/Sale of Property					945,569
Transfers (net)					-
<b>Total general revenues and transfers</b>					<b>14,494,025</b>
Change in net assets					865,616
Net assets - beginning , adjusted for Net Pension Liability					15,790,520
Net assets - ending					<u>\$ 16,656,136</u>

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

Howard County, Tx  
Balance Sheet  
Governmental Funds  
September 30, 2015

	Major Funds					Nonmajor Funds	
	General Fund	Road & Bridge Fund	Tobacco Fund	Capital Projects Fund	Debt Service Funds	Other Governmental Funds	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 8,106,061	\$ 956,823	\$ 2,185,145	\$ 145,277	\$ 134,434	\$ 1,280,580	\$ 12,808,320
Petty cash	1,780	-	-	-	-	-	1,780
Receivables (net of allowance for unc	612,615	198,714	-	-	24,993	2,840	839,162
Due from other funds	31,543	3,930	-	-	-	0	35,473
Inventory	29,215	-	-	-	-	0	29,215
<b>Total assets</b>	<b>8,781,214</b>	<b>1,159,467</b>	<b>2,185,145</b>	<b>145,277</b>	<b>159,427</b>	<b>1,283,420</b>	<b>13,713,950</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	552,044	81,170	167,928	1,084	-	11,804	814,030
Wages payable	193,616	27,830	-	-	-	5,449	226,895
Deferred revenue	539,982	104,582	-	-	24,993	-	669,557
<b>Total liabilities</b>	<b>1,285,642</b>	<b>213,582</b>	<b>167,928</b>	<b>1,084</b>	<b>24,993</b>	<b>17,253</b>	<b>1,710,482</b>
<b>Fund balances:</b>							
<b>Nonspendable</b>							
Inventories	29,215	-	-	-	-	-	29,215
<b>Restricted for</b>							
General government	-	-	-	-	-	1,254,332	1,254,332
Unclaimed funds	-	-	-	-	-	11,709	11,709
Human services	-	-	-	-	-	126	126
Debt services	-	-	-	-	134,434	-	134,434
Capital projects	-	-	-	-	-	-	-
Unassigned	7,466,357	945,885	2,017,217	144,193	-	-	10,573,652
<b>Total fund balances</b>	<b>7,495,572</b>	<b>945,885</b>	<b>2,017,217</b>	<b>144,193</b>	<b>134,434</b>	<b>1,266,167</b>	<b>12,003,468</b>
<b>Total liabilities and fund balances</b>	<b>8,781,214</b>	<b>1,159,467</b>	<b>2,185,145</b>	<b>145,277</b>	<b>159,427</b>	<b>1,283,420</b>	

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

13,444,724

Assets not available to pay for current-period expenditures

760,662

Recognition of the net pension liability in the amount of \$3,068,601 and a deferred outflow of resources of \$1,509,869. This resulted in a decrease in net position.

(1,558,732)

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.

2,039,648

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

(10,033,634)

Net assets of governmental activities

\$ 16,656,136

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, 2015

	Major Funds-----					Nonmajor Funds	
	General Fund	Road & Bridge Fund	Tobacco Fund	Capital Projects Fund	Debt Service Funds	Other Governmental Funds	Total
<b>REVENUES</b>							
Taxes	\$ 8,373,645	\$ 2,837,555	\$ -	\$ -	\$ 974,696	\$ -	\$ 12,185,896
License and permits	5,235	647,799	-	-	-	-	653,034
Intergovernmental	1,083,929	130,552	16,213	-	-	1,314	1,232,008
Charges for services	1,480,415	-	-	-	-	102,128	1,582,543
Fines/fees	590,441	-	-	-	-	332,035	922,476
Interest	20,423	4,449	3,474	432	631	2,341	31,750
Donations	-	-	-	-	-	51,447	51,447
Other/Sale of Property	118,820	14,298	-	745,068	2,077	2,864	883,127
Total revenues	11,672,908	3,634,653	19,687	745,500	977,404	492,129	17,542,281
<b>EXPENDITURES</b>							
General government	5,477,243	-	108,836	-	-	291,429	5,877,508
Public Safety	4,752,927	-	-	-	-	-	4,752,927
Road Maintenance	-	3,301,761	-	44,722	-	-	3,346,483
Health/Welfare	4,412	-	-	-	-	163,981	168,393
Conservation of Natural Resources	168,038	-	-	-	-	-	168,038
Culture and Recreation	441,971	-	-	-	-	-	441,971
Intergovernmental	1,392,727	-	-	-	-	-	1,392,727
Interest on debt	-	-	-	-	459,049	-	459,049
Bond principal	-	-	-	-	485,000	-	485,000
Capital outlay	53,943	-	456,404	694,585	-	9,395	1,214,327
Other	-	-	-	-	750	-	750
Total expenditures	12,291,261	3,301,761	565,240	739,307	944,799	464,805	18,307,173
Excess (deficiency) of revenues over expenditures	(618,353)	332,892	(545,553)	6,193	32,605	27,324	(764,892)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	200,000	138,000	-	237,000	575,000
Transfers out	(437,000)	(138,000)	-	-	-	-	(575,000)
Total other financial sources (uses)	(437,000)	(138,000)	200,000	138,000	-	237,000	-
Net change in fund balances	(1,055,353)	194,892	(345,553)	144,193	32,605	264,324	(764,892)
Inventory increase (decrease)	(13,804)	-	-	-	-	-	(13,804)
Fund balances - beginning	8,564,729	750,993	2,362,770	-	101,829	1,001,843	12,782,164
Fund balances - ending	\$ 7,495,572	\$ 945,885	\$ 2,017,217	\$ 144,193	\$ 134,434	\$ 1,266,167	\$ 12,003,468

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, 2015

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

Net change in fund balances - total governmental funds	\$ (764,892)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	243,232
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.	239,257
Adjustments for pension expense for FY2015 and contributions after the most recent measurement date.	729,568
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>418,451</u>
Changes of net assets of governmental activities	<u><u>\$ 865,616</u></u>

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

Howard County, Tx  
Major Funds - General and Road & Bridge  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Original and Final) and Actual  
Year Ended September 30, 2015

	General Fund			Road and Bridge Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>Revenues:</b>						
Taxes	\$ 8,263,902	\$ 8,263,902	\$ 8,373,645	\$ 2,779,517	\$ 2,779,517	\$ 2,837,555
License and permits	5,000	5,000	5,235	645,000	645,000	647,799
Intergovernmental	916,433	1,006,383	1,083,929	46,000	45,563	130,552
Charges for services	1,322,250	1,499,975	1,480,415	-	-	-
Fines/fees	688,275	645,275	590,441	-	-	-
Miscellaneous	45,700	124,200	118,820	-	-	14,298
Interest	13,250	13,250	20,423	1,500	1,500	4,449
<b>Total revenues</b>	<b>11,254,810</b>	<b>11,557,985</b>	<b>11,672,908</b>	<b>3,472,017</b>	<b>3,471,580</b>	<b>3,634,653</b>
<b>Expenditures:</b>						
<b>Current</b>						
General government	5,899,184	5,912,207	5,477,243	-	-	-
Road maintenance	-	-	-	3,777,022	3,773,428	3,301,761
Public safety	5,001,531	5,034,031	4,752,927	-	-	-
Health/welfare	13,100	13,100	4,412	-	-	-
Conservation of natural resources	170,460	171,333	168,038	-	-	-
Culture and recreation	439,817	444,080	441,971	-	-	-
Intergovernmental	1,540,645	1,518,532	1,392,727	-	-	-
Capital expenditures	121,000	124,854	53,943	-	-	-
Other	32,400	-	-	-	-	-
<b>Total expenditures</b>	<b>13,218,137</b>	<b>13,218,137</b>	<b>12,291,261</b>	<b>3,777,022</b>	<b>3,773,428</b>	<b>3,301,761</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,963,327)</b>	<b>(1,660,152)</b>	<b>(618,353)</b>	<b>(305,005)</b>	<b>(301,848)</b>	<b>332,892</b>
<b>Other financing sources (uses):</b>						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	(1,152,003)	(1,152,003)	(437,000)	(138,000)	(138,000)	(138,000)
<b>Total other financing sources (uses)</b>	<b>(1,152,003)</b>	<b>(1,152,003)</b>	<b>(437,000)</b>	<b>(138,000)</b>	<b>(138,000)</b>	<b>(138,000)</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>(3,115,330)</b>	<b>(2,812,155)</b>	<b>(1,055,353)</b>	<b>(443,005)</b>	<b>(439,848)</b>	<b>194,892</b>
Fund balance-October 1	8,500,000	8,564,729	8,564,729	750,000	750,993	750,993
Increase (decrease) in reserve for inventory	-	(13,804)	(13,804)	-	-	-
<b>Fund balance-September 30</b>	<b>\$ 5,384,670</b>	<b>\$ 5,738,770</b>	<b>\$ 7,495,572</b>	<b>\$ 306,995</b>	<b>\$ 311,145</b>	<b>\$ 945,885</b>

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, 2015

	Tobacco Fund			Debt Service Funds		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ 954,626	\$ 954,626	\$ 974,696
License and permits	-	-	-	-	-	-
Intergovernmental	-	-	16,213	-	-	-
Charges for services	-	-	-	-	-	-
Fines/fees	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	2,077
Interest	975	975	3,474	10	10	631
Total revenues	975	975	19,687	954,636	954,636	977,404
<b>Expenditures:</b>						
Current						
General government	-	109,000	108,836	-	-	-
Road maintenance	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health/welfare	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Capital expenditures	2,640,975	2,400,000	456,404	-	-	-
Debt service	-	-	-	945,549	945,549	944,799
Total expenditures	2,640,975	2,509,000	565,240	945,549	945,549	944,799
Excess (deficiency) of revenues over expenditures	(2,640,000)	(2,508,025)	(545,553)	9,087	9,087	32,605
<b>Other financing sources (uses):</b>						
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	(2,440,000)	(2,308,025)	(345,553)	9,087	9,087	32,605
Fund balance-October 1	2,440,000	2,362,770	2,362,922	75,000	101,829	101,829
Increase (decrease) in reserve for inventory	-	-	-	-	-	-
Fund balance-September 30	\$ -	\$ 54,745	\$ 2,017,369	\$ 84,087	\$ 110,916	\$ 134,434

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

Howard County, Tx  
Major Funds - Capital Projects  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Original and Final) and Actual  
Year Ended September 30, 2015

	Capital Projects Fund		
	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
License and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines/fees	-	-	-
Sale of Property	750,000	745,000	745,068
Interest	-	400	432
<b>Total revenues</b>	<b>750,000</b>	<b>745,400</b>	<b>745,500</b>
<b>Expenditures:</b>			
<b>Current</b>			
General government	-	-	-
Road maintenance	-	45,000	44,722
Public safety	-	-	-
Health/welfare	-	-	-
Conservation of natural resources	-	-	-
Culture and recreation	-	-	-
Intergovernmental	-	-	-
Capital expenditures	888,000	838,400	694,585
Debt service	-	-	-
<b>Total expenditures</b>	<b>888,000</b>	<b>883,400</b>	<b>739,307</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(138,000)</b>	<b>(138,000)</b>	<b>6,193</b>
<b>Other financing sources (uses):</b>			
Operating transfers in	138,000	138,000	138,000
Operating transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>138,000</b>	<b>138,000</b>	<b>138,000</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>-</b>	<b>-</b>	<b>144,193</b>
<b>Fund balance-October 1</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in reserve for inventory</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance-September 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 144,193</b>

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



Howard County, Tx  
Notes to the Financial Statements  
September 30, 2015

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, 2015, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Investment Pools	\$10,109,557

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, 2015, the County's bank balance was not exposed to custodial credit risk.

## 2. Receivables and payables

Activities 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 1<sup>st</sup> 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. inventories 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 \$10,033,634 are as follows.

<b>Bonds Payable:</b>	
<b>Due within one year</b>	<b>\$435,000</b>
<b>Due in more than one year</b>	<b>9,395,000</b>
<b>Accrued interest payable</b>	<b>48,798</b>
<b>Compensated Absences Payable</b>	<b><u>154,836</u></b>
 <b>Net adjustment to reduce fund balance- total governmental funds to arrive at net assets-governmental activities</b>	 <b><u>\$10,033,634</u></b>

### 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 \$134,769 difference are as follows:

Depreciation	\$918,545
Interest payable related to prior period	51,172
Increase in compensated absences	18,386
Increase in inventory	-8,827
Purchase of capital assets	-336,277
Interest payable not liquidated with current resources	-53,473
Convert debt principal payments to liability reduction	-470,000
Amortization of bond costs/discounts	15,243
Net adjustment	<u>\$134,769</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:

<b>Receivable Fund:</b>	<b>Payable Fund:</b>	<b>Amount:</b>
General Fund	Agency Funds	\$ 31,543
Road & Bridge Fund	Agency Funds	3,930
<b>Total</b>		<b>\$ 35,473</b>
<b>Transfers Out:</b>	<b>Transfers In:</b>	<b>Amount:</b>
Road & Bridge Fund	Capital Projects Fund	\$ 138,000
General Fund	Special Revenue Funds	437,000
<b>Total</b>		<b>\$ 575,000</b>

## B. Capital assets

Capital asset activity for the year ended September 30, 2015 was as follows:

<b><u>Governmental Activities:</u></b>		
Capital assets, not being depreciated:		
Land	\$	589,476
Capital assets, being depreciated:		
Buildings		20,858,913
Machinery and equipment		1,848,490
Less accumulated depreciation:		
Buildings, machinery and equipment		(9,852,155)
<b>Governmental Activities Capital Assets, Net</b>		<b>13,444,724</b>
<b><u>Business-type Activities:</u></b>		
Machinery and equipment		4,948,357
Less accumulated depreciated		(3,579,712)
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$</b>	<b>1,368,645</b>

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, 2015, is as follows:

Due to/from other funds:

Receivable Fund:	Payable Fund:	Amount:
General Fund	Agency Funds	\$ 31,543
Road & Bridge Fund	Agency Funds	3,930
<b>Total</b>		<b>\$ 35,473</b>

Transfers to/from other funds:

Transfers Out:	Transfers In:	Amount:
Road & Bridge Fund	Capital Projects Fund	\$ 138,000
General Fund	Special Revenue Funds	437,000
<b>Total</b>		<b>\$ 575,000</b>

D. Leases

The County leases equipment under noncancellable operating leases. Total costs for such leases were \$66,543 for the year ended September 30, 2015. The future payments on these leases are as follows:

Year Ending September 30	Amount
2016	\$ 35,240
2017	23,910
2018	7,393
Total	\$ 66,543

#### E. Accumulated Unpaid Vacation, Compensatory and Sick Leave Benefits

##### Unpaid Vacation and Compensatory Time

At September 30, 2015 the County had \$160,564 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. The final payment on this bond was in fiscal year 2015.

During 2008 the County issued \$11,570,000 in general obligation bonds with interest rates of 4.00% to 5.00% to finance the construction and equipping of a new jail and the acquisition of a site thereof. In 2015 Howard County issued \$8,705,000 in general obligation refunding bonds with interest rates of 2.00% to 4.00%. The County funded debt payable from ad valorem taxes are as follows:

General Obligation Debt	\$9,680,000
The Bonds	8,705,000
Less Refunded Bonds	<u>(8,555,000)</u>
Total Indebtedness	<u>\$9,830,000</u>

The debt service schedule for 2016-2033 follows:

Debt Service Schedule  
2016-2033

Date	Outstanding Debt					The Bonds					Fiscal Total
	Principal	Coupon	Interest	Total P+I	Total	Principal	Coupon	Interest	Total P+I	Total	
2/15/16	\$ 360,000	4.00%	\$ 22,500.00	\$ 382,500.00		\$ 75,000	2.00%	\$ 120,142.78	\$ 195,142.78		
8/15/16			15,300.00	15,300.00	397,800.00			158,262.50	158,262.50	353,405.28	751,205.28
2/15/17	375,000.00	4.00%	15,300.00	390,300.00		35,000.00	2.00%	158,262.50	193,262.50		
8/15/17			7,800.00	7,800.00	398,100.00			157,912.50	157,912.50	351,175.00	749,275.00
2/15/18	390,000.00	4.00%	7,800.00	397,800.00	397,800.00	35,000.00	2.00%	157,912.50	192,912.50		
8/15/18								157,562.50	157,562.50	350,475.00	748,275.00
2/15/19						440,000.00	3.00%	157,562.50	597,562.50		-
8/15/19								150,962.50	150,962.50	748,525.00	748,525.00
2/15/20						455,000.00	3.00%	150,962.50	605,962.50		-
8/15/20								144,137.50	144,137.50	750,100.00	750,100.00
2/15/21						475,000.00	3.50%	144,137.50	619,137.50		-
8/15/21								135,825.00	135,825.00	754,962.50	754,962.50
2/15/22						485,000.00	3.50%	135,825.00	620,825.00		-
8/15/22								127,337.50	127,337.50	748,162.50	748,162.50
2/15/23						505,000.00	3.50%	127,337.50	632,337.50		-
8/15/23								118,500.00	118,500.00	750,837.50	750,837.50
2/15/24						520,000.00	3.50%	118,500.00	638,500.00		-
8/15/24								109,400.00	109,400.00	747,900.00	747,900.00
2/15/25						540,000.00	3.50%	109,400.00	649,400.00		-
8/15/25								99,950.00	99,950.00	749,350.00	749,350.00
2/15/26						560,000.00	3.50%	99,950.00	659,950.00		-
8/15/26								90,150.00	90,150.00	750,100.00	750,100.00
2/15/27						580,000.00	3.50%	90,150.00	670,150.00		-
8/15/27								80,000.00	80,000.00	750,150.00	750,150.00
2/15/28						600,000.00	4.00%	80,000.00	680,000.00		-
8/15/28								68,000.00	68,000.00	748,000.00	748,000.00
2/15/29						625,000.00	4.00%	68,000.00	693,000.00		-
8/15/29								55,500.00	55,500.00	748,500.00	748,500.00
2/15/30						655,000.00	4.00%	55,500.00	710,500.00		-
8/15/30								42,400.00	42,400.00	752,900.00	752,900.00
2/15/31						680,000.00	4.00%	42,400.00	722,400.00		-
8/15/31								28,800.00	28,800.00	751,200.00	751,200.00
2/15/32						705,000.00	4.00%	28,800.00	733,800.00		-
8/15/32								14,700.00	14,700.00	748,500.00	748,500.00
2/15/33						735,000.00	4.00%	14,700.00	749,700.00	749,700.00	749,700.00
	\$ 1,125,000		\$ 68,700.00	\$ 1,193,700.00	\$ 1,193,700.00	8,705,000.00		3,598,942.78	12,303,942.78	12,303,942.78	13,497,642.78

## 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 9-30-15 there were 10 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 9-30-15, the number of enrolled employees is 136 for medical insurance and 138 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 9/30/15 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 make 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 are 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. The cost of health insurance benefits is recognized as an expenditure as premiums are paid. For the year ended costs totaled \$287,870.

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, 2015. 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 Method	Projected Unit Cost Method				
Discount Rate	4.00% (1.00% real rate of return plus 3.00% inflation)				
Amortization Period	The period used to determine amortization costs for the initial Unfunded Actuarial Accrued Liability is a level period for 30 years on an open basis.				
Health Care Cost Trend	7.50% for FY2015 grading down to 5.00% for FY2020 and after for medical. The Medicare supplement trend is a level 5.00%.				

The County's Annual OPEB Cost Summary, Projected September 30, 2015 Net OPEB Obligation (NOO), and Projected Schedule of Funding Progress follow:

Annual OPEB Cost Summary			
Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed)*	Net OPEB Obligation
September 30, 2013+	\$ 613,450	47.18%	\$ 324,004
September 30, 2014+	\$ 501,267	60.53%	\$ 521,872
September 30, 2015	\$ 501,514	62.40%	\$ 710,448
*Based on expected net OPEB benefit payments of \$274,174 for the current fiscal year end.			
+From 2014 CAFR OPEB note.			

Projected September 30, 2015 Net OPEB Obligation (NOO)	
	Total
October 1, 2014 Net OPEB Obligation (NOO)	521,872
Annual OPEB Cost (AOC)	501,514
Expected Net OPEB Payments+	(312,938)
Expected September 30, 2015 Net OPEB Obligations (NOO)	710,448
+includes actual FY2015 contribution Payments of \$274,174	

Projected Schedule of Funding Progress						
	Actuarial Value of Assets	Actuarial Accrued Liability Project Unit Credit	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage Covered Payroll
	(a)	(b)	(b)-(a)	(a)/(b)	©	[(b)-(a)]/©
October 1, 2012	0	8,349,826	8,349,826	0%	5,283,153	158.05%
October 1, 2013	0	7,203,561	7,203,561	0%	5,389,788	133.65%
October 1, 2014	0	7,518,364	7,518,364	0%	6,169,781	121.86%

#### 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](http://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, 2013, 2014, and 2015 were \$25,870, \$31,990 and \$31,971 (Note 1) respectively, which equaled the contractually required contributions each year which included employees and retirees.

Note 1: these figures adjusted to exclude Juvenile and Adult Probation

#### 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 677 (for 2015) 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 16.82% for the months of the accounting year in 2014, and 16.82% for the months of the accounting year in 2015.

The deposit rate payable by the employee members for calendar year 2015 is the rate of 7% as adopted by the governing body of the employer. For calendar year 2014 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, 2014 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2014 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.9 percent. Both (a) and (b) included an inflation component of 3.0 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, 2014 was 9.3 years.

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was 79.48 percent funded. The actuarial accrued liability for benefits was \$23,877,204, and the actuarial value of assets was \$18,976,682, resulting in an unfunded (or overfunded) actuarial accrued liability (UAAL) or (OAAL) of \$4,900,522. The covered payroll (annual payroll of active employees covered by the plan) was \$6,356,686 and the ratio of the UAAL or (OAAL) to the covered payroll was 77.09%.

#### Actuarial Valuation Information

Actuarial valuation date	12/31/12	12/31/13	12/31/14
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	12.2	9.3
Asset valuation method:			
Subdivision accum. fund	10-yr smoothed value	10-yr smoothed value	5-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%	4.9%
Inflation	3.5%	3.5%	3.0%
Cost-of-living adjustments	0.0%	0.0%	0.0%

\*includes inflation at the stated rate

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The following pages contain information provided by TCDRS to meet GASB 68 guidelines.

Information Needed	Section/Schedule
Actuarial assumptions	Appendix A and B
Contributions payable at year end	Schedule of of Employer Contributions
Discount rate used	Depletion of Plan Assets/GASB Discount Rate
Investments (rate of return, allocation, return by asset class)	Long-Term Expected Rate of Return
Schedules	Schedule of Deferred Inflows and Outflows Schedule of Changes in Net Pension Liability & Related Ratios
Sensitivity analysis	Changes in Net Pension Liability
Table of changes in NPL	Changes in Net Pension Liability
Table showing breakdown of pension expense	Pension Expense

## Appendix A—Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2014 funding valuation (see Appendix B, following, for details), except as noted below and throughout this report. Please see the employer summary actuarial valuation report as of December 31, 2014 for further details.

Following are the key assumptions and methods used in this GASB analysis.

<b>Valuation Timing</b>	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<b>Actuarial Cost Method</b>	Entry Age Normal <sup>(1)</sup>
<b>Asset Valuation Method</b>	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
<b>Inflation</b>	Same as funding valuation: See Appendix B
<b>Salary Increases</b>	Same as funding valuation: See Appendix B
<b>Investment Rate of Return</b>	8.10%
<b>Cost-of-Living Adjustments</b>	Cost-of-Living Adjustments for Howard County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
<b>Retirement Age</b>	Same as funding valuation: See Appendix B
<b>Turnover</b>	Same as funding valuation: See Appendix B
<b>Mortality</b>	Same as funding valuation: See Appendix B

<sup>(1)</sup> Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.



## Appendix B—Actuarial Methods and Assumptions Used for Funding Valuation

Except where indicated in the section of this GASB 68 report entitled "Actuarial Methods and Assumptions Used for GASB Calculations", the assumptions used in this analysis for the December 31, 2014 financial reporting metrics are the same as those used in the December 31, 2014 actuarial valuation analysis for Howard County.

Following is a description of the assumptions used in the December 31, 2014 actuarial valuation analysis for Howard County. This information may also be found in the Howard County December 31, 2014 Summary Valuation Report.

### Economic Assumptions

#### TCDRS system-wide economic assumptions:

Real rate of return	5.0%
Inflation	3.0%
Long-term investment return	8.0%

The long-term investment return of 8% is net of investment expenses and is expected to enable the system to credit interest at the nominal annual rates shown below to the following major funds:

Subdivision Accumulation Fund	9%
Employees Saving Fund	7%
Current Service Annuity Reserve Fund	7%

Assuming interest will be credited at these nominal annual rates to the various funds, we have then assumed the following:

- An annual rate of 9% for calculating the actuarial accrued liability and normal cost contributions rate for the retirement plan of each participating employer.
- An annual rate of 7% required under the TCDRS Act for: (1) accumulating current service credit and multiple matching credit after the valuation date; (2) accumulating prior service credit after the valuation date; (3) determining the amount of the monthly benefit at future dates of retirement or disability; and (4) calculating the actuarial accrued liability of the system-wide Current Service Annuity Reserve Fund.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee. (See Table 1 for Merit Salary Increases.)

#### Employer-specific economic assumptions:

Growth in membership	0.0%
Payroll growth	3.5%

The payroll growth assumption is for the aggregate covered payroll of an employer.

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GASB 68 Disclosure for Measurement Date December 31, 2014  
Howard County  
Texas County & District Retirement System

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## Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll <sup>(1)</sup>	Actual Contribution as a % of Covered Payroll
2005	Not Available	Not Available	Not Available	Not Available	Not Available
2006	\$451,753	\$451,753	0	\$4,424,610	10.2%
2007	714,027	714,027	0	4,744,369	15.1%
2008	687,320	687,320	0	4,653,489	14.8%
2009	783,301	783,301	0	5,063,354	15.5%
2010	811,104	811,104	0	5,290,958	15.3%
2011	843,077	843,077	0	5,572,234	15.1%
2012	907,554	969,124	(61,570)	5,806,488	16.7%
2013	933,873	1,033,871	(99,999)	5,891,943	17.5%
2014	1,069,194	1,369,194	(300,000)	6,356,686	21.5%

<sup>(1)</sup> Payroll is calculated based on contributions as reported to TCDRS.

## Depletion of Plan Assets / GASB Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

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

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

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GASB 68 Disclosure for Measurement Date December 31, 2014  
Howard County  
Texas County & District Retirement System

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## Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2015 information for a 7-10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2009 – December 31, 2013 for more details.

Asset Class	Benchmark	Target Allocation <sup>(1)</sup>	Geometric Real Rate of Return (Expected minus Inflation) <sup>(2)</sup>
US Equities	Dow Jones U.S. Total Stock Market Index	16.50%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	12.00%	8.35%
Global Equities	MSCI World (net) Index	1.50%	5.65%
International Equities - Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	11.00%	5.35%
International Equities - Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	9.00%	6.35%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	0.55%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.75%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.00%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	6.75%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.00%
Commodities	Bloomberg Commodities Index	2.00%	-0.20%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(4)</sup>	3.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.15%

<sup>(1)</sup> Target asset allocation adopted at the April 2015 TCDRS Board meeting.

<sup>(2)</sup> Geometric real rates of return in addition to assumed inflation of 1.7%, per Cliffwater's 2015 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

GASB 68 Disclosure for Measurement Date December 31, 2014  
Howard County  
Texas County & District Retirement System

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## Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Recognition Period <sup>(1)</sup>	Amount Recognized in 12/31/2014 Expense <sup>(1)</sup>	Balance of Deferred Inflows 12/31/2014	Balance of Deferred Outflows 12/31/2014
Investment (gains) or losses	\$389,267	12/31/2014	5.0	\$77,853	\$0	\$311,414
Economic/ demographic (gains) or losses	91,161	12/31/2014	4.0	22,790	0	68,371
Assumption changes or inputs	0	12/31/2014	4.0	0	0	0
Employer contributions made subsequent to measurement date <sup>(2)</sup>	Employer Determined					

<sup>(1)</sup> Investment (gains)/losses are recognized in pension expense over a period of five years; economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active, inactive, and retired members.

<sup>(2)</sup> If eligible employer contributions were made subsequent to the measurement date, the employer should reflect these contributions, adjusted as outlined in Appendix C of this report.

## Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	
<b>Total Pension Liability</b>											
Service cost	\$827,613	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	2,619,515	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	91,161	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	<u>(1,861,243)</u>	<u>N/A</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	1,677,046	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	<u>32,846,440</u>	<u>N/A</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	<u>\$34,523,486</u>	<u>N/A</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Fiduciary Net Position</b>											
Employer contributions	\$1,369,194	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	444,968	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	2,022,247	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	<u>(1,861,243)</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	<u>(23,483)</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	<u>(26,029)</u>	<u>N/A</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	1,925,655	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	<u>29,529,230</u>	<u>N/A</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	<u>\$31,454,885</u>	<u>N/A</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability / (asset), ending = (a) - (b)	<u>\$3,068,601</u>	<u>N/A</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	91.11%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	\$6,356,686	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	48.27%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

GASB 68 Disclosure for Measurement Date December 31, 2014  
Howard County  
Texas County & District Retirement System

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## Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)
Balances as of December 31, 2013	\$32,846,440	\$29,529,230	\$3,317,210
Changes for the year:			
Service cost	827,613		827,613
Interest on total pension liability <sup>(1)</sup>	2,619,515		2,619,515
Effect of plan changes	0		0
Effect of economic/demographic gains or losses	91,161		91,161
Effect of assumptions changes or inputs	0		0
Refund of contributions	(97,251)	(97,251)	0
Benefit payments	(1,763,992)	(1,763,992)	0
Administrative expenses		(23,483)	23,483
Member contributions		444,968	(444,968)
Net investment income		2,022,247	(2,022,247)
Employer contributions		1,369,194	(1,369,194)
Other <sup>(2)</sup>	0	(26,029)	26,029
Balances as of December 31, 2014	\$34,523,486	\$31,454,885	\$3,068,601

<sup>(1)</sup> Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

<sup>(2)</sup> Relates to allocation of system-wide items.

### Sensitivity Analysis

The following presents the net pension liability of the county/district, calculated using the discount rate of 8.10%, as well as what the Howard County net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Total pension liability	\$38,355,751	\$34,523,486	\$31,325,522
Fiduciary net position	31,454,885	31,454,885	31,454,885
Net pension liability / (asset)	\$6,900,866	\$3,068,601	(\$129,363)

GASB 68 Disclosure for Measurement Date December 31, 2014  
Howard County  
Texas County & District Retirement System

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## Pension Expense / (Income)

Pension Expense / (Income)	January 1, 2014 to December 31, 2014
Service cost	\$827,613
Interest on total pension liability <sup>(1)</sup>	2,619,515
Effect of plan changes	0
Administrative expenses	23,483
Member contributions	(444,968)
Expected investment return net of investment expenses	(2,411,515)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	22,790
Recognition of assumption changes or inputs	0
Recognition of investment gains or losses	77,853
Other <sup>(2)</sup>	26,029
Pension expense / (income)	\$740,801
Adjusted for difference in fiscal years	-340,284
	\$400,517

<sup>(1)</sup> Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

<sup>(2)</sup> Relates to allocation of system-wide items.

As of December 31, 2014, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$0	\$68,371
Changes of assumptions	0	0
Net difference between projected and actual earnings	0	311,414
Contributions made subsequent to measurement date <sup>(3)</sup>	N/A	Employer determined

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:	
2015	\$100,644
2016	100,644
2017	100,644
2018	77,853
2019	0
Thereafter <sup>(4)</sup>	0

<sup>(3)</sup> If eligible employer contributions were made subsequent to the measurement date through the employer's fiscal year end, the employer should reflect these contributions, adjusted as outlined in Appendix C of this report.

<sup>(4)</sup> Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.



#### G. State Grants/Federal Assistance

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

\$28,970 from the Texas Task Force on Indigent Defense, #212-15-114, for indigent defense services.

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 (b)-(a)	Funded Ratio (a/b)	(Actuarial) Annual Covered Payroll ©	UAAL as a Percentage of Covered Payroll (b)-(a)/©
12/31/2012	15,762,111	21,722,918	5,960,807	72.56%	5,806,488	102.66%
12/31/2013	16,923,500	22,333,941	5,410,441	75.77%	5,891,943	91.83%
12/31/2014	18,976,682	23,877,204	4,900,522	79.48%	6,356,686	77.09%

## **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, 2015

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	\$ 60,667	\$ 3,708	\$ 1,045	\$ 148,945	\$ 22,258	\$ 20,550	\$ 34,150	\$ 317,624
Receivables:								
Accounts	2,694	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>63,361</b>	<b>3,708</b>	<b>1,045</b>	<b>148,945</b>	<b>22,258</b>	<b>20,550</b>	<b>34,150</b>	<b>317,624</b>
<b>Liabilities and Fund Balance</b>								
Liabilities:								
Accounts payable	5,347	142	-	3,717	-	-	-	-
Wages payable	-	3,440	-	-	-	-	-	-
<b>Total liabilities</b>	<b>5,347</b>	<b>3,582</b>	<b>-</b>	<b>3,717</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>								
Nonspendable:								
Inventory	-	-	-	-	-	-	-	-
Restricted for:								
General Government	58,014	-	1,045	145,228	22,258	20,550	34,150	317,624
Unclaimed Funds	-	-	-	-	-	-	-	-
Human Services	-	126	-	-	-	-	-	-
<b>Total fund balances</b>	<b>58,014</b>	<b>126</b>	<b>1,045</b>	<b>145,228</b>	<b>22,258</b>	<b>20,550</b>	<b>34,150</b>	<b>317,624</b>
<b>Total liabilities and fund balance</b>	<b>63,361</b>	<b>3,708</b>	<b>1,045</b>	<b>148,945</b>	<b>22,258</b>	<b>20,550</b>	<b>34,150</b>	<b>317,624</b>

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

Howard County, Tx  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2015

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	\$ 13,848	\$ 28,407	\$ 160	\$ 2,214	\$ 41,670	\$ 28,551	\$ 234,341
Receivables:								
Accounts	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>23</b>	<b>13,848</b>	<b>28,407</b>	<b>160</b>	<b>2,214</b>	<b>41,670</b>	<b>28,551</b>	<b>234,341</b>
<b>Liabilities and Fund Balance</b>								
Liabilities:								
Accounts payable	-	35	-	-	-	-	-	-
Wages payable	-	2,009	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>2,044</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>								
Nonspendable								
Inventory	-	-	-	-	-	-	-	-
Restricted for								
General Government	23	11,804	28,407	160	2,214	41,670	28,551	234,341
Unclaimed Funds	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>23</b>	<b>11,804</b>	<b>28,407</b>	<b>160</b>	<b>2,214</b>	<b>41,670</b>	<b>28,551</b>	<b>234,341</b>
<b>Total liabilities and fund balance</b>	<b>23</b>	<b>13,848</b>	<b>28,407</b>	<b>160</b>	<b>2,214</b>	<b>41,670</b>	<b>28,551</b>	<b>234,341</b>

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

Howard County, Tx  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2015

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	\$ 6,997	\$ 17,717	\$ -	\$ 20,463	\$ 36,582	\$ 11,709	\$ 10,355
Receivables:							
Accounts	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
<b>Total assets</b>	<b>6,997</b>	<b>17,717</b>	<b>-</b>	<b>20,463</b>	<b>36,582</b>	<b>11,709</b>	<b>10,355</b>
Liabilities and Fund Balance							
Liabilities:							
Accounts payable	-	-	-	-	-	-	45
Wages payable	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45</b>
Fund balances:							
Nonspendable							
Inventory	-	-	-	-	-	-	-
Restricted for							
General Government	6,997	17,717	-	20,463	36,582	-	10,310
Unclaimed Funds	-	-	-	-	-	11,709	-
Human Services	-	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>6,997</b>	<b>17,717</b>	<b>-</b>	<b>20,463</b>	<b>36,582</b>	<b>11,709</b>	<b>10,310</b>
<b>Total liabilities and fund balance</b>	<b>6,997</b>	<b>17,717</b>	<b>-</b>	<b>20,463</b>	<b>36,582</b>	<b>11,709</b>	<b>10,355</b>

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

Howard County, Tx  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2015

Continued

	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	County Attorney Diversionary Fund	County Library Donation Fund
Cash	\$ (146)	\$ 46,790	\$ 27,597	\$ 2,852	\$ 448	\$ 42,172	\$ 11,648	\$ 35,788	\$ 51,447
Receivables:									
Accounts	146	-	-	-	-	-	-	-	-
Due from other funds		-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>-</b>	<b>46,790</b>	<b>27,597</b>	<b>2,852</b>	<b>448</b>	<b>42,172</b>	<b>11,648</b>	<b>35,788</b>	<b>51,447</b>
<b>Liabilities and Fund Balance</b>									
Liabilities:									
Accounts payable	-	2,518	-	-	-	-	-	-	-
Wages payable	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>2,518</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>									
Nonspendable									
Inventory	-	-	-	-	-	-	-	-	-
Restricted for									
General Government		44,272	27,597	2,852	448	42,172	11,648	35,788	51,447
Unclaimed Funds	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>44,272</b>	<b>27,597</b>	<b>2,852</b>	<b>448</b>	<b>42,172</b>	<b>11,648</b>	<b>35,788</b>	<b>51,447</b>
<b>Total liabilities and fund balance</b>	<b>-</b>	<b>46,790</b>	<b>27,597</b>	<b>2,852</b>	<b>448</b>	<b>42,172</b>	<b>11,648</b>	<b>35,788</b>	<b>51,447</b>

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

Howard County, Tx  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2015

	Total
Cash	\$ 1,280,580
Receivables:	
Accounts	2,840
Due from other funds	-
<b>Total assets</b>	<b>1,283,420</b>
<b>Liabilities and Fund Balance</b>	
Liabilities:	
Accounts payable	11,804
Wages payable	5,449
<b>Total liabilities</b>	<b>17,253</b>
<b>Fund balances:</b>	
Nonspendable	
Inventory	-
Restricted for	
General Government	1,254,332
Unclaimed Funds	11,709
Human Services	126
<b>Total fund balances</b>	<b>1,266,167</b>
<b>Total liabilities and fund balance</b>	<b>1,283,420</b>

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, 2015

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
<b>Revenues:</b>								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program income	-	-	-	-	-	-	-	-
Fines/fees	9,646	-	-	100,103	12,334	3,097	3,280	99,400
Interest	249	-	1	358	25	24	41	666
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	919	-	-	-	-	-	-
<b>Total revenue</b>	<b>9,895</b>	<b>919</b>	<b>1</b>	<b>100,461</b>	<b>12,359</b>	<b>3,121</b>	<b>3,321</b>	<b>100,066</b>
<b>Expenditures:</b>								
Current								
General government	14,025	-	-	36,473	27,016	1,609	-	-
Welfare/health	-	163,981	-	-	-	-	-	-
Capital expenditures	-	-	-	-	1,318	-	-	-
<b>Total expenditures</b>	<b>14,025</b>	<b>163,981</b>	<b>-</b>	<b>36,473</b>	<b>28,334</b>	<b>1,609</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(4,130)</b>	<b>(163,062)</b>	<b>1</b>	<b>63,988</b>	<b>(15,975)</b>	<b>1,512</b>	<b>3,321</b>	<b>100,066</b>
<b>Other financing sources (uses):</b>								
Operating transfers in	-	162,000	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-
<b>Total other financial sources (uses)</b>	<b>-</b>	<b>162,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>(4,130)</b>	<b>(1,062)</b>	<b>1</b>	<b>63,988</b>	<b>(15,975)</b>	<b>1,512</b>	<b>3,321</b>	<b>100,066</b>
<b>Fund balance-October 1</b>	<b>62,144</b>	<b>1,188</b>	<b>1,044</b>	<b>81,240</b>	<b>38,233</b>	<b>19,038</b>	<b>30,829</b>	<b>217,558</b>
<b>Fund balance-September 30</b>	<b>\$ 58,014</b>	<b>\$ 126</b>	<b>\$ 1,045</b>	<b>\$ 145,228</b>	<b>\$ 22,258</b>	<b>\$ 20,550</b>	<b>\$ 34,150</b>	<b>\$ 317,624</b>

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, 2015

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
<b>Revenues:</b>								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program income	-	-	-	-	-	-	-	-
Fines/fees	-	23,883	11,550	783	2,772	2,351	10,637	-
Interest	-	210	48	7	42	31	-	118
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
<b>Total revenue</b>	-	24,093	11,598	790	2,814	2,382	10,637	118
<b>Expenditures:</b>								
Current								
General government	-	92,018	2,176	-	468	-	10,477	-
Welfare/health	-	-	-	-	-	-	-	-
Capital expenditures	-	-	1,820	-	-	-	-	-
<b>Total expenditures</b>	-	92,018	3,996	-	468	-	10,477	-
<b>Excess (deficiency) of revenues over expenditures</b>	-	(67,925)	7,602	790	2,346	2,382	160	118
<b>Other financing sources (uses):</b>								
Operating transfers in	-	75,000	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-
<b>Total other financial sources (uses)</b>	-	75,000	-	-	-	-	-	-
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	-	7,075	7,602	790	2,346	2,382	160	118
<b>Fund balance-October 1</b>	23	4,729	20,805	1,424	39,324	26,169	-	234,223
<b>Fund balance-September</b>	\$ 23	\$ 11,804	\$ 28,407	\$ 2,214	\$ 41,670	\$ 28,551	\$ 160	\$ 234,341

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, 2015

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
<b>Revenues:</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program income	-	-	-	-	-	21,029
Fines/fees	-	9,798	-	3,078	-	-
Interest	4	-	49	97	8	35
Donations	-	-	-	-	-	-
Miscellaneous	-	-	939	-	1,006	-
<b>Total revenue</b>	<b>4</b>	<b>9,798</b>	<b>988</b>	<b>3,175</b>	<b>1,014</b>	<b>21,064</b>
<b>Expenditures:</b>						
Current						
General government	-	11,909	-	2,982	-	20,929
Welfare/health	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	5,068
<b>Total expenditures</b>	<b>-</b>	<b>11,909</b>	<b>-</b>	<b>2,982</b>	<b>-</b>	<b>25,997</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>4</b>	<b>(2,111)</b>	<b>988</b>	<b>193</b>	<b>1,014</b>	<b>(4,933)</b>
<b>Other financing sources (uses):</b>						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
<b>Total other financial sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>4</b>	<b>(2,111)</b>	<b>988</b>	<b>193</b>	<b>1,014</b>	<b>(4,933)</b>
<b>Fund balance-October 1</b>	<b>6,993</b>	<b>19,828</b>	<b>19,475</b>	<b>36,389</b>	<b>10,695</b>	<b>15,243</b>
<b>Fund balance-September 30</b>	<b>\$ 6,997</b>	<b>\$ 17,717</b>	<b>\$ 20,463</b>	<b>\$ 36,582</b>	<b>\$ 11,709</b>	<b>\$ 10,310</b>

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, 2015

Continued

	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	County Attorney Diversionary Fund	County Library Donation Fund
<b>Revenues:</b>									
Intergovernmental	\$ 1,314	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program income	-	81,099	-	-	-	-	-	-	-
Fines/fees	-	-	6,439	503	448	6,922	1,911	23,100	-
Interest	-	90	54	6	3	68	19	88	-
Donations	-	-	-	-	-	-	-	-	51,447
Miscellaneous	-	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>1,314</b>	<b>81,189</b>	<b>6,493</b>	<b>509</b>	<b>451</b>	<b>6,990</b>	<b>1,930</b>	<b>23,188</b>	<b>51,447</b>
<b>Expenditures:</b>									
Current									
General government	1,314	70,033	-	-	-	-	-	-	-
Welfare/health	-	-	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	1,189	-	-	-	-
<b>Total expenditures</b>	<b>1,314</b>	<b>70,033</b>	<b>-</b>	<b>-</b>	<b>1,189</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>11,156</b>	<b>6,493</b>	<b>509</b>	<b>(738)</b>	<b>6,990</b>	<b>1,930</b>	<b>23,188</b>	<b>51,447</b>
<b>Other financing sources (uses):</b>									
Operating transfers in	-	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-
<b>Total other financial sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>-</b>	<b>11,156</b>	<b>6,493</b>	<b>509</b>	<b>(738)</b>	<b>6,990</b>	<b>1,930</b>	<b>23,188</b>	<b>51,447</b>
Fund balance-October 1	-	33,116	21,104	2,343	1,186	35,182	9,718	12,600	-
Fund balance-September 3	\$ -	\$ 44,272	\$ 27,597	\$ 2,852	\$ 448	\$ 42,172	\$ 11,648	\$ 35,788	\$ 51,447

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, 2015

	Total
<b>Revenues:</b>	
Intergovernmental	\$ 1,314
Program income	102,128
Fines/fees	332,035
Interest	2,341
Donations	51,447
Miscellaneous	2,864
<b>Total revenue</b>	<b>492,129</b>
<b>Expenditures:</b>	
Current	
General government	291,429
Welfare/health	163,981
Capital expenditures	9,395
<b>Total expenditures</b>	<b>464,805</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>27,324</b>
<b>Other financing sources (uses):</b>	
Operating transfers in	237,000
Operating transfers out	0
<b>Total other financial sources (uses)</b>	<b>237,000</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>0</b>
<b>Fund balance-October 1</b>	<b>1,001,843</b>
<b>Fund balance-September 30</b>	<b>\$ 1,266,167</b>

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, 2015**

**ASSETS**

**Current assets:**

Cash and cash equivalents	\$ 666,890
Accounts receivable	383
Inventories	27,630
<b>Total current assets</b>	<b>694,903</b>

**Noncurrent assets:**

**Capital assets:**

Equipment	4,948,357
Less: accumulated depreciation	(3,579,712)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>1,368,645</b>
<b>Total assets</b>	<b>2,063,548</b>

**LIABILITIES**

Accounts payable	13,011
Wages payable	5,161
Compensated absences payable	5,728
<b>Total liabilities</b>	<b>23,900</b>

**NET ASSETS**

Invested in capital assets, net of related debt	1,368,645
Assigned to Equipment Operations	671,003
<b>Total net assets</b>	<b>\$ 2,039,648</b>

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, 2015

<b>Operating revenues:</b>	
Charges for services	\$ 1,463,000
Miscellaneous	842
Total Operating Revenue	<u>1,463,842</u>
<b>Operating expenses:</b>	
Personnel services	178,412
Liability insurance	26,475
Maintenance and repairs	101,923
Materials	340,515
Equipment rental	3,575
Depreciation	424,341
Total Operating Expense	<u>1,075,241</u>
Operating income	<u>388,601</u>
<b>Nonoperating revenues (expenses):</b>	
Interest on income	1,393
Contributions from other funds	70,201
Gain (loss) on sale of equipment	(41,744)
Total nonoperating revenue (expenses)	<u>29,850</u>
Change in net assets	418,451
Total net assets - beginning	<u>1,621,197</u>
Toal net assets - ending	<u>\$ 2,039,648</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, 2015**

<b>Cash flows from operating activities:</b>		
Cash received from user departments	\$	1,463,000
Cash paid to employees		(177,682)
Cash paid to suppliers		(476,411)
Miscellaneous revenue		842
Net cash provided by operating activities		<u>809,749</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of assets		(483,826)
Proceeds from sale of equipment		<u>-</u>
Net cash used for capital and related financing activities		<u>(483,826)</u>
<b>Cash flows from investing activities:</b>		
Interest on investments		<u>1,393</u>
Net cash used in investing activities		<u>1,393</u>
Net increase in cash and cash equivalents		327,316
Cash and cash equivalent-beginning of year		<u>339,574</u>
Cash and cash equivalent-end of year		<u><u>666,890</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income (loss)		388,601
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation		424,341
<b>Changes in assets and liabilities:</b>		
(Increase) decrease in accounts receivable		4
(Increase) decrease in inventory		(10,064)
Increase (decrease) in accounts payable		6,137
Increase (decrease) in wages payable		1,083
Increase (decrease) in compensated absences payable		<u>(353)</u>
Net cash provided by operating activities	\$	<u><u>809,749</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, 2015

	Fixed Assets				Allowance for Depreciation					Net Value Assets	
	Balance October 1, 2014	Additions	Deletions	Transfers Between Departments	Balance Sept. 30, 2015	Balance October 1, 2014	Depreciation This Year	Depreciation Charge Off	Transfers Between Departments		Balance Sept. 30, 2015
Road and Bridge Department: Vehicles, radio equipment and other equipment	\$3,176,763	\$296,679	(\$108,889)	\$0	\$3,364,553	\$2,198,080	\$211,983	(\$67,146)	\$0	\$2,342,917	\$1,021,636
Sheriff Department: Vehicles and radio equipment	944,821	124,843	0	31,167	1,100,831	720,897	139,289	0	31,167	891,353	209,478
Extension Department: Vehicles	31,167	48,834	0	(31,167)	48,834	31,167	14,922	0	(31,167)	14,922	33,912
Courthouse/Juvenile Probation: Vehicles	106,332	65,672	0	0	172,004	87,800	38,427	0	0	126,227	45,777
Volunteer Fire Department: Vehicles, radio equipment and other equipment	244,135	18,000	0	0	262,135	184,572	19,721	0	0	204,293	57,842
Totals	\$4,503,218	\$554,028	(\$108,889)	\$0	\$4,948,357	\$3,222,516	\$424,342	(\$67,146)	\$0	\$3,579,712	\$1,368,645

**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, 2015**

**ASSETS**

Cash and temporary investments	\$ 1,078,252
Receivables	<u>9,224</u>
<b>Total Assets</b>	<b><u><u>1,087,476</u></u></b>

**LIABILITIES**

Due other funds	35,473
Due others	<u>1,052,003</u>
<b>Total Liabilities</b>	<b><u><u>\$ 1,087,476</u></u></b>

**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, 2015**

	Balance 10/1/2014	Additions	Deletions	Balance 9/30/2015
<b>ASSETS</b>				
Cash and temporary investments \$	1,478,665	\$ 77,048,426	\$ 77,448,838	\$ 1,078,253
Receivables	10,653	9,224	10,653	9,224
<b>Total Assets</b>	<b>\$ 1,489,318</b>	<b>\$ 77,057,650</b>	<b>\$ 77,459,491</b>	<b>\$ 1,087,477</b>
<b>LIABILITIES</b>				
Accounts payable:				
Due participants	1,458,323	63,265,039	63,671,358	1,052,004
Due other funds	30,995	13,792,611	13,788,133	35,473
<b>Total Liabilities</b>	<b>\$ 1,489,318</b>	<b>\$ 77,057,650</b>	<b>\$ 77,459,491</b>	<b>\$ 1,087,477</b>

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, 2015**

<b>Governmental funds capital assets:</b>		
Land	\$	589,476
Buildings & Improvements		20,858,913
Machinery and Equipment		1,848,490
Infrastructure		-
<b>Total governmental funds capital assets</b>		<b>23,296,879</b>

<b>Investments in governmental funds capital assets by source:</b>		
Acquisitions before 1978		1,279,036
General Fund		1,961,685
Capital Projects Fund		17,961,764
Road & Bridge Fund		123,708
Records Management Fund		82,326
Courthouse Security Fund		43,800
D.A. Forfeiture Fund		15,992
Revenue Sharing Fund		29,232
HAVA Fund		234,704
Airport Fund		445,306
Abandoned Property Fund		5,068
Tobacco Fund		837,050
Donations and Grants		277,208
<b>Total governmental funds capital assets</b>	<b>\$</b>	<b>23,296,879</b>

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, 2015

Function/Activity	Land	Buildings	Equipment	Infra- structure	Total
<b>General Government:</b>					
Judicial	\$ -	\$ -	\$ 223,965	\$ -	\$ 223,965
<b>Staff Agencies:</b>					
Elections	-	-	318,106	-	318,106
Executive and Financial	-	-	369,657	-	369,657
Total Staff Agencies	-	-	687,763	-	687,763
<b>Public Safety:</b>					
Police Protection	-	-	118,741	-	118,741
Fire Protection	10,150	-	-	-	10,150
Protective Inspection	-	-	-	-	-
Other	-	-	-	-	-
Corrections	-	-	112,288	-	112,288
Total Public Safety	10,150	-	231,029	-	241,179
<b>Government:</b>					
Buildings-Courthouse, Annex, Jail, Showbarn Warehouse and Shop	489,514	19,020,099	525,226	-	20,034,839
<b>Public Welfare</b>	-	-	-	-	-
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
<b>Total General Fixed Assets</b>	<b>\$ 589,476</b>	<b>\$ 20,858,913</b>	<b>\$ 1,848,490</b>	<b>\$ -</b>	<b>\$ 23,296,879</b>

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, 2015

Function/Activity	General Fixed Assets 10/1/2014	Additions	Deletions	Transfers/ Adjustments Between Departments	General Fixed Assets 9/30/2015
<b>General Government:</b>					
Judicial	\$ 296,734		\$ 72,769	\$ -	\$ 223,965
<b>Staff Agencies:</b>					
Elections	318,106	-	-	-	318,106
Executive and Financial	369,657		-	-	369,657
Total Staff Agencies	687,763	-	-	-	687,763
<b>Public Safety:</b>					
Police Protection	174,082	5,068	60,409	-	118,741
Fire Protection	10,150	-	-	-	10,150
Protective Inspection	-	-	-	-	-
Other Inspections	-	-	-	-	-
Corrections	175,458	-	63,170	-	112,288
Total Public Safety	359,690	5,068	123,579	-	241,179
<b>Government:</b>					
Buildings-Courthouse, Annex, Jail, Showbarn, Warehouse, Shop, Dist. Court Bldg.	19,164,020	1,150,989	280,170	-	20,034,839
<b>Welfare/Health</b>	-			-	-
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
<b>Total General Fixed Assets</b>	<b>\$ 22,617,340</b>	<b>\$ 1,156,057</b>	<b>\$ 476,518</b>	<b>\$ -</b>	<b>\$ 23,296,879</b>

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

**STATISTICAL  
SECTION  
(unaudited)**

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

	<u>2014</u>	<u>2015</u>
<b>Expenses</b>		
Governmental activities:		
General government	\$ 5,932,911	\$ 6,586,740
Public safety	4,511,314	4,495,281
Road maintenance	2,187,292	2,205,794
Health/Welfare	155,909	157,617
Conservation of natural resources	140,863	178,991
Culture and Recreation	425,711	414,571
Intergovernmental	1,383,441	1,392,727
Interest on long-term debt	475,403	456,675
Vehicle operation	1,087,582	1,061,443
Other	800	750
Total governmental activities expenses	<u>16,301,226</u>	<u>16,950,589</u>

**Program Revenues**

Governmental activities:		
Charges for services:		
General government	2,415,805	2,488,876
Public safety	81,303	88,574
Road maintenance	675,502	647,799
Health/Welfare	-	-
Culture and Recreation	6,482	8,212
Operating grants and contributions	46,231	88,719
Total governmental activities program revenue:	<u>3,225,323</u>	<u>3,322,180</u>

**General Revenues and Other Changes in Net Assets**

Governmental activities:		
Taxes	12,160,056	12,185,896
Intergovernmental	1,127,153	1,362,560
Other/Miscellaneous/Interest	118,551	945,569
Total governmental activities	<u>13,405,760</u>	<u>14,494,025</u>

Change in Net Assets	<u>\$ 329,857</u>	<u>\$ 865,616</u>
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Howard County, Tx  
Changes in Net Assets  
Last Ten Fiscal Years  
(accrual basis of accounting)

Continued

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

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

Continued

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 4,329,636	\$ 4,466,001	\$ 4,626,553	\$ 5,164,305
Public safety	2,098,240	3,166,509	2,610,727	2,992,499
Road maintenance	1,140,233	1,263,067	1,025,020	1,343,694
Health/Welfare	654,216	562,190	564,412	238,925
Conservation of natural resources	105,215	123,695	120,296	147,815
Culture and Recreation	430,666	461,765	372,652	400,348
Intergovernmental	650,371	716,483	749,965	747,377
Interest on long-term debt	36,555	33,612	30,518	917,046
Vehicle operation	800,691	839,277	914,811	819,048
Other	109,642	300	300	800
Total governmental activities expenses	<u>10,355,465</u>	<u>11,632,899</u>	<u>11,015,254</u>	<u>12,771,857</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	2,340,574	2,215,546	2,831,982	1,628,656
Public safety	116,551	115,920	97,025	104,833
Road maintenance	720,110	715,071	712,381	703,316
Health/Welfare	341,915	91,887	17,303	-
Culture and Recreation	8,974	7,490	7,786	6,787
Operating grants and contributions	101,256	134,598	75,324	152,053
Total governmental activities program revenue:	<u>3,629,380</u>	<u>3,280,512</u>	<u>3,741,801</u>	<u>2,595,645</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes	7,023,504	7,618,171	9,473,482	10,732,236
Intergovernmental	311,868	513,359	405,823	209,078
Other/Miscellaneous/Interest	257,241	289,711	679,989	353,867
Total governmental activities	<u>7,592,613</u>	<u>8,421,241</u>	<u>10,559,294</u>	<u>11,295,181</u>
 Change in Net Assets	 <u>\$ 866,528</u>	 <u>\$ 68,854</u>	 <u>\$ 3,285,841</u>	 <u>\$ 1,118,969</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund					
Reserved	\$29,223	\$31,806	\$24,163	\$24,017	40,999
Unreserved	1,785,359	844,916	1,467,877	4,560,683	6,017,132
Total general fund	<u>1,814,582</u>	<u>876,722</u>	<u>1,492,040</u>	<u>4,584,700</u>	<u>6,058,131</u>
All other governmental funds					
Unreserved, reported in:					
Road & Bridge Fund	88,149	32,965	366,325	636,402	806,046
Tobacco Fund	884,789	958,689	1,061,836	1,140,435	1,554,004
Nonmajor Funds	444,805	497,881	328,615	404,269	461,443
Jail Construction Fund	-	-	7,536,945	-	-
Reserved in Debt Service Fund	-	205	86,391	493,355	96,414
Reserved for Claimants	2,771	7,973	5,401	6,562	9,003
Total all other governmental funds	<u>1,420,514</u>	<u>1,497,713</u>	<u>9,385,513</u>	<u>2,681,023</u>	<u>2,926,910</u>

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund					
Reserved	42,465	33,596	34,192	43,019	29,215
Unreserved	7,167,621	6,710,105	8,275,208	8,521,710	7,466,357
Total general fund	<u>7,210,086</u>	<u>6,743,701</u>	<u>8,309,400</u>	<u>8,564,729</u>	<u>7,495,572</u>
All other governmental funds					
Unreserved, reported in:					
Road & Bridge Fund	823,459	807,349	966,449	750,993	945,885
Tobacco Fund	1,967,851	2,318,197	1,162,922	962,770	2,017,217
Nonmajor Funds	409,640	467,375	794,457	991,148	1,254,458
Reserved or Restricted:					
Reserved in Debt Service Fund	82,528	69,996	38,152	101,829	134,434
Reserved in Tobacco Fund	-	-	1,200,000	1,400,000	-
Reserved for Capital Pro. Fund	-	243,286	-	-	144,193
Reserved for claimants	9,768	9,628	10,799	10,695	11,709
Total all other governmental funds	<u>\$3,293,246</u>	<u>\$3,915,831</u>	<u>\$4,172,779</u>	<u>\$ 4,217,435</u>	<u>\$4,507,896</u>

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 6,834,256	\$ 7,144,582	\$ 8,192,941	\$ 12,490,853	\$ 11,318,570	\$ 11,247,178	\$ 11,110,075	\$ 11,809,378	\$ 12,160,056	\$ 12,185,896
License and permits	726,106	719,918	717,395	709,907	676,581	664,431	678,567	666,782	683,539	653,034
Intergovernmental	575,982	517,206	421,663	361,131	458,012	453,913	2,615,395	1,085,838	1,127,153	1,232,008
Charges for services	1,007,533	1,274,230	1,266,336	1,195,211	1,075,316	1,213,206	1,228,231	1,422,079	1,492,730	1,582,543
Fines	827,282	651,648	804,698	806,164	797,162	805,359	716,237	853,374	971,719	922,476
Miscellaneous	309,849	397,599	681,071	322,943	264,739	208,073	163,461	521,186	221,336	966,324
<b>Total revenues</b>	<b>10,281,008</b>	<b>10,705,183</b>	<b>12,084,104</b>	<b>15,886,209</b>	<b>14,590,380</b>	<b>14,592,160</b>	<b>16,511,966</b>	<b>16,358,637</b>	<b>16,656,533</b>	<b>17,542,281</b>
<b>Expenditures</b>										
General government	5,166,249	4,288,933	4,486,917	4,459,908	4,436,678	4,714,696	4,599,221	4,958,943	5,198,288	5,877,508
Public safety	2,090,222	3,133,466	2,649,767	2,941,827	3,188,651	3,402,686	3,702,897	3,981,468	4,417,818	4,752,927
Road maintenance	705,517	1,957,578	1,725,106	2,315,725	2,156,083	2,277,344	2,054,305	2,772,408	3,197,452	3,346,483
Health/Welfare	636,342	559,710	564,286	236,227	303,373	200,764	196,000	201,136	153,312	168,393
Conservation of natural resources	105,352	123,336	121,516	145,570	148,202	119,839	107,141	103,980	135,194	168,038
Culture and recreation	430,505	453,652	371,007	396,619	393,089	428,680	390,566	390,441	410,226	441,971
Intergovernmental	650,371	716,483	749,965	747,377	834,561	832,952	779,335	491,334	1,383,441	1,392,727
Debt service	131,915	133,990	135,915	969,136	939,614	943,614	942,539	945,574	947,704	944,049
Capital outlay	109,342	201,938	3,953,611	7,284,704	487,793	153,962	3,574,093	690,502	521,140	1,214,327
Other	19,858	400	381,541	800	-	800	800	800	800	750
<b>Total expenditures</b>	<b>10,045,673</b>	<b>11,569,486</b>	<b>15,139,631</b>	<b>19,497,893</b>	<b>12,888,044</b>	<b>13,075,337</b>	<b>16,346,897</b>	<b>14,536,586</b>	<b>16,365,375</b>	<b>18,307,173</b>
<b>Excess of revenues over (under) expenditures</b>	<b>235,335</b>	<b>(864,303)</b>	<b>(3,055,527)</b>	<b>(3,611,684)</b>	<b>1,702,336</b>	<b>1,516,823</b>	<b>165,069</b>	<b>1,822,051</b>	<b>291,158</b>	<b>(764,892)</b>
<b>Other financing sources (uses)</b>										
Transfers in	463,013	241,408	347,059	683,615	951,517	824,232	1,652,684	677,834	407,781	575,000
Transfers out	(463,013)	(241,408)	(347,059)	(683,615)	(951,517)	(824,232)	(1,652,684)	(677,834)	(407,781)	(575,000)
Bond proceeds	-	-	11,570,000	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	11,570,000	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$235,335</b>	<b>(\$864,303)</b>	<b>\$8,514,473</b>	<b>(\$3,611,684)</b>	<b>\$1,702,336</b>	<b>\$1,516,823</b>	<b>\$165,069</b>	<b>\$1,822,051</b>	<b>\$291,158</b>	<b>(\$764,892)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>1.35%</b>	<b>1.19%</b>	<b>1.23%</b>	<b>8.62%</b>	<b>8.20%</b>	<b>7.88%</b>	<b>7.97%</b>	<b>7.3%</b>	<b>6.4%</b>	<b>5.8%</b>

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

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	All Other	Total
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
2014	3,179,092	46,231	-	12,160,056	1,245,704	16,631,083
2015	3,233,461	88,719	-	12,185,896	2,308,129	17,816,205



Howard County, Tx  
Government-wide Expenses by Function  
Last Ten 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
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
2014	5,932,911	4,511,314	2,187,292	155,909	140,863	425,711	1,383,441	475,403	1,087,582	800	16,301,226
2015	6,586,740	4,495,281	2,205,794	157,617	178,991	414,571	1,392,727	456,675	1,061,443	750	16,950,589

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				Intangible Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total County Tax Rate (per \$100) Value
		Mineral Property	Industrial Property	Personal Property					
2006	-	573,751,875	242,827,750	1,062,999,344	1,876,143	(370,806,691)	1,510,648,421	0.487870	
2007	114,805	632,145,490	693,637,675	1,009,723,024	1,857,232	(463,869,304)	1,873,608,922	0.487680	
2008	-	883,837,505	353,823,074	1,284,986,742	1,976,545	(321,724,721)	2,202,899,145	0.536254	
2009	-	686,650,027	618,386,047	1,075,343,231	2,091,974	(473,841,000)	1,908,630,229	0.578656	
2010	-	964,789,567	732,929,158	967,798,817	2,060,731	(528,653,079)	2,138,925,194	0.522406	
2011	-	1,206,356,447	841,771,143	979,533,594	2,433,694	(495,426,198)	2,534,668,680	0.436720	
2012	-	1,960,081,512	969,110,499	916,396,850	2,484,546	(355,229,874)	3,492,843,533	0.330000	
2013	-	1,648,669,317	1,058,792,221	1,354,628,530	2,902,887	(692,447,211)	3,372,545,744	0.359828	
2014	-	2,669,538,930	676,847,316	1,417,471,230	3,155,468	(726,697,717)	4,040,315,227	0.300687	
2015	-	1,642,017,340	792,362,543	1,615,220,996	3,647,155	(764,996,242)	3,288,251,792	0.371885	
Note 1									

Note 1

Source: Howard County Tax Assessor-Collector  
or Howard County Tax Appraisal

Note 1. The Total Taxable Assessed Value for 2014 has been corrected from 4,037,214,844 to 4,040,315,227.

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

Howard County Direct Rates					Overlapping Rates									
Year	General Fund	Road and Bridge	Debt Service	Total Howard County	Howard College	Conservation District	City				School			Total
							Big Spring	Coahoma	Forsan		Big Spring	Coahoma	Forsan	
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
2014	0.249311	0.027307	0.024069	0.300687	0.176620	0.005600	0.856640	0.420000	0.390000		1.360500	1.270000	1.389280	6.169327
2015	0.313684	0.033829	0.024372	0.371885	0.251623	0.006854	0.770500	0.410000	0.330000		1.419500	1.270000	1.289280	6.119642

Source: Tax Assessor-Collector

Note: Tax rates per \$100 of assessed value

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

2015		2006	
<u>Taxpayer</u>	<u>Taxable Valuation</u>	<u>Taxpayer</u>	<u>Taxable Valuation</u>
ALON USA LP (PLANT)	\$247,550,730	ALON USA LP	\$149,359,640
ENCANA OIL & GAS (USA) INC	103,608,520	AETHON I LP	60,331,253
CROWNQUEST OPERATING LLC	100,348,190	CONOCO PHILLIPS CO	56,904,004
ELBOW CREEK WIND-NRG ENERGY	85,985,000	WHITING OIL & GAS CORP	35,344,330
SHERIDAN PRODUCTION CO LLD	69,543,359	MERIT ENERGY COMPANY	34,845,050
OXY USA INC	63,594,440	SID RICHARDSON CARBON LTD	25,489,390
BREITBURN OPERATING LP	57,689,900	CHESAPEAKE OPERATING INC	23,881,710
WIND ENERGY TRANSMISSION TX	50,932,710	WESTERN CONTAINER CORP	22,789,860
J ARON & COMPANY	49,869,840	TXU ELECTRIC DELIVERY CO	22,203,730
OCOTILLO WIND POWER LP	48,349,000	KERR-MCGEE OIL & GAS ONSHORE	20,833,640
Total	<u>\$877,471,689</u>	Total	<u>\$451,982,607</u>
			<u>29.92%</u>

Source: Howard County Tax Assessor-Collector  
or Tax Appraiser

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
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%	\$ 226,927	\$ 11,713,342	102%
2013-14	\$ 12,135,369	\$ 11,863,895	98%	\$ 174,338	\$ 12,038,233	99%
2014-15	\$ 12,129,882	\$ 11,935,393	98%	\$ 178,859	\$ 12,114,252	99%

Source: Howard County Tax Assessor-Collector

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

Fiscal Year	Population	General Obligations Bonds	Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita
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
2014	35,012	\$ 10,165,000	\$4,040,315,227	0.25%	\$ 290.33
Note 1					
2015	35,012	\$ 9,830,000	\$3,288,251,792	0.30%	\$ 280.76

Source for population: [www.epodunk.com](http://www.epodunk.com) and U.S. Census Bureau

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

Note 1: 2014 Figure adjusted, previously 4,037,214,844

Howard County, Tx  
Overlapping Debt Repaid With Property Taxes

Governmental Entity	Year-End Debt Outstanding (Note 1)
Howard County	\$9,830,000
Cities:	
City of Big Spring	16,922,969
City of Coahoma	0
School Districts:	
Big Spring ISD	58,380,000
Sands ISD	6,010,000 Note 2
Coahoma ISD	12,524,997
Forsan ISD	21,805,000
Special Districts:	
Howard College	15,680,000
Total	<u>\$141,152,966</u>

Note 1. September 30 is Year End for County and Cities  
August 31 is Year End for School and Special Districts

Note 2. It is estimated less than 25% of the ISD is in Howard County.

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

	2015 (2)		2014 (2)		2013 (2)		2012 (2)		2011 (2)		2010 (2)		2009 (2)		2008 (2)		2007 (2)		2006 (2)		2005 (2)	
	FT	PT	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	3	0
Justices of Peace	7	0	5	1	7	0	7	0	7	0	7	0	7	0	7	0	7	0	7	0	7	0
District Clerk	5	0	5	0	4	1	4	0	4	0	4	0	3	1	4	1	4	0	4	0	4	0
County Attorney	3.5	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0
County Clerk	6	1	6	1	6	0	6	1	6	1	6	0	6	0	6	0	7	0	6	0	7	0
District Attorney	5.5	0	5	1	4	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	0	0	0	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	0	2	0
County Commissioners	4	0	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	2	0	2	0	1.5	0	1.5	0	1.5	0	1.5	0	1.5	0	1.5	0
County Auditor	4	0	3	1	3	0	3	0	3	0	3.5	0	3.5	0	3.5	0	3.5	0	3.5	0	3.5	0
Tax Assessor-Collector	8	0	8	0	7	0	8	0	8	0	8	0	8	0	7	0	7	0	8	0	8	0
Information Technology	1	0	1	0	1	0	1	0	1	0												
Elections	2	0	2	0	2	0	1	1	1	1	1	2	1	2	1	2	1	2	1	1	1	2
Courthouse Maintenance	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	4	1	5	0	4	0
Sheriff	23	1	22	1	19	0	18	0	17	0	16	0	21	0	18	2	17	1	16	3	18	2
Jail	22	2	23	3	22	3	23	3	26	6	25	3	18	4	9	5	10	5	11	3	11	3
Joint Law Enforcement	11	2	11	1	10	0	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Detention	0	0	0	0	0	3	0	7	0	7	0	5	0	8	0	3	0	6	0	8	0	4
State (DPS)	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0
Constable	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	0	0	0	1	0	1
Emergency Management	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
County Extension Agents	3	0	3	0	3	0	1	0	2	1	4	0	4	0	4	0	3	0	4	1	3	0
Library	6	1	6	1	6	1	5	1	6	1	6	1	6	1	6	1	8	1	8	1	7	3
Law Library	0	0	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	2	1	2	1	3	1	3	1	3	1	3	2	2	1	2	1	2	1	2	0
Courthouse Security	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0
Road & Bridge	19	1	17	0	17	0	17	0	18	0	19	2	17	1	17	0	19	1	20	1	20	1
Equipment Operating	3	0	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	0	0	0	0	3	3	2	2	5	2
Total	149	8	142	11	137	9	135	14	130	18	130	14	125	19	114	15	121	21	123	22	126	18

(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>

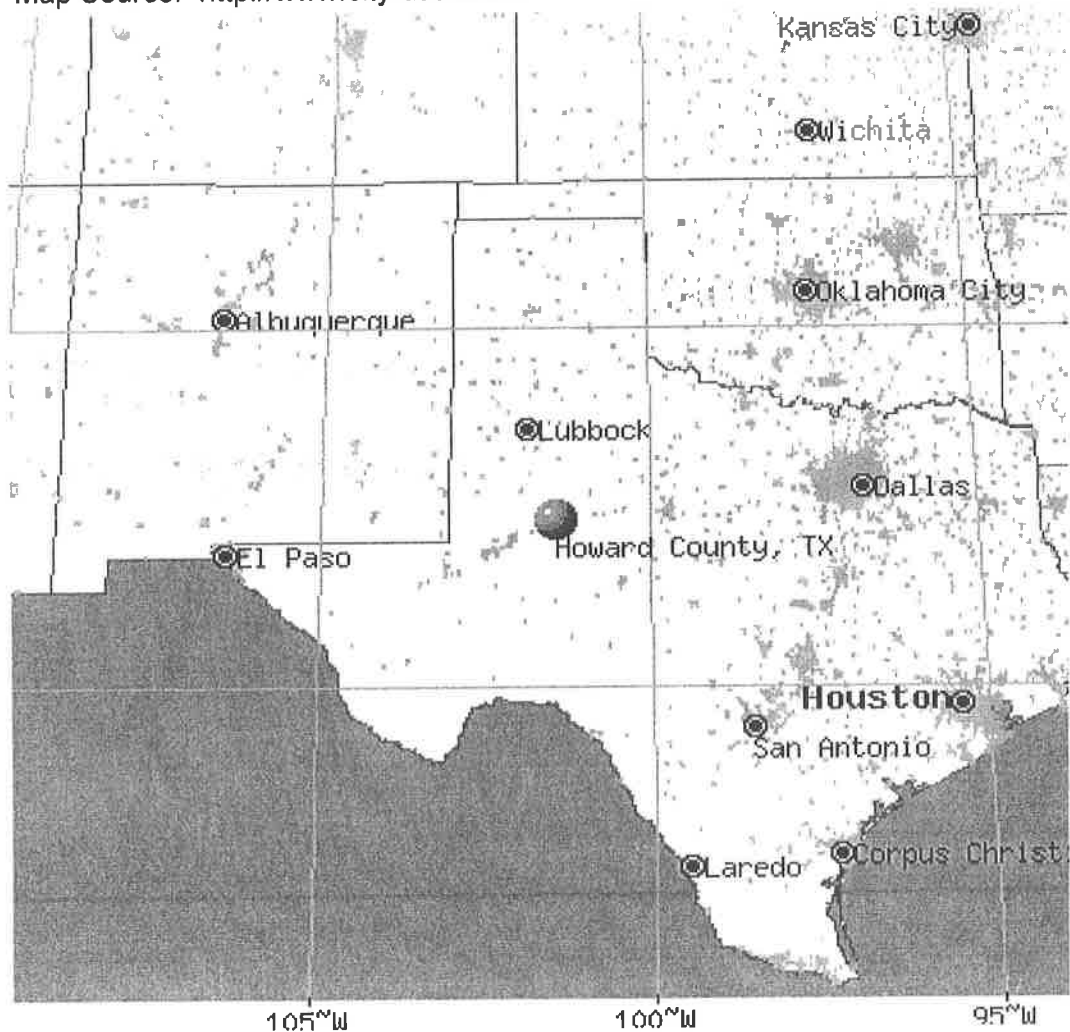
Howard County is a county located in the U.S. state of Texas. Its county seat is Big Spring. Howard County is named for Volney E. Howard, a U. S. Congressman from Texas.

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 Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Roads by commissioner precinct. Source: County 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	59.75
Precinct 2	59.90	59.90	59.90	59.90	59.90	59.90	59.90	59.90	59.90	58.90
Precinct 3	54.20	54.20	54.20	54.20	54.20	54.20	54.20	54.20	54.20	55.20
Precinct 4	94.25	94.25	94.25	94.25	94.25	94.25	94.25	94.25	94.25	93.25
Total miles of paved roads	268.60	268.60	268.60	268.60	268.60	268.60	268.60	268.60	268.60	267.10
Miles of unpaved roads:										
Precinct 1	89.000	89.000	89.000	89.000	89.000	89.000	89.000	89.000	89.000	89.500
Precinct 2	54.634	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	22.800
Precinct 4	106.250	106.250	106.250	106.250	106.250	106.250	106.250	106.250	106.250	106.750
Total miles of unpaved roads	274.184	274.184	274.184	274.184	274.184	274.184	274.184	274.184	274.184	273.684

Source: Chief Deputy Sheriff's Office

Calls for service	3,529	3,754	3,836	2,041	4,801	5,481	6,929	8,202	9,926	10,367
Civil papers served	2,629	2,521	3,315	1,873	2,775	2,233	2,618	3,648	3,465	2,286
Reports taken	528	531	580	513	748	735	742	931	1,000	928
People processed through the jail	2,190	1,889	2,116	1,827	3,228	3,029	3,064	2,472	2,378	1,849

Library statistics. Source: County Librarian

Volumes in collection	66,622	68,539	70,296	72,233	65,451	69,923	65,907	64,870	71,633	72,062
Total volumes borrowed	77,636	65,501	62,758	64,868	64,317	69,778	46,894	54,088	66,196	53,018
Card holders of record	9,878	9,842	6,607	6,434	8,120	9,213	9,942	10,861	12,462	12,905
Times internet used by patrons	10,556	9,080	7,718	10,042	9,749	7,581	6,329	7,760	8,381	9,332
Number of check-outs of library materials:										
Adults	38,313	30,636	33,756	33,482	31,612	29,988	26,455	25,487	27,525	23,787
Juveniles	15,714	19,600	13,642	14,795	16,591	17,322	15,147	14,450	15,606	16,644
Videos/DVDs	10,447	8,103	5,567	4,272	3,844	3,378	2,991	3,248	3,508	4,463
Young adult	2,466	2,008	1,993	2,277	2,521	4,388	2,300	2,631	2,841	2,294
Number of hours open per year	2,500	2,200	2,392	2,392	2,400	2,382	2,340	2,392	2,360	2,420

## Independent Auditor's Section

**A Professional Corporation  
703 South First Street  
Lamesa, Texas 79331**

**MEMBER AICPA  
806-872-3233 voice**

**MEMBER TSCPA  
806-872-5898 fax**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT 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, 2015, which Collectively comprise Howard County's basic financial statements and have issued our report thereon dated January 15, 2016. 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 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 provision 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 distribution is not limited.

CPA PC

Don H. Stephens CPA, P.C.

January 15, 2016