

HOWARD COUNTY, TEXAS

FINANCIAL
STATEMENTS

AND

INDEPENDENT AUDITOR'S
REPORT

YEAR ENDED

SEPTEMBER 30, 2018

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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, 2018, 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, 2018, 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 47-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Howard County, Texas' basic financial statements. The other supplementary schedules on pages 55-72 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Roberts + McGee, CPA
Roberts & McGee, CPA

Abilene, Texas
March 15, 2019

**HOWARD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

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, 2018.

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 \$11,937,529 (net position). Of this amount, \$1,434,286 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. \$6,511,285 of the County's equity is restricted for debt service, capital improvement, and special revenue funds, and \$3,991,958 is invested in capital assets, net of related debt.
- The County's total debt outstanding at September 30, 2018 is \$10,461,009.
- The County implemented GASB Statement No. 75 during the current year, which records a liability for its Other Postemployment Benefits obligations related to a group term life program and a medical benefit plan for eligible retirees. The OPEB obligations at September 30, 2018 were \$9,282,780.
- The total net position (*equity*) of the County increased by \$1,180,484 through operations during the current 2018 fiscal year.

Fund Financial Statements

- As of the close of the current fiscal year, Howard County's general fund reported an ending fund balance of \$8,093,500. Most all 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).

**HOWARD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

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

Fund Financial Statements

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

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

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

Howard County has four governmental fund types, which are the general fund, special revenue funds, debt service fund and a capital projects fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the road and bridge fund, the contingency fund, 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 47-49, and the budgetary comparison schedules for the debt service and capital improvement funds are on pages 55-56.

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

**HOWARD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-46 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented as other supplemental information. Combining statements can be found on pages 57-72 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Howard County, assets exceeded liabilities by \$11,937,529 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 \$3,991,958. 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	
	2018	2017
Current assets	\$ 21,645,314	\$ 18,070,182
Capital assets	12,976,364	13,617,926
Deferred outflows of resources	3,064,868	3,293,196
Total Assets and Deferred Outflows of Resources	37,686,546	34,981,304
Current liabilities	1,583,111	1,840,207
Long-term liabilities	22,259,465	22,177,084
Deferred inflows of resources	1,906,441	206,968
Total Liabilities and Deferred Inflows of Resources	25,749,017	24,224,259
Net investment in capital assets	3,991,958	4,632,926
Restricted	6,511,285	1,898,850
Unrestricted	1,434,286	4,225,269
Total Net Position	\$ 11,937,529	\$ 10,757,045

**HOWARD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Howard County's Changes in Net Position

	Governmental Activities	
	2018	2017
Revenues:		
Program Revenues:		
Charges for Services	\$ 3,837,122	\$ 4,471,859
Operating Grants and Contributions	1,716,939	1,419,331
General Revenues		
Property and Other Taxes	13,440,933	12,749,847
Investment Income	340,501	136,652
Other Income	34,350	2,112,016
Total Revenues	19,369,845	20,889,705
 Expenses		
General Administration	582,815	8,287,354
Judicial	2,828,957	
Elections	182,857	
Financial Administration	930,029	1,550
Public Facilities	1,188,343	
Public Safety	5,584,356	4,911,402
Health and Welfare	166,334	166,553
Conservation	142,312	137,349
Library	382,863	350,075
Other Supported Services	1,415,118	1,209,505
Intergovernmental	1,100,476	1,170,774
Road and Bridge	3,260,245	2,690,494
Interest on Long-term Debt	424,656	337,297
Total expenditures	18,189,361	19,262,353
 Increase in Net Position	1,180,484	1,627,352
Net Position - Beginning of Year	10,757,045	18,691,584
Prior Period Adjustments		(9,561,891)
Net Position - End of Year	\$ 11,937,529	\$ 10,757,045

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, 2018**

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 \$17,587,718. Approximately 46% percent of this total amount, \$8,043,498 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 (\$2.87 million), 2) Special purposes (\$6.50 million), and 3) Debt Services (\$121,090).

The general fund is the chief operating fund of the County. \$8,043,498 of the general fund's fund balance is unassigned. The unassigned fund balance represents 63.78% of the total general fund expenditures. Howard County's General Fund balance increased by \$404,084 from current year operations.

Fund Budgetary Highlights

The amended budget for the General Fund reflects a deficit of \$1,683,949, which would draw upon the fund balance. Budget amendments to expenditures were made during the year within the general fund departments. The actual expenditures were \$984,145 less than the final budgeted amounts, and actual revenues were \$91,277 more than was budgeted. This resulted in a favorable budget variance of \$1,075,422 before other financing sources and uses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Howard County's investment in capital assets for its governmental activities as of September 30, 2018, amounts to \$12,976,364 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, and infrastructure.

Major events affecting capital assets during the year were:

- Machinery, vehicles and equipment additions were \$1,041,132.
- Net capital asset retirements were \$99,855.
- Depreciation expense was \$1,607,840.

	Howard County's Capital Assets	
	Governmental Activities	
	<u>2018</u>	<u>2017</u>
Land	\$ 588,189	\$ 588,189
Buildings and improvements	19,990,879	19,990,879
Machinery and equipment	7,905,220	7,533,759
Infrastructure	<u>1,037,048</u>	<u>1,037,048</u>
 Total Capital Assets	 29,521,336	 29,149,875
 Total Accumulated Depreciation	 <u>(16,544,972)</u>	 <u>(15,531,949)</u>
Net Capital Assets	\$ 12,976,364	\$ 13,617,926

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, 2018**

Debt Administration

- **Tax Notes.** The County issued \$1,775,000 in new tax notes series 2018 during the current year to finance a new communications system.
- **Bonds.** The County had outstanding bonded debt of \$8,560,000 as of September 30, 2018. \$425,000 was paid down on the debt during the year.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The tax rate for the 2019 fiscal year decreased from the prior year rate of .440000 per \$100 valuation to .328024 per \$100 valuation.
- The County's 2019 fiscal year General Fund budget reflects total budgeted revenues of \$13,286,200, which is a \$451,234 decrease over the 2018 final amended budget; and the budgeted expenditures and transfers are \$15,486,224, which are \$64,841 more than the 2018 final amended budget

Requests for Information

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

BASIC FINANCIAL STATEMENTS

HOWARD COUNTY, TEXAS
STATEMENT OF NET POSITION

SEPTEMBER 30, 2018

	Primary Government Governmental Activities
ASSETS:	
Cash and cash investments	\$ 19,525,929
Receivables:	
Accounts	1,216
Property tax, net	1,127,071
Fines, net	720,668
Intergovernmental	195,044
Inventory	75,386
Non-depreciable capital assets	588,189
Depreciable capital assets, net	12,388,175
 TOTAL ASSETS	 34,621,678
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows	3,064,868
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 37,686,546
LIABILITIES:	
Accounts payable	1,258,185
Wages payable	324,926
Compensated absences	185,392
Accrued interest payable	73,724
Long-term debt:	
Due in less than one year	1,012,003
Due in more than one year	9,449,006
OPEB liability	9,282,780
Pension liability	2,256,560
 TOTAL LIABILITIES	 23,842,576
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows	1,906,441
 TOTAL DEFERRED INFLOWS OF RESOURCES	 1,906,441
NET POSITION:	
Net investment in capital assets	3,991,958
Restricted for debt service	121,090
Restricted for special revenue and capital improvements	6,390,195
Unrestricted	1,434,286
 TOTAL NET POSITION	 \$ 11,937,529

The accompanying notes are an integral part of this statement.

HOWARD COUNTY, TEXAS
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Function/Program	Expenses	Program Revenues			Primary Government
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental activities:					
General administration	\$ 582,815	\$ 33,968	\$ 2,343		\$ (546,504)
Judicial	2,828,957	1,864,762	87,679		(876,516)
Elections	182,857	20,456			(162,401)
Financial administration	930,029	653,580			(276,449)
Public facilities	1,188,343				(1,188,343)
Public safety	5,584,356	290,304	938,615		(4,355,437)
Health and welfare	166,334	1,781	29,796		(134,757)
Conservation	142,312				(142,312)
Library	382,863	23,324	1,638		(357,901)
Other supported services	1,415,118	253,082	554,279		(607,757)
Intergovernmental	1,100,476				(1,100,476)
Road and bridge	3,260,245	695,865	102,589		(2,461,791)
Interest on long-term debt	424,656				(424,656)
Total governmental activities	18,189,361	3,837,122	1,716,939		(12,635,300)
Total primary government	\$ 18,189,361	\$ 3,837,122	\$ 1,716,939	\$	(12,635,300)
General revenues:					
Property taxes					13,440,933
Investment income					340,501
Gain (loss) on disposal of assets					34,350
Total general revenues					13,815,784
Change in net position					1,180,484
Net position - beginning of year					20,318,936
Prior period adjustments					(9,561,891)
Net position - end of year					\$ 11,937,529

The accompanying notes are an integral part of this statement.

HOWARD COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2018

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Contingency Fund</u>
ASSETS			
Cash and cash investments	\$ 8,563,299	\$ 3,471,885	\$ 2,982,933
Receivables:			
Property tax, net	813,584	271,273	
Fines, net	720,668		
Intergovernmental	57,851	109,074	
Inventory	<u>50,002</u>		
 TOTAL ASSETS	 <u>\$ 10,205,404</u>	 <u>\$ 3,852,232</u>	 <u>\$ 2,982,933</u>
 LIABILITIES			
Accounts payable	\$ 437,443	\$ 672,397	\$
Wages payable	<u>264,432</u>	<u>36,789</u>	
 TOTAL LIABILITIES	 <u>701,875</u>	 <u>709,186</u>	
 DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	<u>1,410,029</u>	<u>271,273</u>	
 TOTAL DEFERRED INFLOWS	 <u>1,410,029</u>	 <u>271,273</u>	
 FUND BLANCE			
Nonspendable for inventory	50,002		
Restricted for debt service			
Restricted for special revenue and capital improvements		2,871,773	
Assigned			2,982,933
Unassigned	<u>8,043,498</u>		
 TOTAL FUND BALANCE	 <u>8,093,500</u>	 <u>2,871,773</u>	 <u>2,982,933</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	 <u>\$ 10,205,404</u>	 <u>\$ 3,852,232</u>	 <u>\$ 2,982,933</u>

The accompanying notes are an integral part of this statement.

<u>Debt Service Funds</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 121,090	\$ 1,476,603	\$ 2,170,344	\$ 18,786,154
42,214			1,127,071
		28,119	720,668
			195,044
			50,002
<u>\$ 163,304</u>	<u>\$ 1,476,603</u>	<u>\$ 2,198,463</u>	<u>\$ 20,878,939</u>

\$	\$	\$ 140,139	\$ 1,249,979
		16,505	317,726
		156,644	1,567,705
42,214			1,723,516
42,214			1,723,516
121,090	1,476,603	2,041,819	50,002
			121,090
			6,390,195
			2,982,933
			8,043,498
<u>121,090</u>	<u>1,476,603</u>	<u>2,041,819</u>	<u>17,587,718</u>
<u>\$ 163,304</u>	<u>\$ 1,476,603</u>	<u>\$ 2,198,463</u>	<u>\$ 20,878,939</u>

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

SEPTEMBER 30, 2018

Total Fund Balances - Governmental Funds	\$	17,587,718
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.		11,148,920
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 is an increase in net position.		1,723,516
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.		(10,708,948)
The Internal Service Fund provides services to the governmental funds. The net position of the fund is included in the net position of the governmental activities. The net effect is to increase net position.		2,567,236
Included on the government-wide financial statements is the recognition of the County's proportionate share of the OPEB liabilities of \$9,282,780 and a deferred outflow of resources of \$36,479. The net effect is to decrease net position.		(9,246,301)
Included on the government-wide financial statements is the recognition of the County's proportionate share of the net pension liability of \$2,256,560, a deferred inflow of resources of \$1,906,441, and a deferred outflow of resources of \$3,028,389. The net effect is to decrease net position.		<u>(1,134,612)</u>
Net Position of Governmental Activities	\$	<u><u>11,937,529</u></u>

The accompanying notes are an integral part of this statement.

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

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Road and Bridge Fund	Contingency Fund
REVENUES:			
Property taxes	\$ 9,499,809	\$ 3,033,942	\$
Licenses and permits	5,534	695,865	
Fees and charges for services	1,881,187		
Fines, forfeitures and settlements	648,731		
Intergovernmental	1,263,581	102,589	16,992
Investment income	178,588	62,551	43,892
Other miscellaneous	351,281		
	<u>13,828,711</u>	<u>3,894,947</u>	<u>60,884</u>
Total Revenues			
EXPENDITURES:			
Current:			
General administration	491,583		
Judicial	2,577,013		
Elections	170,810		
Financial administration	909,445		
Public facilities	434,798		
Public safety	5,073,982		
Health and welfare	3,267		
Conservation	128,651		
Library	386,613		
Other supported services	1,391,648		
Intergovernmental	1,100,476		
Road and bridge		3,246,143	
Debt service			
Capital outlay	20,816		
	<u>12,689,102</u>	<u>3,246,143</u>	<u></u>
Total Expenditures			
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	1,139,609	648,804	60,884
OTHER FINANCING SOURCES (USES):			
Transfers in	95,139		565,000
Transfers out	(830,664)		
Bond proceeds			
Bond issuance costs			
Total Other Financing Sources (Uses)	<u>(735,525)</u>	<u></u>	<u>565,000</u>
CHANGE IN FUND BALANCE	404,084	648,804	625,884
FUND BALANCE - BEGINNING OF YEAR	8,300,591	2,459,215	2,357,049
Prior Period Adjustments	(611,175)	(236,246)	
	<u>(611,175)</u>	<u>(236,246)</u>	<u></u>
FUND BALANCE - END OF YEAR	<u>\$ 8,093,500</u>	<u>\$ 2,871,773</u>	<u>\$ 2,982,933</u>

The accompanying notes are an integral part of this statement.

Debt Service Funds	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 773,955	\$	\$ 23,955	\$ 13,331,661
			701,399
		612,896	2,494,083
		31,807	680,538
		333,777	1,716,939
2,837	15,717	25,784	329,369
		23,468	374,749
<u>776,792</u>	<u>15,717</u>	<u>1,051,687</u>	<u>19,628,738</u>
		7,320	498,903
		253,113	2,830,126
		3,314	174,124
		83	909,528
			434,798
		547,356	5,621,338
		165,983	169,250
			128,651
		1,019	387,632
	660		1,392,308
			1,100,476
			3,246,143
749,075			749,075
	384,963	11,695	417,474
<u>749,075</u>	<u>385,623</u>	<u>989,883</u>	<u>18,059,826</u>
27,717	(369,906)	61,804	1,568,912
4,013		265,664	929,816
	(4,013)	(95,139)	(929,816)
	1,901,009		1,901,009
	(50,487)		(50,487)
<u>4,013</u>	<u>1,846,509</u>	<u>170,525</u>	<u>1,850,522</u>
31,730	1,476,603	232,329	3,419,434
147,272		1,809,490	15,073,617
(57,912)			(905,333)
<u>\$ 121,090</u>	<u>\$ 1,476,603</u>	<u>\$ 2,041,819</u>	<u>\$ 17,587,718</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, 2018

Net Change in Fund Balances - Governmental Funds \$ 3,419,434

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. 417,474

Depreciation expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation. The net effect of current year depreciation expense is to decrease net position. (1,028,236)

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. (305,126)

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. 374,906

Current year proceeds from issuance of debt is not shown as revenue in the government-wide financial statements. The net effect is to decrease net position. (1,901,009)

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. 50,244

The County's share of the unrecognized deferred inflows and outflows for the pension liability and the OPEB liability as of the measurement date must be amortized and the County's proportionate share of the pension expense and postemployment benefits must be recognized. The net effect is an increase in net position. 152,797

Change in Net Position of Governmental Activities \$ 1,180,484

The accompanying notes are an integral part of this statement.

HOWARD COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND

SEPTEMBER 30, 2018

ASSETS:	<u>Internal Service Fund</u>
Cash and cash investments	\$ 739,775
Accounts receivables	1,216
Inventory	25,384
Capital assets, net of accumulated depreciation	<u>1,827,444</u>
TOTAL ASSETS	<u>2,593,819</u>
 LIABILITIES:	
Accounts payable	8,206
Wages payable	7,200
Compensated absences	<u>11,177</u>
TOTAL LIABILITIES	<u>26,583</u>
 NET POSITION:	
Net investment in capital assets	1,827,444
Unrestricted	<u>739,792</u>
TOTAL NET POSITION	<u>\$ 2,567,236</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, 2018

	<u>Internal Service Fund</u>
OPERATING REVENUE	
Charges for services	\$ 1,364,000
Total operating revenue	<u>1,364,000</u>
OPERATING EXPENSES	
Salaries and related benefits	225,462
Insurance	37,133
Materials and supplies	402,152
Maintenance and repairs	35,302
Radio expense	8,710
Auto expense	71,625
Depreciation	579,604
Total operating expenses	<u>1,359,988</u>
OPERATING INCOME	<u>4,012</u>
NONOPERATING REVENUE	
Investment income	11,132
Miscellaneous income	750
Gain on sale of equipment	34,350
Total nonoperating revenue	<u>46,232</u>
CHANGE IN NET POSITION	50,244
NET POSITION - BEGINNING OF YEAR	2,541,992
Prior Period Adjustment	<u>(25,000)</u>
NET POSITION - END OF YEAR	<u><u>\$ 2,567,236</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, 2018

	<u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from other funds	\$ 1,363,420
Payments to suppliers	(399,065)
Payments to employees and related taxes and benefits	(226,259)
Payments to others	(152,770)
Net cash provided (used) by operating activities	<u>585,326</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from sale of capital assets	34,830
Purchase of capital assets	(549,283)
Net cash provided (used) by capital and related financing activities	<u>(514,453)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	11,132
Miscellaneous income	750
Net cash provided (used) by investing activities	<u>11,882</u>
NET INCREASE (DECREASE) IN CASH	82,755
CASH AT BEGINNING OF PERIOD	<u>657,020</u>
CASH AT END OF PERIOD	<u><u>\$ 739,775</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 4,012
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	579,604
(Increase) decrease in accounts receivable	(580)
(Increase) decrease in inventory	14,966
Increase (decrease) in accounts payable	(18,468)
Increase (decrease) in wages payable	749
Increase (decrease) in accrued compensated absences	5,043
Net cash provided (used) by operating activities	<u><u>\$ 585,326</u></u>

The accompanying notes are an integral part of this statement.

HOWARD COUNTY, TEXAS
BALANCE SHEET
FIDUCIARY FUNDS

SEPTEMBER 30, 2018

ASSETS	Agency Funds
Cash and cash investments	\$ <u>1,613,314</u>
TOTAL ASSETS	\$ <u><u>1,613,314</u></u>
LIABILITIES	
Due to others	\$ <u>1,613,314</u>
TOTAL LIABILITIES	\$ <u><u>1,613,314</u></u>

The accompanying notes are an integral part of this statement.

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

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 sources 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, 2018

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 recognized 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, 2018

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, 2018

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, 2018. 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, 2018, the County had \$18,554,891 in pooled investments.

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Receivables and Payables

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

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

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

Property Taxes

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

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

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

The County is permitted by Article 8, Section 9 of the State of Texas Constitution to levy taxes up to \$1.20 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The tax rate for the year ended September 30, 2018 was \$.440 per \$100 valuation.

HOWARD COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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 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, 2018

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 \$1,723,516.

Compensated Absences

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

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

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

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

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

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 \$50,002 classified as nonspendable fund balance at September 30, 2018.

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 \$2,871,773 restricted for road and bridge repairs, \$2,041,819 for special revenue projects, \$1,476,603 for capital improvements, and \$121,090 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 \$2,982,933 classified as assigned at September 30, 2018.

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, 2018

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, 2018, the carrying amount of the County’s deposits (cash and temporary investments) was:

	Fair Value	Maturity	Quality Rating
TexPool	\$ 3,194,735	<60 days - Weighted Avg.	AAAm
TexPool Prime	4,524,390	<60 days - Weighted Avg.	AAAm
TexStar	2,347,910	<60 days - Weighted Avg.	AAAm
Logic	2,326,899	<60 days - Weighted Avg.	AAAm
Texas Class	6,160,956	<60 days - Weighted Avg.	AAAm
Cash in Bank	971,039		
Total	\$ 19,525,929		

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

Investments

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

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

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018, the County had cash and cash investments, which represents demand deposits and savings accounts at federally insured local banks. At September 30, 2018, 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: There 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, 2018

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	\$ 813,584	\$ 720,668	\$ 57,851	\$ 1,592,103
Road and Bridge Fund	271,273	-	109,074	380,347
Debt Services Fund	42,214	-		42,214
Non-major Government Funds	-	-	28,119	28,119
Total Governmental Funds	<u>\$ 1,127,071</u>	<u>\$ 720,668</u>	<u>\$ 195,044</u>	<u>\$ 2,042,783</u>

NOTE 4: CAPITAL ASSETS

The changes in capital assets for the year ended September 30, 2018 are as follows:

Capital Assets	Balance October 1, 2017	Additions	Retirements	Balance September 30, 2018
Land (not depreciated)	\$ 588,189	\$	\$	\$ 588,189
Buildings and improvements	19,990,879			19,990,879
Machinery and equipment	7,558,760	1,041,132	(694,672)	7,905,220
Infrastructure	1,037,048			1,037,048
Total capital assets	<u>29,174,876</u>	<u>1,041,132</u>	<u>(694,672)</u>	<u>29,521,336</u>
Less accumulated depreciation for:				
Buildings and improvements	9,596,235	757,346		10,353,581
Machinery and equipment	5,931,726	802,638	(594,817)	6,139,547
Infrastructure	3,988	47,856		51,844
Total accumulated depreciation	<u>15,531,949</u>	<u>1,607,840</u>	<u>(594,817)</u>	<u>16,544,972</u>
Governmental activities capital assets	<u>\$ 13,642,927</u>	<u>\$ (566,708)</u>	<u>\$ (99,855)</u>	<u>\$ 12,976,364</u>

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

Governmental Activities:	
General administration	\$ 93,341
Financial	35,412
Judicial	34,182
Elections	10,919
Public safety	271,581
Public facilities	757,346
Road and bridge	391,072
Health and welfare	
Conservation	13,987
	<u>\$1,607,840</u>

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 5: INTERFUND BALANCES AND ACTIVITY

Transfers to and from other funds at September 30, 2018, consisted of the following:

Transfers from General Fund to:

Contingency Fund	\$	565,000
Indigent Health Care Fund		167,000
Courthouse Security Fund		80,000
School Resource Officer Fund		<u>18,664</u>
Total Transfers from General Fund		830,664

Transfers from Non-Major Court Cost Fund to:

General Fund	95,139
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Transfers from Capital Projects Fund to:

Debt Service Fund	<u>4,013</u>
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Total Transfers	\$	<u><u>929,816</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.

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

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

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 6: LONG-TERM OBLIGATIONS – continued

A summary of changes in long-term obligations at September 30, 2018 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Government Activities:				
General Obligation Bonds	\$ 8,985,000		\$ 425,000	\$ 8,560,000
Tax Notes		1,775,000		1,775,000
Premium on Tax Notes		126,009		126,009
Total Long-term Debt	<u>8,985,000</u>	<u>1,901,009</u>	<u>425,000</u>	<u>10,461,009</u>
Other Long-term Obligations				
Compensated Absences	183,202	2,190		185,392
Net OPEB Obligations		9,282,780		9,282,780
Net Pension Liability	4,438,432		2,181,872	2,256,560
Total Other Long-term Obligations	<u>4,621,634</u>	<u>9,284,970</u>	<u>2,181,872</u>	<u>11,724,732</u>
Total Governmental Activities				
Long-term Liabilities	<u>\$ 13,606,634</u>	<u>\$ 11,185,979</u>	<u>\$ 2,606,872</u>	<u>\$ 22,185,741</u>

Current maturities of long-term debt are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 970,000	\$ 432,765	\$ 1,402,765
2020	1,060,000	345,250	1,405,250
2021	1,115,000	295,962	1,410,962
2022	485,000	263,163	748,163
2023	505,000	245,837	750,837
2024-2028	2,800,000	945,500	3,745,500
2029-2033	3,400,000	350,800	3,750,800
Total	<u>\$ 10,335,000</u>	<u>\$ 2,879,277</u>	<u>\$ 13,214,277</u>

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 7: OPERATING LEASE OBLIGATIONS

The County leases equipment under non-cancelable operating leases. Total costs for such leases were \$34,581 for the year ended September 30, 2018. The future payments for these leases are:

Current maturities of the outstanding long-term debt at September 30, 2018 are as follows:

Year Ending September 30	Amount
2019	\$ 33,234
2020	24,850
2021	23,910
2022	13,394
2023	1,685

NOTE 8: RETIREMENT PLAN

Plan Description

The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (the TCDRS). The Commissioners are responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of 760 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, 2018

NOTE 8: RETIREMENT PLAN - continued

Contributions

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

The rate the County contributed for the months of the accounting year in 2017 and 2018 was 16.82%. The deposit rate payable by the employee members for the calendar year 2017 and 2018 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, 2018 were \$1,453,717.

Actuarial Assumptions

The total pension asset at December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	7 Years (based on contribution rate calculated in 12/31/17 valuation)
Asset Valuation Method	5 year smoothed value
Inflation	2.75%
Discount Rate	8.10%
Long-term expected Investment Rate of Return	8.00%, net of administrative and investment expenses
Salary increases	4.9% average over career including inflation

The actuarial assumptions that determined the total pension liability as of December 31, 2017 were based on the results of an actuarial experience study for the period January 1, 2013 to December 31, 2016, except where required to be different by GASB 68.

There were no changes in methods, but the following changes in actuarial assumptions were reflected in the December 31, 2017 actuarial valuation: (1) Inflation assumption decreased from 3.0% per year to 2.75% per year, with a corresponding decrease in the general wage growth from 3.5% to 3.25%; (2) Slightly adjusted all mortality rates to better reflect anticipated experience; (3) Adjusted retirement rates to reflect people retiring at older ages; (4) Lowered disability retirement rates; (5) Adjustments made to termination rates and some employers assigned to a different termination group; (6) Lowered probability of withdrawal of contributions upon termination; (7) Adjusted merit salary scale to reflect anticipated future experience; and (8) Adjusted payroll increase assumption for some employers to reflect the change in the general wage growth assumption and to reflect changes in anticipated experience.

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

NOTE 8: RETIREMENT PLAN - continued

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, 2018

NOTE 8: RETIREMENT PLAN - continued

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus inflation)
US Equities	Dow Jones US Total Stock Market Index	11.50%	4.55%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	16.00%	7.55%
Global Equities	MSCI World (net) Index	1.50%	4.85%
International Equities – Developed	MSCI Work Ex USA (net)	11.00%	4.55%
International Equities – Emerging	MSCI Emerging Markets (net) index	8.00%	5.55%
Investment Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.75%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	8.00%	4.12%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.06%
Distressed Debt	Cambridge Associates Distressed Securities Index	2.00%	6.30%
REIT Equities	67% FTSE NAREIT Equity REIT's Index + 33% FRSE EPRA/NAREIT Global Rate Estate Index	2.00%	4.05%
Master Limited Partnerships (MLP's)	Alerian MLP Index	3.00%	6.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	6.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	18.00%	4.10%

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

At September 30, 2018, the County, Howard County Community Supervision and Corrections Department, and the Howard County Juvenile Probation Department reported a combined net pension liability of \$2,256,560 for its proportionate share of the TCDRS's net pension liability measured at December 31, 2017. For the year ended September 30, 2018, the County, Howard County Community Supervision and Corrections Department, and the Howard County Juvenile Probation Department recognized pension expense of \$1,333,028.

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

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 8: RETIREMENT PLAN - continued

Changes in the net pension asset for the measurement year ended December 31, 2017 are as follows:

Changes in Net Pension Liability/(Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) – (b)
Balance at December 31, 2016	\$ 38,265,676	\$33,827,244	\$ 4,438,432
Changes for the year:			
Service Cost	1,008,023		1,008,023
Interest on total pension liability	3,082,161		3,082,161
Effect of plan changes			
Effect of economic/demographic gains or losses	309,863		309,863
Effect of assumptions changes or inputs	313,249		313,249
Refund of contributions	(73,679)	(73,679)	
Benefit payments	(2,419,526)	(2,419,526)	
Administrative expenses		(25,424)	25,424
Member contributions		498,944	(498,944)
Net investment income		4,929,629	(4,929,629)
Employer contributions		1,498,895	(1,498,895)
Other	(2)	(6,878)	6,876
Balances as of December 31, 2017	\$ 40,485,765	\$38,229,205	\$ 2,256,560

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (7.10%)	Discount Rate (8.10%)	1% Increase in Discount Rate (9.100%)
Total Pension Liability	\$ 45,008,307	\$ 40,485,765	\$ 36,628,616
Fiduciary Net Position	38,229,205	38,229,205	38,229,205
Net Pension Liability/(Asset)	\$ 6,779,102	\$ 2,256,560	\$ (1,600,589)

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 8: RETIREMENT PLAN - continued

At December 31, 2017, 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 Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 264,158	\$ 137,979
Changes in actuarial assumptions	341,483	
Difference between projected and actual investment earnings	1,210,218	1,768,462
Contributions subsequent to the measurement date	1,212,530	
Total	\$ 3,028,389	\$ 1,906,441

\$1,212,530 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	
2019	\$ 405,748
2020	189,588
2021	(243,801)
2022	(442,117)
2023	
Thereafter	
	\$ 90,582

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, 2018

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

Employees covered by benefit terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the GTL:

Inactive employees or beneficiaries currently receiving benefits	104
Inactive employees entitled to but not yet receiving benefits	28
Active employees	174
Total	306

OPEB Liability

The County’s total OPEB liability related to the TCDRS GTL program, measured as of December 31, 2017 was \$453,272, and was determined by an actuarial valuation as of that date.

Actuarial assumptions:

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

The significant actuarial methods and assumptions are as follows:

Amortization Method	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Does not apply
Investment Rate of Return	3.44% - 20 Year Bond GO Index published by bondbuyer.com as of December 28, 2017
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, 2017 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, 2018

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

Changes in the OPEB Liability	Total OPEB Liability (a)
Balance as 12/31/2016	\$ 407,086
Changes for the year:	
Service cost	13,401
Interest on total OPEB liability	15,627
Change of benefit terms	
Difference between expected and actual experience	12,651
Changes in assumptions or other inputs	18,763
Benefit Payments	(14,256)
Other changes	
Net Changes	46,186
Balance 12/31/2017	\$ 453,272

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 3.44%, 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 (2.44%) or 1-percentage-point higher (4.44%) than the current rate:

	1% Decrease in Discount Rate (2.44%)	Discount Rate (3.44%)	1% Increase in Discount Rate (4.44%)
County’s OPEB Liability	\$ 535,583	\$ 453,272	\$ 388,574

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2018, the County recognized OPEB expense (benefit) of \$34,264.

At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 10,543	
Changes in actuarial assumptions	15,636	
Difference between projected and actual investment earnings		
Contributions subsequent to the measurement date	10,300	
Total	\$ 36,479	

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

The deferred outflows balance includes contributions subsequent to the measurement date of \$10,300. This amount will be recognized as a reduction of the OPEB liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	
2018	\$ 5,236
2019	5,236
2020	5,236
2021	5,236
2022	5,235
Thereafter	0
Total	\$ 26,179

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, 2018 valuation and measurement date, the following employees were covered by the retiree medical plan:

Active employees entitled to but not yet receiving benefits	14
Retired employees receiving benefits	<u>47</u>
Total	61

OPEB Liability

The County’s total OPEB liability related to the medical benefits provided to eligible retirees of \$8,829,508 was measured as of September 30, 2018 and was determined by an actuarial valuation as of that date.

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

Actuarial assumptions:

The OPEB Liability related to the County’s retiree medical plan actuarial valuation as of September 30, 2018 was determined using the following actuarial assumptions:

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	4.06% (1.06% real rate of return plus 3.0% inflation)
Average per capita claim cost	Dependent upon the age of the retiree. Ranges from \$8,867 for a 50-year old retiree to \$12,528 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 \$4,802 for ages 65-69 to \$6,473 for ages 90 and over.
Health Care Cost Trend	Level 5.0%
Mortality	RPH-2014 Total table with projection MP-2018
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.

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

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

Changes in the OPEB Liability	Total OPEB Liability (a)
Balance as 09/30/2017	\$ 8,771,566
Changes for the year:	
Service cost	79,357
Interest on total OPEB liability	359,347
Change of benefit terms	
Difference between expected and actual experience	
Changes in assumptions or other inputs	
Benefit Payments	(380,762)
Other changes	
Net Changes	57,942
Balance 09/30/2018	\$ 8,829,508

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 4.06%, as well as what the County’s OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.06%) or 1-percentage-point higher (5.06%) than the current rate:

	1% Decrease in Discount Rate (3.06%)	Discount Rate (4.06%)	1% Increase in Discount Rate (5.06%)
County’s OPEB Liability	\$ 7,734,921	\$ 8,829,508	\$ 10,184,669

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2018, the County recognized OPEB expense (benefit) related to the retirees medical benefit plan of \$438,704. This expense consisted of the service cost of \$79,357 and the interest cost of \$359,347.

At September 30, 2018, the County had no deferred outflows of resources and deferred inflows of resources related to OPEB liability from the retiree medical benefit plan.

HOWARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

NOTE 11: *ABATEMENTS*

The County has entered into tax abatement agreements with four electric generation wind farms operating in the County. Three of the tax abatement agreements are with Duke Energy (58.8 Megawatts), NRG Energy (121.9 Megawatts) and E.ON Energy (36 Megawatts) and cover a period from 2009 through 2018. A fourth tax abatement agreement with Gunsight Mountain Wind Energy, LLC (120 Megawatts) was entered into in 2014 and covers a 10 year term beginning after the commencement of commercial operations which is reflected in the contract as of a date no later than December 31, 2017. The abatement agreements provide for a 100% abatement of County ad valorem taxes on the wind farms for the term of each agreement, and the obligations under the abatement agreements are for annual payments in lieu of taxes to the County at a rate of \$1,025 per Megawatt with a 2.5% annual escalator for all except Gunsight Mountain Wind Energy, which is at a rate of \$1,100 per Megawatt with no annual escalator. Annual payments to the County resulting from the agreements currently operating were approximately \$402,628 during the 2017-2018 fiscal year.

NOTE 12: *RISK MANAGEMENT*

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2018, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three years.

NOTE 13: *FINANCIAL INSTRUMENTS*

The County has estimated that the fair value of all financial instruments (none of which is held for trading purposes) at September 30, 2018, does not differ materially from their aggregate carrying values recorded in the accompanying statement of financial position. The estimate is based on the assumption that fair value approximates carrying values due to short initial maturities. Financial instruments consist of cash, accounts receivables, inventory, accounts payable, and payroll liabilities.

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

During the year ended September 30, 2018, the County adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The County has two postemployment benefit plans that are required to be reported under GASB Statement No. 75. The County participates in the group term life program offered and administered by the Texas County & District Retirement System and the County has a medical benefit plan for eligible retirees. Adoption of GASB 75 required a prior period adjustment to report the liability and the related deferred inflows and outflows that would have been reported at September 30, 2017. The amount of the prior period adjustment resulted in a decrease in the net position of the governmental activities of \$407,086 for the OPEB liability from the group term life program, and \$8,771,566 related to the OPEB liability for the medical benefit plan.

During the year ended September 30, 2018, the County determined that the prior year deferred outflows and deferred inflows related to the pension liability was not calculated accurately. The correction to these accounts effective September 30, 2017 resulted in a decrease in the net position of the governmental activities of \$358,239. In addition, a prior year payment of \$25,000 was improperly capitalized at September 30, 2017. The correction resulted in a decrease to net position of \$25,000.

HOWARD COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

Note 15: ADJUSTMENT TO BEGINNING FUND BALANCE IN THE GOVERNMENTAL FUND STATEMENTS

During the year ended September 30, 2018, the County determined that deferred revenue related to the receivable for property tax revenue was not properly recorded on the modified accrual basis of accounting in the governmental fund financial statements. The effect on the September 30, 2017 financial statements resulted in a decrease to fund balance of \$1,017,799.

The County also determined that the receivable for fines, along with the related allowance and deferred revenue were not recorded in the governmental fund financial statements as required on the modified accrual basis of accounting. The effect on the September 30, 2017 financial statements resulted in a net increase to fund balance of \$112,466.

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, 2018

	Budget			Variance Favorable (Unfavorable)
	Original	Amended	Actual	
REVENUES:				
Property taxes	\$ 8,935,376	\$ 9,456,700	\$ 9,499,809	\$ 43,109
Licenses and permits	6,350	6,350	5,534	(816)
Fees and charges for services	1,531,025	1,807,175	1,881,187	74,012
Fines, forfeitures and settlements	508,350	680,350	648,731	(31,619)
Intergovernmental	1,114,039	1,311,359	1,263,581	(47,778)
Investment earnings	48,750	172,750	178,588	5,838
Other miscellaneous	80,750	302,750	351,281	48,531
Total Revenues	12,224,640	13,737,434	13,828,711	91,277
EXPENDITURES:				
Current:				
General administration	488,746	508,641	491,583	17,058
Judicial	2,588,546	2,634,240	2,577,013	57,227
Elections	190,519	190,009	170,810	19,199
Financial administration	953,761	958,231	909,445	48,786
Public facilities	512,812	569,669	434,798	134,871
Public safety	5,357,485	5,515,123	5,073,982	441,141
Health and welfare	11,790	11,790	3,267	8,523
Conservation	130,127	130,829	128,651	2,178
Library	415,872	418,697	386,613	32,084
Other supported services	1,674,968	1,520,719	1,391,648	129,071
Intergovernmental	1,246,846	1,180,308	1,100,476	79,832
Capital outlay	50,000	34,991	20,816	14,175
Total Expenditures	13,621,472	13,673,247	12,689,102	984,145
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(1,396,832)	64,187	1,139,609	1,075,422
OTHER FINANCING SOURCES (USES):				
Transfers in			95,139	95,139
Transfers out	(1,748,136)	(1,748,136)	(830,664)	917,472
Total Other Financing Sources (Uses)	(1,748,136)	(1,748,136)	(735,525)	1,012,611
CHANGE IN FUND BALANCE	(3,144,968)	(1,683,949)	404,084	2,088,033
FUND BALANCE - BEGINNING OF YEAR	8,300,591	8,300,591	8,300,591	
Prior Period Adjustments	(611,175)	(611,175)	(611,175)	
FUND BALANCE - END OF YEAR	\$ 4,544,448	\$ 6,005,467	\$ 8,093,500	\$ 2,088,033

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, 2018

	<u>Budget</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	
REVENUES:				
Property taxes	\$ 2,846,046	\$ 3,019,000	\$ 3,033,942	\$ 14,942
Licenses and permits	690,000	690,000	695,865	5,865
Intergovernmental	60,000	60,000	102,589	42,589
Investment income	<u>6,000</u>	<u>62,000</u>	<u>62,551</u>	<u>551</u>
Total Revenues	<u>3,602,046</u>	<u>3,831,000</u>	<u>3,894,947</u>	<u>63,947</u>
EXPENDITURES:				
Current:				
Road and bridge	3,767,564	3,767,564	3,246,143	521,421
Capital outlay	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>3,767,564</u>	<u>3,767,564</u>	<u>3,246,143</u>	<u>521,421</u>
CHANGE IN FUND BALANCE	(165,518)	63,436	648,804	585,368
FUND BALANCE - BEGINNING OF YEAR	2,459,215	2,459,215	2,459,215	
Prior Period Adjustments	<u>(236,246)</u>	<u>(236,246)</u>	<u>(236,246)</u>	
FUND BALANCE - END OF YEAR	<u>\$ 2,057,451</u>	<u>\$ 2,286,405</u>	<u>\$ 2,871,773</u>	<u>\$ 585,368</u>

HOWARD COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget			Variance
	Original	Amended	Actual	Favorable (Unfavorable)
REVENUES:				
Intergovernmental	\$	\$	\$ 16,992	\$ 16,992
Investment income	11,000	11,000	43,892	32,892
Total Revenues	11,000	11,000	60,884	49,884
EXPENDITURES:				
Capital outlay	2,600,000	2,600,000		2,600,000
Total Expenditures	2,600,000	2,600,000		2,600,000
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(2,589,000)	(2,589,000)	60,884	2,649,884
OTHER FINANCING SOURCES (USES):				
Transfers in	565,000	565,000	565,000	
Total Other Financing Sources (Uses)	565,000	565,000	565,000	
CHANGE IN FUND BALANCE	(2,024,000)	(2,024,000)	625,884	2,649,884
FUND BALANCE - BEGINNING OF YEAR	2,357,049	2,357,049	2,357,049	
FUND BALANCE - END OF YEAR	\$ 333,049	\$ 333,049	\$ 2,982,933	\$ 2,649,884

HOWARD COUNTY, TEXAS

SCHEDULE OF PENSION CONTRIBUTIONS

Texas County & District Retirement System

For Fiscal Year 2018

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a Percentage of Covered Payroll
2008	\$ 687,320	\$ 687,320	\$ -	\$ 4,653,489	\$ 14.8%
2009	783,301	783,301	-	5,063,354	15.5%
2010	811,104	811,104	-	5,290,958	15.3%
2011	843,077	843,077	-	5,572,234	15.1%
2012	907,554	969,124	(61,570)	5,806,488	16.7%
2013	933,873	1,033,871	(99,998)	5,891,943	17.5%
2014	1,069,194	1,369,194	(300,000)	6,356,686	21.5%
2015	1,126,613	1,497,831	(371,218)	7,121,444	21.0%
2016	1,006,406	1,482,936	(476,530)	7,032,886	21.1%
2017	943,717	1,498,895	(555,178)	7,127,774	21.0%

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

HOWARD COUNTY, TEXAS

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS For the Year Ended September 30, 2018

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

Assumptions

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

Valuation date	Actuarially determined contributions rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	7.0 years (based on contribution rate calculated in 12/31/2017 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by age and service. 4.9%, average over career, including inflation
Investment rate of return	8.00%, including inflation
Retirement Age	Members who are eligible for service retirement age assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Health Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Mortality Table for females, both projected with e100% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017

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

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

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

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

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

	2018
Total OPEB Liability - Retiree Medical Plan	
Service cost	\$ 79,357
Interest (on the Total Pension Liability)	359,347
Effect of plan changes	-
Effect of assumption changes or inputs	-
Effect of economic/demographic (gains) or losses	-
Benefit payments, including refunds	(380,762)
Net Change in Total OPEB Liability	57,942
Total OPEB Liability - Beginning	8,771,566
Total OPEB Liability - Ending (a)	\$ 8,829,508
Plan Fiduciary Net Position (b)	-
Net Pension Liability - Ending (a)-(b)	\$ 8,829,508
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%
Covered Employee Payroll	\$ 984,762
Net Pension Liability as a Percentage of Covered Employee Payroll	896.61%

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, 2018

	Budget			Variance
	Original	Amended	Actual	Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 743,877	\$ 743,877	\$ 773,955	\$ 30,078
Investment income	600	600	2,837	2,237
Total Revenues	744,477	744,477	776,792	32,315
EXPENDITURES:				
Debt service	749,825	749,825	749,075	750
Total Expenditures	749,825	749,825	749,075	750
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(5,348)	(5,348)	27,717	33,065
OTHER FINANCING SOURCES (USES):				
Transfers in			4,013	4,013
Total Other Financing Sources (Uses)			4,013	4,013
CHANGE IN FUND BALANCE	(5,348)	(5,348)	31,730	37,078
FUND BALANCE - BEGINNING OF YEAR	147,272	147,272	147,272	
Prior Period Adjustments	(57,912)	(57,912)	(57,912)	
FUND BALANCE - END OF YEAR	\$ 84,012	\$ 84,012	\$ 121,090	\$ 37,078

HOWARD COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget			Variance
	Original	Amended	Actual	Favorable (Unfavorable)
REVENUES:				
Investment income	\$	15,700	\$ 15,717	\$ 17
Total Revenues		15,700	15,717	17
EXPENDITURES:				
Current:				
Other supported services		660	660	
Capital outlay		1,641,956	384,963	1,256,993
Total Expenditures		1,642,616	385,623	1,256,993
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES		(1,626,916)	(369,906)	1,257,010
OTHER FINANCING SOURCES (USES):				
Transfers out			(4,013)	(4,013)
Bond proceeds		1,846,509	1,901,009	54,500
Bond issuance costs			(50,487)	(50,487)
Total Other Financing Sources (Uses)		1,846,509	1,846,509	
CHANGE IN FUND BALANCE		219,593	1,476,603	1,257,010
FUND BALANCE - BEGINNING OF YEAR	2,357,049	2,357,049	2,357,049	
FUND BALANCE - END OF YEAR	\$ 2,357,049	\$ 2,576,642	\$ 3,833,652	\$ 1,257,010

HOWARD COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2018

	<u>Tax Increment</u>	<u>Law Library</u>	<u>Indigent Health Care</u>	<u>Courthouse Security</u>
ASSETS				
Cash and cash investments	\$ 35,000	\$ 55,275	\$ 7,126	43,283
Intergovernmental receivable		3,109		
Interfund balances				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 35,000</u>	<u>\$ 58,384</u>	<u>\$ 7,126</u>	<u>\$ 43,283</u>
 LIABILITIES				
Accounts payable	\$	\$ 5,734	\$ 56	\$
Wages payable			4,482	2,407
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities		<u>5,734</u>	<u>4,538</u>	<u>2,407</u>
 FUND EQUITY				
Nonspendable for prepaids				
Restricted fund balances	<u>35,000</u>	<u>52,650</u>	<u>2,588</u>	<u>40,876</u>
Total Fund Balance	<u>35,000</u>	<u>52,650</u>	<u>2,588</u>	<u>40,876</u>
Total Liabilities and Fund Balance	<u>\$ 35,000</u>	<u>\$ 58,384</u>	<u>\$ 7,126</u>	<u>\$ 43,283</u>

<u>Justice Court Building Security</u>	<u>Child Abuse Prevention</u>	<u>Records Management Court Fees</u>	<u>Records Archive County Clerk</u>	<u>Vital Records Preservation</u>	<u>Records Management Doc Filing</u>
\$ 37,345	\$ 3,582	\$ 11,484	\$ 641,189	\$ 21,920	\$ 251,023
<u>37,345</u>	<u>3,582</u>	<u>11,484</u>	<u>641,189</u>	<u>21,920</u>	<u>251,023</u>
\$	\$	\$	\$	\$	\$ 11,454
					<u>11,454</u>
<u>37,345</u>	<u>3,582</u>	<u>11,484</u>	<u>641,189</u>	<u>21,920</u>	<u>239,569</u>
<u>37,345</u>	<u>3,582</u>	<u>11,484</u>	<u>641,189</u>	<u>21,920</u>	<u>239,569</u>
<u>\$ 37,345</u>	<u>\$ 3,582</u>	<u>\$ 11,484</u>	<u>\$ 641,189</u>	<u>\$ 21,920</u>	<u>\$ 251,023</u>

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

SEPTEMBER 30, 2018

	<u>Records Management Court Fees</u>	<u>Juvenile Delinquency Prevention</u>	<u>Justice Court Technology</u>	<u>District Court Records Technology</u>
ASSETS				
Cash and cash investments	\$ 31,448	\$ 26	\$ 47,146	\$ 48,825
Intergovernmental receivable				
Interfund balances				
Total Assets	<u>\$ 31,448</u>	<u>\$ 26</u>	<u>\$ 47,146</u>	<u>\$ 48,825</u>
LIABILITIES				
Accounts payable	\$	\$	\$	\$
Wages payable				
Total Liabilities				
FUND EQUITY				
Nonspendable for prepaids				
Restricted fund balances	<u>31,448</u>	<u>26</u>	<u>47,146</u>	<u>48,825</u>
Total Fund Balance	<u>31,448</u>	<u>26</u>	<u>47,146</u>	<u>48,825</u>
Total Liabilities and Fund Balance	<u>\$ 31,448</u>	<u>\$ 26</u>	<u>\$ 47,146</u>	<u>\$ 48,825</u>

<u>Alternative Dispute Resolution</u>	<u>County Court Technology</u>	<u>District Court Technology</u>	<u>District Court Records Archive</u>	<u>District Court Records Preservation</u>	<u>County Court Records Preservation</u>
\$ 12,371	\$ 2,018	\$ 1,689	\$ 16,896	\$ 64,612	\$ 2,596
<u>12,371</u>	<u>2,018</u>	<u>1,689</u>	<u>16,896</u>	<u>64,612</u>	<u>2,596</u>
\$	\$	\$	\$	\$ 52,647	\$
				<u>52,647</u>	
<u>12,371</u>	<u>2,018</u>	<u>1,689</u>	<u>16,896</u>	<u>11,965</u>	<u>2,596</u>
<u>12,371</u>	<u>2,018</u>	<u>1,689</u>	<u>16,896</u>	<u>11,965</u>	<u>2,596</u>
<u>\$ 12,371</u>	<u>\$ 2,018</u>	<u>\$ 1,689</u>	<u>\$ 16,896</u>	<u>\$ 64,612</u>	<u>\$ 2,596</u>

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

SEPTEMBER 30, 2018

	<u>FEMA Fund</u>	<u>County Attorney Diversionary</u>	<u>County Library Donation</u>	<u>Election Administration</u>
ASSETS				
Cash and cash investments	\$ 125,823	\$ 77,746	\$ 110,593	\$ 52,001
Intergovernmental receivable				
Interfund balances				
Total Assets	<u>\$ 125,823</u>	<u>\$ 77,746</u>	<u>\$ 110,593</u>	<u>\$ 52,001</u>
LIABILITIES				
Accounts payable	\$	\$	\$	\$
Wages payable				
Total Liabilities				
FUND EQUITY				
Nonspendable for prepaids				
Restricted fund balances	<u>125,823</u>	<u>77,746</u>	<u>110,593</u>	<u>52,001</u>
Total Fund Balance	<u>125,823</u>	<u>77,746</u>	<u>110,593</u>	<u>52,001</u>
Total Liabilities and Fund Balance	<u>\$ 125,823</u>	<u>\$ 77,746</u>	<u>\$ 110,593</u>	<u>\$ 52,001</u>

<u>LEOSE District Attorney</u>	<u>LEOSE Sheriff</u>	<u>Sheriff Donations</u>	<u>Cash Bond</u>	<u>Court Cost</u>	<u>MHMR Officers</u>	<u>School Resource Officer</u>
\$ 4,148	\$ 7,406	\$ 7,503	\$ 60,875	\$ 61,755	\$ 32,181 21,363	\$ 360 2,080
<u>\$ 4,148</u>	<u>\$ 7,406</u>	<u>\$ 7,503</u>	<u>\$ 60,875</u>	<u>\$ 61,755</u>	<u>\$ 53,544</u>	<u>\$ 2,440</u>
\$	\$	\$	\$	\$ 61,755	\$ 150 7,293	\$ 2,323
				61,755	7,443	2,323
<u>4,148</u>	<u>7,406</u>	<u>7,503</u>	<u>60,875</u>		<u>46,101</u>	<u>117</u>
<u>4,148</u>	<u>7,406</u>	<u>7,503</u>	<u>60,875</u>		<u>46,101</u>	<u>117</u>
<u>\$ 4,148</u>	<u>\$ 7,406</u>	<u>\$ 7,503</u>	<u>\$ 60,875</u>	<u>\$ 61,755</u>	<u>\$ 53,544</u>	<u>\$ 2,440</u>

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

SEPTEMBER 30, 2018

	Scofflaw Fund	Assessor Collector Special Inventory	County Attorney Hot Check	Sheriff Forfeiture
ASSETS				
Cash and cash investments	\$ 12,496	\$ 7,095	\$ 4,649	\$ 29,171
Intergovernmental receivable				
Interfund balances				
Total Assets	\$ 12,496	\$ 7,095	\$ 4,649	\$ 29,171
LIABILITIES				
Accounts payable	\$	\$	\$ 18	\$
Wages payable				
Total Liabilities			18	
FUND EQUITY				
Nonspendable for prepaids				
Restricted fund balances	12,496	7,095	4,631	29,171
Total Fund Balance	12,496	7,095	4,631	29,171
Total Liabilities and Fund Balance	\$ 12,496	\$ 7,095	\$ 4,649	\$ 29,171

<u>District Attorney Forfeiture</u>	<u>Unclaimed Money</u>	<u>Abandoned Property</u>	<u>Chapter 19</u>	<u>Jail Commissary</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 173,321	\$ 17,929	\$ 15,576 1,175	\$ (392) 392	\$ 35,254	\$ 2,170,344 28,119
<u>\$ 173,321</u>	<u>\$ 17,929</u>	<u>\$ 16,751</u>	<u>\$</u>	<u>\$ 35,254</u>	<u>\$ 2,198,463</u>
\$	\$	\$ 525	\$	\$ 7,800	\$ 140,139 16,505
		<u>525</u>		<u>7,800</u>	<u>156,644</u>
<u>173,321</u>	<u>17,929</u>	<u>16,226</u>		<u>27,454</u>	<u>2,041,819</u>
<u>173,321</u>	<u>17,929</u>	<u>16,226</u>		<u>27,454</u>	<u>2,041,819</u>
<u>\$ 173,321</u>	<u>\$ 17,929</u>	<u>\$ 16,751</u>	<u>\$</u>	<u>\$ 35,254</u>	<u>\$ 2,198,463</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Tax Increment	Law Library	Indigent Health Care	Courthouse Security
REVENUES:				
Property taxes	\$ 23,955	\$	\$	\$
Fees and charges for services		20,743		27,174
Fines, forfeitures and settlements				
Intergovernmental				
Investment income	470	773		792
Other miscellaneous			506	
Total Revenues	24,425	21,516	506	27,966
EXPENDITURES:				
Current:				
Salaries and benefits			130,322	79,251
Supplies			229	
Repairs				
Other operating		27,909	35,432	
Capital outlay				
Total Expenditures		27,909	165,983	79,251
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	24,425	(6,393)	(165,477)	(51,285)
OTHER FINANCING SOURCES (USES):				
Transfers in			167,000	80,000
Transfers out				
Total Other Financing Sources (Uses)			167,000	80,000
NET CHANGE IN FUND BALANCE	24,425	(6,393)	1,523	28,715
FUND BALANCE - BEGINNING OF YEAR	10,575	59,043	1,065	12,161
FUND BALANCE - END OF YEAR	\$ 35,000	\$ 52,650	\$ 2,588	\$ 40,876

<u>Justice Court Building Security</u>	<u>Child Abuse Prevention</u>	<u>Records Management Court Fees</u>	<u>Records Archive County Clerk</u>	<u>Vital Records Preservation</u>	<u>Records Management Doc Filing</u>
\$ 2,358	\$ 341	\$ 5,054	\$ 151,350	\$ 2,942	\$ 151,808
543	52	110	7,216	303	2,200
<u>2,901</u>	<u>393</u>	<u>5,164</u>	<u>158,566</u>	<u>3,245</u>	<u>154,008</u>
		248	105,191	1,729	38,668
		<u>248</u>	<u>105,191</u>	<u>1,729</u>	<u>38,668</u>
2,901	393	4,916	53,375	1,516	115,340
<u>2,901</u>	<u>393</u>	<u>4,916</u>	<u>53,375</u>	<u>1,516</u>	<u>115,340</u>
<u>34,444</u>	<u>3,189</u>	<u>6,568</u>	<u>587,814</u>	<u>20,404</u>	<u>124,229</u>
<u>\$ 37,345</u>	<u>\$ 3,582</u>	<u>\$ 11,484</u>	<u>\$ 641,189</u>	<u>\$ 21,920</u>	<u>\$ 239,569</u>

HOWARD COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Records Management Court Fees</u>	<u>Juvenile Delinquency Prevention</u>	<u>Justice Court Technology</u>	<u>District Court Records Technology</u>
REVENUES:				
Property taxes	\$	\$	\$	\$
Fees and charges for services	14,088		9,621	7,654
Fines, forfeitures and settlements				
Intergovernmental				
Investment income	446	1	534	660
Other miscellaneous				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	<u>14,534</u>	<u>1</u>	<u>10,155</u>	<u>8,314</u>
EXPENDITURES:				
Current:				
Salaries and benefits				
Supplies				
Repairs				
Other operating	3,581		4,721	
Capital outlay	<u>11,695</u>			
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>15,276</u>	<u>1</u>	<u>4,721</u>	<u>8,314</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(742)	1	5,434	8,314
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out				
Total Other Financing Sources (Uses)	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(742)	1	5,434	8,314
FUND BALANCE - BEGINNING OF YEAR	<u>32,190</u>	<u>25</u>	<u>41,712</u>	<u>40,511</u>
FUND BALANCE - END OF YEAR	<u>\$ 31,448</u>	<u>\$ 26</u>	<u>\$ 47,146</u>	<u>\$ 48,825</u>

<u>Alternative Dispute Resolution</u>	<u>County Court Technology</u>	<u>District Court Technology</u>	<u>District Court Records Archive</u>	<u>District Court Records Preservation</u>	<u>County Court Records Preservation</u>
\$ 6,477	\$ 705	\$ 387	\$ 7,026	\$ 7,810	\$ 1,510
122	23	20	190	900	18
<u>6,599</u>	<u>728</u>	<u>407</u>	<u>7,216</u>	<u>8,710</u>	<u>1,528</u>
	256			52,647	
	<u>256</u>			<u>52,647</u>	
6,599	472	407	7,216	(43,937)	1,528
<u>6,599</u>	<u>472</u>	<u>407</u>	<u>7,216</u>	<u>(43,937)</u>	<u>1,528</u>
<u>5,772</u>	<u>1,546</u>	<u>1,282</u>	<u>9,680</u>	<u>55,902</u>	<u>1,068</u>
<u>\$ 12,371</u>	<u>\$ 2,018</u>	<u>\$ 1,689</u>	<u>\$ 16,896</u>	<u>\$ 11,965</u>	<u>\$ 2,596</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>FEMA Fund</u>	<u>County Attorney Diversionary</u>	<u>County Library Donation</u>	<u>Election Administration</u>
REVENUES:				
Property taxes	\$	\$	\$	\$
Fees and charges for services				5,871
Fines, forfeitures and settlements				
Intergovernmental		12,600		
Investment income	1,944	1,104	1,635	679
Other miscellaneous			296	
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	1,944	13,704	1,931	6,550
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:				
Current:				
Salaries and benefits				
Supplies				
Repairs				
Other operating	25,000	175	1,019	3,314
Capital outlay				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	25,000	175	1,019	3,314
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(23,056)	13,529	912	3,236
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out				
Total Other Financing Sources (Uses)	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(23,056)	13,529	912	3,236
FUND BALANCE - BEGINNING OF YEAR	148,879	64,217	109,681	48,765
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE - END OF YEAR	\$ 125,823	\$ 77,746	\$ 110,593	\$ 52,001
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<u>LEOSE District Attorney</u>	<u>LEOSE Sheriff</u>	<u>Sheriff Donations</u>	<u>Cash Bond</u>	<u>Court Cost</u>	<u>MHMR Officers</u>	<u>School Resource Officer</u>
\$	\$	\$	\$	\$	\$	\$
				95,139		
76	3,706 94	101 6,090	10,500		256,356 143	58,772 95
<u>76</u>	<u>3,800</u>	<u>6,191</u>	<u>10,500</u>	<u>95,139</u>	<u>256,499</u>	<u>58,867</u>
		1,663			233,112	74,618
1,195	730		6,500		3,640	2,808
<u>1,195</u>	<u>730</u>	<u>1,663</u>	<u>6,500</u>		<u>236,752</u>	<u>77,426</u>
(1,119)	3,070	4,528	4,000	95,139	19,747	(18,559)
				(95,139)		18,664
				<u>(95,139)</u>		<u>18,664</u>
(1,119)	3,070	4,528	4,000		19,747	105
<u>5,267</u>	<u>4,336</u>	<u>2,975</u>	<u>56,875</u>		<u>26,354</u>	<u>12</u>
<u>\$ 4,148</u>	<u>\$ 7,406</u>	<u>\$ 7,503</u>	<u>\$ 60,875</u>	<u>\$</u>	<u>\$ 46,101</u>	<u>\$ 117</u>

HOWARD COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Scofflaw Fund</u>	<u>Assessor Collector Special Inventory</u>	<u>County Attorney Hot Check</u>	<u>Sheriff Forfeiture</u>
REVENUES:				
Property taxes	\$	\$	\$	\$
Fees and charges for services	7,283		5,940	
Fines, forfeitures and settlements				
Intergovernmental				
Investment income	121	109		434
Other miscellaneous				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	<u>7,404</u>	<u>109</u>	<u>5,940</u>	<u>434</u>
EXPENDITURES:				
Current:				
Salaries and benefits			10,483	
Supplies			169	
Repairs				
Other operating		83	313	
Capital outlay				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	<u> </u>	<u>83</u>	<u>10,965</u>	<u> </u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	7,404	26	(5,025)	434
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out				
Total Other Financing Sources (Uses)	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	7,404	26	(5,025)	434
FUND BALANCE - BEGINNING OF YEAR	<u>5,092</u>	<u>7,069</u>	<u>9,656</u>	<u>28,737</u>
FUND BALANCE - END OF YEAR	<u>\$ 12,496</u>	<u>\$ 7,095</u>	<u>\$ 4,631</u>	<u>\$ 29,171</u>

<u>District Attorney Forfeiture</u>	<u>Unclaimed Money</u>	<u>Abandoned Property</u>	<u>Chapter 19</u>	<u>Jail Commissary</u>	<u>Nonmajor Special Revenue Funds</u>
\$	\$	\$	\$	\$	\$
				81,615	23,955
15,961		15,846			612,896
			2,343		31,807
2,686	244	240		706	333,777
	6,076				25,784
<u>18,647</u>	<u>6,320</u>	<u>16,086</u>	<u>2,343</u>	<u>82,321</u>	<u>23,468</u>
			141	32,266	560,193
3,536			2,202	63,607	71,406
7,269		18,531		5,630	346,589
					11,695
<u>10,805</u>		<u>18,531</u>	<u>2,343</u>	<u>101,503</u>	<u>989,883</u>
7,842	6,320	(2,445)		(19,182)	61,804
					265,664
					(95,139)
					<u>170,525</u>
7,842	6,320	(2,445)		(19,182)	232,329
<u>165,479</u>	<u>11,609</u>	<u>18,671</u>		<u>46,636</u>	<u>1,809,490</u>
\$ <u><u>173,321</u></u>	\$ <u><u>17,929</u></u>	\$ <u><u>16,226</u></u>	\$ <u><u>2,343</u></u>	\$ <u><u>27,454</u></u>	\$ <u><u>2,041,819</u></u>