

**HOWARD COUNTY, TEXAS**

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FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S  
REPORT

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YEAR ENDED

SEPTEMBER 30, 2020



**Roberts & McGee CPA**

**HOWARD COUNTY, TEXAS**  
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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Howard County, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Howard County, Texas, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Howard County, Texas' basic financial statements. The other supplementary schedules on pages 55-76 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Abilene, Texas  
March 15, 2021

**HOWARD COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

As management of Howard County, we offer readers of Howard County's financial statements this narrative overview and analysis of the financial activities of Howard County for the fiscal year ended September 30, 2020.

**Financial Highlights**

**Government-Wide Financial Statements**

- The assets and deferred outflows of Howard County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$17,562,640 (net position). Of this amount, \$6,089,883 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. \$6,343,823 of the County's equity is restricted for debt service, capital improvement, and special revenue funds, and \$5,128,934 is invested in capital assets, net of related debt.
- The County's total debt outstanding at September 30, 2019 is \$8,410,844.
- The total net position (*equity*) of the County increased by \$3,799,036 through operations during the current 2020 fiscal year.

**Fund Financial Statements**

- As of the close of the current fiscal year, Howard County's general fund reported an ending fund balance of \$11,897,066. Most of the total fund balance is unassigned and available for spending at the government's discretion.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Howard County's basic financial statements. Howard County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

***Government-Wide Financial Statements***

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

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

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

The government-wide financial statements reflect functions of Howard County that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the County include general administration, judicial, elections, financial administration, public

**HOWARD COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

facilities, public safety, health and welfare, conservation, library, other supported services, and road and bridge. The government-wide financial statements can be found on pages 9-10 of this report.

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Howard County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Howard County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

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

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

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

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

**HOWARD COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-45 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented as other supplemental information. Combining statements can be found on pages 55-76 of this report.

***GOVERNMENT-WIDE FINANCIAL ANALYSIS***

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Howard County, assets exceeded liabilities by \$17,562,640 at the close of the most recent fiscal year.

Howard County's net position reflect its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that is outstanding of \$5,128,934. Howard County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Howard County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Howard County's Net Position**

	Governmental Activities	
	2020	2019
Current assets	\$ 25,134,249	\$ 22,288,407
Capital assets	13,539,778	14,072,505
Deferred outflows of resources	1,667,953	5,697,759
Total Assets and Deferred Outflows of Resources	40,341,980	42,058,671
Current liabilities	2,494,656	2,528,684
Long-term liabilities	18,787,277	24,258,687
Deferred inflows of resources	1,067,407	1,507,696
Total Liabilities and Deferred Inflows of Resources	22,349,340	28,295,067
Net investment in capital assets	5,128,934	4,493,889
Restricted	6,343,823	6,138,440
Unrestricted	6,089,883	3,131,275
Total Net Position	\$ 17,562,640	\$ 13,763,604

**HOWARD COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

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

	Governmental Activities	
	2020	2019
Revenues:		
Program Revenues:		
Charges for Services	\$ 5,702,983	\$ 4,339,903
Operating Grants and Contributions	2,091,129	1,929,043
General Revenues		
Property and Other Taxes	17,049,259	15,774,150
Investment Income	267,892	554,351
Other Income	-	(90,748)
Total Revenues	25,111,263	22,506,699
Expenses		
General Administration	443,310	859,417
Judicial	2,924,833	2,745,352
Elections	238,126	298,691
Financial Administration	968,258	1,011,365
Public Facilities	1,283,602	1,187,854
Public Safety	5,854,355	6,044,781
Health and Welfare	829,644	174,463
Conservation	226,978	143,100
Library	418,612	423,930
Other Supported Services	1,240,352	1,392,848
Intergovernmental	952,346	1,012,424
Road and Bridge	5,585,761	4,232,488
Interest on Long-term Debt	346,050	308,899
Total expenditures	21,312,227	19,835,612
Increase in Net Position	3,799,036	2,671,087
Net Position - Beginning of Year	13,763,604	11,937,529
Prior Period Adjustments		(845,012)
Net Position - End of Year	\$ 17,562,640	\$ 13,763,604

***FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS***

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

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



**HOWARD COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

***FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS - continued***

As of the end of the current fiscal year, Howard County's governmental funds reported combined ending fund balances of \$21,655,530. Approximately 55% percent of this total amount, \$11,856,957 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonexpendable, restricted or assigned, to indicate that it is not available for new spending because it has already been restricted or assigned to: 1) Road and Bridge funds (\$3.28 million), 2) Special purposes (\$6.15 million), and 3) Debt Services (\$324,874).

The general fund is the chief operating fund of the County. \$11,856,957 of the general fund's fund balance is unassigned. The unassigned fund balance represents 90% of the total general fund expenditures. Howard County's General Fund balance increased by \$2,263,883 from current year operations.

**Fund Budgetary Highlights**

The amended budget for the General Fund reflects a reduction in fund balance of \$697,263. Budget amendments to revenue and expenditures were made during the year within the general fund. The actual expenditures were \$1,401,663 less than the final budgeted amounts, and actual revenues were \$7,048 more than was budgeted. Other financing sources and uses were \$1,552,435 less than budgeted. This resulted in a favorable budget variance of \$2,961,146.

***CAPITAL ASSET AND DEBT ADMINISTRATION***

**Capital Assets.** Howard County's investment in capital assets for its governmental activities as of September 30, 2020, amounts to \$13,539,975 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, and infrastructure.

	<b>Howard County's Capital Assets</b>	
	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Land	\$ 588,189	\$ 588,189
Buildings and improvements	19,990,879	19,990,879
Machinery and equipment	9,846,959	8,926,534
Infrastructure	<u>1,546,590</u>	<u>1,546,590</u>
 Total Capital Assets	 31,972,617	 31,052,192
 Total Accumulated Depreciation	 <u>(18,432,839)</u>	 <u>(16,979,687)</u>
Net Capital Assets	<u>\$ 13,539,778</u>	<u>\$ 14,072,505</u>

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

**HOWARD COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

***Debt Administration***

- **Tax Notes.** The County issued \$1,775,000 in series 2018 tax notes in previous years to finance a new communications system. The balance at the end of fiscal year 2020 is \$640,000.
- **Bonds.** The County had outstanding bonded debt of \$7,665,000 as of September 30, 2020. \$455,000 was paid down on the debt during the year.
- **Notes Payable.** The County issued debt in fiscal year 2019 to purchase new election equipment. The note was \$195,379, and the outstanding balance at year end was \$63,841.

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

***ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES***

- The tax rate for the 2021 fiscal year was set at .299562 per \$100 valuation. The M&O rate is .283585, and the I&S rate is .015977. The previous years tax rate was .303165 per \$100 valuation.
- The County's 2021 fiscal year General Fund budget reflects total budgeted revenues of \$15,042,594, which is a \$197,126 decrease over the 2020 final amended budget; and the budgeted expenditures and transfers are \$16,880,579, resulting in a budgeted deficit of \$1,837,985.

**Requests for Information**

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

BASIC FINANCIAL STATEMENTS

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

SEPTEMBER 30, 2020

	Primary Government Governmental Activities
<b>ASSETS:</b>	
Cash and cash investments	\$ 22,693,655
Receivables:	
Accounts	820
Property tax, net	1,140,963
Fines, net	495,014
Intergovernmental	627,497
Due from agency funds	112,685
Prepaid	5,888
Inventory	57,727
Non-depreciable capital assets	588,189
Depreciable capital assets, net	12,951,589
 TOTAL ASSETS	 38,674,027
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred outflows	1,667,953
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 40,341,980
<b>LIABILITIES:</b>	
Accounts payable	938,303
Wages payable	459,344
Compensated absences	272,346
Accrued interest payable	33,819
Long-term debt:	
Due in less than one year	1,220,844
Due in more than one year	7,190,000
OPEB liability	9,861,206
Pension liability	1,736,071
 TOTAL LIABILITIES	 21,711,933
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred inflows	1,067,407
 TOTAL DEFERRED INFLOWS OF RESOURCES	 1,067,407
<b>NET POSITION:</b>	
Net investment in capital assets	5,128,934
Restricted for debt service	324,874
Restricted for special revenue and capital improvements	6,018,949
Unrestricted	6,089,883
 TOTAL NET POSITION	 \$ 17,562,640

The accompanying notes are an integral part of this statement.

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Function/Program	Expenses	Program Revenues		Primary Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Primary Government:				
Governmental activities:				
General administration	\$ 443,310	\$ 18,715	\$ 244,977	\$ (179,618)
Judicial	2,924,833	1,469,993	80,735	(1,374,105)
Elections	238,126	95		(238,031)
Financial administration	968,258	703,982		(264,276)
Public facilities	1,283,602	25,342		(1,258,260)
Public safety	5,854,355	161,651	609,527	(5,083,177)
Health and welfare	829,644	1,275	743,075	(85,294)
Conservation	226,978		22,130	(204,848)
Library	418,612	32,685	2,842	(383,085)
Other supported services	1,240,352	789,633	290,023	(160,696)
Intergovernmental	952,346			(952,346)
Road and bridge	5,585,761	2,499,612	97,820	(2,988,329)
Interest on long-term debt	346,050			(346,050)
Total governmental activities	21,312,227	5,702,983	2,091,129	(13,518,115)
Total primary government	\$ 21,312,227	\$ 5,702,983	\$ 2,091,129	\$ (13,518,115)
General revenues:				
				17,049,259
				267,892
Total general revenues				17,317,151
				3,799,036
Change in net position				3,799,036
Net position - beginning of year				13,763,604
Net position - end of year				\$ 17,562,640

The accompanying notes are an integral part of this statement.

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

SEPTEMBER 30, 2020

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Contingency Fund</u>
<b>ASSETS</b>			
Cash and cash investments	\$ 12,292,891	\$ 3,553,322	\$ 3,414,641
Receivables:			
Property tax, net	783,170	282,533	
Fines, net	495,014		
Intergovernmental	195,546	31,228	
Due from agency funds	79,290	24,070	
Prepaid expenses	5,888		
Inventory	34,221		
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS</b>	<b>\$ <u>13,886,020</u></b>	<b>\$ <u>3,891,153</u></b>	<b>\$ <u>3,414,641</u></b>
 <b>LIABILITIES</b>			
Accounts payable	\$ 441,382	\$ 268,506	\$
Wages payable	359,761	60,980	
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL LIABILITIES</b>	<b><u>801,143</u></b>	<b><u>329,486</u></b>	<u>                    </u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	<u>1,187,811</u>	<u>282,533</u>	<u>                    </u>
<b>TOTAL DEFERRED INFLOWS</b>	<b><u>1,187,811</u></b>	<b><u>282,533</u></b>	<u>                    </u>
 <b>FUND BLANCE</b>			
Nonspendable for inventory	40,109		
Restricted for debt service			
Restricted for special revenue and capital improvements		3,279,134	
Assigned			3,414,641
Unassigned	<u>11,856,957</u>	<u>                    </u>	<u>                    </u>
<b>TOTAL FUND BALANCE</b>	<b><u>11,897,066</u></b>	<b><u>3,279,134</u></b>	<b><u>3,414,641</u></b>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ <u>13,886,020</u></b>	<b>\$ <u>3,891,153</u></b>	<b>\$ <u>3,414,641</u></b>

The accompanying notes are an integral part of this statement.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,889,748	\$ 22,150,602
75,260	1,140,963
	495,014
400,723	627,497
9,325	112,685
	5,888
	34,221
<u>3,375,056</u>	<u>24,566,870</u>

\$ 209,734	\$ 919,622
<u>25,373</u>	<u>446,114</u>
<u>235,107</u>	<u>1,365,736</u>
<u>75,260</u>	<u>1,545,604</u>
<u>75,260</u>	<u>1,545,604</u>

	40,109
324,874	324,874
2,739,815	6,018,949
	3,414,641
	11,856,957
<u>3,064,689</u>	<u>21,655,530</u>
<u>3,375,056</u>	<u>24,566,870</u>

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

SEPTEMBER 30, 2020

Total Fund Balances - Governmental Funds \$ 21,655,530

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

Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the governmental funds balance sheet. The net effect is an increase in net position.	11,040,799
Other long-term assets are not available to pay for current-period expenditures, therefore, are deferred in the governmental funds. Deferred revenue is recognized in the government-wide financial statements. This results in an increase in net position.	1,545,604
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. The net effect is a decrease in net position.	(8,698,660)
The Internal Service Fund provides services to the governmental funds. The net position of the fund is included in the net position of the governmental activities. The net effect is to increase net position.	3,016,098
Included on the government-wide financial statements is the recognition of the County's proportionate share of the OPEB liabilities of \$9,861,206 and a deferred outflow of resources of \$91,160 and deferred inflows of resources of \$18,324. The net effect is a decrease in net position.	(9,788,370)
Included on the government-wide financial statements is the recognition of the County's proportionate share of the net pension liability of \$1,736,071, a deferred inflow of resources of \$1,049,083 and deferred outflow of resources of \$1,576,793. The net effect is to decrease net position.	<u>(1,208,361)</u>

Net Position of Governmental Activities \$ 17,562,640

The accompanying notes are an integral part of this statement.



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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Road and Bridge Fund	Contingency Fund
<b>REVENUES:</b>			
Property taxes	\$ 12,035,148	\$ 3,621,347	\$
Licenses and permits	6,778	716,340	
Fees and charges for services	1,434,596		
Fines, forfeitures and settlements	516,545		
Intergovernmental	944,325	97,820	22,130
Investment income	157,389	36,332	37,223
Other miscellaneous	774,993		
	<u>15,869,774</u>	<u>4,471,839</u>	<u>59,353</u>
<b>Total Revenues</b>			
<b>EXPENDITURES:</b>			
Current:			
General administration	432,353		
Judicial	2,608,820		
Elections	203,646		
Financial administration	1,012,126		
Public facilities	562,231		
Public safety	5,343,736		
Health and welfare	4,464		
Conservation	117,509		
Library	431,733		
Other supported services	1,365,729		
Intergovernmental	952,346		
Road and bridge		4,442,581	
Debt service			
Principal	65,759		
Interest			
Capital outlay	31,854		
	<u>13,132,306</u>	<u>4,442,581</u>	<u></u>
<b>Total Expenditures</b>			
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>2,737,468</b>	<b>29,258</b>	<b>59,353</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	68,490		250,000
Transfers out	(542,075)		(175,000)
Loan proceeds			
Bond issuance costs			
<b>Total Other Financing Sources (Uses)</b>	<u>(473,585)</u>	<u></u>	<u>75,000</u>
<b>CHANGE IN FUND BALANCE</b>	<b>2,263,883</b>	<b>29,258</b>	<b>134,353</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>9,633,183</b>	<b>3,249,876</b>	<b>3,280,288</b>
Prior Period Adjustments			
	<u></u>	<u></u>	<u></u>
<b>FUND BALANCE - END OF YEAR</b>	<u><b>\$ 11,897,066</b></u>	<u><b>\$ 3,279,134</b></u>	<u><b>\$ 3,414,641</b></u>

The accompanying notes are an integral part of this statement.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,229,042	\$ 16,885,537
519,051	723,118
16,129	1,953,647
1,026,854	532,674
29,943	2,091,129
55,566	260,887
<u>2,876,585</u>	<u>830,559</u>
	<u>23,277,551</u>
12,713	445,066
408,288	3,017,108
144	203,646
	1,012,270
	562,231
225,484	5,569,220
832,072	836,536
89,153	206,662
	431,733
	1,365,729
	952,346
	4,442,581
1,060,000	1,125,759
346,050	346,050
<u>125,141</u>	<u>156,995</u>
<u>3,099,045</u>	<u>20,673,932</u>
(222,460)	2,603,619
467,075	785,565
(68,490)	(785,565)
<u>398,585</u>	
176,125	2,603,619
2,888,564	19,051,911
<u>\$ 3,064,689</u>	<u>\$ 21,655,530</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net Change in Fund Balances - Governmental Funds \$ 2,603,619

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

Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays net of disposals is to increase net position. 156,995

Depreciation expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation. The net effect of current year depreciation expense is to decrease net position. (991,573)

Revenue from property taxes and court fines are recognized in the fund financial statements on the modified accrual basis, but are recognized on the accrual basis in the government-wide financial statements. The net effect is to decrease net position. 43,435

Current year payments on long-term debt are expenditures in the fund financial statements, but are shown as reductions of the debt in the government-wide financial statements. The net effect is to increase net position. 1,115,095

The Internal Service Fund provides services to the governmental funds. The activities of the fund are included in the governmental activities. The net effect is to increase net position. 211,718

The County's share of the unrecognized deferred inflows and outflows for the pension liability and the OPEB liability as of the measurement date must be amortized and the County's proportionate share of the pension expense and postemployment benefits must be recognized. The net effect is a decrease in net position. 659,747

Change in Net Position of Governmental Activities \$ 3,799,036

The accompanying notes are an integral part of this statement.

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

SEPTEMBER 30, 2020

<b>ASSETS:</b>	<u>Internal Service Fund</u>
Cash and cash investments	\$ 543,053
Accounts receivables	820
Inventory	23,506
Capital assets, net of accumulated depreciation	<u>2,498,979</u>
TOTAL ASSETS	<u>3,066,358</u>
<b>LIABILITIES:</b>	
Accounts payable	18,681
Wages payable	13,230
Compensated absences	<u>18,349</u>
TOTAL LIABILITIES	<u>50,260</u>
<b>NET POSITION:</b>	
Net investment in capital assets	2,498,979
Unrestricted	<u>517,119</u>
TOTAL NET POSITION	<u><u>\$ 3,016,098</u></u>

The accompanying notes are an integral part of this statement.

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Internal Service Fund</u>
OPERATING REVENUE	
Charges for services	\$ 1,725,610
Total operating revenue	<u>1,725,610</u>
OPERATING EXPENSES	
Salaries and related benefits	300,562
Insurance	39,555
Materials and supplies	359,159
Maintenance and repairs	15,230
Radio expense	4,445
Auto expense	85,660
Depreciation	773,948
Total operating expenses	<u>1,578,559</u>
OPERATING INCOME	<u>147,051</u>
NONOPERATING REVENUE	
Investment income	7,005
Miscellaneous income	57,662
Total nonoperating revenue	<u>64,667</u>
CHANGE IN NET POSITION	211,718
NET POSITION - BEGINNING OF YEAR	<u>2,804,380</u>
NET POSITION - END OF YEAR	<u><u>\$ 3,016,098</u></u>

The accompanying notes are an integral part of this statement.

**HOWARD COUNTY, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from other funds	\$ 1,726,348
Payments to suppliers	(353,077)
Payments to employees and related taxes and benefits	(301,359)
Payments to others	(144,890)
Net cash provided (used) by operating activities	<u>927,022</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds from sale of capital assets	21,226
Purchase of capital assets	(1,088,109)
Net cash provided (used) by capital and related financing activities	<u>(1,066,883)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Investment income	7,005
Miscellaneous income	48,746
Net cash provided (used) by investing activities	<u>55,751</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(84,110)
<b>CASH AT BEGINNING OF PERIOD</b>	<u>627,163</u>
<b>CASH AT END OF PERIOD</b>	<u><u>\$ 543,053</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:</b>	
Operating income (loss)	\$ 147,051
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	773,948
(Increase) decrease in accounts receivable	738
(Increase) decrease in inventory	(3,475)
Increase (decrease) in accounts payable	(2,349)
Increase (decrease) in wages payable	5,409
Increase (decrease) in accrued compensated absences	5,700
Net cash provided (used) by operating activities	<u><u>\$ 927,022</u></u>

The accompanying notes are an integral part of this statement.

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

SEPTEMBER 30, 2020

ASSETS	Agency Funds
Cash and cash investments:	
Tax Assessor Collector	\$ 985,947
Sheriff	13,367
District Attorney	61,259
County Attorney	2,807
District Clerk	3,174,262
County Clerk	<u>16,595</u>
 TOTAL ASSETS	 \$ <u><u>4,254,237</u></u>
 LIABILITIES	
Due to others	\$ <u>4,254,237</u>
 TOTAL LIABILITIES	 \$ <u><u>4,254,237</u></u>

The accompanying notes are an integral part of this statement.

## HOWARD COUNTY, TEXAS

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

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

##### **Reporting Entity**

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

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

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

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

##### **Government-Wide and Fund Financial Statements**

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

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

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



## HOWARD COUNTY, TEXAS

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

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

##### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

##### **Governmental Funds**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The government reports the following major governmental funds:

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

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

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

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

## HOWARD COUNTY, TEXAS

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

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

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

Additionally, the government reports nonmajor governmental fund types:

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

#### **Proprietary Funds**

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

#### **Fiduciary Funds**

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

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

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

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

#### **Use of Estimates**

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

## HOWARD COUNTY, TEXAS

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

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

##### **Budget Policies**

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

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

Each fund's approved budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services and related fringe benefits, supplies, other services and charges, capital outlay, transfers, and debt services. Expenditures may not exceed appropriations at the department level.

Within this control level, management may transfer appropriations between line items. Budget revisions and the line item transfers are subject to final review by the Commissioners' Court. Revisions to the budget were made throughout the year.

The budgeted amounts presented in these statements are as originally adopted and as amended by the Commissioners' Court during the year ended September 30, 2020. All appropriations lapse at year end.

##### **Assets, Liabilities, and Net Position or Equity**

##### **Deposits and Investments**

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

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

As of September 30, 2020, the County had \$17,682,251 in pooled investments.

## HOWARD COUNTY, TEXAS

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

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

##### **Receivables and Payables**

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

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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds”: (i.e., the non-current portion of interfund loans).

##### **Property Taxes**

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

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

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

The County is permitted by Article 8, Section 9 of the State of Texas Constitution to levy taxes up to \$1.20 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The tax rate for the year ended September 30, 2020 was \$.303165 per \$100 valuation.

**HOWARD COUNTY, TEXAS**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

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

**Property Taxes – continued**

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

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

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

All receivables are shown net of an allowance for uncollectibles.

**Capital Assets**

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

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

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

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

## HOWARD COUNTY, TEXAS

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

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

#### **Deferred Outflows/Inflows of Resources**

##### Government-Wide Financial Statements

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

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

##### Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported in the governmental funds as unavailable revenues from property taxes and fines of \$1,545,604.

#### **Compensated Absences**

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

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

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

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

## HOWARD COUNTY, TEXAS

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

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

##### **Fund Balance Classification**

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

*Nonspendable* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form; (b) are not expected to be converted into cash within the current period or at all; or (c) are legally or contractually required to be maintained intact. The County had \$40,109 classified as nonspendable fund balance at September 30, 2020.

*Restricted* – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Federal or state funds are restricted for use only for a specific use. The County had \$3,279,134 restricted for road and bridge repairs, \$2,211,369 for special revenue projects, \$528,446 for capital improvements, and \$324,874 for debt service requirements.

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

*Assigned* – This classification includes amounts that are constrained by the County Commissioners' intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners or through the Commissioners delegating this responsibility to management through the budgetary process. The County had \$3,414,641 classified as assigned at September 30, 2020.

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

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

##### **Pensions**

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

**HOWARD COUNTY, TEXAS**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

*NOTE 2: DEPOSITS AND INVESTMENTS*

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

At September 30, 2020, the carrying amount of the County’s deposits (cash and temporary investments) was:

	Fair Value	Maturity	Quality Rating
TexPool	\$ 5,503,353	<60 days - Weighted Avg.	AAAm
TexPool Prime	374,875	<60 days - Weighted Avg.	AAAm
TexStar	4,344,165	<60 days - Weighted Avg.	AAAm
Logic	2,981,737	<60 days - Weighted Avg.	AAAm
Texas Class	7,459,859	<60 days - Weighted Avg.	AAAm
Cash in Bank	2,094,980		
Total	<u>\$ 22,758,969</u>		

Investments

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

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



## HOWARD COUNTY, TEXAS

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

#### NOTE 2: DEPOSITS AND INVESTMENTS - continued

##### Investment Accounting Policy

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

*Custodial credit risk - Deposits:* This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County's policy regarding types of deposits allowed and collateral requirements is for the safekeeping bank to provide minimum collateral of 110% of the County deposits. Deposits in financial institutions are carried at cost which approximates fair value. At September 30, 2020, the County had cash and cash investments, which represents demand deposits and savings accounts at federally insured local banks. At September 30, 2020, the County was fully insured by federal depository insurance and pledged securities held by the County's agent bank.

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

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

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

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

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

**HOWARD COUNTY, TEXAS**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

*NOTE 3: RECEIVABLES*

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

	Property Taxes	Fines and Fees	Inter- Governmental	Total Receivables
Governmental Funds				
General Fund	\$ 783,170	\$ 495,014	\$ 195,546	\$ 1,473,730
Road and Bridge Fund	282,533	-	31,228	313,761
Non-major Government Funds	75,260	-	400,723	475,983
Total Governmental Funds	<u>\$ 1,140,963</u>	<u>\$ 495,014</u>	<u>\$ 627,497</u>	<u>\$ 2,263,474</u>

*NOTE 4: CAPITAL ASSETS*

The changes in capital assets for the year ended September 30, 2020 are as follows:

<b>Capital Assets</b>	Balance October 1, 2019	Additions	Retirements	Balance September 30, 2020
Land (not depreciated)	\$ 588,189	\$	\$	\$ 588,189
Buildings and improvements	19,990,879			19,990,879
Machinery and equipment	8,926,534	1,245,104	(324,679)	9,846,959
Infrastructure	<u>1,546,590</u>			<u>1,546,590</u>
Total capital assets	<u>31,052,192</u>	<u>1,245,104</u>	<u>(324,679)</u>	<u>31,972,617</u>
Less accumulated depreciation for:				
Buildings and improvements	(11,846,642)	(685,459)		(12,532,101)
Machinery and equipment	(5,006,956)	(1,012,677)	312,369	(5,707,264)
Infrastructure	<u>(126,089)</u>	<u>(67,385)</u>		<u>(193,474)</u>
Total accumulated depreciation	<u>(16,979,687)</u>	<u>(1,765,521)</u>	<u>312,369</u>	<u>(18,432,839)</u>
Governmental activities capital assets	<u>\$ 14,072,505</u>	<u>\$ (520,417)</u>	<u>\$ (12,310)</u>	<u>\$ 13,539,778</u>

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

Governmental Activities:	
General administration	\$ 3,089
Financial	3,179
Judicial	21,325
Elections	41,461
Public safety	413,717
Public facilities	685,460
Road and bridge	286,279
Conservation	<u>11,010</u>
	<u>\$1,765,521</u>

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

NOTE 5: INTERFUND BALANCES AND ACTIVITY

Transfers to and from other funds at September 30, 2020, consisted of the following:

Transfers from General Fund to:

Contingency Fund	\$	250,000
Nonmajor governmental funds		<u>292,075</u>
Total Transfers from General Fund		542,075

Transfers from Non-Major Court Cost Fund to:

General Fund	68,490
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Transfers from Contingency Fund to:

Nonmajor governmental funds	<u>175,000</u>
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Total Transfers	\$	<u><u>785,565</u></u>
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NOTE 6: LONG-TERM OBLIGATIONS

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

**Bonds**

During 2008, the County issued \$11,570,000 in general obligation bonds with interest rates of 4.00% to 5.00% to finance the construction and equipping of a new jail and the acquisition of a site thereof. In 2015 Howard County issued \$8,705,000 in general obligation refunding bonds with interest rates of 2.0% to 4.0%.

**Tax Notes**

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

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

**Note Payable**

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

**HOWARD COUNTY, TEXAS**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

*NOTE 6: LONG-TERM OBLIGATIONS – continued*

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

A summary of changes in long-term obligations at September 30, 2020 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Government Activities:</b>				
General Obligation Bonds	\$ 8,120,000	\$	\$ 455,000	\$ 7,665,000
Tax Notes	1,245,000		605,000	640,000
Premium on Tax Notes	84,006		42,003	42,003
Notes Payable	129,610		65,769	63,841
<b>Total Long-term Debt</b>	<b>9,578,616</b>	<b>-</b>	<b>1,167,772</b>	<b>8,410,844</b>
<b>Other Long-term Obligations</b>				
Compensated Absences	207,673	64,673		272,346
Net OPEB Obligations	10,365,374	505,658	1,009,826	9,861,206
Net Pension Liability	5,481,167	4,527,744	8,272,840	1,736,071
<b>Total Other Long-term Obligations</b>	<b>16,054,214</b>	<b>5,098,075</b>	<b>9,282,666</b>	<b>11,869,623</b>
<b>Total Governmental Activities</b>				
Long-term Liabilities	\$ 25,632,830	\$ 5,098,075	\$ 10,450,438	\$ 20,280,467

Current maturities of long-term debt are as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 1,178,841	\$ 295,963	\$ 1,474,804
2022	485,000	263,162	748,162
2023	505,000	245,838	750,838
2024	520,000	227,900	747,900
2025	540,000	209,350	749,350
2026-2030	3,020,000	729,650	3,749,650
2031-2033	2,120,000	129,400	2,249,400
<b>Total</b>	<b>\$ 8,368,841</b>	<b>\$ 2,101,263</b>	<b>\$ 10,470,104</b>

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

NOTE 7: OPERATING LEASE OBLIGATIONS

The County leases equipment under non-cancelable operating leases. Total costs for such leases were \$33,234 for the year ended September 30, 2020. The future payments for these leases are:

Required minimum payments of the outstanding operating lease obligations at September 30, 2020 are as follows:

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

NOTE 8: RETIREMENT PLAN

Plan Description

The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (the TCDRS). The Commissioners are responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of nearly 800 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

Benefits Provided

The plan provisions are adopted by the governing body of the employer, within the options available in the state statutes governing the TCDRS (TCDRS Act). Members employed by Howard County can retire at age 60 and above with eight or more years of service, with 30 years of service, regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of employment but must leave their accumulated contributions in the plan to receive any employer-financed benefits.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. There are no automatic post-employment benefit changes; including automatic COLA's. Ad hoc post-employment benefit changes, including ad hoc COLA's, can be granted by the County Commissioners within certain guidelines.

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

NOTE 8: RETIREMENT PLAN - continued

Membership

County membership in the TCDRS plan at December 31, 2019 consisted of the following:

Inactive Employees Receiving Benefits	141
Inactive Employees Not Yet Receiving Benefits	<u>131</u>
Current Employee's Accounts	272
Active Employee Accounts	175

Contributions

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

The rate the County contributed for the months of the accounting year in 2019 and 2020 was 16.82%. The deposit rate payable by the employee members for the calendar year 2019 and 2020 is the rate of 7.00% as adopted by the governing body of the County. The total retirement contributions made by the County for the fiscal year ended September 30, 2020 were \$1,670,479.

Actuarial Assumptions

The total pension asset at December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

	Actuarially determined contributions rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Valuation Timing	
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	5.3 years
Asset Valuation Method	5 year smoothed market
Discount Rate	8.10%
Inflation	2.75%
Salary Increases	4.9% average
Investment Rate of Return	8.00%
Payroll Growth Rate	3.25%

All actuarial assumptions that determined the total pension liability at December 31, 2019 were based on the results of an actuarial experience study for the period January 1, 2013 to December 31, 2016, except were required to be different by GASB 68.

## HOWARD COUNTY, TEXAS

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

#### *NOTE 8: RETIREMENT PLAN - continued*

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

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

#### Discount Rate

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

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

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

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future year, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.0%, net of all expenses, increased by .10% to be gross of administrative expenses.

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

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

**HOWARD COUNTY, TEXAS**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

*NOTE 8: RETIREMENT PLAN - continued*

<b>Asset Class</b>	<b>Benchmark</b>	<b>Target Allocation</b>	<b>Real Rate of Return</b>
US Equities	Dow Jones US Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
International Equities – Developed	MSCI Work (net) Index Ex USA	7.00%	5.20%
International Equities – Emerging	MSCI EM Standard (net) index	7.00%	5.70%
Investment Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	6.90%
REIT Equities	Index + 33% FRSE EPRA/NAREIT Global Rate Estate Index	3.00%	4.50%
Master Limited Partnerships (MLP's)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	8.00%	2.30%

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

At September 30, 2020, the County, Howard County Community Supervision and Corrections Department, and the Howard County Juvenile Probation Department reported a combined net pension liability of \$1,736,071 for its proportionate share of the TCDRS's net pension liability measured at December 31, 2019. For the year ended September 30, 2020, the County, Howard County Community Supervision and Corrections Department, and the Howard County Juvenile Probation Department recognized pension expense of \$1,410,281.

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

There were no changes in plan provisions reflected in the December 31, 2019 actuarial valuation.



**HOWARD COUNTY, TEXAS**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

*NOTE 8: RETIREMENT PLAN - continued*

Changes in the net pension asset for the measurement year ended December 31, 2019 are as follows:

	Increases (Decreases)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Ass et) (a)-(b)
Changes in Net Pension Liability			
Balance at December 31, 2018	\$ 6,304,112	\$ 6,051,909	\$ 252,203
Changes for the year:			
Service Cost	136,923		136,923
Interest on total pension liability	505,642		505,642
Effect of plan changes			-
Effect of economic/demographic gains or losses	25,329		25,329
Effect of assumptions changes or inputs			-
Refunds of contributions	(35,704)	(35,704)	-
Benefit payments	(369,266)	(369,266)	-
Administrative expenses		(5,216)	5,216
Member contributions		119,841	(119,841)
Net investment income		994,037	(994,037)
Employer contributions		94,875	(94,875)
Other		(5,560)	5,560
Balance as of December 31, 2019	<u>\$ 6,567,036</u>	<u>\$ 6,844,916</u>	<u>\$ (277,880)</u>

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (7.10%)	Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Total Pension Liability	\$ 48,896,500	\$ 6,567,036	\$ 39,814,796
Fiduciary Net Position	42,251,234	6,844,916	42,251,234
Net Pension Liability/ (Asset)	\$ 6,645,266	\$ (277,880)	\$ (2,436,438)

**HOWARD COUNTY, TEXAS**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

*NOTE 8: RETIREMENT PLAN - continued*

At December 31, 2019, the County reported its share of the TCDRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Recourses	Deferred Inflows of Recourses
Differences between expected and actual economic experience	\$ 191,574	
Changes in actuarial assumptions	78,313	
Differences between projected and actual investment earnings		1,049,083
Contributions subsequent to the measurement date	1,306,906	
Total	\$ 1,576,793	\$ 1,049,083

\$1,306,906 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2020	\$ (42,875)
2021	(241,191)
2022	125,455
2023	(620,585)
Thereafter	\$ (779,196)

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

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

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

**HOWARD COUNTY, TEXAS**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

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

**Employees covered by benefit terms**

At the December 31, 2019 valuation and measurement date, the following employees were covered by the GTL:

Inactive Employees Receiving Benefits	113
Inactive Employees Not Yet Receiving Benefits	33
Active Employee Accounts	175
Total	321

**OPEB Liability**

The County’s total OPEB liability related to the TCDRS GTL program, measured as of December 31, 2019 was \$554,600, and was determined by an actuarial valuation as of that date.

**Actuarial assumptions:**

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

The significant actuarial methods and assumptions are as follows:

Amortization Method	Straight-Line amortization over Expected Working Life
Investment Rate of Return	2.74% - 20 Year Bond GO Index published by bondbuyer.com as of December 26, 2019
Mortality:	
Depositing Members	90% of the RP-2014 Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 100% of the MP-2014 Ultimate scale after 2014
Service retirees, beneficiaries, and non- depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Tables for females, both project with 100% of the MP-2014 Ultimate scale after 2014
Disabled retirees	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 115% of the RP-2014 Healthy Annuitant Mortality Tables for females, both project with 100% of the MP-2014 Ultimate scale after 2014

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2013 to December 31, 2016.

**HOWARD COUNTY, TEXAS**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

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

<b>Changes in OPEB Liability</b>	Total OPEB Liability (a)
Balance as 12/31/2018	\$ 430,444
Changes for the year:	
Service cost	12,851
Interest on total OPEB liability	17,858
Change of benefit terms	
Difference between expected and actual experience	(185)
Changes in assumptoins or other inputs	109,242
Benefit payments	(15,610)
Other changes	
Net Changes	<u>124,156</u>
<b>Balance as of 12/31/2019</b>	<b><u>\$ 554,600</u></b>

Sensitivity of the OPEB Liability to changes in the discount rate

The following presents the OPEB liability of the County, calculated using the discount rate of 2.74%, as well as what the County’s OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.74%) or 1-percentage-point higher (2.74%) than the current rate:

	1% Decrease in Discount Rate (1.74%)	Discount Rate (2.74%)	1% Increase in Discount Rate (3.74%)
County's OPEB Liability	\$ 662,404	\$ 554,600	\$ 470,878

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

For the year ended September 30, 2020, the County recognized OPEB expense (benefit) of \$49,833.

At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Recourses	Deferred Inflows of Recourses
Differences between expected and actual economic experience	\$ 10,444	\$ -
Changes in actuarial assumptions	68,743	
Contributions subsequent to the measurement date	11,973	
Total	<u>\$ 91,160</u>	<u>\$ -</u>

**HOWARD COUNTY, TEXAS**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

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

The deferred outflows balance includes contributions subsequent to the measurement date of \$11,973. This amount will be recognized as a reduction of the OPEB liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:		
2020	\$	19,124
2021		19,124
2022		19,124
2023		21,815
Thereafter		_____
	\$	<u>79,187</u>

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

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

Employees covered by benefit terms

At the September 30, 2020 valuation and measurement date, the following employees were covered by the retiree medical plan:

Active employee entitled to but not yet receiving benefi	12
Retired employees receiving benefits	48
Total	<u>60</u>

**OPEB Liability**

The County’s total OPEB liability related to the medical benefits provided to eligible retirees of \$9,306,606 was measured as of September 30, 2020 and was determined by an actuarial valuation as of that date.

**Actuarial assumptions:**

The OPEB Liability related to the County’s retiree medical plan actuarial valuation as of September 30, 2020 was determined using the following actuarial assumptions:

**HOWARD COUNTY, TEXAS**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

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

Actuarial Method	Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary
Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan’s benefit formula. This allocation is based on each participant’s service between date of hire and date of expected termination.
Discount Rate	2.25% (-.25% real rate of return plus 2.50% inflation)
Average per capita claim cost	Dependent upon the age of the retiree. Ranges from \$8,471 for a 50-year old retiree to \$11,970 for a retiree who is 64. The current combined Medicare supplement/prescription drug annual premium is used for the age 65 and later per capita cost. These costs range from \$4,464 for ages 65-69 to \$6,214 for ages 90 and over.
Health Care Cost Trend	Level 4.50%
Mortality	RPH-2014 Total table with projection MP-2019
Salary Scale	3.50%
Coverage	All who currently have healthcare coverage will continue with same coverage for life. All active employees who are eligible to receive the benefit at retirement will continue with individual coverage upon retirement.
Retiree contributions	No retiree contribution is required for individual coverage with the full cost paid by the county. The retiree pays the full additional premium for any elected dependent coverage.

Net OPEB Liability

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

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

<b>Changes in OPEB Liability</b>	<b>Total OPEB Liability (a)</b>
Balance as 12/31/2018	\$ 9,934,930
Changes for the year:	
Service cost	106,291
Interest on total OPEB liability	259,416
Difference between expected and actual experience	(455,099)
Changes in assumptoins or other inputs	(174,036)
Benefit payments	(364,896)
Other changes	
Net Changes	<u>(628,324)</u>
<b>Balance as of 12/31/2019</b>	<b><u>\$ 9,306,606</u></b>

**HOWARD COUNTY, TEXAS**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

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

Sensitivity of the OPEB Liability to changes in the discount rate

The following presents the OPEB liability related to the medical benefits provided to retirees of the County, calculated using the discount rate of 2.25%, as well as what the County’s OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1% Decrease in Discount Rate (1.25%)	Discount Rate (2.25%)	1% Increase in Discount Rate (3.25%)
County's OPEB Liability	\$ 10,854,984	\$ 9,306,606	\$ 8,069,365

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

For the year ended September 30, 2020, the County recognized OPEB (benefit) related to the retiree medical coverage of \$67,652.

At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Recourses	Deferred Inflows of Recourses
Differences between expected and actual economic experience	\$ -	\$ 13,255
Changes in actuarial assumptions		5,069
Contributions subsequent to the measurement date		
Total	\$ -	\$ 18,324

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

Year Ended December 31:	
2020	\$ (18,324)
2021	-
2022	-
2023	-
Thereafter	-
	\$ (18,324)

**HOWARD COUNTY, TEXAS**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

*NOTE 11: RISK MANAGEMENT*

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2020, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three years.

*NOTE 12: FINANCIAL INSTRUMENTS*

The County has estimated that the fair value of all financial instruments (none of which is held for trading purposes) at September 30, 2020, does not differ materially from their aggregate carrying values recorded in the accompanying statement of financial position. The estimate is based on the assumption that fair value approximates carrying values due to short initial maturities. Financial instruments consist of cash, accounts receivables, inventory, accounts payable, and payroll liabilities.



REQUIRED SUPPLEMENTARY INFORMATION

**HOWARD COUNTY, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Amended		
REVENUES:				
Property taxes	\$ 11,595,737	\$ 12,154,000	\$ 12,035,148	\$ (118,852)
Licenses and permits	5,250	6,440	6,778	338
Fees and charges for services	1,711,500	1,437,585	1,434,596	(2,989)
Fines, forfeitures and settlements	565,100	527,000	516,545	(10,455)
Intergovernmental	949,097	937,101	944,325	7,224
Investment earnings	200,000	155,000	157,389	2,389
Other miscellaneous	83,000	645,600	774,993	129,393
Total Revenues	15,109,684	15,862,726	15,869,774	7,048
EXPENDITURES:				
Current:				
General administration	607,535	531,972	432,353	99,619
Judicial	2,701,391	2,734,534	2,608,820	125,714
Elections	212,100	224,967	203,646	21,321
Financial administration	1,030,031	1,032,264	1,012,126	20,138
Public facilities	549,533	574,745	562,231	12,514
Public safety	5,891,102	6,019,810	5,343,736	676,074
Health and welfare	11,790	11,980	4,464	7,516
Conservation	125,456	122,612	117,509	5,103
Library	445,104	454,022	431,733	22,289
Other supported services	1,662,910	1,525,261	1,365,729	159,532
Intergovernmental	1,034,846	1,078,165	952,346	125,819
Debt service				
Principal	65,760	65,760	65,759	1
Interest				
Capital outlay	251,530	157,877	31,854	126,023
Total Expenditures	14,589,088	14,533,969	13,132,306	1,401,663
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	520,596	1,328,757	2,737,468	1,408,711
OTHER FINANCING SOURCES (USES):				
Transfers in	90,000	90,000	68,490	(21,510)
Transfers out	(2,053,293)	(2,116,020)	(542,075)	1,573,945
Total Other Financing Sources (Uses)	(1,963,293)	(2,026,020)	(473,585)	1,552,435
CHANGE IN FUND BALANCE	(1,442,697)	(697,263)	2,263,883	2,961,146
FUND BALANCE - BEGINNING OF YEAR	9,633,183	9,633,183	9,633,183	
FUND BALANCE - END OF YEAR	\$ 8,190,486	\$ 8,935,920	\$ 11,897,066	\$ 2,961,146

**HOWARD COUNTY, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budget</u>			Variance
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 3,503,016	\$ 3,503,016	\$ 3,621,347	\$ 118,331
Licenses and permits	710,000	710,000	716,340	6,340
Fees and charges for services				
Intergovernmental	90,510	90,695	97,820	7,125
Investment income	<u>75,000</u>	<u>75,000</u>	<u>36,332</u>	<u>(38,668)</u>
Total Revenues	<u>4,378,526</u>	<u>4,378,711</u>	<u>4,471,839</u>	<u>93,128</u>
EXPENDITURES:				
Current:				
Road and bridge	4,705,916	4,902,860	4,442,581	460,279
Capital outlay				
Total Expenditures	<u>4,705,916</u>	<u>4,902,860</u>	<u>4,442,581</u>	<u>460,279</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(327,390)	(524,149)	29,258	553,407
FUND BALANCE - BEGINNING OF YEAR	<u>3,249,876</u>	<u>3,249,876</u>	<u>3,249,876</u>	
FUND BALANCE - END OF YEAR	<u>\$ 2,922,486</u>	<u>\$ 2,725,727</u>	<u>\$ 3,279,134</u>	<u>\$ 553,407</u>

**HOWARD COUNTY, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budget			Variance
	Original	Amended	Actual	Favorable (Unfavorable)
REVENUES:				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 22,130	\$ 12,130
Investment income	50,000	50,000	37,223	(12,777)
Total Revenues	60,000	60,000	59,353	(647)
EXPENDITURES:				
Elections				
Debt service				
Capital outlay	3,510,000	3,335,000		3,335,000
Total Expenditures	3,510,000	3,335,000		3,335,000
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(3,450,000)	(3,275,000)	59,353	3,334,353
OTHER FINANCING SOURCES (USES):				
Transfers in	250,000	250,000	250,000	
Transfers out		(175,000)	(175,000)	
Total Other Financing Sources (Uses)	250,000	75,000	75,000	
CHANGE IN FUND BALANCE	(3,200,000)	(3,200,000)	134,353	3,334,353
FUND BALANCE - BEGINNING OF YEAR	3,280,288	3,280,288	3,280,288	
FUND BALANCE - END OF YEAR	\$ 80,288	\$ 80,288	\$ 3,414,641	\$ 3,334,353

**HOWARD COUNTY, TEXAS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Texas County & District Retirement System

For Fiscal Year 2020

<b>Year Ending December 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Pensionable Covered Payroll (1)</b>	<b>Actual Contribution as a Percentage of Covered Payroll</b>
2010	\$ 811,104	\$ 811,104	\$ -	\$ 5,290,958	15.3%
2011	843,077	843,077	-	5,572,234	15.1%
2012	907,554	969,124	(61,570)	5,806,488	16.7%
2013	933,873	1,033,871	(99,998)	5,891,943	17.5%
2014	1,069,194	1,369,194	(300,000)	6,356,686	21.5%
2015	1,126,613	1,497,831	(371,218)	7,121,444	21.0%
2016	1,006,406	1,482,936	(476,530)	7,032,886	21.1%
2017	943,717	1,498,895	(555,178)	7,127,774	21.0%
2018	1,015,589	1,580,521	(564,932)	7,613,110	20.8%
2019	1,013,902	1,612,835	(598,933)	7,805,249	20.7%

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

## HOWARD COUNTY, TEXAS

### NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

For the Year Ended September 30, 2020

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

##### Assumptions

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

<b>Valuation date</b>	Actuarially determined contributions rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
<b>Actuarial cost method</b>	Entry age
<b>Amortization method</b>	Level percentage of payroll, closed
<b>Remaining amortization period</b>	5.3 years (based on contribution rate calculated in 12/31/2019 valuation)
<b>Asset valuation method</b>	5-year smoothed market
<b>Inflation</b>	2.75%
<b>Salary increases</b>	Varies by age and service. 4.9%, average over career, including inflation
<b>Investment rate of return</b>	8.00%, including inflation
<b>Retirement Age</b>	Members who are eligible for service retirement age assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
<b>Mortality</b>	130% of the RP-2014 Health Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Mortality Table for females, both projected with e100% of the MP-2014 Ultimate scale after 2014.
<b>Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions</b>	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected
<b>Changes in Plan Provisions Reflected in the Schedule of Employer Contributions</b>	2015: No changes in plan provisions were reflected in the schedule 2016: No changes in plan provisions were reflected in the schedule. 2017: New annuity purchase rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the schedule 2019: No changes in plan provisions were reflected in the schedule

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

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

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Total Pension Liability</b>			
Service cost	\$ 1,008,023	\$ 1,019,464	\$ 1,069,422
Interest (on the Total Pension Liability)	3,082,161	3,256,398	3,408,441
Effect of plan changes	-	-	-
Effect of assumption changes or inputs	313,249	-	-
Effect of economic/demographic (gains) or loss	309,863	301,884	(49,112)
Benefit payments, including refunds	<u>(2,493,205)</u>	<u>(2,657,318)</u>	<u>(2,847,638)</u>
<b>Net Change in Total Pension Liability</b>	2,220,091	1,920,428	1,581,113
<b>Total Pension Liability - Beginning</b>	38,265,676	40,485,767	42,406,194
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 40,485,767</u>	<u>\$ 42,406,195</u>	<u>\$ 43,987,307</u>
 <b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 1,498,895	\$ 1,580,521	\$ 1,612,835
Contributions - Employee	498,944	532,918	546,367
Net Investment Income	4,929,629	(718,277)	6,064,525
Benefit payments, including refunds	(2,493,205)	(2,657,318)	(2,847,638)
Administrative Expense	(25,424)	(29,658)	(32,197)
Other	<u>(6,877)</u>	<u>(12,363)</u>	<u>(17,684)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	4,401,962	(1,304,177)	5,326,208
<b>Plan Fiduciary Net Position - Beginning</b>	<u>33,827,243</u>	<u>38,229,205</u>	<u>36,925,028</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 38,229,205</u>	<u>\$ 36,925,028</u>	<u>\$ 42,251,236</u>
 <b>Net Pension Liability - Ending (a)-(b)</b>	<u>\$ 2,256,562</u>	<u>\$ 5,481,167</u>	<u>\$ 1,736,071</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.43%	87.07%	96.05%
 Covered Employee Payroll	\$ 7,127,774	\$ 7,613,110	\$ 7,613,110
 Net Pension Liability as a Percentage of Covered Employee Payroll	31.66%	72.00%	22.80%



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

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

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

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

OTHER SUPPLEMENTARY INFORMATION

**HOWARD COUNTY, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budget			Variance
	Original	Amended	Actual	Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 1,164,355	\$ 1,164,355	\$ 1,229,042	\$ 64,687
Intergovernmental	244,977	244,977	244,977	
Investment income	1,900	1,900	3,244	1,344
Total Revenues	1,411,232	1,411,232	1,477,263	66,031
EXPENDITURES:				
Debt service	1,408,350	1,408,350	1,406,050	2,300
Total Expenditures	1,408,350	1,408,350	1,406,050	2,300
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	2,882	2,882	71,213	68,331
OTHER FINANCING SOURCES (USES):				
Transfers in				
Total Other Financing Sources (Uses)				
CHANGE IN FUND BALANCE	2,882	2,882	71,213	68,331
FUND BALANCE - BEGINNING OF YEAR	253,661	253,661	253,661	
FUND BALANCE - END OF YEAR	\$ 256,543	\$ 256,543	\$ 324,874	\$ 68,331

**HOWARD COUNTY, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budget</u>			Variance
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	Favorable (Unfavorable)
REVENUES:				
Investment income	\$ 8,000	\$ 8,000	\$ 4,604	\$ (3,396)
Total Revenues	<u>8,000</u>	<u>8,000</u>	<u>4,604</u>	<u>(3,396)</u>
EXPENDITURES:				
Current:				
Other supported services			356	(356)
Capital outlay	<u>486,000</u>	<u>486,000</u>	<u>125,141</u>	<u>360,859</u>
Total Expenditures	<u>486,000</u>	<u>486,000</u>	<u>125,497</u>	<u>360,503</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(478,000)	(478,000)	(120,893)	357,107
OTHER FINANCING SOURCES (USES):				
Transfers in		<u>175,000</u>	<u>175,000</u>	
Total Other Financing Sources (Uses)		<u>175,000</u>	<u>175,000</u>	
CHANGE IN FUND BALANCE	(478,000)	(303,000)	54,107	357,107
FUND BALANCE - BEGINNING OF YEAR	<u>474,339</u>	<u>474,339</u>	<u>474,339</u>	
FUND BALANCE - END OF YEAR	<u>\$ (3,661)</u>	<u>\$ 171,339</u>	<u>\$ 528,446</u>	<u>\$ 357,107</u>

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

SEPTEMBER 30, 2020

	Tax Increment	Law Library	Indigent Health Care	Courthouse Security
<b>ASSETS</b>				
Cash and cash investments	\$	\$ 36,680	\$ 9,908	7,640
Property tax, net				
Intergovernmental receivable		2,355		
Interfund balances				
Total Assets	\$	\$ 39,035	\$ 9,908	\$ 7,640
<b>LIABILITIES</b>				
Accounts payable	\$	\$ 5,421	\$	\$
Wages payable			6,115	3,602
Total Liabilities		5,421	6,115	3,602
<b>DEFERRED INFLOWS OF RECOURCES</b>				
Deferred revenue				
Total Deferred Inflows of Recources				
<b>FUND EQUITY</b>				
Nonspendable for prepaids				
Restricted for debt service				
Restricted for capital improvement				
Restricted fund balances		33,614	3,793	4,038
Total Fund Balance		33,614	3,793	4,038
Total Liabilities and Fund Balance	\$	\$ 39,035	\$ 9,908	\$ 7,640

<u>Justice Court Building Security</u>	<u>Special Court</u>	<u>Court Report Services</u>	<u>Local Truancy Prevention</u>	<u>Child Abuse Prevention</u>	<u>Records Management Court Fees</u>	<u>Records Archive County Clerk</u>
\$ 42,187	\$ 680	\$ 46,182	\$ 6,272	\$ 4,358	\$ 19,042	\$ 667,592
<u>\$ 42,187</u>	<u>\$ 680</u>	<u>\$ 46,182</u>	<u>\$ 6,272</u>	<u>\$ 4,358</u>	<u>\$ 19,042</u>	<u>\$ 667,592</u>
\$	\$	\$	\$	\$	\$	\$
<u>42,187</u>	<u>680</u>	<u>46,182</u>	<u>6,272</u>	<u>4,358</u>	<u>19,042</u>	<u>667,592</u>
<u>42,187</u>	<u>680</u>	<u>46,182</u>	<u>6,272</u>	<u>4,358</u>	<u>19,042</u>	<u>667,592</u>
<u>\$ 42,187</u>	<u>\$ 680</u>	<u>\$ 46,182</u>	<u>\$ 6,272</u>	<u>\$ 4,358</u>	<u>\$ 19,042</u>	<u>\$ 667,592</u>

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

SEPTEMBER 30, 2020

	<u>Vital Records Preservation</u>	<u>Records Management Doc Filing</u>	<u>Records Management Court Fees</u>	<u>Juvenile Delinquency Prevention</u>
<b>ASSETS</b>				
Cash and cash investments	\$ 21,203	\$ 419,755	\$ 47,577	\$ 27
Property tax, net				
Intergovernmental receivable				
Interfund balances				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 21,203</u>	<u>\$ 419,755</u>	<u>\$ 47,577</u>	<u>\$ 27</u>
 <b>LIABILITIES</b>				
Accounts payable	\$	\$ 3,566	\$ 21,820	\$
Wages payable				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<hr/>	<u>3,566</u>	<u>21,820</u>	<hr/>
 <b>DEFERRED INFLOWS OF RECOURCES</b>				
Deferred revenue				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Recourses	<hr/>	<hr/>	<hr/>	<hr/>
 <b>FUND EQUITY</b>				
Nonspendable for prepaids				
Restricted for debt service				
Restricted for capital improvement				
Restricted fund balances	<u>21,203</u>	<u>416,189</u>	<u>25,757</u>	<u>27</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balance	<u>21,203</u>	<u>416,189</u>	<u>25,757</u>	<u>27</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	<u>\$ 21,203</u>	<u>\$ 419,755</u>	<u>\$ 47,577</u>	<u>\$ 27</u>



<u>Justice Court Technology</u>	<u>District Court Records Technology</u>	<u>Alternative Dispute Resolution</u>	<u>County Court Technology</u>	<u>District Court Technology</u>	<u>District Court Records Archive</u>	<u>District Court Records Preservation</u>
\$ 37,907	\$ 24,541	\$ 16,059	\$ 2,198	\$ 1,792	\$ 16,693	\$ 14,147
<u>37,907</u>	<u>24,541</u>	<u>16,059</u>	<u>2,198</u>	<u>1,792</u>	<u>16,693</u>	<u>14,147</u>
\$	\$ 19,191	\$	\$	\$	\$	\$
	<u>19,191</u>					
<u>37,907</u>	<u>5,350</u>	<u>16,059</u>	<u>2,198</u>	<u>1,792</u>	<u>16,693</u>	<u>14,147</u>
<u>37,907</u>	<u>5,350</u>	<u>16,059</u>	<u>2,198</u>	<u>1,792</u>	<u>16,693</u>	<u>14,147</u>
<u>37,907</u>	<u>24,541</u>	<u>16,059</u>	<u>2,198</u>	<u>1,792</u>	<u>16,693</u>	<u>14,147</u>

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

SEPTEMBER 30, 2020

	<u>County Court Records Preservation</u>	<u>FEMA Fund</u>	<u>CARES COVID-19 Fund</u>	<u>County Attorney Diversionary</u>
<b>ASSETS</b>				
Cash and cash investments	\$ 6,102	\$ 22,774	\$ (342,363)	\$ 106,713
Property tax, net				
Intergovernmental receivable			367,601	
Interfund balances				
Total Assets	<u>\$ 6,102</u>	<u>\$ 22,774</u>	<u>\$ 25,238</u>	<u>\$ 106,713</u>
<b>LIABILITIES</b>				
Accounts payable	\$	\$	\$ 25,238	\$
Wages payable				
Total Liabilities			<u>25,238</u>	
<b>DEFERRED INFLOWS OF RECOURCES</b>				
Deferred revenue				
Total Deferred Inflows of Recourses				
<b>FUND EQUITY</b>				
Nonspendable for prepaids				
Restricted for debt service				
Restricted for capital improvement				
Restricted fund balances	<u>6,102</u>	<u>22,774</u>		<u>106,713</u>
Total Fund Balance	<u>6,102</u>	<u>22,774</u>		<u>106,713</u>
Total Liabilities and Fund Balance	<u>\$ 6,102</u>	<u>\$ 22,774</u>	<u>\$ 25,238</u>	<u>\$ 106,713</u>

<u>County Library Donation</u>	<u>Communication Systems</u>	<u>Communication Main Fund</u>	<u>Election Administration</u>	<u>LEOSE District Attorney</u>	<u>LEOSE Sheriff</u>
\$ 114,987	\$ 50,241	\$ 10,142	\$ 36,176	\$ 2,166	\$ 11,659
<u>\$ 114,987</u>	<u>\$ 50,241</u>	<u>\$ 10,142</u>	<u>\$ 36,176</u>	<u>\$ 2,166</u>	<u>\$ 11,659</u>
\$	\$	\$	\$ 2,340	\$	\$ 225
			<u>2,340</u>		<u>225</u>
<u>114,987</u>	<u>50,241</u>	<u>10,142</u>	<u>33,836</u>	<u>2,166</u>	<u>11,434</u>
<u>114,987</u>	<u>50,241</u>	<u>10,142</u>	<u>33,836</u>	<u>2,166</u>	<u>11,434</u>
<u>\$ 114,987</u>	<u>\$ 50,241</u>	<u>\$ 10,142</u>	<u>\$ 36,176</u>	<u>\$ 2,166</u>	<u>\$ 11,659</u>

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

SEPTEMBER 30, 2020

	<u>Sheriff Donations</u>	<u>Cash Bond</u>	<u>Court Cost</u>	<u>MHMR Officers</u>
<b>ASSETS</b>				
Cash and cash investments	\$ 14,398	\$ 55,775	\$ 113,671	\$ 74,824
Property tax, net				
Intergovernmental receivable				21,363
Interfund balances				
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 14,398</u>	<u>\$ 55,775</u>	<u>\$ 113,671</u>	<u>\$ 96,187</u>
 <b>LIABILITIES</b>				
Accounts payable	\$	\$	\$ 113,671	\$
Wages payable				10,062
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities			<u>113,671</u>	<u>10,062</u>
 <b>DEFERRED INFLOWS OF RECOURCES</b>				
Deferred revenue				
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Deferred Inflows of Recourses				
 <b>FUND EQUITY</b>				
Nonspendable for prepaids				
Restricted for debt service				
Restricted for capital improvement				
Restricted fund balances	<u>14,398</u>	<u>55,775</u>	<u>          </u>	<u>86,125</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balance	<u>14,398</u>	<u>55,775</u>	<u>          </u>	<u>86,125</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balance	<u>\$ 14,398</u>	<u>\$ 55,775</u>	<u>\$ 113,671</u>	<u>\$ 96,187</u>

<u>School Resource Officer</u>	<u>Scofflaw Fund</u>	<u>County Attorney Hot Check</u>	<u>District Attorney Forfeiture</u>	<u>Sheriff Forfeiture</u>	<u>Jail Commissary</u>	<u>Chapter 19</u>
\$ (3,310)	\$ 19,777	\$ 1,173	\$ 177,207	\$ 29,253	\$ 51,589	\$ (454)
8,950		85			2,358	454
<u>5,640</u>	<u>19,777</u>	<u>1,258</u>	<u>177,207</u>	<u>29,253</u>	<u>53,947</u>	
\$ 46	\$ 7,874	\$	\$	\$ 150	\$ 8,224	\$
5,594						
<u>5,640</u>	<u>7,874</u>			<u>150</u>	<u>8,224</u>	
	<u>11,903</u>	<u>1,258</u>	<u>177,207</u>	<u>29,103</u>	<u>45,723</u>	
	<u>11,903</u>	<u>1,258</u>	<u>177,207</u>	<u>29,103</u>	<u>45,723</u>	
<u>5,640</u>	<u>19,777</u>	<u>1,258</u>	<u>177,207</u>	<u>29,253</u>	<u>53,947</u>	

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

SEPTEMBER 30, 2019

	<u>Assessor Collector Special Inventory</u>	<u>Abandoned Property</u>	<u>Unclaimed Money</u>	<u>Total Special Revenue Funds</u>
<b>ASSETS</b>				
Cash and cash investments	\$ 9,301	\$ 16,523	\$ 22,546	\$ 2,043,310
Property tax, net				400,723
Intergovernmental receivable				2,443
Interfund balances				<u>2,443</u>
Total Assets	<u>\$ 9,301</u>	<u>\$ 16,523</u>	<u>\$ 22,546</u>	<u>\$ 2,446,476</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,968	\$	\$	\$ 209,734
Wages payable				<u>25,373</u>
Total Liabilities	<u>1,968</u>			<u>235,107</u>
<b>DEFERRED INFLOWS OF RECOURCES</b>				
Deferred revenue				
Total Deferred Inflows of Recources				
<b>FUND EQUITY</b>				
Nonspendable for prepaids				
Restricted for debt service				
Restricted for capital improvement				
Restricted fund balances	<u>7,333</u>	<u>16,523</u>	<u>22,546</u>	<u>2,211,369</u>
Total Fund Balance	<u>7,333</u>	<u>16,523</u>	<u>22,546</u>	<u>2,211,369</u>
Total Liabilities and Fund Balance	<u>\$ 9,301</u>	<u>\$ 16,523</u>	<u>\$ 22,546</u>	<u>\$ 2,446,476</u>

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 317,992	\$ 528,446	\$ 2,889,748
75,260		75,260
6,882		400,723
<u>400,134</u>	<u>528,446</u>	<u>3,375,056</u>

\$	\$	\$ 209,734
<u>          </u>	<u>          </u>	<u>25,373</u>
<u>          </u>	<u>          </u>	<u>235,107</u>

<u>75,260</u>	<u>          </u>	<u>75,260</u>
<u>75,260</u>	<u>          </u>	<u>75,260</u>

324,874	528,446	324,874
<u>          </u>	<u>          </u>	<u>528,446</u>
<u>324,874</u>	<u>528,446</u>	<u>2,211,369</u>
<u>324,874</u>	<u>528,446</u>	<u>3,064,689</u>
\$ <u>400,134</u>	\$ <u>528,446</u>	\$ <u>3,375,056</u>

**HOWARD COUNTY, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Tax Increment</u>	<u>Law Library</u>	<u>Indigent Health Care</u>	<u>Courthouse Security</u>
<b>REVENUES:</b>				
Property taxes	\$	\$	\$	\$
Fees and charges for services		17,667		24,096
Fines, forfeitures and settlements				
Intergovernmental				
Investment income		384		208
Other miscellaneous				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues		18,051		24,304
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES:</b>				
Current:				
General administration				
Judicial		29,199		
Elections				
Financial administration				
Public facilities				
Public safety				91,180
Health and welfare			141,213	
Conservation				
Library				
Other supported services				
Intergovernmental				
Road and bridge				
Debt service				
Principal				
Interest				
Capital outlay				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures		29,199	141,213	91,180
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES		(11,148)	(141,213)	(66,876)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in			145,000	45,000
Transfers out				
Total Other Financing Sources (Uses)			145,000	45,000
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE		(11,148)	3,787	(21,876)
FUND BALANCE - BEGINNING OF YEAR		44,762	6	25,914
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE - END OF YEAR	\$	\$ 33,614	\$ 3,793	\$ 4,038
	<hr/>	<hr/>	<hr/>	<hr/>



<u>Justice Court Building Security</u>	<u>Special Court</u>	<u>Court Report Services</u>	<u>Local Truancy Prevention</u>	<u>Child Abuse Prevention</u>	<u>Records Management Court Fees</u>	<u>Records Archive County Clerk</u>
\$ 1,246	\$ 677	\$ 13,101	\$ 6,238	\$ 292	\$ 2,913	\$ 100,580
376	3	483	34	39	180	6,133
<u>1,622</u>	<u>680</u>	<u>13,584</u>	<u>6,272</u>	<u>331</u>	<u>3,093</u>	<u>106,713</u>
						224,923
						<u>224,923</u>
1,622	680	13,584	6,272	331	3,093	(118,210)
		32,598				
		<u>32,598</u>				
1,622	680	46,182	6,272	331	3,093	(118,210)
<u>40,565</u>				<u>4,027</u>	<u>15,949</u>	<u>785,802</u>
<u>\$ 42,187</u>	<u>\$ 680</u>	<u>\$ 46,182</u>	<u>\$ 6,272</u>	<u>\$ 4,358</u>	<u>\$ 19,042</u>	<u>\$ 667,592</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Vital Records Preservation</u>	<u>Records Management Doc Filing</u>	<u>Records Management Court Fees</u>	<u>Juvenile Delinquency Prevention</u>
REVENUES:				
Property taxes	\$	\$	\$	\$
Fees and charges for services	2,948	100,948	9,656	
Fines, forfeitures and settlements				
Intergovernmental				
Investment income	178	3,320	386	
Other miscellaneous				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	<u>3,126</u>	<u>104,268</u>	<u>10,042</u>	<hr/>
EXPENDITURES:				
Current:				
General administration				
Judicial	691	34,934	25,349	
Elections				
Financial administration				
Public facilities				
Public safety				
Health and welfare				
Conservation				
Library				
Other supported services				
Intergovernmental				
Road and bridge				
Debt service				
Principal				
Interest				
Capital outlay				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>691</u>	<u>34,934</u>	<u>25,349</u>	<hr/>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	2,435	69,334	(15,307)	
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out				
Total Other Financing Sources (Uses)	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	2,435	69,334	(15,307)	
FUND BALANCE - BEGINNING OF YEAR	<u>18,768</u>	<u>346,855</u>	<u>41,064</u>	<u>27</u>
FUND BALANCE - END OF YEAR	<u>\$ 21,203</u>	<u>\$ 416,189</u>	<u>\$ 25,757</u>	<u>\$ 27</u>

<u>Justice Court Technology</u>	<u>District Court Records Technology</u>	<u>Alternative Dispute Resolution</u>	<u>County Court Technology</u>	<u>District Court Technology</u>	<u>District Court Records Archive</u>	<u>District Court Records Preservation</u>
\$ 10,193	\$ 5,612	\$ 4,860	\$ 336	\$ 388	\$ 252	\$ 5,670
350	293	135	20	18	145	180
<u>10,543</u>	<u>5,905</u>	<u>4,995</u>	<u>356</u>	<u>406</u>	<u>397</u>	<u>5,850</u>
20,590	33,252	1,200				11,748
<u>20,590</u>	<u>33,252</u>	<u>1,200</u>				<u>11,748</u>
(10,047)	(27,347)	3,795	356	406	397	(5,898)
<u>(10,047)</u>	<u>(27,347)</u>	<u>3,795</u>	<u>356</u>	<u>406</u>	<u>397</u>	<u>(5,898)</u>
<u>47,954</u>	<u>32,697</u>	<u>12,264</u>	<u>1,842</u>	<u>1,386</u>	<u>16,296</u>	<u>20,045</u>
\$ <u>37,907</u>	\$ <u>5,350</u>	\$ <u>16,059</u>	\$ <u>2,198</u>	\$ <u>1,792</u>	\$ <u>16,693</u>	\$ <u>14,147</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>County Court Records Preservation</u>	<u>FEMA Fund</u>	<u>CARES COVID-19 Fund</u>	<u>County Attorney Diversionary</u>
<b>REVENUES:</b>				
Property taxes	\$	\$	\$	\$
Fees and charges for services	1,620			9,810
Fines, forfeitures and settlements				
Intergovernmental			449,023	
Investment income	55	337		870
Other miscellaneous				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	1,675	337	449,023	10,680
<b>EXPENDITURES:</b>				
Current:				
General administration				
Judicial				225
Elections				
Financial administration				
Public facilities				
Public safety		25,000		
Health and welfare			449,023	
Conservation				
Library				
Other supported services				
Intergovernmental				
Road and bridge				
Debt service				
Principal				
Interest				
Capital outlay				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures		25,000	449,023	225
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>				
	1,675	(24,663)		10,455
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in				
Transfers out				
Total Other Financing Sources (Uses)	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCE</b>				
	1,675	(24,663)		10,455
<b>FUND BALANCE - BEGINNING OF YEAR</b>				
	<hr/>	<hr/>	<hr/>	<hr/>
	4,427	47,437		96,258
<b>FUND BALANCE - END OF YEAR</b>				
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
	<u>6,102</u>	<u>22,774</u>	<u>106,713</u>	<u>106,713</u>

<u>County Library Donation</u>	<u>Communication Systems</u>	<u>Communication Main Fund</u>	<u>Election Administration</u>	<u>LEOSE District Attorney</u>	<u>LEOSE Sheriff</u>
\$	\$	\$	\$	\$	\$
976	241	116	250	669	3,854
<u>237</u>	<u>27,500</u>	<u>2,750</u>		<u>21</u>	<u>113</u>
<u>1,213</u>	<u>27,741</u>	<u>2,866</u>	<u>250</u>	<u>690</u>	<u>3,967</u>
			2,340	350	
					225
			<u>2,340</u>	<u>350</u>	<u>225</u>
1,213	27,741	2,866	(2,090)	340	3,742
	22,500	2,250	25,127		
	<u>22,500</u>	<u>2,250</u>	<u>25,127</u>		
1,213	50,241	5,116	23,037	340	3,742
<u>113,774</u>		<u>5,026</u>	<u>10,799</u>	<u>1,826</u>	<u>7,692</u>
\$ <u>114,987</u>	\$ <u>50,241</u>	\$ <u>10,142</u>	\$ <u>33,836</u>	\$ <u>2,166</u>	\$ <u>11,434</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Sheriff Donations	Cash Bond	Court Cost	MHMR Officers
REVENUES:				
Property taxes	\$	\$	\$	\$
Fees and charges for services			68,490	
Fines, forfeitures and settlements				
Intergovernmental				256,356
Investment income	100			1,137
Other miscellaneous	10,650	_____	_____	_____
Total Revenues	10,750	_____	68,490	257,493
EXPENDITURES:				
Current:				
General administration		2,150		
Judicial				
Elections				
Financial administration				
Public facilities				
Public safety	4,191			
Health and welfare				241,836
Conservation				
Library				
Other supported services				
Intergovernmental				
Road and bridge				
Debt service				
Principal				
Interest				
Capital outlay				
Total Expenditures	4,191	2,150	_____	241,836
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	6,559	(2,150)	68,490	15,657
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out			(68,490)	
Total Other Financing Sources (Uses)	_____	_____	(68,490)	_____
NET CHANGE IN FUND BALANCE	6,559	(2,150)		15,657
FUND BALANCE - BEGINNING OF YEAR	7,839	57,925	_____	70,468
FUND BALANCE - END OF YEAR	\$ 14,398	\$ 55,775	\$ _____	\$ 86,125

<u>School Resource Officer</u>	<u>Scofflaw Fund</u>	<u>County Attorney Hot Check</u>	<u>District Attorney Forfeiture</u>	<u>Sheriff Forfeiture</u>	<u>Jail Commissary</u>	<u>Chapter 19</u>
\$	\$	\$	\$	\$	\$	\$
	5,408	1,379			124,671	
69,377						2,598
176	184		1,498	255	530	
			12,126			
<u>69,553</u>	<u>5,592</u>	<u>1,379</u>	<u>13,624</u>	<u>255</u>	<u>125,201</u>	<u>2,598</u>
	12,854	1,826	6,209			2,598
				998	103,534	
89,153						
<u>89,153</u>	<u>12,854</u>	<u>1,826</u>	<u>6,209</u>	<u>998</u>	<u>103,534</u>	<u>2,598</u>
(19,600)	(7,262)	(447)	7,415	(743)	21,667	
19,600						
<u>19,600</u>						
	(7,262)	(447)	7,415	(743)	21,667	
	19,165	1,705	169,792	29,846	24,056	
\$ <u><u>19,600</u></u>	\$ <u><u>11,903</u></u>	\$ <u><u>1,258</u></u>	\$ <u><u>177,207</u></u>	\$ <u><u>29,103</u></u>	\$ <u><u>45,723</u></u>	\$ <u><u>2,598</u></u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Assessor Collector Special Inventory</u>	<u>Abandoned Property</u>	<u>Unclaimed Money</u>	<u>Total Special Revenue Funds</u>
REVENUES:				
Property taxes	\$	\$	\$	\$
Fees and charges for services				519,051
Fines, forfeitures and settlements		16,129		16,129
Intergovernmental				781,877
Investment income	2,078	89	204	22,095
Other miscellaneous			2,303	55,566
	<u>2,078</u>	<u>16,218</u>	<u>2,507</u>	<u>1,394,718</u>
Total Revenues				
EXPENDITURES:				
Current:				
General administration	1,968	8,595		12,713
Judicial				408,288
Elections				
Financial administration			144	144
Public facilities				
Public safety				225,128
Health and welfare				832,072
Conservation				89,153
Library				
Other supported services				
Intergovernmental				
Road and bridge				
Debt service				
Principal				
Interest				
Capital outlay				
	<u>1,968</u>	<u>8,595</u>	<u>144</u>	<u>1,567,498</u>
Total Expenditures				
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	110	7,623	2,363	(172,780)
OTHER FINANCING SOURCES (USES):				
Transfers in				292,075
Transfers out				(68,490)
Total Other Financing Sources (Uses)				<u>223,585</u>
NET CHANGE IN FUND BALANCE	110	7,623	2,363	50,805
FUND BALANCE - BEGINNING OF YEAR	<u>7,223</u>	<u>8,900</u>	<u>20,183</u>	<u>2,160,564</u>
FUND BALANCE - END OF YEAR	<u>\$ 7,333</u>	<u>\$ 16,523</u>	<u>\$ 22,546</u>	<u>\$ 2,211,369</u>



<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 1,229,042	\$	\$ 1,229,042
		519,051
		16,129
244,977		1,026,854
3,244	4,604	29,943
<u>          </u>	<u>          </u>	<u>55,566</u>
<u>1,477,263</u>	<u>4,604</u>	<u>2,876,585</u>
		12,713
		408,288
		144
	356	225,484
		832,072
		89,153
1,060,000		1,060,000
346,050		346,050
<u>          </u>	<u>125,141</u>	<u>125,141</u>
<u>1,406,050</u>	<u>125,497</u>	<u>3,099,045</u>
71,213	(120,893)	(222,460)
	175,000	467,075
<u>          </u>	<u>          </u>	<u>(68,490)</u>
<u>          </u>	<u>175,000</u>	<u>398,585</u>
71,213	54,107	176,125
<u>253,661</u>	<u>474,339</u>	<u>2,888,564</u>
<u>\$ 324,874</u>	<u>\$ 528,446</u>	<u>\$ 3,064,689</u>