

HOWARD COUNTY, TEXAS

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S
REPORT

YEAR ENDED

SEPTEMBER 30, 2023



Roberts & McGee CPA

HOWARD COUNTY, TEXAS
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To the Honorable County Judge and
Members of the Commissioners Court of
Howard County, Texas:

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of **Howard County, Texas** (the County) as of and for the year ended September 30, 2023, and the related notes to the financial statement, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in the 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that,

individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during our audit.

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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 budgetary comparison schedules and the combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the Texas Grant Management Standards and is also not a required part of the basic financial statements. The other supplementary schedules and the schedule of expenditures of federal and state awards 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 and the schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2024 on our consideration of Howard County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Howard County, Texas' internal control over financial reporting and compliance.

Roberts + McGee, CPA
Roberts & McGee, CPA

Abilene, Texas
March 8, 2024

HOWARD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

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, 2023.

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 \$50,248,061 (net position). Of this amount, \$19,970,896 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. \$10,644,782 of the County's equity is restricted for debt service, capital improvement, and special revenue funds, and \$19,632,383 is invested in capital assets, net of related debt.
- The County's total debt outstanding at September 30, 2023 is \$6,247,758.
- The total net position (*equity*) of the County increased by \$8,266,454 during the current 2023 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 \$13,925,508. Most of the total fund balance is unassigned and available for spending at the government's discretion.
- The fund balance of the County's general fund increased by \$105,229 during the current 2023 fiscal year

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

The government-wide financial statements reflect functions of Howard County that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the County include general administration, judicial, elections, financial administration, public 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 10-11 of this report.

HOWARD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

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, and the American Rescue Plan Act 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 12-15 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, contingency fund, and the American Rescue Plan Act fund on pages 46-49 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 16-18.

Fiduciary funds. Fiduciary funds are used to account for assets held by the County in a trustee capacity or as a custodial for other governmental units. The County's fiduciary funds are custodial 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 19-20.

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 21-45 of this report.

Other information. The budget to actual schedules and the combining statements for the nonmajor governmental funds are presented as other supplemental information. These schedules and statements can be found on pages 55-73 of this report.

HOWARD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

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 Howard County, assets exceeded liabilities by \$50,248,061 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 \$19,632,383. 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	
	2023	2022
Current assets	\$ 37,964,908	\$ 36,871,330
Capital assets	25,878,042	24,028,126
Net pension asset	878,898	5,639,100
Deferred outflows of resources	3,262,768	2,581,039
Total Assets and Deferred Outflows of Resources	67,984,616	69,119,595
Current liabilities	1,442,905	1,758,836
Long-term liabilities	12,395,480	13,294,119
Deferred inflows of resources	3,898,170	12,085,033
Total Liabilities and Deferred Inflows of Resources	17,736,555	27,137,988
Net investment in capital assets	19,630,284	17,263,543
Restricted	10,644,782	8,006,473
Unrestricted	19,972,995	16,711,591
Total Net Position	\$ 50,248,061	\$ 41,981,607

HOWARD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

Howard County's Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 4,083,578	\$ 4,489,784
Operating Grants and Contributions	3,977,283	1,057,334
Capital Grants and Contributions	2,024,059	6,549,978
General Revenues		
Property and Other Taxes	21,552,286	19,200,401
Investment Income	1,445,379	231,355
Total Revenues	<u>33,082,585</u>	<u>31,528,852</u>
 Expenses		
General Administration	582,846	312,704
Judicial	2,883,248	2,166,458
Elections	333,821	306,496
Financial Administration	1,423,856	785,766
Public Facilities	793,175	529,713
Public Safety	8,003,902	6,071,775
Health and Welfare	458,905	373,562
Conservation	170,818	160,633
Library	505,589	381,576
Other Supported Services	1,747,309	983,411
Intergovernmental	1,322,837	996,905
Road and Bridge	6,342,773	3,184,787
Interest on Long-term Debt	247,052	263,184
Total expenditures	<u>24,816,131</u>	<u>16,516,970</u>
 Increase in Net Position	8,266,454	15,011,882
Net Position - Beginning of Year	<u>41,981,607</u>	<u>26,969,725</u>
Net Position - End of Year	<u>\$ 50,248,061</u>	<u>\$ 41,981,607</u>

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, 2023

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 \$29,554,930. Approximately 47% percent of this total amount, \$13,897,303 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, 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 (\$6.2 million), 2) Special purposes (\$9.4 million), and 3) Debt Services (\$40,607).

The general fund is the chief operating fund of the County. \$13,897,303 of the general fund's fund balance is unassigned. The unassigned fund balance represents approximately 70% of the total general fund expenditures. Howard County's General Fund balance increased by \$105,229 from current year operations.

Fund Budgetary Highlights

The amended budget for the General Fund reflects a decrease in fund balance of 3,265,201. Budget amendments to revenue and expenditures were made during the year within the general fund. The actual expenditures were \$1,928,104 less than the final budgeted amounts, and actual revenues were \$2,478 less than was budgeted. Other financing sources and uses were \$1,444,804 more than budgeted. This resulted in a favorable budget variance of \$3,370,430.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Howard County's investment in capital assets for its governmental activities as of September 30, 2023, amounts to \$25,878,042 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, and infrastructure.

Howard County's Capital Assets

	Governmental Activities	
	2023	2022
Land	\$ 628,429	\$ 628,429
Construction in progress	1,279,964	489,426
Buildings and improvements	22,232,822	21,112,163
Machinery and equipment	11,487,762	10,948,552
Intangible right of use assets - equipment	83,568	89,691
Infrastructure	13,289,988	11,905,326
Total Capital Assets	49,002,533	45,173,587
Total Accumulated Depreciation and Amortization	(23,124,491)	(21,145,461)
Net Capital Assets	\$ 25,878,042	\$ 24,028,126

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, 2023

Debt Administration

- **Bonds.** The County had outstanding bonded debt of \$6,200,000 as of September 30, 2023. \$505,000 was paid down on the debt during the year.
- **Lease Liabilities.** The County has several lease liabilities for various copiers and a postage machine. Total outstanding lease liability outstanding as of September 20, 2023 is \$47,758.

More detailed information about the County's long-term obligations can be found in Note 6 on pages 32 – 34.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The tax rate for the 2024 fiscal year was set at .208716 per \$100 valuation. The M&O rate is .201484, and the I&S rate is .007232. The previous year's tax rate was .238916 per \$100 valuation.
- The County's 2024 fiscal year General Fund budget reflects total budgeted revenues of \$19,140,284, which is a \$3,150,005 increase over the 2023 adopted budget; and the budgeted expenditures and transfers are \$22,380,278, resulting in a budgeted deficit of \$3,239,994.

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, 2023

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS:	
Cash and cash investments	\$ 35,126,396
Receivables:	
Property tax, net	1,632,578
Fines, net	517,942
Intergovernmental	563,938
Due from agency funds	38,836
Prepaid	550
Inventory	84,668
Net pension asset	878,898
Non-depreciable capital assets	1,908,393
Depreciable capital assets, net	<u>23,969,649</u>
 TOTAL ASSETS	 <u>64,721,848</u>
 DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows	<u>3,262,768</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>67,984,616</u>
 LIABILITIES:	
Accounts payable	894,123
Wages payable	220,597
Compensated absences	304,744
Accrued interest payable	23,441
Long-term debt:	
Due in less than one year - lease liability	12,003
Due in more than one year - lease liability	35,755
Due in less than one year - bonds	520,000
Due in more than one year - bonds	5,680,000
OPEB liability	<u>6,147,722</u>
 TOTAL LIABILITIES	 <u>13,838,385</u>
 DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows-Pension and OPEB	1,044,663
Deferred inflows-Grants	<u>2,853,507</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>3,898,170</u>
 NET POSITION:	
Net investment in capital assets	19,630,284
Restricted for debt service	40,607
Restricted for special revenue and capital improvements	10,604,175
Unrestricted	<u>19,972,995</u>
 TOTAL NET POSITION	 <u>\$ 50,248,061</u>

The accompanying notes are an integral part of these financial statements.

HOWARD COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Function/Program	Expenses	Program Revenues			Primary Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General administration	\$ 582,846	\$ 6,069	\$	\$	\$ (576,777)
Judicial	2,883,248	1,587,435	86,120		(1,209,693)
Elections	333,821	32,548			(301,273)
Financial administration	1,423,856	1,009,200			(414,656)
Public facilities	793,175				(793,175)
Public safety	8,003,902	247,595	3,019,834	581,865	(4,154,608)
Health and welfare	458,905	1,275	188,826		(268,804)
Conservation	170,818				(170,818)
Library	505,589	119,790	1,538		(384,261)
Other supported services	1,747,309	356,969	610,188		(780,152)
Intergovernmental	1,322,837				(1,322,837)
Road and bridge	6,342,773	722,697	70,777	1,442,194	(4,107,105)
Interest on long-term debt	247,052				(247,052)
Total governmental activities	<u>24,816,131</u>	<u>4,083,578</u>	<u>3,977,283</u>	<u>2,024,059</u>	<u>(14,731,211)</u>
Total primary government	<u>\$ 24,816,131</u>	<u>\$ 4,083,578</u>	<u>\$ 3,977,283</u>	<u>\$ 2,024,059</u>	<u>(14,731,211)</u>
General revenues:					
Property taxes					21,552,286
Investment income					<u>1,445,379</u>
Total general revenues					<u>22,997,665</u>
Change in net position					8,266,454
Net position - beginning of year					<u>41,981,607</u>
Net position - end of year					<u>\$ 50,248,061</u>

The accompanying notes are an integral part of these financial statements.

HOWARD COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	Road and Bridge Fund	Contingency Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash investments	\$ 14,579,025	\$ 5,908,850	\$ 4,984,640	\$ 3,054,058	\$ 4,281,999	\$ 32,808,572
Receivables:						
Property tax, net	1,127,300	425,274			80,004	1,632,578
Fines, net	517,942					517,942
Intergovernmental	168,203	341,701			54,034	563,938
Due from agency funds	16,031	12,318			848	29,197
Prepaid expenses	550					550
Inventory	27,655					27,655
TOTAL ASSETS	<u>\$ 16,436,706</u>	<u>\$ 6,688,143</u>	<u>\$ 4,984,640</u>	<u>\$ 3,054,058</u>	<u>\$ 4,416,885</u>	<u>\$ 35,580,432</u>
LIABILITIES						
Accounts payable	\$ 729,368	\$ 4,048		\$ 28,585	\$ 85,684	\$ 847,685
Wages payable	176,839	25,119			12,083	214,041
TOTAL LIABILITIES	<u>906,207</u>	<u>29,167</u>		<u>28,585</u>	<u>97,767</u>	<u>1,061,726</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	1,604,991	425,274		2,853,507	80,004	4,963,776
TOTAL DEFERRED INFLOWS	<u>1,604,991</u>	<u>425,274</u>		<u>2,853,507</u>	<u>80,004</u>	<u>4,963,776</u>
FUND BLANCE						
Nonspendable for inventory	28,205					28,205
Restricted for debt service					40,607	40,607
Restricted for special revenue and capital improvements		6,233,702		171,966	4,198,507	10,604,175
Assigned			4,984,640			4,984,640
Unassigned	13,897,303					13,897,303
TOTAL FUND BALANCE	<u>13,925,508</u>	<u>6,233,702</u>	<u>4,984,640</u>	<u>171,966</u>	<u>4,239,114</u>	<u>29,554,930</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 16,436,706</u>	<u>\$ 6,688,143</u>	<u>\$ 4,984,640</u>	<u>\$ 3,054,058</u>	<u>\$ 4,416,885</u>	<u>\$ 35,580,432</u>

The accompanying notes are an integral part of these financial statements.

HOWARD COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds \$ 29,554,930

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. 23,900,234

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 2,110,269

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 (6,512,365)

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. 4,245,712

Included on the government-wide financial statements is the recognition of the County's proportionate share of the OPEB liabilities of \$6,147,722 and a deferred inflow of resources of \$146,115 and deferred outflows of resources of \$67,798. The net effect is a decrease in net position. (6,226,039)

Included on the government-wide financial statements is the recognition of the County's proportionate share of the net pension asset of \$878,898, a deferred inflow of resources of \$5,822,731 and deferred outflow of resources of \$8,119,153. The net effect is an increase net position. 3,175,320

Net Position of Governmental Activities \$ 50,248,061

The accompanying notes are an integral part of these financial statements.

HOWARD COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Road and Bridge Fund	Contingency Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Property taxes	\$ 13,574,850	\$ 7,197,682	\$	\$	\$ 724,519	\$ 21,497,051
Licenses and permits	5,273	719,730				725,003
Fees and charges for services	1,568,814				569,177	2,137,991
Fines, forfeitures and settlements	356,292				39,799	396,091
Intergovernmental	4,009,126	1,512,971	22,540		456,705	6,001,342
Investment income	689,984	201,729	198,088	146,617	137,010	1,373,428
Other miscellaneous	300,206	2,967			216,773	519,946
Total Revenues	20,504,545	9,635,079	220,628	146,617	2,143,983	32,650,852
EXPENDITURES:						
Current:						
General administration	666,905				17,176	684,081
Judicial	2,840,144				295,860	3,136,004
Elections	290,437				6,121	296,558
Financial administration	1,536,886					1,536,886
Public facilities	749,818					749,818
Public safety	7,467,058				387,696	7,854,754
Health and welfare	3,127				473,916	477,043
Conservation	112,501					112,501
Library	554,043					554,043
Other supported services	1,983,460					1,983,460
Intergovernmental	1,322,837					1,322,837
Road and bridge		6,196,867				6,196,867
Debt service						
Principal	15,529				505,000	520,529
Interest					246,138	246,138
Capital outlay	2,335,931	1,384,662	-		93,704	3,814,297
Total Expenditures	19,878,676	7,581,529			2,025,611	29,485,816
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	625,869	2,053,550	220,628	146,617	118,372	3,165,036
OTHER FINANCING SOURCES (USES):						
Transfers in	31,236		250,000		350,886	632,122
Transfers out	(551,876)		(49,010)		(31,236)	(632,122)
Total Other Financing Sources (Uses)	(520,640)		200,990		319,650	
CHANGE IN FUND BALANCE	105,229	2,053,550	421,618	146,617	438,022	3,165,036
FUND BALANCE - BEGINNING OF YEAR	13,820,279	4,180,152	4,563,022	25,349	3,801,092	26,389,894
FUND BALANCE - END OF YEAR	\$ 13,925,508	\$ 6,233,702	\$ 4,984,640	\$ 171,966	\$ 4,239,114	\$ 29,554,930

The accompanying notes are an integral part of these financial statements.

HOWARD COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
WITH THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

Net Change in Fund Balances - Governmental Funds \$ 3,165,036

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 and right of use assets in the government-wide financial statements. The net effect of including capital outlays net of disposals is to increase net position. 3,814,297

Depreciation and amortization 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 and accumulated amortization. The net effect of current year depreciation expense is to decrease net position. (1,608,585)

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 increase net position. 228,409

Current year payments on long-term debt and lease liabilities 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. 515,894

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. 437,940

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. 1,713,463

Change in Net Position of Governmental Activities \$ 8,266,454

The accompanying notes are an integral part of these financial statements.

HOWARD COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

ASSETS:	<u>Internal Service Fund</u>
Cash and cash investments	\$ 2,317,824
Inventory	57,013
Due from agency funds	9,639
Capital assets, net of accumulated depreciation	<u>1,930,050</u>
 TOTAL ASSETS	 <u>4,314,526</u>
 LIABILITIES:	
Accounts payable	46,438
Wages payable	6,556
Compensated absences	<u>15,820</u>
 TOTAL LIABILITIES	 <u>68,814</u>
 NET POSITION:	
Net investment in capital assets	1,930,050
Unrestricted	<u>2,315,662</u>
 TOTAL NET POSITION	 <u>\$ 4,245,712</u>

The accompanying notes are an integral part of these financial statements.

HOWARD COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Internal Service Fund
OPERATING REVENUE	
Charges for services	\$ <u>2,454,000</u>
Total operating revenue	<u>2,454,000</u>
OPERATING EXPENSES	
Salaries and related benefits	396,832
Insurance	92,719
Materials and supplies	569,150
Maintenance and repairs	35,071
Radio expense	281
Auto expense	89,582
Other expenses	13,704
Depreciation	<u>1,022,045</u>
Total operating expenses	<u>2,219,384</u>
OPERATING INCOME	<u>234,616</u>
NONOPERATING REVENUE	
Investment income	71,951
Miscellaneous income	<u>131,373</u>
Total nonoperating revenue	<u>203,324</u>
CHANGE IN NET POSITION	437,940
NET POSITION - BEGINNING OF YEAR	<u>3,807,772</u>
NET POSITION - END OF YEAR	<u>\$ <u>4,245,712</u></u>

The accompanying notes are an integral part of these financial statements.

HOWARD COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

		Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from other funds	\$	2,444,361
Payments to suppliers		(558,281)
Payments to employees and related taxes and benefits		(400,682)
Payments to others		(231,357)
Net cash provided by operating activities		1,254,041
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets		(666,249)
Net cash (used) by capital and related financing activities		(666,249)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income		71,951
Miscellaneous income		131,373
Net cash provided by investing activities		203,324
NET INCREASE IN CASH		791,116
CASH AT BEGINNING OF PERIOD		1,526,708
CASH AT END OF PERIOD	\$	2,317,824
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$	234,616
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation		1,022,045
(Increase) decrease in accounts receivable		(9,639)
(Increase) decrease in inventory		(19,041)
Increase (decrease) in accounts payable		29,910
Increase (decrease) in wages payable		327
Increase (decrease) in accrued compensated absences		(4,177)
Net cash provided (used) by operating activities	\$	1,254,041

The accompanying notes are an integral part of these financial statements.

HOWARD COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
 SEPTEMBER 30, 2023

ASSETS	<u>Custodial Funds</u>
Cash and cash investments:	
Cash and cash equivalents	\$ 15,911,114
Accounts receivable	<u>47,678</u>
 TOTAL ASSETS	 <u>15,958,792</u>
LIABILITIES	
Due to the County	29,189
Due to others	<u>435,805</u>
 TOTAL LIABILITIES	 <u>464,994</u>
NET POSITION	
Restricted for individuals, organizations and other governments	<u>15,493,798</u>
 Total net position	 \$ <u><u>15,493,798</u></u>

The accompanying notes are an integral part of these financial statements.

HOWARD COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Custodial Funds</u>
ADDITIONS	
Tax and fee collections for other governments	\$ 117,609,652
Bond collections	5,841,900
Restitution collections	329,862
Inmate funds	145,812
Interest Income	13,243
Other collections	<u>220,560</u>
Total Additions	<u>124,161,029</u>
DEDUCTIONS	
Payments of tax and fees to others	117,618,507
Restitutions payments	339,674
Inmate funds	144,214
Distribution of bond payments	188,643
Other deductions	<u>120,567</u>
Total Deductions	<u>118,411,605</u>
Change in net position	5,749,424
Net Position - beginning	<u>9,744,374</u>
Net Position - ending	<u>\$ 15,493,798</u>

The accompanying notes are an integral part of these financial statements.

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

Government-Wide and Fund Financial Statements

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

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

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

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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

The government reports the following major governmental funds:

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

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

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

American Rescue Plan Act (ARPA) Special Revenue Fund – The ARPA Special Revenue Fund is used to account for the proceeds of grant revenue that is restricted for the specified purposes of the ARPA grant.

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Additionally, the government reports nonmajor governmental fund types:

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.

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.

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

Custodial Funds - Custodial Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds. 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.

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

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, 2023. 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, 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 Federated Hermes managing the daily operations of the pool under a contract with the Comptroller. UMB Bank 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 S&P. LOGIC is an AAA rated investment program administered by Hilltop Securities, Inc. and JPMorgan Investment Management, Inc. TexStar is an AAA rated investment program administered by 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, 2023, the County had \$32,302,855 in pooled investments.

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Receivables and Payables

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

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

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

Property Taxes

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

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

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

The County is permitted by Article 8, Section 9 of the State of Texas Constitution to levy taxes up to \$1.20 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The tax rate for the year ended September 30, 2023 was \$.238916 per \$100 valuation.

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Property Taxes – continued

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

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

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

All receivables are shown net of an allowance for uncollectibles.

Capital Assets

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

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

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

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

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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 \$2,110,269. The governmental funds also report deferred inflows of resources related to unearned grant revenue of \$2,853,507.

Compensated Absences

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

1. Leave or compensation is attributable to services already rendered
2. Leave or compensation is not contingent on a 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's 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 THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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 \$28,505 classified as nonspendable fund balance at September 30, 2023.

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 \$6,233,702 restricted for road and bridge, \$4,370,473 for special revenue projects, and \$40,607 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 \$4,984,640 classified as assigned at September 30, 2023.

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 THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

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, 2023, the carrying amount of the County’s deposits (cash and cash investments) was:

	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Rating</u>
TexPool	\$ 12,948,582	<60 days - Weighted Avg.	AAAm
TexPool Prime	602,928	<60 days - Weighted Avg.	AAAm
TexStar	5,553,645	<60 days - Weighted Avg.	AAAm
Logic	6,224,991	<60 days - Weighted Avg.	AAAm
Texas Class	6,972,709	<60 days - Weighted Avg.	AAAm
Cash in Bank	2,851,268		
	<u>35,154,123</u>		

Investments

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

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

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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, 2023, the County had cash and cash investments, which represents demand deposits and savings accounts at federally insured local banks. At September 30, 2023, the County was fully insured by federal depository insurance and pledged securities held by the County's agent bank.

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

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

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

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

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

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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	\$1,127,300	\$ 517,942	\$ 168,203	\$1,813,445
Road and Bridge Funds	425,274		341,701	766,975
Non-major Governmental Funds	80,004		54,034	134,038
Total Governmental Funds	<u>\$1,632,578</u>	<u>\$ 517,942</u>	<u>\$ 563,938</u>	<u>\$2,714,458</u>

NOTE 4: CAPITAL ASSETS

The changes in capital assets for the year ended September 30, 2023 are as follows:

Capital Assets	Balance October 1, 2022	Additions	Retirements	Balance September 30, 2023
Land (not depreciated)	\$ 628,429	\$	\$	\$ 628,429
Construction in progress	489,426	1,315,083	(524,545)	1,279,964
Buildings and improvements	21,112,163	1,120,659		22,232,822
Machinery and equipment	10,948,552	1,184,687	(645,477)	11,487,762
Intangible right of use asset - Equipment	89,691		(6,123)	83,568
Infrastructure	<u>11,905,326</u>	<u>1,384,662</u>		<u>13,289,988</u>
Total capital assets	<u>45,173,587</u>	<u>5,005,091</u>	<u>(1,176,145)</u>	<u>49,002,533</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	(13,892,585)	(703,188)		(14,595,773)
Machinery and equipment	(6,720,300)	(1,366,155)	645,477	(7,440,978)
Intangible right of use asset - Equipment	(30,108)	(13,925)	6,123	(37,910)
Infrastructure	<u>(502,468)</u>	<u>(547,362)</u>		<u>(1,049,830)</u>
Total accumulated depreciation	<u>(21,145,461)</u>	<u>(2,630,630)</u>	<u>651,600</u>	<u>(23,124,491)</u>
Governmental activities capital asset	<u>\$ 24,028,126</u>	<u>\$ 2,374,461</u>	<u>\$ (524,545)</u>	<u>\$ 25,878,042</u>

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

NOTE 4: CAPITAL ASSETS – continued

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

Governmental Activities:	
General administration	\$ 44,792
Judicial	39,780
Elections	62,492
Public safety	1,095,086
Public facilities	68,484
Road and bridge	1,312,725
Library	7,271
	\$2,630,630

The equipment lease amortization is presented as amortization expense on the Statement of Revenues, Expenses and Changes in Fund Net Position related to the County’s intangible asset of various copiers and a postage machine, which is included in the above table as Intangible Right to Use Asset. With the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, a lease meeting the criteria of this Statement requires the lessee to recognize a lease liability and an intangible right to use asset.

NOTE 5: INTERFUND BALANCES AND ACTIVITY

Transfers to and from other funds at September 30, 2023, consisted of the following:

Transfers from General Fund to:	
Nonmajor governmental funds	\$ 301,876
Contingency fund	250,000
Total Transfers from General Fund	551,876
Transfers from Non-Major Court Cost Fund to:	
General Fund	31,236
Transfers from Contingency Fund to:	
Capital Projects	49,010
Total Transfers	\$ 632,122

NOTE 6: LONG-TERM OBLIGATIONS

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

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6: LONG-TERM OBLIGATIONS – continued

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%.

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.

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

Leases

Description	Date	Payment Terms	Payment Amount	Imputed Interest Rate	Total Lease Liability	Balance at September 30, 2023
Versa Link B7035 - Jail Magistrate	11/1/2020	60 months	\$ 110	0.33%	\$ 5,969	\$ 2,632
Alta Link C8155 (2 Copiers) Jail	5/1/2022	60 months	273	0.33%	14,807	10,908
Alta Link C8155 - Sheriff's Office	6/1/2022	60 months	132	0.33%	7,187	5,409
Connect+ 3000 Mail Machine	9/30/2022	60 months	672	1.00%	36,385	28,809
Total Liabilities for Leased Assets						<u>\$ 47,758</u>

The copiers were leased for the various offices, beginning on various dates as stated above, each for a term of five years with no fixed interest rate. The County can purchase the equipment for the fair market value of the equipment at the lease termination date.

A summary of changes in long-term obligations at September 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Government Activities:				
General Obligation Bonds	\$ 6,705,000	\$	\$ 505,000	\$ 6,200,000
Long-term lease liabilities	60,465		12,707	47,758
Total Long-term Debt	<u>6,765,465</u>	<u>-</u>	<u>517,707</u>	<u>6,247,758</u>
Other Long-term Obligations				
Compensated Absences	305,199		455	304,744
Net OPEB Obligations	6,528,654	348,275	729,207	6,147,722
Net Pension Liability/Asset)	<u>(5,639,100)</u>	<u>11,302,626</u>	<u>6,542,424</u>	<u>(878,898)</u>
Total Other Long-term Obligations	<u>1,194,753</u>	<u>11,650,901</u>	<u>7,272,086</u>	<u>5,573,568</u>
Total Governmental Activities				
Long-term Liabilities	<u>\$ 7,960,218</u>	<u>\$ 11,650,901</u>	<u>\$ 7,789,793</u>	<u>\$ 11,821,326</u>

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6: LONG-TERM OBLIGATIONS – continued

Current maturities of long term debt are as follows:

Fiscal Year	Bonds			Leases		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 520,000	\$ 227,900	\$ 747,900	\$ 12,003	\$ 2,242	\$ 14,245
2025	540,000	209,350	749,350	12,736	1,620	14,356
2026	560,000	190,100	750,100	11,943	984	12,927
2027	580,000	170,150	750,150	11,076	358	11,434
2028	600,000	148,000	748,000			-
2029-2033	3,400,000	350,800	3,750,800			-
Total	\$ 6,200,000	\$ 1,296,300	\$ 7,496,300	\$ 47,758	\$ 5,204	\$ 52,962

NOTE 7: RETIREMENT PLAN

Plan Description

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

Benefits Provided

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

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

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

NOTE 7: RETIREMENT PLAN – continued

Membership

County membership in the TCDRS plan at December 31, 2022 consisted of the following:

Inactive Employees Receiving Benefits	161
Inactive Employees Not Yet Receiving Benefits	150
Current Employee’s Accounts	311
 Active Employee Accounts	180

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 2022 and 2023 was 16.82%. The deposit rate payable by the employee members for the calendar year 2022 and 2023 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, 2023 were \$2,041,468.

Actuarial Assumptions

The total pension asset at December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

	Actuarially determined contributions rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Valuation Timing	Entry Age
Actuarial Cost Method	Level percentage of payroll, closed
Amortization Method	1.3 years (based on contribution rate calculated in 12/31/22 valuation)
Remaining Amortization Period	5 year smoothed market
Asset Valuation Method	7.60%
Discount Rate	2.50%
Inflation	4.70% average
Salary Increases	7.50%
Investment Rate of Return	3.00%
Payroll Growth Rate	

All actuarial assumptions that determined the total pension liability at December 31, 2022 were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2020, except were required to be different by GASB 68.

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7: RETIREMENT PLAN – continued

There were no changes in assumptions or methods reflected in the December 31, 2022 actuarial valuation. There were no changes in benefit terms that affected measurement of the total pension liability during the measurement period.

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

Discount Rate

The discount rate used to measure the total pension asset was 7.60%. There is no change from the previous year discount rate of 7.60%.

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 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, 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 2022 information for a 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 TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice Milliman relies on the expertise of Cliffwater in this assessment.

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7: RETIREMENT PLAN – continued

Asset Class	Benchmark	Target Allocation	Real Rate of Return
US Equities	Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities – Developed	MSCI Work (net) Index Ex USA	5.00%	4.95%
International Equities – Emerging	MSCI EM Standard (net) index	6.00%	4.95%
Investment Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	Index	9.00%	3.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	7.60%
REIT Equities	+ 33% FRSE EPRA/NAREIT Global Rate Estate Index	2.00%	4.15%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.30%
Private Real Estate	Cambridge Associates Real Estate Index	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

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

At September 30, 2023, the County, Howard County Community Supervision and Corrections Department, and the Howard County Juvenile Probation Department reported a combined net pension asset of \$878,898 for its proportionate share of the TCDRS's net pension liability measured at December 31, 2022. For the year ended September 30, 2023, the County, Howard County Community Supervision and Corrections Department, and the Howard County Juvenile Probation Department recognized pension income of \$543,980.

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

There were no changes in plan provisions reflected in the December 31, 2022 actuarial valuation.

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7: RETIREMENT PLAN – continued

Changes in the net pension asset for the measurement year ended December 31, 2022 are as follows:

	Increases (Decreases)		Net Pension Liability/ (Asset) (a)-(b)
	Total Pension Liability (a)	Fiduciary Net Position (b)	
Changes in Net Pension Liability			
Balance at December 31, 2021	\$ 49,348,891	\$ 54,987,991	\$ (5,639,100)
Changes for the year:			
Service Cost	1,272,380		1,272,380
Interest on total pension liability	3,733,091		3,733,091
Effect of plan changes			-
Effect of economic/demographic gains\losse	(969,612)		(969,612)
Effect of assumptions changes or inputs			-
Refunds of contributions	(185,260)	(185,260)	-
Benefit payments	(2,874,061)	(2,874,061)	-
Administrative expenses		(30,007)	30,007
Member contributions		650,479	(650,479)
Net investment income		(3,176,932)	3,176,932
Employer contributions		1,863,012	(1,863,012)
Other		(30,895)	30,895
Balance as of December 31, 2022	<u>\$ 50,325,429</u>	<u>\$ 51,204,327</u>	<u>\$ (878,898)</u>

Discount Rate Sensitivity Analysis

The following presents the net pension liability/(asset) of the County, calculated using the discount rate of 7.60%, 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 (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease in Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
Total Pension Liability	\$ 56,510,491	\$ 50,325,429	\$ 45,143,513
Fiduciary Net Position	51,204,327	51,204,327	51,204,327
Net Pension Liability/ (Asset)	<u>\$ 5,306,164</u>	<u>\$ (878,898)</u>	<u>\$ (6,060,814)</u>

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7: RETIREMENT PLAN – continued

At December 31, 2022, the County reported its share of the TCDRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Recourses	Deferred Inflows of Recourses
Differences between expected and actual economic experience	\$ 2,176	\$ 806,324
Changes in actuarial assumptions	603,306	92,224
Differences between projected and actual investment earnings	942,526	-
Contributions subsequent to the measurement date	1,646,962	
Total	\$ 3,194,970	\$ 898,548

\$1,646,962 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 December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2023	\$ (461,501)
2024	(275,060)
2025	(80,657)
2026	1,466,678
Thereafter	\$ 649,460

NOTE 8: 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 THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

NOTE 8: OTHER POST EMPLOYEMENT BENEFIT LIABILITY – TCDRS GROUP TERM LIFE - continued

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the GTL:

Inactive Employees Receiving Benefits	115
Inactive Employees Not Yet Receiving Benefits	44
Active Employee Accounts	180
Total	339

OPEB Liability

The County’s total OPEB liability related to the TCDRS GTL program, measured as of December 31, 2022 was \$499,151, and was determined by an actuarial valuation as of that date.

Actuarial assumptions:

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

The significant actuarial methods and assumptions are as follows:

Amortization Method	Straight-Line amortization over Expected Working Life
Investment Rate of Return	3.72% - 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2022
Mortality:	
Depositing Members	135% of Pub-2010 General Employees Amount Weighted Mortality Table for males and 120% Pub-201 General Employees Amount Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries, and non- depositing members	135% of Pub-2010 General Healthy Retirees Amount Weighted Mortality Table for males and 120% Pub-201 General Healthy Retirees Amount Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for mails and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2020.

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

NOTE 8: OTHER POST EMPLOYMENT BENEFIT LIABILITY – TCDRS GROUP TERM LIFE - continued

Changes in OPEB Liability	Total OPEB <u>Liability (a)</u>
Balance as 12/31/2021	\$ 656,512
Changes for the year:	
Service cost	21,978
Interest on total OPEB liability	13,805
Change of benefit terms	
Difference between expected and actual experience	(9,849)
Changes in assumptoins or other inputs	(166,568)
Benefit payments	(16,727)
Other changes	
Net Changes	<u>(157,361)</u>
Balance as of 12/31/2022	<u>\$ 499,151</u>

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 3.72%, 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 (2.72%) or 1-percentage-point higher (4.72%) than the current rate:

	in Discount Rate <u>(2.72%)</u>	Discount Rate <u>(3.72%)</u>	1% Increase in Discount Rate (4.72%) <u></u>
County's OPEB Liability	\$ 590,960	\$ 499,151	\$ 427,089

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2023, the County recognized OPEB expense (benefit) of \$32,807.

At September 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Recourses <u></u>	Deferred Inflows of Recourses <u></u>
Differences between expected and actual economic experience	\$ 175	\$ 12,861
Changes in actuarial assumptions	55,611	133,254
Contributions subsequent to the measurement date	<u>12,012</u>	
Total	<u>\$ 67,798</u>	<u>\$ 146,115</u>

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

NOTE 8: OTHER POST EMPLOYMENT BENEFIT LIABILITY – TCDRS GROUP TERM LIFE - continued

The deferred outflows balance includes contributions subsequent to the measurement date of \$12,012. This amount will be recognized as a reduction of the OPEB liability for the year ending December 31, 2023. 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:	
2023	\$ (288)
2024	(22,101)
2025	(32,659)
2026	(35,281)
Thereafter	<u> </u>
	<u>\$ (90,329)</u>

NOTE 9: 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 individual coverage active participant contribution 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, 2022 valuation and measurement date, the following employees were covered by the retiree medical plan:

Active employee entitled to but not yet receiving bene:	8
Retired employees receiving benefits	<u>48</u>
Total	56

OPEB Liability

The County’s total OPEB liability related to the medical benefits provided to eligible retirees of \$5,648,571 was measured as of September 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The OPEB Liability related to the County’s retiree medical plan actuarial valuation as of September 30, 2023 was determined using the following actuarial assumptions:

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

NOTE 9: OTHER POST EMPLOYMENT BENEFIT LIABILITY – RETIREE MEDICAL PLAN - continued

Actuarial Method	Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary
Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan’s benefit formula. This allocation is based on each participant’s service between date of hire and date of expected termination.
Discount Rate	4.87% (2.37% real rate of return plus 2.50% inflation)
Average per capita claim cost	Dependent upon the age of the retiree. Ranges from \$9,187 for a 50-year-old retiree to \$12,981 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 \$4,559 for ages 65-69 to \$6,347 for ages 90 and over.
Health Care Cost Trend	Level 4.50%
Mortality	RPH-2014 Total table with projection MP-2021
Salary Scale	3.50%
Coverage	All who currently have healthcare coverage will continue with same coverage for life. All active employees who are eligible to receive the benefit at retirement will continue with individual coverage upon retirement.
Retiree contributions	No retiree contribution is required for individual coverage with the full cost paid by the County. The retiree pays the full additional premium for any elected dependent coverage.

Net OPEB Liability

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

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

Changes in OPEB Liability	Total OPEB Liability (a)
Balance as October 1, 2022	\$ 5,872,142
Changes for the year:	
Service cost	38,009
Interest on total OPEB liability	274,483
Difference between expected and actual experience	(158,822)
Changes in assumptoins or other inputs	(65,663)
Benefit payments	(311,578)
Other changes	
Net Changes	<u>(223,571)</u>
Balance as of September 30, 2023	<u>\$ 5,648,571</u>

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 9: OTHER POST EMPLOYMENT BENEFIT LIABILITY – RETIREE MEDICAL PLAN - continued

Sensitivity of the OPEB Liability to changes in the discount rate

The following presents the OPEB liability related to the medical benefits provided to retirees of the County, calculated using the discount rate of 4.87%, 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 (3.87%) or 1-percentage-point higher (5.87%) than the current rate:

	<u>1% Decrease in Discount Rate (3.87%)</u>	<u>Discount Rate (4.87%)</u>	<u>1% Increase in Discount Rate (5.87%)</u>
County's OPEB Liability	\$ 6,364,369	\$ 5,648,571	\$ 5,053,887

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

For the year ended September 30, 2023, the County recognized OPEB expense related to the retiree medical coverage of \$88,007.

At September 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Recourses</u>	<u>Deferred Inflows of Recourses</u>
Differences between expected and actual economic experience		
Changes in actuarial assumptions		
Contributions subsequent to the measurement date		
Total	<u>\$ -</u>	<u>\$ -</u>

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

Year Ended December 31:	
2023	\$ -
2024	-
2025	-
2026	-
Thereafter	-
	<u>\$ -</u>

HOWARD COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10: 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 2023, 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 11: 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, 2023, does not differ materially from their aggregate carrying values recorded in the accompanying statement of financial position. The estimate is based on the assumption that fair value approximates carrying values due to short initial maturities. Financial instruments consist of cash, accounts receivables, inventory, accounts payable, and payroll liabilities.

REQUIRED SUPPLEMENTARY INFORMATION

HOWARD COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budget</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 13,047,887	\$ 13,574,000	\$ 13,574,850	\$ 850
Licenses and permits	9,700	5,000	5,273	273
Fees and charges for services	1,322,314	1,575,700	1,568,814	(6,886)
Fines, forfeitures and settlements	392,590	376,820	356,292	(20,528)
Intergovernmental	972,883	4,008,163	4,009,126	963
Investment earnings	44,000	688,380	689,984	1,604
Other miscellaneous	160,905	278,960	300,206	21,246
Total Revenues	<u>15,950,279</u>	<u>20,507,023</u>	<u>20,504,545</u>	<u>(2,478)</u>
EXPENDITURES:				
Current:				
General administration	680,057	710,865	666,905	43,960
Judicial	3,113,945	3,188,511	2,840,144	348,367
Elections	296,480	309,744	290,437	19,307
Financial administration	1,557,655	1,582,293	1,536,886	45,407
Public facilities	808,714	801,375	749,818	51,557
Public safety	8,155,102	8,604,018	7,467,058	1,136,960
Health and welfare	11,740	12,065	3,127	8,938
Conservation	125,449	128,046	112,501	15,545
Library	618,674	618,754	554,043	64,711
Other supported services	2,206,511	4,513,961	1,983,460	2,530,501
Intergovernmental	1,134,696	1,337,148	1,322,837	14,311
Debt service				
Principal			15,529	(15,529)
Interest				
Capital outlay			<u>2,335,931</u>	<u>(2,335,931)</u>
Total Expenditures	<u>18,709,023</u>	<u>21,806,780</u>	<u>19,878,676</u>	<u>1,928,104</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(2,758,744)</u>	<u>(1,299,757)</u>	<u>625,869</u>	<u>1,925,626</u>
OTHER FINANCING SOURCES (USES):				
Transfers in			31,236	31,236
Transfers out	(1,977,444)	(1,965,444)	(551,876)	1,413,568
Total Other Financing Sources (Uses)	<u>(1,977,444)</u>	<u>(1,965,444)</u>	<u>(520,640)</u>	<u>1,444,804</u>
CHANGE IN FUND BALANCE	<u>(4,736,188)</u>	<u>(3,265,201)</u>	<u>105,229</u>	<u>3,370,430</u>
FUND BALANCE - BEGINNING OF YEAR	<u>13,820,279</u>	<u>13,820,279</u>	<u>13,820,279</u>	
FUND BALANCE - END OF YEAR	<u>\$ 9,084,091</u>	<u>\$ 10,555,078</u>	<u>\$ 13,925,508</u>	<u>\$ 3,370,430</u>

HOWARD COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL – ROAD AND BRIDGE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>		
REVENUES:				
Property taxes	\$ 6,894,989	\$ 7,168,000	\$ 7,197,682	\$ 29,682
Licenses and permits	670,000	690,000	719,730	29,730
Intergovernmental	1,506,186	1,494,425	1,512,971	18,546
Investment income	12,000	201,735	201,729	(6)
Other miscellaneous	-	2,975	2,967	(8)
	<u>9,083,175</u>	<u>9,557,135</u>	<u>9,635,079</u>	<u>77,944</u>
Total Revenues				
EXPENDITURES:				
Current:				
Road and bridge	1,391,550	966,125	6,196,867	(5,230,742)
Capital outlay	<u>6,461,000</u>	<u>6,891,038</u>	<u>1,384,662</u>	<u>5,506,376</u>
	<u>7,852,550</u>	<u>7,857,163</u>	<u>7,581,529</u>	<u>275,634</u>
Total Expenditures				
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	1,230,625	1,699,972	2,053,550	353,578
FUND BALANCE - BEGINNING OF YEAR	<u>4,180,152</u>	<u>4,180,152</u>	<u>4,180,152</u>	
FUND BALANCE - END OF YEAR	<u>\$ 5,410,777</u>	<u>\$ 5,880,124</u>	<u>\$ 6,233,702</u>	<u>\$ 353,578</u>

HOWARD COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL – CONTINGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>		
REVENUES:				
Intergovernmental	\$ 20,000	\$ 22,540	\$ 22,540	\$
Investment income	<u>60,000</u>	<u>198,085</u>	<u>198,088</u>	<u>3</u>
Total Revenues	<u>80,000</u>	<u>220,625</u>	<u>220,628</u>	<u>3</u>
EXPENDITURES:				
Elections				
Debt service				
Capital outlay	<u>4,500,000</u>	<u>4,500,000</u>	<u> </u>	<u>4,500,000</u>
Total Expenditures	<u>4,500,000</u>	<u>4,500,000</u>	<u> </u>	<u>4,500,000</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(4,420,000)	(4,279,375)	220,628	4,500,003
OTHER FINANCING SOURCES (USES):				
Transfers in	150,000	250,000	250,000	
Transfers out		<u>(100,000)</u>	<u>(49,010)</u>	<u>50,990</u>
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>200,990</u>	<u>50,990</u>
CHANGE IN FUND BALANCE	(4,270,000)	(4,129,375)	421,618	4,550,993
FUND BALANCE - BEGINNING OF YEAR	<u>4,563,022</u>	<u>4,563,022</u>	<u>4,563,022</u>	
FUND BALANCE - END OF YEAR	<u>\$ 293,022</u>	<u>\$ 433,647</u>	<u>\$ 4,984,640</u>	<u>\$ 4,550,993</u>

HOWARD COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL – AMERICAN RESCUE PLAN ACT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>		
REVENUES:				
Intergovernmental	\$	\$	\$	\$
Investment income	<u>100,000</u>	<u>146,617</u>	<u>146,617</u>	
Total Revenues	<u>100,000</u>	<u>146,617</u>	<u>146,617</u>	
EXPENDITURES:				
Nondepartmental	300,000			
Capital outlay	<u>4,700,000</u>	<u>50,000</u>		<u>50,000</u>
Total Expenditures	<u>5,000,000</u>	<u>50,000</u>		<u>50,000</u>
CHANGE IN FUND BALANCE	(4,900,000)	96,617	146,617	50,000
FUND BALANCE - BEGINNING OF YEAR	<u>25,349</u>	<u>25,349</u>	<u>25,349</u>	
FUND BALANCE - END OF YEAR	\$ <u><u>(4,874,651)</u></u>	\$ <u><u>121,966</u></u>	\$ <u><u>171,966</u></u>	\$ <u><u>50,000</u></u>

HOWARD COUNTY, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR FISCAL YEAR 2023

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
2013	\$ 933,873	\$ 1,033,871	\$ (99,998)	\$ 5,891,943	17.5%
2014	1,069,194	1,369,194	(300,000)	6,356,686	21.5%
2015	1,126,613	1,497,831	(371,218)	7,121,444	21.0%
2016	1,006,406	1,482,936	(476,530)	7,032,886	21.1%
2017	943,717	1,498,895	(555,178)	7,127,774	21.0%
2018	1,015,589	1,580,521	(564,932)	7,613,110	20.8%
2019	1,013,902	1,612,835	(598,933)	7,805,249	20.7%
2020	1,061,809	1,686,619	(624,810)	8,243,859	20.5%
2021	1,004,572	1,735,592	(731,020)	8,535,022	20.3%
2022	1,108,603	1,863,012	(754,409)	9,292,562	20.0%

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

HOWARD COUNTY, TEXAS
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

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.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age (level percentage of pay)
Amortization method	Level percentage of payroll, closed
Remaining amortization period	1.3 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.7%, average over career, including inflation
Investment rate of return	7.50%, net of administrative and investment expenses, 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	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
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 2019: New inflation, mortality and other assumptions were reflected 2022: New investment return and inflation 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 2018: No changes in plan provisions were reflected in the schedule 2019: No changes in plan provisions were reflected in the schedule 2020: No changes in plan provisions were reflected in the schedule 2021: No changes in plan provisions were reflected in the Schedule 2022: No changes in plan provisions were reflected in the Schedule

HOWARD COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 YEARS (WILL ULTIMATELY BE DISPLAYED)
YEARS ENDED DECEMBER 31

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability									
Service cost	\$ 1,272,380	\$ 1,291,807	\$ 1,104,119	\$ 1,069,422	\$ 1,019,464	\$ 1,008,023	\$ 1,128,248	\$ 947,838	\$ 827,613
Interest (on the Total Pension Liability)	3,733,091	3,633,985	3,533,530	3,408,441	3,256,398	3,082,161	2,927,248	2,766,096	2,619,515
Effect of plan changes	-	-	-	-	-	-	-	(136,837)	-
Effect of assumption changes or inputs	-	(276,673)	2,413,224	-	-	313,249	-	436,345	-
Effect of economic/demographic (gains) or loss	(969,612)	(237,343)	8,707	(49,113)	301,884	309,863	(275,957)	116,885	91,161
Benefit payments, including refunds	(3,059,321)	(3,116,291)	(2,993,480)	(2,847,638)	(2,657,318)	(2,493,205)	(2,157,177)	(2,010,499)	(1,861,243)
Net Change in Total Pension Liability	<u>976,538</u>	<u>1,295,485</u>	<u>4,066,100</u>	<u>1,581,112</u>	<u>1,920,428</u>	<u>2,220,091</u>	<u>1,622,362</u>	<u>2,119,828</u>	<u>1,677,046</u>
Total Pension Liability - Beginning	<u>49,348,891</u>	<u>48,053,406</u>	<u>43,987,306</u>	<u>42,406,194</u>	<u>40,485,767</u>	<u>38,265,676</u>	<u>36,643,314</u>	<u>34,523,486</u>	<u>32,846,440</u>
Total Pension Liability - Ending (a)	<u>\$ 50,325,429</u>	<u>\$ 49,348,891</u>	<u>\$ 48,053,406</u>	<u>\$ 43,987,306</u>	<u>\$ 42,406,195</u>	<u>\$ 40,485,767</u>	<u>\$ 38,265,676</u>	<u>\$ 36,643,314</u>	<u>\$ 34,523,486</u>
Plan Fiduciary Net Position									
Contributions - Employer	\$ 1,863,012	\$ 1,735,592	\$ 1,686,619	\$ 1,612,835	\$ 1,580,521	\$ 1,498,895	\$ 1,482,936	\$ 1,497,831	\$ 1,369,194
Contributions - Employee	650,479	597,452	577,070	546,367	532,918	498,944	492,302	498,501	444,968
Net Investment Income	(3,176,932)	9,977,290	4,363,344	6,064,523	(718,277)	4,929,629	2,344,783	64,306	2,022,247
Benefit payments, including refunds	(3,059,321)	(3,116,291)	(2,993,480)	(2,847,638)	(2,657,318)	(2,493,205)	(2,157,178)	(2,010,499)	(1,861,243)
Administrative Expense	(30,007)	(29,749)	(33,537)	(32,197)	(29,658)	(25,424)	(25,469)	(22,706)	(23,483)
Other	(30,895)	(9,568)	(17,984)	(17,684)	(12,363)	(6,877)	28,554	178,997	(26,028)
Net Change in Plan Fiduciary Net Position	<u>(3,783,664)</u>	<u>9,154,726</u>	<u>3,582,032</u>	<u>5,326,206</u>	<u>(1,304,177)</u>	<u>4,401,962</u>	<u>2,165,928</u>	<u>206,430</u>	<u>1,925,655</u>
Plan Fiduciary Net Position - Beginning	<u>54,987,991</u>	<u>45,833,265</u>	<u>42,251,234</u>	<u>36,925,028</u>	<u>38,229,205</u>	<u>33,827,243</u>	<u>31,661,315</u>	<u>31,454,885</u>	<u>29,529,230</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 51,204,327</u>	<u>\$ 54,987,991</u>	<u>\$ 45,833,266</u>	<u>\$ 42,251,234</u>	<u>\$ 36,925,028</u>	<u>\$ 38,229,205</u>	<u>\$ 33,827,243</u>	<u>\$ 31,661,315</u>	<u>\$ 31,454,885</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ (878,898)</u>	<u>\$ (5,639,100)</u>	<u>\$ 2,220,140</u>	<u>\$ 1,736,072</u>	<u>\$ 5,481,167</u>	<u>\$ 2,256,562</u>	<u>\$ 4,438,433</u>	<u>\$ 4,981,999</u>	<u>\$ 3,068,601</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.75%	111.43%	95.38%	96.05%	87.07%	94.43%	88.40%	86.40%	91.11%
Covered Employee Payroll	\$ 9,292,562	\$ 8,535,022	\$ 8,243,859	\$ 7,613,110	\$ 7,613,110	\$ 7,127,774	\$ 7,032,886	\$ 7,121,444	\$ 6,355,686
Net Pension Liability as a Percentage of Covered Employee Payroll	-9.46%	-66.07%	26.93%	22.80%	72.00%	31.66%	63.11%	69.96%	48.28%

HOWARD COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 YEARS (WILL ULTIMATELY BE DISPLAYED)
YEARS ENDED SEPTEMBER 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability - Group Term Life Insurance						
Service cost	\$ 21,978	\$ 21,329	\$ 18,369	\$ 12,851	\$ 15,374	\$ 13,401
Interest (on the Total OPEB Liability)	13,805	13,526	15,475	17,858	15,875	15,627
Effect of plan changes	-	-	-	-	-	-
Effect of assumption changes or inputs	(166,568)	12,822	65,169	109,242	(46,723)	12,651
Effect of economic/demographic (gains) or losses	(9,849)	291	(12,364)	(185)	7,111	18,763
Benefit payments, including refunds	<u>(16,727)</u>	<u>(16,217)</u>	<u>(16,488)</u>	<u>(15,610)</u>	<u>(14,465)</u>	<u>(14,256)</u>
Net Change in OPEB Liability	<u>(157,361)</u>	<u>31,751</u>	<u>70,161</u>	<u>124,156</u>	<u>(22,828)</u>	<u>46,186</u>
Total OPEB Liability - Beginning	<u>656,512</u>	<u>624,761</u>	<u>554,600</u>	<u>430,444</u>	<u>453,272</u>	<u>407,086</u>
Total OPEB Liability - Ending (a)	<u>\$ 499,151</u>	<u>\$ 656,512</u>	<u>\$ 624,761</u>	<u>\$ 554,600</u>	<u>\$ 430,444</u>	<u>\$ 453,272</u>
Plan Fiduciary Net Position (b)	-	-	-	-	-	-
Net OPEB Liability - Ending (a)-(b)	<u>\$ 499,151</u>	<u>\$ 656,512</u>	<u>\$ 624,761</u>	<u>\$ 554,600</u>	<u>\$ 430,444</u>	<u>\$ 453,272</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 9,292,562	\$ 8,535,022	\$ 8,243,859	\$ 7,805,249	\$ 7,613,110	\$ 7,127,774
Net OPEB Liability as a Percentage of Covered Employee Payroll	5.37%	7.69%	7.58%	7.11%	5.65%	6.36%

HOWARD COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 YEARS (WILL ULTIMATELY BE DISPLAYED)
YEARS ENDED SEPTEMBER 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability - Retiree Medical Plan						
Service cost	\$ 38,009	\$ 80,987	\$ 90,988	\$ 106,291	\$ 106,291	\$ 79,357
Interest (on the Total OPEB Liability)	274,483	189,169	207,761	259,416	350,881	359,347
Differences between expected and actual experience	(158,822)	(349,575)	(599,034)	(455,099)	(432,032)	-
Effect of assumption changes or inputs	(65,663)	(2,215,553)	(192,026)	(174,036)	1,454,496	-
Other changes	-	840	-	-	-	-
Benefit payments, including refunds	(311,578)	(320,457)	(327,564)	(364,896)	(374,214)	(380,762)
Net Change in Total OPEB Liability	(223,571)	(2,614,589)	(819,875)	(628,324)	1,105,422	57,942
Total OPEB Liability - Beginning	5,872,142	8,486,731	9,306,606	9,934,930	8,829,508	8,771,566
Total OPEB Liability - Ending (a)	\$ <u>5,648,571</u>	\$ <u>5,872,142</u>	\$ <u>8,486,731</u>	\$ <u>9,306,606</u>	\$ <u>9,934,930</u>	\$ <u>8,829,508</u>
Plan Fiduciary Net Position (b)	-	-	-	-	-	-
Net OPEB Liability - Ending (a)-(b)	\$ <u>5,648,571</u>	\$ <u>5,872,142</u>	\$ <u>8,486,731</u>	\$ <u>9,306,606</u>	\$ <u>9,934,930</u>	\$ <u>8,829,508</u>

OTHER SUPPLEMENTARY INFORMATION

HOWARD COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>		
REVENUES:				
Property taxes	\$ 696,492	\$ 723,645	\$ 724,519	\$ 874
Investment income	100	130	138	8
Other miscellaneous		20	20	
	<u>696,592</u>	<u>723,795</u>	<u>724,677</u>	<u>882</u>
EXPENDITURES:				
Debt service				
Principal	505,000	505,000	505,000	
Interest	246,438	246,438	246,138	300
	<u>751,438</u>	<u>751,438</u>	<u>751,138</u>	<u>300</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(54,846)	(27,643)	(26,461)	1,182
FUND BALANCE - BEGINNING OF YEAR	<u>67,068</u>	<u>67,068</u>	<u>67,068</u>	
FUND BALANCE - END OF YEAR	<u>\$ 12,222</u>	<u>\$ 39,425</u>	<u>\$ 40,607</u>	<u>\$ 1,182</u>

HOWARD COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL – CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budget			Variance
	Original	Amended	Actual	Favorable (Unfavorable)
REVENUES:				
Investment income	\$	-	\$ 4	\$ 4
Total Revenues			4	4
EXPENDITURES:				
Current:				
Other supported services				
Capital outlay	100,000	62,701	62,701	
Total Expenditures	100,000	62,701	62,701	
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(100,000)	(62,701)	(62,697)	4
OTHER FINANCING SOURCES (USES):				
Transfers in	100,000	49,100	49,010	(90)
Total Other Financing Sources (Uses)	100,000	49,100	49,010	(90)
CHANGE IN FUND BALANCE		(13,601)	(13,687)	(86)
FUND BALANCE - BEGINNING OF YEAR	13,687	13,687	13,687	
FUND BALANCE - END OF YEAR	\$ 13,687	\$ 86	\$	\$ (86)

HOWARD COUNTY, TEXAS
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Law Library	Indigent Health Care	Courthouse Security	Justice Court Building Security	Special Court	Court Report Services	Local Truancy Prevention
ASSETS							
Cash and cash investments	\$ 9,290	\$ 2,990	16,826	\$ 45,207	\$ 10,670	\$ 18,966	\$ 32,312
Property tax, net							
Intergovernmental receivable	-						
Prepaid expenses							
Interfund balances							
Total Assets	\$ 9,290	\$ 2,990	\$ 16,826	\$ 45,207	\$ 10,670	\$ 18,966	\$ 32,312
LIABILITIES							
Accounts payable	\$ 2,947	\$ -	\$	\$	\$	\$	\$
Wages payable		2,860	1,568			-	
Total Liabilities	2,947	2,860	1,568				
DEFERRED INFLOWS OF RECOURCES							
Deferred revenue							
Total Deferred Inflows of Recources							
FUND EQUITY							
Nonspendable for prepaids							
Restricted for debt service							
Restricted for capital improvement							
Restricted fund balances	6,343	130	15,258	45,207	10,670	18,966	32,312
Total Fund Balance	6,343	130	15,258	45,207	10,670	18,966	32,312
Total Liabilities and Fund Balance	\$ 9,290	\$ 2,990	\$ 16,826	\$ 45,207	\$ 10,670	\$ 18,966	\$ 32,312

HOWARD COUNTY, TEXAS
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS-CONTINUED
SEPTEMBER 30, 2023

	<u>Child Abuse</u>	<u>Records</u>	<u>Records</u>	<u>Vital</u>	<u>Records</u>	<u>Records</u>	<u>Juvenile</u>
	<u>Prevention</u>	<u>Management</u>	<u>Archive</u>	<u>Records</u>	<u>Management</u>	<u>Management</u>	<u>Delinquency</u>
	<u> </u>	<u> Court Fees</u>	<u> County Clerk</u>	<u> Preservation</u>	<u> Doc Filing</u>	<u> Court Fees</u>	<u> Prevention</u>
ASSETS							
Cash and cash investments	\$ 5,869	\$ 45,742	\$ 830,386	\$ 25,886	\$ 735,842	\$ 40,008	\$ 27
Property tax, net							
Intergovernmental receivable							
Prepaid expenses							
Interfund balances							
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>5,869</u>	\$ <u>45,742</u>	\$ <u>830,386</u>	\$ <u>25,886</u>	\$ <u>735,842</u>	\$ <u>40,008</u>	\$ <u>27</u>
LIABILITIES							
Accounts payable	\$	\$	\$	\$	\$ 6,132	\$	\$
Wages payable							
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities					6,132		
DEFERRED INFLOWS OF RECOURCES							
Deferred revenue							
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Recources							
FUND EQUITY							
Nonspendable for prepaids							
Restricted for debt service							
Restricted for capital improvement							
Restricted fund balances	<u>5,869</u>	<u>45,742</u>	<u>830,386</u>	<u>25,886</u>	<u>729,710</u>	<u>40,008</u>	<u>27</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>5,869</u>	<u>45,742</u>	<u>830,386</u>	<u>25,886</u>	<u>729,710</u>	<u>40,008</u>	<u>27</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	\$ <u>5,869</u>	\$ <u>45,742</u>	\$ <u>830,386</u>	\$ <u>25,886</u>	\$ <u>735,842</u>	\$ <u>40,008</u>	\$ <u>27</u>

HOWARD COUNTY, TEXAS
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS-CONTINUED
SEPTEMBER 30, 2023

	<u>Justice Court Technology</u>	<u>District Court Records Technology</u>	<u>Alternative Dispute Resolution</u>	<u>County Court Technology</u>	<u>District Court Technology</u>	<u>District Court Records Archive</u>	<u>District Cour Records Preservation</u>
ASSETS							
Cash and cash investments	\$ 12,135	\$ 13,412	\$ 33,242	\$ 3,758	\$ 2,172	\$ 18,628	\$ 22,736
Property tax, net							
Intergovernmental receivable							
Prepaid expenses							
Interfund balances							
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>12,135</u>	\$ <u>13,412</u>	\$ <u>33,242</u>	\$ <u>3,758</u>	\$ <u>2,172</u>	\$ <u>18,628</u>	\$ <u>22,736</u>
LIABILITIES							
Accounts payable	\$	\$	\$	\$	\$	\$	\$
Wages payable							
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEFERRED INFLOWS OF RECOURCES							
Deferred revenue							
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Recources	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND EQUITY							
Nonspendable for prepaids							
Restricted for debt service							
Restricted for capital improvement							
Restricted fund balances	<u>12,135</u>	<u>13,412</u>	<u>33,242</u>	<u>3,758</u>	<u>2,172</u>	<u>18,628</u>	<u>22,736</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>12,135</u>	<u>13,412</u>	<u>33,242</u>	<u>3,758</u>	<u>2,172</u>	<u>18,628</u>	<u>22,736</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	\$ <u>12,135</u>	\$ <u>13,412</u>	\$ <u>33,242</u>	\$ <u>3,758</u>	\$ <u>2,172</u>	\$ <u>18,628</u>	\$ <u>22,736</u>

HOWARD COUNTY, TEXAS
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS-CONTINUED
SEPTEMBER 30, 2023

	<u>County Court Records Preservation</u>	<u>FEMA Fund</u>	<u>County Attorney Diversionary</u>	<u>County Library Donation</u>	<u>Communi- cation Systems</u>	<u>Communi- cation Main Fund</u>	<u>HAVA Election Security Grant</u>
ASSETS							
Cash and cash investments	\$ 8,862	\$ 1	\$ 132,385	\$ 1,058,931	\$ 144,886	\$ 21,804	\$
Property tax, net							
Intergovernmental receivable					30,250		
Prepaid expenses							
Interfund balances							
Total Assets	<u>\$ 8,862</u>	<u>\$ 1</u>	<u>\$ 132,385</u>	<u>\$ 1,058,931</u>	<u>\$ 175,136</u>	<u>\$ 21,804</u>	<u>\$</u>
LIABILITIES							
Accounts payable	\$	\$	\$ 9,431	\$	\$	\$	\$
Wages payable							
Total Liabilities			<u>9,431</u>				
DEFERRED INFLOWS OF RECOURCES							
Deferred revenue							-
Total Deferred Inflows of Recources							
FUND EQUITY							
Nonspendable for prepaids							
Restricted for debt service							
Restricted for capital improvement							
Restricted fund balances	<u>8,862</u>	<u>1</u>	<u>122,954</u>	<u>1,058,931</u>	<u>175,136</u>	<u>21,804</u>	
Total Fund Balance	<u>8,862</u>	<u>1</u>	<u>122,954</u>	<u>1,058,931</u>	<u>175,136</u>	<u>21,804</u>	
Total Liabilities and Fund Balance	<u>\$ 8,862</u>	<u>\$ 1</u>	<u>\$ 132,385</u>	<u>\$ 1,058,931</u>	<u>\$ 175,136</u>	<u>\$ 21,804</u>	<u>\$</u>

HOWARD COUNTY, TEXAS
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS-CONTINUED
SEPTEMBER 30, 2023

	Election Administration	LEOSE District Attorney	LEOSE Sheriff	Sheriff Donations	Cash Bond	Court Cost	MHMR Officers
ASSETS							
Cash and cash investments	\$ 226,938	\$ 1,060	\$ 14,900	\$ 160,714	\$ 37,525	\$ 52,096	\$ 53,868
Property tax, net							
Intergovernmental receivable							21,363
Prepaid expenses							
Interfund balances							
Total Assets	\$ 226,938	\$ 1,060	\$ 14,900	\$ 160,714	\$ 37,525	\$ 52,096	\$ 75,231
LIABILITIES							
Accounts payable	\$ -	\$	\$	\$ 1,839	\$	\$ 52,096	\$
Wages payable							5,152
Total Liabilities				1,839		52,096	5,152
DEFERRED INFLOWS OF RECOURCES							
Deferred revenue							
Total Deferred Inflows of Recources							
FUND EQUITY							
Nonspendable for prepaids							
Restricted for debt service							
Restricted for capital improvement							
Restricted fund balances	226,938	1,060	14,900	158,875	37,525		70,079
Total Fund Balance	226,938	1,060	14,900	158,875	37,525		70,079
Total Liabilities and Fund Balance	\$ 226,938	\$ 1,060	\$ 14,900	\$ 160,714	\$ 37,525	\$ 52,096	\$ 75,231

HOWARD COUNTY, TEXAS
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS-CONTINUED
SEPTEMBER 30, 2023

	School Resource Officer	Scofflaw Fund	County Attorney Hot Check	District Attorney Forfeiture	Sheriff Forfeiture	Jail Commissary	Chapter 19
ASSETS							
Cash and cash investments	\$ 736	\$ 15,831	\$ 2,207	\$ 193,708	\$ 67,533	\$ 56,253	\$
Property tax, net							
Intergovernmental receivable	2,381						
Prepaid expenses							
Interfund balances							
Total Assets	\$ 3,117	\$ 15,831	\$ 2,207	\$ 193,708	\$ 67,533	\$ 56,253	\$
LIABILITIES							
Accounts payable	\$ 450			\$ 2,813		\$ 5,478	
Wages payable	2,503						
Total Liabilities	2,953			2,813		5,478	
DEFERRED INFLOWS OF RECOURCES							
Deferred revenue							
Total Deferred Inflows of Recourses							
FUND EQUITY							
Nonspendable for prepaids							
Restricted for debt service							
Restricted for capital improvement							
Restricted fund balances	164	15,831	2,207	190,895	67,533	50,775	
Total Fund Balance	164	15,831	2,207	190,895	67,533	50,775	
Total Liabilities and Fund Balance	\$ 3,117	\$ 15,831	\$ 2,207	\$ 193,708	\$ 67,533	\$ 56,253	\$

HOWARD COUNTY, TEXAS
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS-CONTINUED
SEPTEMBER 30, 2023

	Assessor Collector Special Inventory	Abandoned Property	Unclaimed Money	Total Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS							
Cash and cash investments	\$ 23,042	\$ 11,779	\$ 30,777	\$ 4,241,940	\$ 40,059		\$ 4,281,999
Property tax, net					80,004		80,004
Intergovernmental receivable		40		54,034			54,034
Prepaid expenses							
Interfund balances					848		848
Total Assets	\$ 23,042	\$ 11,819	\$ 30,777	\$ 4,295,974	120,911		4,416,885
LIABILITIES							
Accounts payable	\$ 3,280	\$ 918		\$ 85,384	\$ 300		\$ 85,684
Wages payable				12,083			12,083
Total Liabilities	3,280	918		97,467	300		97,767
DEFERRED INFLOWS OF RECOURCES							
Deferred revenue					80,004		80,004
Total Deferred Inflows of Recources					80,304		80,004
FUND EQUITY							
Nonspendable for prepaids							
Restricted for debt service					40,607		40,607
Restricted for capital improvement							
Restricted fund balances	19,762	10,901	30,777	4,198,507			4,198,507
Total Fund Balance	19,762	10,901	30,777	4,198,507	40,607		4,239,114
Total Liabilities and Fund Balance	\$ 23,042	\$ 11,819	\$ 30,777	\$ 4,295,974	\$ 120,911		\$ 4,416,885

HOWARD COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Law Library</u>	<u>Indigent Health Care</u>	<u>Courthouse Security</u>	<u>Justice Court Building Security</u>	<u>Special Court</u>
REVENUES:					
Property taxes	\$	\$	\$	\$	\$
Fees and charges for services	22,492		31,682	178	3,865
Fines, forfeitures and settlements					
Intergovernmental					
Investment income	436		129	1,948	16
Other miscellaneous					
	<u>22,928</u>		<u>31,811</u>	<u>2,126</u>	<u>3,881</u>
Total Revenues					
EXPENDITURES:					
Current:					
General administration					
Judicial	30,841				
Elections					
Financial administration					
Public facilities					
Public safety			95,436		
Health and welfare		186,985			
Conservation					
Library					
Other supported services					
Intergovernmental					
Road and bridge					
Debt service					
Principal					
Interest					
Capital outlay					
	<u>30,841</u>	<u>186,985</u>	<u>95,436</u>		
Total Expenditures					
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(7,913)	(186,985)	(63,625)	2,126	3,881
OTHER FINANCING SOURCES (USES):					
Transfers in		184,000	70,500		
Transfers out					
Total Other Financing Sources (Uses)		<u>184,000</u>	<u>70,500</u>		
NET CHANGE IN FUND BALANCE	(7,913)	(2,985)	6,875	2,126	3,881
FUND BALANCE - BEGINNING OF YEAR	<u>14,256</u>	<u>3,115</u>	<u>8,383</u>	<u>43,081</u>	<u>6,789</u>
FUND BALANCE - END OF YEAR	\$ <u>6,343</u>	\$ <u>130</u>	\$ <u>15,258</u>	\$ <u>45,207</u>	\$ <u>10,670</u>

HOWARD COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Court Report Services</u>	<u>Local Truancy Prevention</u>	<u>Child Abuse Prevention</u>	<u>Records Management Court Fees</u>	<u>Records Archive County Clerk</u>
REVENUES:					
Property taxes	\$	\$	\$	\$	\$
Fees and charges for services	16,462	6,215	88	12,298	102,680
Fines, forfeitures and settlements					
Intergovernmental					
Investment income	594	55	177	698	36,117
Other miscellaneous					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	<u>17,056</u>	<u>6,270</u>	<u>265</u>	<u>12,996</u>	<u>138,797</u>
EXPENDITURES:					
Current:					
General administration					
Judicial	35,276				156,135
Elections					
Financial administration					
Public facilities					
Public safety					
Health and welfare					
Conservation					
Library					
Other supported services					
Intergovernmental					
Road and bridge					
Debt service					
Principal					
Interest					
Capital outlay					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>35,276</u>	<hr/>	<hr/>	<hr/>	<u>156,135</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(18,220)	6,270	265	12,996	(17,338)
OTHER FINANCING SOURCES (USES):					
Transfers in					
Transfers out					
Total Other Financing Sources (Uses)	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(18,220)	6,270	265	12,996	(17,338)
FUND BALANCE - BEGINNING OF YEAR	<u>37,186</u>	<u>26,042</u>	<u>5,604</u>	<u>32,746</u>	<u>847,724</u>
FUND BALANCE - END OF YEAR	<u>\$ 18,966</u>	<u>\$ 32,312</u>	<u>\$ 5,869</u>	<u>\$ 45,742</u>	<u>\$ 830,386</u>

HOWARD COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Vital Records Preservation</u>	<u>Records Management Doc Filing</u>	<u>Records Management Court Fees</u>	<u>Juvenile Delinquency Prevention</u>	<u>Justice Court Technology</u>
REVENUES:					
Property taxes	\$	\$	\$	\$	\$
Fees and charges for services	4,223	107,670	5,283		
Fines, forfeitures and settlements					5,712
Intergovernmental					481
Investment income	810	23,386	1,205		
Other miscellaneous					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	5,033	131,056	6,488		6,193
EXPENDITURES:					
Current:					
General administration					
Judicial	-	8,902	2,985		18,035
Elections					
Financial administration					
Public facilities					
Public safety					
Health and welfare					
Conservation					
Library					
Other supported services					
Intergovernmental					
Road and bridge					
Debt service					
Principal					
Interest					
Capital outlay					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures		8,902	2,985		18,035
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	5,033	122,154	3,503		(11,842)
OTHER FINANCING SOURCES (USES):					
Transfers in					
Transfers out					
Total Other Financing Sources (Uses)					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	5,033	122,154	3,503		(11,842)
FUND BALANCE - BEGINNING OF YEAR	<u>20,853</u>	<u>607,556</u>	<u>36,505</u>	<u>27</u>	<u>23,977</u>
FUND BALANCE - END OF YEAR	\$ <u>25,886</u>	\$ <u>729,710</u>	\$ <u>40,008</u>	\$ <u>27</u>	\$ <u>12,135</u>

HOWARD COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS – continued
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>District Court Records Technology</u>	<u>Alternative Dispute Resolution</u>	<u>County Court Technology</u>	<u>District Court Technology</u>	<u>District Court Records Archive</u>
REVENUES:					
Property taxes	\$	\$	\$	\$	\$
Fees and charges for services	400	12,451	533	262	152
Fines, forfeitures and settlements					
Intergovernmental					
Investment income	278	629	84	50	741
Other miscellaneous					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	678	13,080	617	312	893
EXPENDITURES:					
Current:					
General administration					
Judicial		4,400		-	
Elections					
Financial administration					
Public facilities					
Public safety					
Health and welfare					
Conservation					
Library					
Other supported services					
Intergovernmental					
Road and bridge					
Debt service					
Principal					
Interest					
Capital outlay					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures		4,400			
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	678	8,680	617	312	893
OTHER FINANCING SOURCES (USES):					
Transfers in					
Transfers out					
Total Other Financing Sources (Uses)					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	678	8,680	617	312	893
FUND BALANCE - BEGINNING OF YEAR	<u>12,734</u>	<u>24,562</u>	<u>3,141</u>	<u>1,860</u>	<u>17,735</u>
FUND BALANCE - END OF YEAR	<u>\$ 13,412</u>	<u>\$ 33,242</u>	<u>\$ 3,758</u>	<u>\$ 2,172</u>	<u>\$ 18,628</u>

HOWARD COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS – continued
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	District Court Records <u>Preservation</u>	County Court Records <u>Preservation</u>	FEMA Fund	County Attorney <u>Diversionary</u>	County Library <u>Donation</u>
REVENUES:					
Property taxes	\$	\$	\$	\$	\$
Fees and charges for services	413	-		4,900	
Fines, forfeitures and settlements					
Intergovernmental					
Investment income	542	216	1	5,381	39,796
Other miscellaneous					<u>103,224</u>
Total Revenues	<u>955</u>	<u>216</u>	<u>1</u>	<u>10,281</u>	<u>143,020</u>
EXPENDITURES:					
Current:					
General administration					
Judicial				10,538	
Elections					
Financial administration					
Public facilities					
Public safety					
Health and welfare					
Conservation					
Library					-
Other supported services					
Intergovernmental					
Road and bridge					
Debt service					
Principal					
Interest					
Capital outlay			-		
Total Expenditures				<u>10,538</u>	
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	955	216	1	(257)	143,020
OTHER FINANCING SOURCES (USES):					
Transfers in					
Transfers out					
Total Other Financing Sources (Uses)					
NET CHANGE IN FUND BALANCE	955	216	1	(257)	143,020
FUND BALANCE - BEGINNING OF YEAR	<u>21,781</u>	<u>8,646</u>		<u>123,211</u>	<u>915,911</u>
FUND BALANCE - END OF YEAR	<u>\$ 22,736</u>	<u>\$ 8,862</u>	<u>\$ 1</u>	<u>\$ 122,954</u>	<u>\$ 1,058,931</u>

HOWARD COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS – continued
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Commun- ication Systems	Commun- ication Main Fund	HAVA Grant	Election Admin- istration	LEOSE District Attorney
REVENUES:					
Property taxes	\$	\$	\$	\$	\$
Fees and charges for services				88,275	
Fines, forfeitures and settlements					
Intergovernmental	57,750	2,750			565
Investment income	3,364	99	70	480	1
Other miscellaneous					
Total Revenues	61,114	2,849	70	88,755	566
EXPENDITURES:					
Current:					
General administration					
Judicial	1,242	810			-
Elections				6,121	
Financial administration					
Public facilities					
Public safety					
Health and welfare					
Conservation					
Library					
Other supported services					
Intergovernmental					
Road and bridge					
Debt service					
Principal					
Interest					
Capital outlay	31,003				
Total Expenditures	32,245	810		6,121	
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	28,869	2,039	70	82,634	566
OTHER FINANCING SOURCES (USES):					
Transfers in	22,500	2,250			
Transfers out			(13,339)	13,339	
Total Other Financing Sources (Uses)	22,500	2,250	(13,339)	13,339	
NET CHANGE IN FUND BALANCE	51,369	4,289	(13,269)	95,973	566
FUND BALANCE - BEGINNING OF YEAR	123,767	17,515	13,269	130,965	494
FUND BALANCE - END OF YEAR	\$ 175,136	\$ 21,804	\$	\$ 226,938	\$ 1,060

HOWARD COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS – continued
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	LEOSE Sheriff	Sheriff Donations	Cash Bond	Court Cost	MHMR Officers
REVENUES:					
Property taxes	\$	\$	\$	\$	\$
Fees and charges for services			16,000		
Fines, forfeitures and settlements				31,236	
Intergovernmental	3,392				256,356
Investment income	372	5,522			113
Other miscellaneous		112,100			
	3,764	117,622	16,000	31,236	256,469
Total Revenues					
EXPENDITURES:					
Current:					
General administration					
Judicial			750		
Elections					
Financial administration					
Public facilities					
Public safety	4,020	20,171			
Health and welfare					286,931
Conservation					
Library					
Other supported services					
Intergovernmental					
Road and bridge					
Debt service					
Principal					
Interest					
Capital outlay					
	4,020	20,171	750		286,931
Total Expenditures					
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(256)	97,451	15,250	31,236	(30,462)
OTHER FINANCING SOURCES (USES):					
Transfers in					
Transfers out				(31,236)	
Total Other Financing Sources (Uses)				(31,236)	
NET CHANGE IN FUND BALANCE	(256)	97,451	15,250		(30,462)
FUND BALANCE - BEGINNING OF YEAR	15,156	61,424	22,275		100,541
FUND BALANCE - END OF YEAR	\$ 14,900	\$ 158,875	\$ 37,525	\$	\$ 70,079

HOWARD COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS – continued
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>School Resource Officer</u>	<u>Scofflaw Fund</u>	<u>County Attorney Hot Check</u>	<u>District Attorney Forfeiture</u>	<u>Sheriff Forfeiture</u>
REVENUES:					
Property taxes	\$	\$	\$	\$	\$
Fees and charges for services			469		
Fines, forfeitures and settlements		2,851			
Intergovernmental	135,892				
Investment income	46	559		8,061	722
Other miscellaneous				1,429	-
	<u>135,938</u>	<u>3,410</u>	<u>469</u>	<u>9,490</u>	<u>722</u>
Total Revenues					
EXPENDITURES:					
Current:					
General administration					
Judicial		2,625	368	22,953	
Elections					
Financial administration					
Public facilities					
Public safety	158,497				-
Health and welfare					
Conservation					
Library					
Other supported services					
Intergovernmental					
Road and bridge					
Debt service					
Principal					
Interest					
Capital outlay					
	<u>158,497</u>	<u>2,625</u>	<u>368</u>	<u>22,953</u>	<u>-</u>
Total Expenditures					
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(22,559)	785	101	(13,463)	722
OTHER FINANCING SOURCES (USES):					
Transfers in	22,626				
Transfers out					
Total Other Financing Sources (Uses)	<u>22,626</u>				
NET CHANGE IN FUND BALANCE	67	785	101	(13,463)	722
FUND BALANCE - BEGINNING OF YEAR	<u>97</u>	<u>15,046</u>	<u>2,106</u>	<u>204,358</u>	<u>66,811</u>
FUND BALANCE - END OF YEAR	<u>\$ 164</u>	<u>\$ 15,831</u>	<u>\$ 2,207</u>	<u>\$ 190,895</u>	<u>\$ 67,533</u>

HOWARD COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS – continued
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Jail</u>	<u>Chapter</u>	<u>Assessor</u>	<u>Abandoned</u>	<u>Unclaimed</u>
	<u>Commissary</u>	<u>19</u>	<u>Collector</u>	<u>Property</u>	<u>Money</u>
			<u>Special</u>		
			<u>Inventory</u>		
REVENUES:					
Property taxes	\$	\$	\$	\$	\$
Fees and charges for services	94,800		14,500	16,802	6,084
Fines, forfeitures and settlements					
Intergovernmental		-			
Investment income	2,336		410	78	865
Other miscellaneous					
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>97,136</u>	<u> </u>	<u>14,910</u>	<u>16,880</u>	<u>6,949</u>
EXPENDITURES:					
Current:					
General administration			2,293	14,883	
Judicial					
Elections		-			
Financial administration					
Public facilities					
Public safety	109,572				
Health and welfare					
Conservation					
Library					
Other supported services					
Intergovernmental					
Road and bridge					
Debt service					
Principal					
Interest					
Capital outlay					
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>109,572</u>	<u> </u>	<u>2,293</u>	<u>14,883</u>	<u> </u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(12,436)		12,617	1,997	6,949
OTHER FINANCING SOURCES (USES):					
Transfers in					
Transfers out					
Total Other Financing Sources (Uses)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET CHANGE IN FUND BALANCE	(12,436)		12,617	1,997	6,949
FUND BALANCE - BEGINNING OF YEAR	<u>63,211</u>	<u> </u>	<u>7,145</u>	<u>8,904</u>	<u>23,828</u>
FUND BALANCE - END OF YEAR	<u>\$ 50,775</u>	<u>\$ </u>	<u>\$ 19,762</u>	<u>\$ 10,901</u>	<u>\$ 30,777</u>

HOWARD COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS – continued
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Total Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES:				
Property taxes	\$	\$ 724,519	\$	\$ 724,519
Fees and charges for services	569,177			569,177
Fines, forfeitures and settlements	39,799			39,799
Intergovernmental	456,705			456,705
Investment income	136,868	138	4	137,010
Other miscellaneous	216,753	20		216,773
	1,419,302	724,677	4	2,143,983
EXPENDITURES:				
Current:				
General administration	17,176			17,176
Judicial	295,860			295,860
Elections	6,121			6,121
Financial administration				
Public facilities				
Public safety	387,696			387,696
Health and welfare	473,916			473,916
Conservation				
Library				
Other supported services				
Intergovernmental				
Road and bridge				
Debt service				
Principal		505,000		505,000
Interest		246,138		246,138
Capital outlay	31,003		62,701	93,704
	1,211,772	751,138	62,701	2,025,611
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	207,530	(26,461)	(62,697)	118,372
OTHER FINANCING SOURCES (USES):				
Transfers in	301,876		49,010	350,886
Transfers out	(31,236)			(31,236)
Total Other Financing Sources (Uses)	270,640		49,010	319,650
NET CHANGE IN FUND BALANCE	478,170	(26,461)	(13,687)	438,022
FUND BALANCE - BEGINNING OF YEAR	3,720,337	67,068	13,687	3,801,092
FUND BALANCE - END OF YEAR	\$ 4,198,507	\$ 40,607	\$	\$ 4,239,114

SINGLE AUDIT SECTION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the 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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 8, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Howard County, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Howard County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.


A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Roberts & McGee, CPA

Abilene, Texas
March 8, 2024

ROBERTS & MCGEE, CPA

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE TEXAS GRANT MANAGEMENT STANDARDS

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Howard County, Texas' compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Texas Grant Management Standards that could have a direct and material effect on each of Howard County, Texas' major federal and state programs for the year ended September 30, 2023. Howard County, Texas' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Howard County, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Texas Grant Management Standards (TxGMS). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Howard County, Texas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Howard County, Texas' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the organization's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Howard County, Texas' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Howard County, Texas' compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the TxGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Howard County, Texas' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Howard County, Texas' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance and TxGMS, but not for the purpose of expressing an opinion on the effectiveness of Howard County, Texas' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the TxGMS. Accordingly, this report is not suitable for any other purpose.

Roberts + McGee, CPA
Roberts & McGee, CPA

Abilene, Texas
March 8, 2024

HOWARD COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Grant\ Contract Number	Grant Expenditures
<u>Federal Awards</u>			
<u>U.S. Department of Justice</u>			
Office of Justice Programs			
Bulletproof Vest Partnership Program	16.607	256110	\$ 922
Equitable Sharing Program	16.922	TX1140000	1,316
Total U.S. Department of Justice			<u>2,238</u>
<u>U.S. Department of Treasury</u>			
Direct Program			
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT-3762	2,750,155
Total U.S. Department of Treasury			<u>2,750,155</u>
<u>Institute of Museum and Library Services</u>			
Passed through Texas State Library and Archives Commission			
Grants to States	45.310	903568	876
Total Institute of Museum and Library Services			<u>876</u>
Total Expenditures of Federal Awards			\$ <u>2,753,269</u>
<u>State Awards</u>			
<u>Texas Department of Transportation</u>			
County Transportation Infrastructure Fund Grant	N/A	CTIF-02-115	\$ 1,422,194
Total Texas Department of Transportation			<u>1,422,194</u>
<u>Texas Office of Attorney General - Grants Administration Division</u>			
Statewide Automated Victim Notification Services (SAVNS)	N/A	C-00310	17,531
Total Texas Office of Attorney General			<u>17,531</u>
<u>Texas Office of the Governor</u>			
Bullet Resistant Shield Grant	N/A	4641101	13,200
Total Texas Office of the Governor			<u>13,200</u>
<u>Texas Commission of the Arts</u>			
Performance Support Grant	N/A	77756981	425
Performance Support Grant	N/A	77756974	237
Total Texas Commission of the Arts			<u>662</u>
<u>Texas Indigent Defense Commission (TIDC)</u>			
Formula Grant Program	N/A	212-23-114	30,394
Total Texas Indigent Defense Commission			<u>30,394</u>
Total Expenditures of State Awards			\$ <u>1,483,981</u>

HOWARD COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all applicable federal and state awards of Howard County, Texas for the year ended September 30, 2023. The County's reporting entity is defined in Note 1 of the financial statements. Federal and Texas State awards are included on the Schedule of Expenditures of Federal and State Awards. The information is presented in accordance with the requirements of the Uniform Guidance and the Texas Grant Management Standards (TxGMS). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or change in net position of the County.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the accompanying Schedule of Expenditures of Federal and State Awards are reported on the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the TxGMS, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

The format for the Schedule of Expenditures of Federal and State Awards has been prescribed by the Uniform Guidance and the TxGMS. Such format includes revenue and expenditures recognized in Howard County, Texas' financial statements. The County has not elected to use the 10 percent de minimis indirect cost rate as allowed. There are no subrecipients of the federal or state awards.

HOWARD COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

A. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unmodified
2. No significant deficiencies required to be reported in this schedule were disclosed in the audit of the financial statements.
3. Noncompliance which is material to the financial statements: None
4. No significant deficiencies required to be reported in this schedule were disclosed in the audit of the major programs.
5. Type of auditor's report on compliance for major programs: Unmodified
6. Did the audit disclose findings which are required to be reported under Sec. 510(a): No
7. Federal major program:
 - US Department of Treasury - Direct Program
 - ALN 21.027 - Coronavirus State and Local Fiscal Recovery FundsState major program:
 - Texas Department of Transportation
 - County Transportation Infrastructure Fund Grant
8. Dollar threshold used to distinguish between Type A and Type B federal programs: \$750,000
Dollar threshold used to distinguish between Type A and Type B state programs: \$750,000
9. Low-risk auditee for federal programs: No
Low-risk auditee for state programs: Yes

B. Findings Related to the Financial Statements

None

C. Findings and Questioned Costs Related to the Federal and State Award Programs

None

HOWARD COUNTY, TEXAS
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

No Findings or Questioned Costs in Prior Year