

**HOWARD COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**For the fiscal year ended**

**September 30, 2016**

**INTRODUCTORY  
SECTION**

Howard County, Texas  
Comprehensive Annual Financial Report  
September 30, 2016

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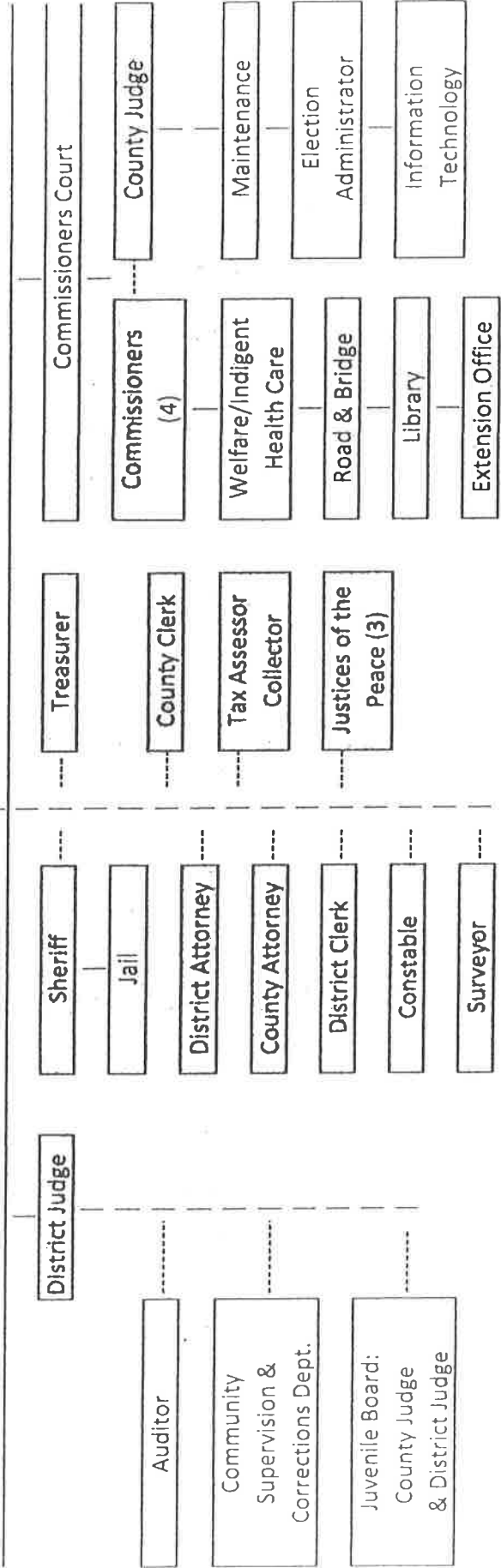
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Howard County, Texas  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2016

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HOWARD COUNTY ORGANIZATIONAL CHART

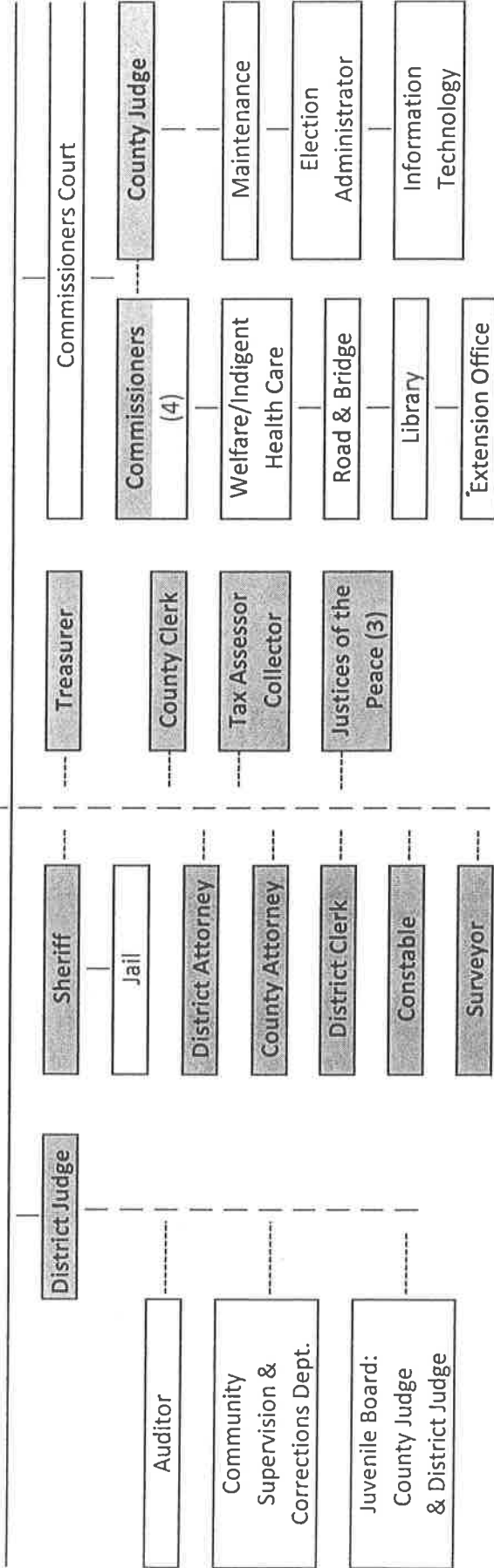
COUNTY VOTERS



Shaded Boxes represent elected positions

HOWARD COUNTY ORGANIZATIONAL CHART

COUNTY VOTERS



Shaded Boxes represent elected positions

Howard County, TX  
Elected and Appointed Officials  
September 30, 2016

Elected Officials

County Judge	Kathryn Wiseman
Commissioner, Precinct 1	Oscar Garcia
Commissioner, Precinct 2	Craig Bailey
Commissioner, Precinct 3	Jimmie Long
Commissioner, Precinct 4	John Cline
District Judge	Timothy Yeats
Sheriff	Stan Parker
District Attorney	Hardy Wilkerson
County Attorney	Josh Hamby
Justice of Peace, Precinct 1, Place 1	Bennie Green
Justice of Peace, Precinct 1, Place 2	Robert Fitzgibbons
Justice of Peace, Precinct 2	Connie Shaw
Tax Assessor Collector	Tiffany Fernandez
Treasurer	Teresa Thomas
District Clerk	Colleen Barton
County Clerk	Donna Wright

Appointed Official

County Auditor	Jackie Olson
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**FINANCIAL  
SECTION**



**Don H. Stephens CPA, P.C.  
A Professional Corporation  
703 South First Street  
Lamesa, Texas 79331**

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

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

**REPORT OF INDEPENDENT AUDITORS<sup>2</sup>**

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

***Report on the Financial Statements***

**We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Howard County, Texas as of and for the year ended September 30, 2016 and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.**

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

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

***Auditor's Responsibility***

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

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

The Honorable Judge & Commissioners Court  
& County Auditor  
Howard County, Texas

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

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

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Howard County, Texas, as of September 30, 2016 and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Required Supplementary Information*

Accounting Principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the General Fund Budgetary Comparison, Schedule of Funding Progress (Texas and County District Retirement System) and the schedule of funding progress (post retirement benefits) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of managements' responses to our inquiries, the basic financial statements. And other knowledge we obtained during our audit of the basic financial statements.

The Honorable Judge & Commissioners Court  
& County Auditor  
Howard County, Texas

We do not express an opinion or provide any assurance on the information because limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


#### Other Information

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

The schedule of expenditures of state/federal awards and the combining and individual non major fund financial statements ( including the budgetary comparison schedules for non major funds) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non major fund financial statements ( including the budgetary comparison schedules for non major funds) and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole. The Introductory Section and Statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

#### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2016 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control over financial reporting and compliance.



Don H. Stephens CPA, P.C.

Lamesa, Texas

January 31, 2017

Howard County, Tx  
Management's Discussion and Analysis  
September 30, 2016

Readers of the County's financial statements are presented this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2016. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the Notes to the Financial Statements as well as the basic financial statements.

Users of Public-Sector Financial Information

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

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

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

History of Texas Counties and The Function of Texas County Government (1)

The origin of Texas county government can be found in "municipality," the local unit of government under Spanish and Mexican rule. The municipalities were large areas embracing one or more settlements and the surrounding rural territory. In 1821, there were four major Spanish settlements in Texas—San Antonio, Bahia (Goliad), Nacogdoches, and the Rio Grande Valley—and three areas of light settlement and ranching and four major roads.

Prior to the revolution of Texas against Mexico, there was no political subdivision at the county level. In 1835, Texas was divided into departments and municipalities. Three departments were established—Bexar, Brazos and Nacogdoches—along with 23 municipalities.

Under the new Republic in 1836, the 23 municipalities became counties. When Texas became a state in 1845, there were 36 counties.

Under the state constitution of 1845, county government varied little from that under the Republic. The only major change was one that made all county offices elective positions.

When Texas entered the Confederacy in 1861 and adopted a new state constitution, there were 122 counties.

Ten years after Reconstruction from the Civil War, the Constitution of 1876 was adopted. It is the present state constitution and contains much detail concerning the governmental organization of the county. The number of counties increased steadily until there were 254 counties in 1931.

Today the 254 counties serve the needs of more than 26 million Texans. The counties range in size from just under 100 residents to more than three million.

Major responsibilities include building and maintaining roads, recreational facilities and, in some cases, county airports; constructing and operating jails; operating the judicial system; maintaining public records; collecting property taxes; issuing vehicle registration and transfers; and registering voters.

Counties also provide law enforcement, conduct elections and provide health and social services to many poor county residents.

Increasingly, county governments are playing a vital role in the economic development of their local areas.

(1) Source: Texas Association of Counties

### Overview of the Financial Statements

The County's financial reporting for fiscal year 2016 focuses on the county as a whole, and on major individual funds. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

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

Governmental funds are accounted for using the modified accrual basis of accounting, which measures cash and other assets that can be readily converted to cash. The reconciliation following the fund financial statements explains the differences between the County's activities, reported in the government-wide statement of net assets and government-wide statement of activities, and the governmental funds. The General Fund, always reported as a major fund, Road and Bridge Fund, and the Tobacco Fund are reported as major funds. The County also includes the Debt Service Fund as a major fund.

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

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

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

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

### Financial Analysis of the County as a Whole

**Net Assets.** Total assets of the County on September 30, 2016, were \$30,106,311, deferred outflows of services \$4,223,911, while total liabilities were \$16,473,249, resulting in a net asset balance of \$17,856,973.

### Changes in Net Assets

During the fiscal year the County earned \$3,652,006 in charges for services/fines/fees. Property tax revenue accounted for \$12,341,617, grants and donations totaled \$2,555,567, and other revenue was \$2,343,962, and loss on sale of equipment was \$368,471.

Expenses, including general government, public safety and road maintenance totaled \$19,322,954.

Governmental Funds

<u>Revenues</u>	
Charges for Services	\$ 3,652,006
Grants	2,555,567
Taxes	12,341,617
Other and Intergovernmental	1,974,601
<b>Total revenues</b>	<b>20,523,791</b>
<u>Expenses</u>	
General government	6,884,732
Public Safety	4,709,023
Road maintenance	4,248,165
Health and Welfare	163,634
Conservation of natural resources	164,480
Culture and recreation	351,668
Intergovernmental	1,400,558
Interest on debt	293,015
Vehicle operation	1,106,929
Other	750
<b>Total expenses</b>	<b>19,322,954</b>
<b>Change in Net Assets</b>	<b>1,200,837</b>
Net assets, 10-1-15	16,656,136
Net assets, 9-30-16	\$ 17,856,973

Budget Variances in the General Fund

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

The original budget for revenues in the general fund was \$11,522,882 compared to \$13,062,651 for the final budget, an increase of \$1,539,769.

<u>Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase or (Decrease)</u>
Taxes	\$ 8,515,481	\$ 8,652,000	\$ 136,519
License/Permits	5,000	5,000	-
Intergovernmental	1,002,651	1,278,951	276,300
Charges for Services	1,361,100	1,573,600	212,500
Fines/Fees	571,800	734,600	162,800
Other/Sale of Property	51,700	780,000	728,300
Interest	15,150	38,500	23,350
<b>Total</b>	<b>\$ 11,522,882</b>	<b>\$ 13,062,651</b>	<b>\$ 1,539,769</b>

The original budget for expenditures in the general fund was \$13,322,249 compared to \$13,443,519 for the final budget, an increase of \$121,270

Expenditures	Original Budget	Final Budget	Increase or (Decrease)
General Government	\$ 6,031,702	\$ 5,973,574	\$ (58,128)
Public Safety	5,030,099	5,202,534	\$ 172,435
Health and Welfare	13,100	13,100	\$ -
Conservation of Natural Resources	170,151	170,668	\$ 517
Culture and Recreation	441,484	445,202	\$ 3,718
Intergovernmental	1,550,713	1,402,758	\$ (147,955)
Capital Outlay	85,000	235,683	\$ 150,683
<b>Total</b>	<b>\$ 13,322,249</b>	<b>\$ 13,443,519</b>	<b>\$ 121,270</b>

### Capital Assets

The County's investment in capital assets as of September 30, 2016, amounts to \$13,009,616 (net of accumulated depreciation). This investment includes land, buildings and improvements and equipment.

<b>Governmental Activities:</b>		
<b>Capital assets, not being depreciated:</b>		
Land		\$ 589,576
<b>Capital assets, being depreciated:</b>		
Buildings		19,990,879
Machinery and equipment		1,663,377
<b>Less accumulated depreciation:</b>		
Buildings, machinery and equipment		(10,612,825)
<b>Governmental Activities Capital Assets, Net</b>		<b>11,631,007</b>
<b>Business-type Activities:</b>		
Machinery and equipment		5,052,997
Less accumulated depreciated		(3,674,388)
<b>Business-Type Activities Capital Assets, Net</b>		<b>\$ 1,378,609</b>

### Contacting the County's Financial Management

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



**BASIC  
FINANCIAL  
STATEMENTS**

Howard County, Tx  
Statement of Net Assets  
September 30, 2016

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalent	\$ 13,846,352
Petty cash	1,780
Receivables (net of allow. for uncollectibles)	3,199,514
Inventory	49,049
Deferred Charges	-
Capital assets (net of accumulated depreciation):	
Land	589,576
Buildings and improvements	10,366,919
Equipment	2,053,121
<b>Total assets</b>	<b>30,106,311</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows related to pensions	4,223,911
<b>Total deferred outflows</b>	<b>4,223,911</b>
<b>LIABILITIES</b>	
Accounts payable	757,088
Wages payable	292,377
Deferred revenue	834,611
Accrued interest payable	25,608
Noncurrent liabilities:	
Due within one year	596,566
Due in more than one year	8,985,000
Pension liability	4,981,999
<b>Total liabilities</b>	<b>16,473,249</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	3,614,616
Restricted for:	
General government	1,494,911
Debt services	195,392
Capital projects	-
Other purposes	12,578
Unrestricted	12,539,476
<b>Total net assets</b>	<b>\$ 17,856,973</b>

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

Howard County, Tx  
Statement of Activities  
For the Year Ended September 30, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants & Donations	
Governmental activities:				
General Government	\$ 6,884,732	\$ 2,873,859	\$ 31,061	\$ (3,979,812)
Public Safety	4,709,023	119,013	-	(4,590,010)
Road Maintenance	4,248,165	652,470	2,519,417	(1,076,278)
Health/Welfare	163,634	-	-	(163,634)
Conservation of Nat. Resources	164,480	-	-	(164,480)
Culture and Recreation	351,668	6,664	5,089	(339,915)
Intergovernmental	1,400,558	-	-	(1,400,558)
Interest on long term debt	293,015	-	-	(293,015)
Vehicle Operation	1,106,929	-	-	(1,106,929)
Other	760	-	-	(750)
Total governmental activities	19,322,954	3,652,006	2,555,567	(13,115,381)

General revenues:	
Property taxes	12,341,617
Intergovernmental	1,429,601
Other/Interest/sale of property	913,471
Gain (loss) sale of equipment	(368,471)
Transfers (net)	-
Total general revenues and transfers	14,316,218
Change in net assets	1,200,837
Net assets - beginning	16,656,136
Net assets - ending	\$ 17,856,973

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

Howard County, Tx  
Balance Sheet  
Governmental Funds  
September 30, 2016

	Major Funds					Nonmajor Funds	Total
	General Fund	Road & Bridge Fund	Tobacco Fund	Capital Projects Fund	Debt Service Funds	Other Governmental Funds	
<b>ASSETS</b>							
Cash and cash equivalents	\$8,252,461	\$ 631,657	\$ 2,239,587	\$ -	\$ 193,410	\$ 1,533,080	\$ 12,850,195
Petty cash	1,780	-	-	-	-	-	1,780
Receivables (net of allowance for unc	695,502	1,454,190	-	-	51,512	2,263	2,203,467
Due from other funds	32,683	12,308	-	-	1,982	0	46,973
Inventory	21,289	-	-	-	-	0	21,289
<b>Total assets</b>	<b>9,003,715</b>	<b>2,098,155</b>	<b>2,239,587</b>	<b>-</b>	<b>246,904</b>	<b>1,535,343</b>	<b>15,123,704</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	710,589	16,586	-	-	-	20,977	748,152
Wages payable	244,298	34,749	-	-	-	6,877	285,924
Deferred revenue	589,282	193,817	-	-	51,512	-	834,611
<b>Total liabilities</b>	<b>1,544,169</b>	<b>245,152</b>	<b>-</b>	<b>-</b>	<b>51,512</b>	<b>27,854</b>	<b>1,868,687</b>
<b>Fund balances:</b>							
<b>Nonspendable</b>							
Inventories	21,289	-	-	-	-	-	21,289
<b>Restricted for</b>							
General government	-	-	-	-	-	1,494,911	1,494,911
Unclaimed funds	-	-	-	-	-	11,304	11,304
Human services	-	-	-	-	-	1,274	1,274
Debt services	-	-	-	-	195,392	-	195,392
Capital projects	-	-	-	-	-	-	-
Unassigned	7,438,257	1,853,003	2,239,587	-	-	-	11,530,847
<b>Total fund balances</b>	<b>7,459,546</b>	<b>1,853,003</b>	<b>2,239,587</b>	<b>-</b>	<b>195,392</b>	<b>1,507,489</b>	<b>13,255,017</b>
<b>Total liabilities and fund balances</b>	<b>9,003,715</b>	<b>2,098,155</b>	<b>2,239,587</b>	<b>-</b>	<b>246,904</b>	<b>1,535,343</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	11,631,007
Assets not available to pay for current-period expenditures	948,924
Recognition of the net pension liability and a deferred outflow of resources resulted in a decrease in net position.	(758,088)
Internal service fund is used to charge the costs of vehicle management to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	2,377,293
Liabilities, including bonds and interest payable, are not due and payable in the current period and therefore are not reported in the funds	(9,597,180)
<b>Net assets of governmental activities</b>	<u><u>\$ 17,856,973</u></u>

Howard County, Tx  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended September 30, 2016

	Major Funds					Nonmajor	Total
	General Fund	Road & Bridge Fund	Tobacco Fund	Capital Projects Fund	Debt Service Funds	Other Governmental Funds	
<b>REVENUES</b>							
Taxes	\$ 8,676,975	\$ 2,853,889	\$ -	\$ -	\$ 810,753	\$ -	\$ 12,341,617
License and permits	8,208	652,470	-	-	-	-	660,678
Intergovernmental	1,354,377	2,603,862	14,437	-	-	8,859	3,981,535
Charges for services	1,595,094	-	-	-	-	15,321	1,610,415
Fines/fees	664,354	-	-	-	-	482,257	1,146,611
Interest	39,357	6,170	8,893	-	950	5,426	60,796
Donations	-	-	-	-	-	5,089	5,089
Other/Insurance claim/Refund	806,398	-	-	-	1,210	0	807,608
<b>Total revenues</b>	<b>13,144,763</b>	<b>6,116,391</b>	<b>23,330</b>	<b>-</b>	<b>812,913</b>	<b>516,952</b>	<b>20,614,349</b>
<b>EXPENDITURES</b>							
General government	5,577,982	-	960	-	-	348,341	5,927,283
Public Safety	4,972,224	-	-	-	-	-	4,972,224
Road Maintenance	-	5,353,466	-	-	-	-	5,353,466
Health/Welfare	4,251	-	-	-	-	171,352	175,603
Conservation of Natural Resources	161,903	-	-	-	-	-	161,903
Culture and Recreation	378,198	-	-	-	-	-	378,198
Intergovernmental	1,400,558	-	-	-	-	-	1,400,558
Interest on debt	-	-	-	-	316,205	-	316,205
Bond principal	-	-	-	-	435,000	-	435,000
Capital outlay	230,247	-	-	-	-	3,437	233,684
Other	-	-	-	-	750	-	750
<b>Total expenditures</b>	<b>12,725,363</b>	<b>5,353,466</b>	<b>960</b>	<b>-</b>	<b>751,955</b>	<b>523,130</b>	<b>19,354,874</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>419,400</b>	<b>762,925</b>	<b>22,370</b>	<b>-</b>	<b>60,958</b>	<b>(6,178)</b>	<b>1,259,475</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	144,193	200,000	-	6,202	262,255	612,650
Transfers out	(447,500)	-	-	(144,193)	(6,202)	(14,755)	(612,650)
<b>Total other financing sources (uses)</b>	<b>(447,500)</b>	<b>144,193</b>	<b>200,000</b>	<b>(144,193)</b>	<b>-</b>	<b>247,500</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(28,100)</b>	<b>907,118</b>	<b>222,370</b>	<b>(144,193)</b>	<b>60,958</b>	<b>241,322</b>	<b>1,259,475</b>
Inventory increase (decrease)	(7,926)	-	-	-	-	-	(7,926)
Fund balances - beginning	7,495,572	945,885	2,017,217	144,193	134,434	1,266,167	12,003,468
<b>Fund balances - ending</b>	<b>\$ 7,459,546</b>	<b>\$ 1,853,003</b>	<b>\$ 2,239,587</b>	<b>\$ -</b>	<b>\$ 195,392</b>	<b>\$ 1,507,489</b>	<b>\$ 13,255,017</b>

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

Howard County, Tx  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of Governmental Funds  
 To the Statement of Activities  
 For the Year Ended September 30, 2016

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

Net change in fund balances - total governmental funds	\$ 1,259,475
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	-88,144
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	-308,139
Internal service fund is used to charge the costs of vehicle management to individual funds. The net revenue (loss) of this fund is reported with governmental activities.	<u>337,645</u>
Changes of net assets of governmental activities	<u>\$ 1,200,837</u>

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

Howard County, Tx  
Major Funds - General and Road & Bridge  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Original and Final) and Actual  
Year Ended September 30, 2016

	General Fund			Road and Bridge Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>Revenues:</b>						
Taxes	\$ 8,515,481	\$ 8,652,000	\$ 8,676,975	\$ 2,785,102	\$ 2,835,400	\$ 2,853,889
License and permits	5,000	5,000	8,208	625,250	643,250	652,470
Intergovernmental	1,002,651	1,278,951	1,354,377	56,000	2,574,970	2,603,882
Charges for services	1,361,100	1,573,600	1,595,094	-	-	-
Fines/fees	571,800	734,600	664,354	-	-	-
Miscellaneous	51,700	780,000	806,398	-	-	-
Interest	15,150	38,500	39,357	-	-	-
<b>Total revenues</b>	<b>11,522,882</b>	<b>13,062,651</b>	<b>13,144,763</b>	<b>3,469,352</b>	<b>6,056,620</b>	<b>6,116,391</b>
<b>Expenditures:</b>						
<b>Current</b>						
General government	6,031,702	5,973,574	5,577,982	-	-	-
Road maintenance	-	-	-	3,768,561	6,287,977	5,353,466
Public safety	5,030,099	5,202,534	4,972,224	-	-	-
Health/welfare	13,100	13,100	4,251	-	-	-
Conservation of natural resources	170,151	170,668	161,903	-	-	-
Culture and recreation	441,484	445,202	378,198	-	-	-
Intergovernmental	1,550,713	1,402,758	1,400,558	-	-	-
Capital expenditures	85,000	235,683	230,247	-	-	-
Other	-	-	-	-	-	-
<b>Total expenditures</b>	<b>13,322,249</b>	<b>13,443,519</b>	<b>12,725,363</b>	<b>3,768,561</b>	<b>6,287,977</b>	<b>5,353,466</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,799,367)</b>	<b>(380,868)</b>	<b>419,400</b>	<b>(299,209)</b>	<b>(231,357)</b>	<b>762,925</b>
<b>Other financing sources (uses):</b>						
Operating transfers in	-	-	-	-	144,193	144,193
Operating transfers out	-	(1,252,308)	(447,500)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(1,252,308)</b>	<b>(447,500)</b>	<b>-</b>	<b>144,193</b>	<b>144,193</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>(1,799,367)</b>	<b>(1,633,176)</b>	<b>(28,100)</b>	<b>(299,209)</b>	<b>(87,164)</b>	<b>907,118</b>
Fund balance-October 1	7,500,000	7,495,572	7,495,572	650,000	945,885	945,885
Increase (decrease) in reserve for inventory	-	(7,926)	(7,926)	-	-	-
<b>Fund balance-September 30</b>	<b>\$ 5,700,633</b>	<b>\$ 5,854,470</b>	<b>\$ 7,459,546</b>	<b>\$ 350,791</b>	<b>\$ 858,721</b>	<b>\$ 1,853,003</b>

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

Howard County, Tx  
Major Funds - Tobacco and Debt Service  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Original and Final) and Actual  
Year Ended September 30, 2016

	Tobacco Fund			Debt Service Funds		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ 786,723	\$ 786,723	\$ 810,753
License and permits	-	-	-	-	-	-
Intergovernmental	10,850	10,850	14,437	-	-	-
Charges for services	-	-	-	-	-	-
Fines/fees	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	1,210
Interest	2,700	2,700	8,893	500	500	950
<b>Total revenues</b>	<b>13,550</b>	<b>13,550</b>	<b>23,330</b>	<b>787,223</b>	<b>787,223</b>	<b>812,913</b>
<b>Expenditures:</b>						
<b>Current</b>						
General government	-	1,000	960	-	-	-
Road maintenance	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health/welfare	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Capital expenditures	2,163,550	2,162,550	-	-	-	-
Debt service	-	-	-	803,074	803,174	751,955
<b>Total expenditures</b>	<b>2,163,550</b>	<b>2,163,550</b>	<b>960</b>	<b>803,074</b>	<b>803,174</b>	<b>751,955</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,150,000)</b>	<b>(2,150,000)</b>	<b>22,370</b>	<b>(15,851)</b>	<b>(15,951)</b>	<b>60,958</b>
<b>Other financing sources (uses):</b>						
Operating transfers in	200,000	200,000	200,000	-	6,202	6,202
Operating transfers out	-	-	-	-	(6,202)	(6,202)
<b>Total other financing sources (uses)</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>(1,950,000)</b>	<b>(1,950,000)</b>	<b>222,370</b>	<b>(15,851)</b>	<b>(15,951)</b>	<b>60,958</b>
Fund balance-October 1	2,000,000	2,017,217	2,017,217	120,000	134,434	134,434
Increase (decrease) in reserve for inventory	-	-	-	-	-	-
<b>Fund balance-September 30</b>	<b>\$ 50,000</b>	<b>\$ 67,217</b>	<b>\$ 2,239,587</b>	<b>\$ 104,149</b>	<b>\$ 118,483</b>	<b>\$ 195,392</b>

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



Howard County, TX  
Notes to the Financial Statements  
September 30, 2016

I. Summary of significant accounting policies

Reporting entity

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

Government-wide and fund financial statements

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

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

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

#### Measurement focus, basis of accounting, and financial statement presentation

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

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

The government reports the following major governmental funds:

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

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

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

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

The government reports the following proprietary fund:

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

#### Assets, liabilities, and net assets or equity

##### Deposits and investments

The County's cash and investments consist of cash on hand and investment pools. Investments are made in accordance with an investment policy, approved annually by the Commissioners' Court, which includes the following authorized investment instruments:

- A. Obligations of the United States of America, its agencies and instrumentalities.
- B. Direct obligations of the State of Texas and agencies thereof.
- C. Other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States of America
- D. Certificates of deposit of state and national banks doing business in Texas, guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or secured by obligations described in (A) through (C) above, in market value no less than the principal of the certificates.
- E. Negotiable Order of Withdrawal accounts.
- F. Eligible public funds investment pool.

During the year the County chose to invest its funds in pools (TexPool, MBIA's Texas CLASS, LOGIC-Local Government Investment Cooperative, and TexStar). Investments

in the pools and certificates which mature within three months of purchase date are reported as cash equivalents. Those certificates which have a maturity time of greater than three months are reported as investments on the financial statements. The County does not purchase certificates with maturities greater than one year. In accordance with Statement No. 31 of the Governmental Accounting Standards Board, these certificates are carried at cost.

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

As of September 30, 2016, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Investment Pools	\$10,151,454

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Teas or its agencies and instrumentalities that have fair value of not less than the principal amount of deposits. As of September 30, 2016, the County's deposit balance was entirely collateralized with securities held by the pledging financial institution or covered by FDIC insurance.

## Receivables and payables

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

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

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

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

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

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

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

#### Capital assets

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The County received grant funds this year from the TX Department of Transportation to alleviate degradation caused to public roads, bridges, and culverts by the exploration, development, or production of oil or gas. However, it is the opinion of the County Engineer that none of the projects

completed met the criteria for capitalization; the work simply brought old roadways up to standard, and the work did not increase the service life or load bearing capacity of the road and did not add capacity.

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

#### 4. Long-term obligations

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

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

#### 5. Fund equity

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

#### Net Assets

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

## Fund Balance Classification

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

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

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

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

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



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

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

Reconciliation of government-wide and fund financial statements

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

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, and not due and payable in the current period and therefore are not reported in the funds." The details of this \$9,597,180 are as follows.

Bonds Payable:	
Due within one year	\$410,000
Due in more than one year	8,985,000
Accrued interest payable	25,608
Compensated Absences Payable	<u>176,572</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net assets-governmental activities	<u>\$9,597,180</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds

and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "some expenses reported in the statement of activity that do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds". The details of this \$308,139 difference are as follows:

Depreciation	\$1,589,257
Interest payable related to prior period	25,608
Increase in compensated absences	21,736
Increase in inventory	7,926
Purchase of capital assets	-42,431
Interest payable not liquidated with current resources	-48,798
Convert debt principal payments to liability reduction	-435,000
Pension	-800,644
Net adjustment	<u>\$317,654</u>

### III. Stewardship, compliance, and accountability

#### A. Budgetary information

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

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

The County Auditor compiles figures from the prior budget year and estimates of the current year for each department. These are given to each department head and after consideration each department head submits his budget requests for the upcoming budget

year. The County Judge and Auditor then submit to the Commissioners' Court an estimate of revenues and the requests of each department. The Commissioners' Court conducts budget workshops at which time hearings are held with the department heads, if needed. Public hearings are held on the budget to encourage citizen participation.

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

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

#### Detailed notes on all funds

##### A. Receivables

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

## Receivables:

Funds	General	Road & Bridge	Debt Svc.	Nonmajor/Other	Internal Svc.	Total
Receivables:						
Fines & Fees	\$ 948,924	\$ -	\$ -	\$ -	\$ -	\$ 948,924
Taxes, net of uncoll.	589,281	193,817	51,512	-	-	834,610
Accounts	138,904	1,273,808	1,982	1,136	150	1,415,980
Total	\$ 1,677,109	\$ 1,467,625	\$ 53,494	\$ 1,136	\$ 150	\$ 3,199,514

## Capital assets

Capital asset activity for the year ended September 30, 2016 was as follows:

<b>Governmental Activities:</b>		
Capital assets, not being depreciated:		
Land		\$ 589,576
Capital assets, being depreciated:		
Buildings		19,990,879
Machinery and equipment		1,663,377
Less accumulated depreciation:		
Buildings, machinery and equipment		(10,612,825)
<b>Governmental Activities Capital Assets, Net</b>		<b>11,631,007</b>
<b>Business-type Activities:</b>		
Machinery and equipment		5,052,997
Less accumulated depreciated		(3,674,388)
<b>Business-Type Activities Capital Assets, Net</b>		<b>\$ 1,378,609</b>

Capital Assets Used in the Operation of Governmental Funds - Schedule by Source, Schedule by Function and Activity, and Schedule of Changes by Function and Activity, provide additional information about the County's capital assets and can be found in the financial section of this report. The County chose to report roads prospectively, not retroactively, beginning with the 2004 fiscal year.

#### Interfund receivables, payables, and transfers

The composition of interfund balance as of September 30, 2016, is as follows:

##### Due to/from other funds:

Receivable Fund:	Payable Fund:	Amount:
General Fund	Agency Funds	\$ 32,683
Road & Bridge Fund	Agency Funds	12,308
Debt Service Fund	Agency Funds	1,982
<b>Total</b>		<b>\$ 46,973</b>

##### Transfers to/from other funds:

Transfers Out:	Transfers In:	Amount:
Capital Projects Fund	Road & Bridge Fund	\$ 144,193
General Fund	Special Revenue Funds	447,500
Debt Service Fund (old)	Debt Service Fund (new)	6,202
Expend. Trust Fund (Co. Atty.)	Expend. Trust Fund (Sheriff)	14,755
<b>Total</b>		<b>\$ 612,650</b>

#### D. Leases

The County leases equipment under noncancellable operating leases. Total costs for such leases were \$36,902 for the year ended September 30, 2016. The future payments or these leases are as follows:

Year Ending September 30	Amount
2017	\$ 25,952
2018	9,782
2019	7,166
Total	\$ 42,900

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

##### Unpaid Vacation and Compensatory Time

At September 30, 2016 the County had \$186,566 in accumulated unpaid vacation. This amount has been reflected in the government wide financial statements. The obligation is not recognized in the government fund financial statements until they are due and payable, because they are not considered to be uses of current financial resources until that time.

##### Sick Leave

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

##### Bonds Payable

During 2008 the County issued \$11,570,000 in general obligation bonds with interest rates of 4.00% to 5.00% to finance the construction and equipping of a new jail and the acquisition of a site thereof. In 2015 Howard County issued \$8,705,000 in general obligation refunding bonds with interest rates of 2.00% to 4.00%.

The debt service schedule for 2016-2033 follows:

Debt Service Schedule  
2016-2033

shaded = Paid

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

Other information

Risk management

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

All full-time eligible employees are provided, at no cost to the employee, medical and dental insurance. For employees with dependents covered prior to 10-1-99, the cost to the employee is \$100 per month. At 9-30-16 there were 9 employees in this category. For those dependents covered at or after 10-1-99, the entire cost for dependent coverage is paid by the employee. Coverage is provided by Blue Cross/Blue Shield Insurance Company. The County's obligation for health insurance benefits is limited to the monthly premiums payable during the year and is based upon the number of enrolled employees and dependents during the year. At 9-30-16, the number of enrolled employees is 135 for medical insurance and 138 for dental insurance.

A \$10,000 life insurance policy, through Blue Cross/Blue Shield Insurance Company, is provided full-time eligible employees, at no cost to the employee. Also, a policy is provided through the Texas County and District Retirement System in an amount equal to the employee's annual salary at the date of death.

Contingent liabilities (Source: Howard County Attorney)

As of 9/30/16 there are no claims or possible assessments against Howard County. In addition, there is no pending or threatened litigation against the County.



## Deferred Compensation Plan

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

## Other postemployment health care benefits (OPEB)

### Retiree Health Care Plan

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

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

*Plan Eligibility.* A retiree who became employed with Howard County on or before August 25, 2003, and who retired or retirees under Texas County and District Retirement System (TCDRS), and a) who is age 65 or older with at least 12 year service with Howard County, or b) whose age plus years of service with Howard County equals at least 75, will be allowed to continue to receive benefits in the County's health program at the same level as currently employed County employees, at no cost to the retiree.

A TCDRS retiree who became employed with Howard County on or before August 2003, and who does not meet the requirements set out in a) or b), above, will be allowed to continue to receive benefits in the County's health program at the same level as currently employed County employees, at a cost to the retiree of 50 percent of the premium. Once

the retiree meets the requirements above (i.e. turns 65 with 12 years service with Howard County or whose age plus years of service with Howard County equals 75), the County will pay the full premium.

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

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

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

*Funding Policies.* The County does not make annual contributions to the plan. The decision to provide these benefits is made by the Commissioners' Court on a year-to-year basis. The cost of health insurance benefits is recognized as an expenditure as premiums are paid.

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

The actuarially determined contribution requirement for the County's fiscal year is computed through an actuarial valuation performed as of October 1, 2016. The actuarial valuation is performed to determine the adequacy of the contribution rate, to describe the current financial condition of OPEB and to analyze changes in conditions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

Acturial Methods and Assumptions:	
Acturial Method	Projected Unit Cost Method
Discount Rate	4.00% (1.00% real rate of return plus 3.00% inflation)
Amortization Period	The period used to determine amortization costs for the initial Unfunded Acturial Accrued Liability is a level period for 30 years on an open basis.
Health Care Cost Trend	7.50% for FY2016 grading down to 5.00% for FY2020 and after for medical. The Medicare supplement trend is a level 5.00%.

The County's Annual OPEB Cost Summary, Projected September 30, 2016 Net OPEB Obligation (NOO), and Projected Schedule of Funding Progress follow:

Annual OPEB Cost Summary			
<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed)</u>	<u>Net OPEB Obligation</u>
September 30, 2014+	\$ 501,267	60.53%	\$ 521,872
September 30, 2015+	\$ 501,514	62.40%	\$ 710,448
September 30, 2016	\$ 618,773	54.63%	\$ 991,160

\*Based on expected net OPEB benefit payments of \$320,872 for the current fiscal year end.  
+From 2014 CAFR OPEB note.

Projected September 30, 2016 Net OPEB Obligation (NOO)	
	<u>Total</u>
October 1, 2015 Net OPEB Obligation (NOO)	710,448
Annual OPEB Cost (AOC)	618,773
Expected Net OPEB Payments+	(338,061)
Expected September 30, 2016 Net OPEB Obligation	991,160

+includes actual FY2015 contribution Payments of \$320,872

## Projected Schedule of Funding Progress

	Actuarial Value of Assets (a)	Actuarial Accrued Liability Project Unit Credit (b)	Unfunded Actuarial Accrued Liability (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll ©	Unfunded Actuarial Accrued Liability as a Percentage Covered Payroll [(b)-(a)]/©
October 1, 2013	0	7,203,561	7,203,561	0%	5,389,788	133.65%
October 1, 2014	0	7,518,364	7,518,364	0%	6,169,781	121.86%
October 1, 2015	0	9,315,564	9,315,564	0%	6,009,539	155.01%

### Life Insurance

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

The GTLF is a separate trust administered by the TCDRS board of trustees. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GTLF. This report may be obtained by writing to the Texas County & District Retirement System, P. O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782. TCDRS' CAFR is also available at [www.tcdrs.org](http://www.tcdrs.org).

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. Howard County contributions to the GTLF for the years ended September 30, 2014, 2015, and 2016 were \$31,990, \$31,971 and \$29,069 respectively, which equaled the contractually required contributions each year which included employees and retirees.

Employee retirement system and pension plan (Source: TCDRS)

Plan Description—Howard County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.

A brief description of benefit terms:

- 1) All full-and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
- 2) The plan provides retirement, disability and survivor benefits.
- 3) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 200%) and is then converted to an annuity.
- 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
- 5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.

Membership information is shown in the following chart:

Members	12/31/2014	12/31/2015
Number of inactive employees entitled to but not yet receiving benefits	105	108
Number of active employees	161	173
Average monthly salary *	\$ 3,307	\$ 3,543
Average age*	46.25	47.11
Average length of service in years*	8.06	8.35
<b>Inactive Employees (or their Beneficiaries) Receiving Benefits</b>		
Number of benefit recipients	109	114
Average monthly benefit	\$ 1,379	\$ 1,474

*\*Averages reported for all active and inactive employees.  
Average service includes all proportionate service.*

The County's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Howard County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2013, 2014, and 2015 are show below:

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution (1)	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Actual Contribution as a % of Covered Payroll
2013	\$ 933,873	\$ 1,033,871	\$ (99,999)	\$5,891,943	17.50%
2014	1,069,194	1,369,194	(300,000)	6,356,686	21.50%
2015	1,126,613	1,497,831	(371,218)	7,121,444	21.00%

(1) TDCRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

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

The most recent comprehensive annual financial report for TCDRS can be found at the following link, [www.tcdrs.org](http://www.tcdrs.org).

Actuarial Methods and Assumptions

Following are the key assumptions and methods used in the GASB analysis:

Valuation Date	December 31, 2015
Actuarial Cost Method	Entry Age Normal (1)
Asset Valuation Method:	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	3.00%
Investment Rate of Return	8.10%
Salary Increase	1.40%
Payroll Growth	3.50%

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

Mortality – Rates were based on the following:

Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a two-year set-forward for females.

### Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The valuation assumptions for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected Minus Inflation)
US Equities	14.50%	5.45%
Private Equity	14.00%	8.45%
Global Equities	1.50%	5.75%
Internal Equities-Developed	10.00%	5.45%
Internal Equities-Emerging	8.00%	6.45%
Investment-Grade Bonds	3.00%	1.00%
High-Yield Bonds	3.00%	5.10%
Opportunistic Credit	2.00%	5.09%
Direct Lending	5.00%	6.40%
Distressed Debt	3.00%	8.10%
REIT Equities	3.00%	4.00%
Master Limited Partnerships	3.00%	6.80%
Private Real Estate Partnerships	5.00%	6.90%
Hedge Funds	25.00%	5.25%

### Discount Rate –

	December 31, 2014	December 31, 2015
Discount Rate (1)	8.10%	8.10%
Long-term expected rate of return, net of investment expense	8.10%	8.10%

(1) This rate reflects the long-term rate of return funding valuation assumption of 8.00%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.



## Changes in Net Pension Liability/(Asset)

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Changes in Net Pension Liability			
Balances as of Dec. 31, 2014	\$ 34,523,486	\$ 31,454,885	\$ 3,068,601
Changes for the year:			
Service Cost	947,838		947,838
Interest on total pension liability (1)	2,766,096		2,766,096
Effect on plan changes (2)	(136,837)		(136,837)
Effect on economic/demographic gains or losses	116,885		116,885
Effect of assumptions changes or inputs	436,545		436,345
Refund of contributions	(107,015)	(107,015)	-
Benefit payments	(1,903,484)	(1,903,484)	-
Administrative expenses		(22,706)	22,706
Member contributions		498,501	(498,501)
Net investment income		64,306	(64,306)
Employer contributions		1,497,831	(1,497,831)
Other (3)		178,997	(178,997)
Balances as of Dec. 31, 2015	36,643,514	31,661,315	4,981,999

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

(2) Reflects new annuity purchase rates applicable to all TCDRS employers effective January 1, 2018.

January 1, 2018.

(3) Relates to allocation of system-wide items.

## Sensitivity Analysis

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

	1% Decrease 7.10%	Current Disc. Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 40,754,979	\$ 36,643,314	\$ 33,173,015
Fiduciary net position	31,661,315	31,661,315	31,661,315
Net pension liability/(asset)	\$ 9,093,665	\$ 4,981,999	\$ 1,511,700

Pension Expense

Pension Expense/(Income)	January 1, 2015 to December 31, 2015
Service Cost	\$ 947,838
Interest on total pension liability (1)	2,766,096
Effect on plan changes	(136,837)
Administrative expenses	22,706
Member contributions	(498,501)
Expected investment return net of investment expenses	(2,576,196)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	52,012
Recognition of assumption changes or inputs	109,086
Recognition of investment gains or losses	580,231
Other (2)	(178,997)
Pension expense/(income)	\$ 1,087,438
Adjusted for difference if fiscal years	(320,745)
	\$ 719,693
 (1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.	
 (2) Relates to allocation of system-wide items.	

Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Recognition Period (1)	Amount		
				Recognized in 12/31/2015 Expense (1)	Balance of Deferred Inflows 12/31/2015	Balance of Deferred Outflows 12/31/2015
<b>Investment (gains) or losses</b>						
	\$ 2,511,890	12/31/2015	5.0	\$ 502,378	\$ -	\$ 2,009,512
	389,267	12/31/2014	5.0	77,853	-	233,560
<b>Economic/demographic (gains) or losses</b>						
	116,885	12/31/2015	4.0	29,221	-	87,664
	91,161	12/31/2014	4.0	22,790	-	45,581
<b>Assumption changes or inputs</b>						
	436,345	12/31/2015	4.0	109,086	-	327,259
	-	12/31/2014	4.0	-	-	-
						2,703,576

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

**State Grants/Federal Assistance**

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

\$16,524 from the Office of Attorney General, #1659952, for Statewide Automated Victim Notification Services (SAVNS)

\$31,061 from the Texas Task Force on Indigent Defense, #212-16-114, for indigent defense services.

CTIF-01-115 County Transportation Infrastructure Fund Grant Program (Road Grant), an agreement made by and between the State of Texas, acting by and through the TX Department of Transportation.

## Road Grant Recap

Total Activity through 9-30-16

Invoice	Amount Received							
1	\$ 53,396.34	Note 1						
2	66,644.86	Note 1						
3	52,993.02							
4	75,919.74							
5	98,458.56							
6	114,786.73							
7	442,931.36							
8	182,664.23							
9	165,274.10							
10	260,309.21							
11	1,006,038.64							
	\$ 2,519,417							
	<u>State Reimbursed</u>			<u>Employee</u>	<u>Equip.</u>	<u>Materials/</u>		
	<u>80% of Total Paid</u>	<u>Paid:</u>	<u>Admin</u>	<u>Labor</u>	<u>Usage</u>	<u>Contract Labor</u>	<u>Legal</u>	<u>Total Paid</u>
Invoice 1	\$ 53,396.34	14-15 FY	\$ 31,880	\$ -	\$ -	\$ 20,374	\$ 14,491	\$ 66,745
Invoice 2	66,644.86	14-15 FY	919.60	2,055.92	2,240.00	78,090.55		83,306.07
Subtotal	120,041.20	14-15 FY	32,799.60	2,055.92	2,240.00	98,464.56	14,491.41	150,051.49
Invoice 3	52,993.02	15-16 FY	689.70	2,055.92	2,240.00	61,255.66		66,241.28
Invoice 4	75,919.74	15-16 FY	689.70	-	-	94,209.98	-	94,899.68
Invoice 5	98,458.56	15-16 FY	689.70	-	-	122,383.50	-	123,073.20
Invoice 6	114,786.73	15-16 FY	1,839.20	494.24	416.00	140,733.97	-	143,483.41
Invoice 7	442,931.36	15-16 FY	3,678.40	4,145.53	3,279.44	544,704.02	-	555,807.39
Invoice 8	182,664.23	15-16 FY	3,678.40	4,551.40	3,187.50	216,720.49	192.50	228,330.29
Invoice 9	165,274.10	15-16 FY	5,517.60	-	-	201,074.93	-	206,592.53
Invoice 10	260,309.21	15-16 FY	5,517.60	-	-	319,868.92	-	325,386.52
Invoice 11	1,006,038.64	15-16 FY	5,517.60	-	-	1,252,030.70	-	1,257,548.30
Subtotal	\$ 2,519,417		\$ 60,618	\$ 13,303	\$ 11,363	\$ 3,051,447	\$ 14,684	\$ 3,151,414

Note 1 2014-15 business, received 15-16 FY

Note 2 Failed to charge State \$1714. Invoice 7

**NONMAJOR  
GOVERNMENTAL  
FUNDS**

**Special Revenue Funds**

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

Howard County, Tx  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 September 30, 2016

Continued

	170	190	240	230	231	229	227	228
	Law Library Fund	Indigent Health Care Fund	District Court Building Fund	Records Management Document Filing Fee Fund	Records Management Court Fees Fund	Vital Records Preservation Co. Clerk Fund	Records Management District Clerk Fund	Records Archive Co. Clerk Fund
<b>Cash</b>	\$ 65,092	\$ 5,221	\$ 1,048	\$ 239,882	\$ 30,480	\$ 23,132	\$ 7,187	\$ 446,927
<b>Receivables:</b>								
<b>Accounts</b>	1,127	-	-	-	-	-	-	-
<b>Due from other funds</b>	-	-	-	-	-	-	-	-
<b>Total assets</b>	<u>66,219</u>	<u>5,221</u>	<u>1,048</u>	<u>239,882</u>	<u>30,480</u>	<u>23,132</u>	<u>7,187</u>	<u>446,927</u>
<b>Liabilities and Fund Balance</b>								
<b>Liabilities:</b>								
<b>Accounts payable</b>	1,457	54	-	-	-	-	-	-
<b>Wages payable</b>	-	3,893	-	-	-	-	-	-
<b>Total liabilities</b>	<u>1,457</u>	<u>3,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>								
<b>Nonspendable:</b>								
<b>Inventory</b>	-	-	-	-	-	-	-	-
<b>Restricted for:</b>								
<b>General Government</b>	64,762	-	1,048	239,882	30,480	23,132	7,187	446,927
<b>Unclaimed Funds</b>	-	-	-	-	-	-	-	-
<b>Human Services</b>	-	1,274	-	-	-	-	-	-
<b>Total fund balances</b>	<u>64,762</u>	<u>1,274</u>	<u>1,048</u>	<u>239,882</u>	<u>30,480</u>	<u>23,132</u>	<u>7,187</u>	<u>446,927</u>
<b>Total liabilities and fund balance</b>	<u>66,219</u>	<u>5,221</u>	<u>1,048</u>	<u>239,882</u>	<u>30,480</u>	<u>23,132</u>	<u>7,187</u>	<u>446,927</u>

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

Howard County, Tx  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2016

	232	220	234	238	226	306	221	243
	Juvenile Delinquency Prevention Fund	Courthouse Security Fund	Justice Court Technology Fund	Alternative Dispute Resolution Fund	Child Abuse Prevention Fund	Election Admin. Fund	Justice Court Bldg. Security Fund	FEMA Fund
Cash	\$ 25	\$ 21,451	\$ 37,022	\$ 275	\$ 2,851	\$ 45,384	\$ 31,775	\$ 209,955
Receivables:								
Accounts	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>25</b>	<b>21,451</b>	<b>37,022</b>	<b>275</b>	<b>2,851</b>	<b>45,384</b>	<b>31,775</b>	<b>209,955</b>
<b>Liabilities and Fund Balance</b>								
Liabilities:								
Accounts payable	-	-	-	-	-	-	-	8,667
Wages payable	-	2,509	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>2,509</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,667</b>
<b>Fund balances:</b>								
Nonspendable								
Inventory	-	-	-	-	-	-	-	-
Restricted for								
General Government	25	18,942	37,022	275	2,851	45,384	31,775	201,288
Unclaimed Funds	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>25</b>	<b>18,942</b>	<b>37,022</b>	<b>275</b>	<b>2,851</b>	<b>45,384</b>	<b>31,775</b>	<b>201,288</b>
<b>Total liabilities and fund balance</b>	<b>25</b>	<b>21,451</b>	<b>37,022</b>	<b>275</b>	<b>2,851</b>	<b>45,384</b>	<b>31,775</b>	<b>209,955</b>

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

Howard County, Tx  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2016

Continued

	Assessor Collector Special Inventory Fund	County Attorney Hot Check Fund	District Attorney Hot Check Fund	Sheriff Drug Seizure Fund	District Attorney Drug Seizure Fund	Unclaimed Money Fund	Abandoned Property Fund
Cash	\$ 7,020	\$ 14,601	\$ -	\$ 30,413	\$ 38,236	\$ 11,304	\$ 21,777
Receivables:							
Accounts	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
<b>Total assets</b>	<b>7,020</b>	<b>14,601</b>	<b>-</b>	<b>30,413</b>	<b>38,236</b>	<b>11,304</b>	<b>21,777</b>
<b>Liabilities and Fund Balance</b>							
Liabilities:							
Accounts payable	-	18	-	1,880	-	-	3,086
Wages payable	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>1,880</b>	<b>-</b>	<b>-</b>	<b>3,086</b>
<b>Fund balances:</b>							
Nonspendable							
Inventory	-	-	-	-	-	-	-
Restricted for							
General Government	7,020	14,583	-	28,533	38,236	-	18,691
Unclaimed Funds	-	-	-	-	-	11,304	-
Human Services	-	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>7,020</b>	<b>14,583</b>	<b>-</b>	<b>28,533</b>	<b>38,236</b>	<b>11,304</b>	<b>18,691</b>
<b>Total liabilities and fund balance</b>	<b>7,020</b>	<b>14,601</b>	<b>-</b>	<b>30,413</b>	<b>38,236</b>	<b>11,304</b>	<b>21,777</b>

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



Howard County, Tx  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 September 30, 2016

Continued

	Chapter 19 Fund	Jail Commissary Fund	235 District Court Records Technology Fund	237 County Court Technology Fund	238 District Court Technology Fund	241 District Court Records Preservation Fund	242 County Court Records Preservation Fund	245 County Attorney Diversionsary Fund
Cash	\$ (661)	\$ 39,779	\$ 33,542	\$ 1,458	\$ 907	\$ 48,561	\$ 2,929	\$ 54,897
Receivables:								
Accounts	1,136	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>475</b>	<b>39,779</b>	<b>33,542</b>	<b>1,458</b>	<b>907</b>	<b>48,561</b>	<b>2,929</b>	<b>54,897</b>
<b>Liabilities and Fund Balance</b>								
Liabilities:								
Accounts payable	-	5,815	-	-	-	-	-	-
Wages payable	475	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>475</b>	<b>5,815</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>								
Nonspendable								
Inventory	-	-	-	-	-	-	-	-
Restricted for								
General Government		33,964	33,542	1,458	907	48,561	2,929	54,897
Unclaimed Funds	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>33,964</b>	<b>33,542</b>	<b>1,458</b>	<b>907</b>	<b>48,561</b>	<b>2,929</b>	<b>54,897</b>
<b>Total liabilities and fund balance</b>	<b>475</b>	<b>39,779</b>	<b>33,542</b>	<b>1,458</b>	<b>907</b>	<b>48,561</b>	<b>2,929</b>	<b>54,897</b>

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

Howard County, Tx  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2016

	249		
	County Library Donation Fund	District Court Records Archive Fund	Total
Cash	\$ 56,800	\$ 3,810	\$ 1,533,080
Receivables:			
Accounts	-	-	2,263
Due from other funds	-	-	-
<b>Total assets</b>	<b>56,800</b>	<b>3,810</b>	<b>1,535,343</b>
<b>Liabilities and Fund Balance</b>			
Liabilities:			
Accounts payable	-	-	20,977
Wages payable	-	-	6,877
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>27,854</b>
<b>Fund balances:</b>			
Nonspendable			
Inventory			-
Restricted for			
General Government	56,800	3,810	1,494,911
Unclaimed Funds	-	-	11,304
Human Services	-	-	1,274
<b>Total fund balances</b>	<b>56,800</b>	<b>3,810</b>	<b>1,507,489</b>
<b>Total liabilities and fund balance</b>	<b>56,800</b>	<b>3,810</b>	<b>1,535,343</b>

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

Howard County, Tx  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 September 30, 2016

	Continued							
	170	190	240	230	231	229	227	228
	Law Library Fund	Indigent Health Care Fund	District Court Building Fund	Records Management Document Filing Fee Fund	Records Management Court Fees Fund	Vital Records Preservation Co. Clerk Fund	Records Management District Clerk Fund	Records Archive Co. Clerk Fund
<b>Revenues:</b>								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program income	-	-	-	-	-	-	-	-
Fines/fees	20,011	-	-	128,349	11,785	2,991	2,960	127,750
Interest	293	-	3	841	83	71	77	1,553
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>20,304</b>	<b>-</b>	<b>3</b>	<b>129,190</b>	<b>11,868</b>	<b>3,062</b>	<b>3,037</b>	<b>129,303</b>
<b>Expenditures:</b>								
Current								
General government	13,556	-	-	34,536	3,646	480	30,000	-
Welfare/health	-	171,352	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>13,556</b>	<b>171,352</b>	<b>-</b>	<b>34,536</b>	<b>3,646</b>	<b>480</b>	<b>30,000</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>6,748</b>	<b>(171,352)</b>	<b>3</b>	<b>94,654</b>	<b>8,222</b>	<b>2,582</b>	<b>(26,963)</b>	<b>129,303</b>
<b>Other financing sources (uses):</b>								
Operating transfers in	-	172,500	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-
<b>Total other financial sources (uses)</b>	<b>-</b>	<b>172,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>6,748</b>	<b>1,148</b>	<b>3</b>	<b>94,654</b>	<b>8,222</b>	<b>2,582</b>	<b>(26,963)</b>	<b>129,303</b>
Fund balance-October 1	58,014	126	1,045	145,228	22,258	20,550	34,150	317,624
Fund balance-September 30	\$ 64,762	\$ 1,274	\$ 1,048	\$ 239,882	\$ 30,480	\$ 23,132	\$ 7,187	\$ 446,927

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

Howard County, Tx  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
September 30, 2016

	Continued							
	232	220	234	226	306	221	236	243
	Juvenile Delinquency Prevention Fund	Courthouse Security Fund	Justice Court Technology Fund	Child Abuse Prevention Fund	Election Admin. Fund	Justice Court Building Security Fund	Alternative Dispute Resolution Fund	FEMA Fund
<b>Revenues:</b>								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program income	-	-	-	-	-	-	-	-
Fines/fees	-	27,868	12,958	625	4,617	3,124	557	-
Interest	2	201	129	12	132	100	-	614
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>2</b>	<b>28,069</b>	<b>13,087</b>	<b>637</b>	<b>4,749</b>	<b>3,224</b>	<b>557</b>	<b>614</b>
<b>Expenditures:</b>								
<b>Current</b>								
General government	-	93,013	3,953	-	1,035	-	442	33,667
Welfare/health	-	-	-	-	-	-	-	-
Capital expenditures	-	2,918	519	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>95,931</b>	<b>4,472</b>	<b>-</b>	<b>1,035</b>	<b>-</b>	<b>442</b>	<b>33,667</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2</b>	<b>(67,862)</b>	<b>8,615</b>	<b>637</b>	<b>3,714</b>	<b>3,224</b>	<b>115</b>	<b>(33,053)</b>
<b>Other financing sources (uses):</b>								
Operating transfers in	-	75,000	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-
<b>Total other financial sources (uses)</b>	<b>-</b>	<b>75,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>2</b>	<b>7,138</b>	<b>8,615</b>	<b>637</b>	<b>3,714</b>	<b>3,224</b>	<b>115</b>	<b>(33,053)</b>
Fund balance-October 1	23	11,804	28,407	2,214	41,670	28,551	160	234,341
Fund balance-September	\$ 25	\$ 18,942	\$ 37,022	\$ 2,851	\$ 45,384	\$ 31,775	\$ 275	\$ 201,288

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

Howard County, Tx  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
September 30, 2016

Continued

	Assessor Collector Special Inventory Fund	County Attorney Hot Check Fund	Sheriff Drug Seizure Fund	District Attorney Drug Seizure Fund	Unclaimed Money Fund	Abandoned Property Fund
<b>Revenues:</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program income	-	-	-	-	-	15,321
Fines/fees	-	8,824	11,626	4,498	-	-
Interest	23	-	77	157	34	48
Donations	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Total revenue</b>	<b>23</b>	<b>8,824</b>	<b>11,703</b>	<b>4,655</b>	<b>34</b>	<b>15,369</b>
<b>Expenditures:</b>						
Current						
General government	-	11,958	3,633	3,001	439	6,988
Welfare/health	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>11,958</b>	<b>3,633</b>	<b>3,001</b>	<b>439</b>	<b>6,988</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>23</b>	<b>(3,134)</b>	<b>8,070</b>	<b>1,654</b>	<b>(405)</b>	<b>8,381</b>
<b>Other financing sources (uses):</b>						
Operating transfers in	-	-	14,755	-	-	-
Operating transfers out	-	-	(14,755)	-	-	-
<b>Total other financial sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>23</b>	<b>(3,134)</b>	<b>8,070</b>	<b>1,654</b>	<b>(405)</b>	<b>8,381</b>
Fund balance-October 1	6,997	17,717	20,463	38,582	11,709	10,310
Fund balance-September 30	\$ 7,020	\$ 14,583	\$ 28,533	\$ 38,236	\$ 11,304	\$ 18,691

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

Howard County, Tx  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 September 30, 2016

			236	237	238	242	245	245	Continued
			District	County	District	District	County	County	
			Court	Court	Court	Court	Court	Court	
			Records	Technology	Technology	Records	Records	Records	County
			Technology	Technology	Technology	Preservation	Preservation	Preservation	Attorney
			Fund	Fund	Fund	Fund	Fund	Fund	Diversionary
	Chapter	Jail							Fund
	19	Commissary							
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund
<b>Revenues:</b>									
Intergovernmental	\$ 8,859	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program income	-	-	-	-	-	-	-	-	-
Fines/fees	-	73,908	5,825	583	457	6,226	1,561	21,350	-
Interest	-	161	120	9	2	163	31	220	-
Donations	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>8,859</b>	<b>74,069</b>	<b>5,945</b>	<b>592</b>	<b>459</b>	<b>6,389</b>	<b>1,592</b>	<b>21,570</b>	<b>-</b>
<b>Expenditures:</b>									
<b>Current</b>									
General government	8,859	84,377	-	1,986	-	-	10,311	2,461	-
Welfare/health	-	-	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>8,859</b>	<b>84,377</b>	<b>-</b>	<b>1,986</b>	<b>-</b>	<b>-</b>	<b>10,311</b>	<b>2,461</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>(10,308)</b>	<b>5,945</b>	<b>(1,394)</b>	<b>459</b>	<b>6,389</b>	<b>(8,719)</b>	<b>19,109</b>	<b>-</b>
<b>Other financing sources (uses):</b>									
Operating transfers in	-	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-
<b>Total other financial sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>-</b>	<b>(10,308)</b>	<b>5,945</b>	<b>(1,394)</b>	<b>459</b>	<b>6,389</b>	<b>(8,719)</b>	<b>19,109</b>	<b>-</b>
Fund balance-October 1	-	44,272	27,597	2,852	448	42,172	11,648	35,788	-
Fund balance-September 3	\$ -	\$ 33,964	\$ 33,542	\$ 1,458	\$ 907	\$ 48,561	\$ 2,929	\$ 54,897	-

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

Howard County, Tx  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
September 30, 2016

	249			
	County	District	Court	Total
	Library	Records	Archive	
	Donation	Fund	Fund	
	Fund	Fund	Fund	
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ -	8,859
Program income	-	-	-	15,321
Fines/fees	-	3,804	-	482,257
Interest	264	6	-	5,426
Donations	5,089	-	-	5,089
Miscellaneous	-	-	-	-
<b>Total revenue</b>	<b>5,353</b>	<b>3,810</b>	<b>-</b>	<b>516,952</b>
<b>Expenditures:</b>				
Current				
General government	-	-	-	348,341
Welfare/health	-	-	-	171,352
Capital expenditures	-	-	-	3,437
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>523,130</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>5,353</b>	<b>3,810</b>	<b>-</b>	<b>-6,178</b>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	-	262,255
Operating transfers out	-	-	-	-14,755
<b>Total other financial sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>247,500</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>5,353</b>	<b>3,810</b>	<b>-</b>	<b>241,322</b>
				0
Fund balance-October 1	51,447	-	-	1,266,167
Fund balance-September 30	\$ 56,800	\$ 3,810	\$ -	1,507,489

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

**INTERNAL  
SERVICE  
FUND**

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

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



Howard County, Tx  
Statement of Net Assets  
Internal Service Fund  
September 30, 2016

**ASSETS****Current assets:**

Cash and cash equivalents	\$ 996,157
Accounts receivable	150
Inventories	27,760
<b>Total current assets</b>	<u>1,024,067</u>

**Noncurrent assets:****Capital assets:**

Equipment	5,052,997
Less: accumulated depreciation	(3,674,388)
<b>Total capital assets (net of accumulated depreciation)</b>	<u>1,378,609</u>
<b>Total assets</b>	<u>2,402,676</u>

**LIABILITIES**

Accounts payable	8,936
Wages payable	6,453
Compensated absences payable	9,994
<b>Total liabilities</b>	<u>25,383</u>

**NET ASSETS**

Invested in capital assets, net of related debt	1,378,609
Assigned to Equipment Operations	998,684
<b>Total net assets</b>	<u>\$ 2,377,293</u>

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

Howard County, Tx  
Statement of Revenues, Expenses, and Change in Fund Net Assets  
Internal Service Fund  
For the Year Ended September 30, 2016

Operating revenues:		
Charges for services	\$	1,463,000
Insurance proceeds/sale of equipment		59,239
<b>Total Operating Revenue</b>		<u>1,522,239</u>
Operating expenses:		
Personnel services		203,523
Liability insurance		29,288
Maintenance and repairs		109,840
Materials		321,325
Equipment rental		4,801
Depreciation		454,164
<b>Total Operating Expense</b>		<u>1,122,941</u>
<b>Operating Income</b>		<u>399,298</u>
Nonoperating revenues (expenses):		
Interest on income		4,039
Contributions from other funds		31,052
Gain (loss) on sale of equipment		(96,744)
<b>Total nonoperating revenue (expenses)</b>		<u>(61,653)</u>
<b>Change in net assets</b>		337,645
<b>Total net assets - beginning</b>		<u>2,039,648</u>
<b>Total net assets - ending</b>	<b>\$</b>	<u><u>2,377,293</u></u>

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

Howard County, Tx  
Statement of Cash Flows  
Internal Service Fund  
For the Year Ended September 30, 2016

<b>Cash flows from operating activities:</b>	
Cash received from user departments	\$ 1,463,000
Cash paid to employees	(197,964)
Cash paid to suppliers	(469,227)
Miscellaneous revenue	59,239
Net cash provided by operating activities	<u>855,048</u>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of assets	(529,820)
Proceeds from sale of equipment	<u>-</u>
Net cash used for capital and related financing activities	<u>(529,820)</u>
<b>Cash flows from investing activities:</b>	
Interest on investments	<u>4,039</u>
Net cash used in investing activities	<u>4,039</u>
Net increase in cash and cash equivalents	329,267
Cash and cash equivalent-beginning of year	<u>666,890</u>
Cash and cash equivalent-end of year	<u><u>996,157</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income (loss)	399,298
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>	
Depreciation	454,164
<b>Changes in assets and liabilities:</b>	
(Increase) decrease in accounts receivable	233
(Increase) decrease in inventory	(131)
Increase (decrease) in accounts payable	(4,074)
Increase (decrease) in wages payable	1,292
Increase (decrease) in compensated absences payable	<u>4,266</u>
Net cash provided by operating activities	<u>\$ 855,048</u>

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

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

September 30, 2016

	Fixed Assets				Allowance for Depreciation				Net Value Assets		
	Balance October 1, 2015	Additions	Deletions	Transfers Between Departments	Balance Sept. 30, 2016	Balance October 1, 2015	Depreciation This Year	Charge Off		Transfers Between Departments	Balance Sept. 30, 2016
Mad and Bridge Department: vehicles, radio equipment and other equipment	\$3,364,553	\$267,855	(\$270,559)	\$0	\$3,361,850	\$2,342,917	\$248,812	(\$173,815)	\$0	\$2,417,914	\$943,936
Corriffin Department: vehicles and radio equipment	1,100,831	293,015	(156,515)	0	1,237,331	891,363	144,716	(156,515)	0	879,554	357,777
Corrections Department: vehicles	48,834	0	0	0	48,834	14,922	16,276	0	0	31,198	17,636
Courthouse/Juvenile Probation: vehicles	172,004	0	0	0	172,004	126,227	23,887	0	0	150,114	21,890
Volunteer Fire Department: vehicles, radio equipment and other equipment	262,135	0	(29,156)	0	232,979	204,293	20,471	(29,156)	0	195,608	37,371
<b>Totals</b>	<b>\$4,948,357</b>	<b>\$560,870</b>	<b>(\$456,230)</b>	<b>\$0</b>	<b>\$5,052,997</b>	<b>\$3,579,712</b>	<b>\$454,162</b>	<b>(\$359,486)</b>	<b>\$0</b>	<b>\$3,674,388</b>	<b>\$1,378,609</b>

**Fiduciary  
Fund  
Type**

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

Howard County, Tx  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
September 30, 2016

<b>ASSETS</b>	
Cash and temporary investments	\$ 1,477,548
Receivables	<u>12,262</u>
<b>Total Assets</b>	<u><u>1,489,810</u></u>
<b>LIABILITIES</b>	
Due other funds	46,973
Due others	<u>1,442,837</u>
<b>Total Liabilities</b>	<u><u>\$ 1,489,810</u></u>

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

Howard County, Tx  
 Combining Statement of Changes in Fiduciary Assets and Liabilities  
 September 30, 2016

	Balance 10/1/2015	Adjustments	Adjusted Balance 10/1/2015	Additions	Deletions	Balance 9/31/16
<b>ASSETS</b>						
Cash and temporary investments	\$ 1,078,253	\$ 136,842	\$ 1,215,095	\$ 78,388,953	\$ 78,126,500	\$ 1,477,548
Receivables	9,224	-	9,224	26,960	23,922	12,262
<b>Total Assets</b>	<b>\$ 1,087,477</b>	<b>\$ 136,842</b>	<b>\$ 1,224,319</b>	<b>\$ 78,415,913</b>	<b>\$ 78,150,422</b>	<b>\$ 1,489,810</b>
<b>LIABILITIES</b>						
Accounts payable:						
Due participants	1,052,004	136,842	1,188,846	64,972,794	64,718,803	1,442,837
Due other funds	35,473		35,473	13,443,119	13,431,619	46,973
<b>Total Liabilities</b>	<b>\$ 1,087,477</b>	<b>\$ 136,842</b>	<b>\$ 1,224,319</b>	<b>\$ 78,415,913</b>	<b>\$ 78,150,422</b>	<b>\$ 1,489,810</b>

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

## Capital Assets

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

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

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



Howard County, Tx  
 Capital Assets Used in the Operation of Governmental Funds  
 Comparative Schedules By Source  
 September 30, 2016

<b>Governmental funds capital assets:</b>	
Land	\$ 589,576
Buildings & Improvements	19,990,879
Machinery and Equipment	1,663,377
Infrastructure	-
<b>Total governmental funds capital assets</b>	<u><u>22,243,832</u></u>
<b>Investments in governmental funds capital assets by source:</b>	
<b>Acquisitions before 1978</b>	<b>1,279,036</b>
General Fund	978,875
Capital Projects Fund	17,970,835
Road & Bridge Fund	123,708
Records Management Fund	58,248
Courthouse Security Fund	43,800
D.A. Forfeiture Fund	15,992
Revenue Sharing Fund	29,232
HAVA Fund	234,704
Airport Fund	408,076
Abandoned Property Fund	5,068
Tobacco Fund	837,050
Donations and Grants	259,208
<b>Total governmental funds capital assets</b>	<u><u>\$ 22,243,832</u></u>

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

Howard County, Tx  
 Capital Assets Used in the Operation of Governmental Funds  
 Schedule of Changes By Function and Activity  
 For the fiscal year ended September 30, 2016

Function/Activity	General Fixed Assets 10/1/2015	Additions	Deletions	Transfers/ Adjustments Between Departments	General Fixed Assets 9/30/2016
<b>General Government:</b>					
<b>Judicial</b>	\$ 223,965		\$ 5,384	\$ 36,134	\$ 254,715
<b>Staff Agencies:</b>					
Elections	318,106	-	83,402	-	234,704
Executive and Financial	369,657		66,535	(36,134)	266,988
<b>Total Staff Agencies</b>	<b>687,763</b>	<b>-</b>	<b>149,937</b>	<b>(36,134)</b>	<b>501,692</b>
<b>Public Safety:</b>					
Police Protection	118,741	26,101	18,734	-	126,108
Fire Protection	10,150	-	-	-	10,150
Protective Inspection	-	-	-	-	-
Other Inspections	-	-	-	-	-
Corrections	112,288	16,230	11,500	-	117,018
<b>Total Public Safety</b>	<b>241,179</b>	<b>42,331</b>	<b>30,234</b>	<b>-</b>	<b>253,276</b>
<b>Government:</b>					
Buildings-Courthouse, Annex, Jail, Showbarn, Warehouse, Shop, Dist. Court Bldg.	20,034,839	-	830,704	-	19,204,135
Welfare/Health	-			-	-
Waste Removal	18,539	-	-	-	18,539
Library	1,518,970	-	41,889	-	1,477,081
Conservation of Natural Resources	126,318		-	-	126,318
Airport	445,306	100	37,330	-	408,076
<b>Total General Fixed Assets</b>	<b>\$ 23,296,879</b>	<b>\$ 42,431</b>	<b>\$ 1,095,478</b>	<b>\$ -</b>	<b>\$ 22,243,832</b>

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

Howard County, Tx  
 Capital Assets Used in the Operation of Governmental Funds  
 Schedule of Changes By Function and Activity  
 For the fiscal year ended September 30, 2016

Function/Activity	General Fixed Assets 10/1/2015	Additions	Deletions	Transfers/ Adjustments Between Departments	General Fixed Assets 9/30/2016
General Government:					
Judicial	\$ 223,965		\$ 5,384	\$ 36,134	\$ 254,715
Staff Agencies:					
Elections	318,106	-	83,402	-	234,704
Executive and Financial	369,657	-	66,535	(36,134)	266,988
Total Staff Agencies	687,763	-	149,937	(36,134)	501,692
Public Safety:					
Police Protection	118,741	26,101	18,734	-	126,108
Fire Protection	10,150	-	-	-	10,150
Protective Inspection	-	-	-	-	-
Other Inspections	-	-	-	-	-
Corrections	112,288	16,230	11,500	-	117,018
Total Public Safety	241,179	42,331	30,234	-	253,276
Government:					
Buildings-Courthouse, Annex, Jail, Showbarn, Warehouse, Shop, Dist. Court Bldg.	20,034,839	-	830,704	-	19,204,135
Welfare/Health	-	-	-	-	-
Waste Removal	18,539	-	-	-	18,539
Library	1,518,970	-	41,889	-	1,477,081
Conservation of Natural Resources	126,318	-	-	-	126,318
Airport	445,306	100	37,330	-	408,076
Total General Fixed Assets	\$ 23,296,879	\$ 42,431	\$ 1,095,478	\$ -	\$ 22,243,832

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

**STATISTICAL  
SECTION  
(unaudited)**

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses										
Governmental activities:										
General government	\$ 4,466,001	\$ 4,626,553	\$ 5,164,305	\$ 4,802,531	\$ 5,350,904	\$ 6,058,590	\$ 5,278,924	\$ 5,932,911	\$ 6,586,740	\$ 6,884,732
Public safety	3,166,509	2,610,727	2,992,499	3,199,696	3,429,050	3,845,737	4,103,528	4,511,314	4,495,281	4,709,023
Road maintenance	1,263,067	1,025,020	1,343,694	1,365,818	1,689,314	1,471,105	2,181,526	2,187,292	2,205,794	4,248,165
Health/Welfare	562,190	564,412	238,925	303,919	202,188	194,959	201,298	155,909	157,617	163,634
Conservation of natural resources	123,695	120,296	147,815	148,627	118,912	107,141	116,593	140,863	178,991	164,480
Culture and Recreation	461,765	372,652	400,348	394,021	435,451	454,250	393,050	425,711	414,571	351,668
Intergovernmental	716,483	749,965	747,377	834,561	834,952	779,335	491,334	1,383,441	1,392,727	1,400,558
Interest on long-term debt	33,612	30,518	917,046	541,962	526,838	510,546	493,488	475,403	456,675	293,015
Vehicle operation	839,277	914,811	819,048	902,352	1,009,550	981,214	1,023,962	1,087,582	1,061,443	1,106,929
Other	300	300	800	800	800	800	800	800	750	750
Total governmental activities expenses	11,632,899	11,015,254	12,771,857	12,494,287	13,597,959	14,403,677	14,284,503	16,301,226	16,950,589	19,322,954
Program Revenues										
Governmental activities:										
Charges for services:										
General government	2,215,546	2,831,982	1,628,656	1,639,117	1,787,849	1,848,556	2,113,230	2,415,805	2,488,876	2,873,859
Public safety	115,920	97,025	104,833	123,926	160,621	64,356	79,724	81,303	88,574	119,013
Road maintenance	715,071	712,381	703,316	668,420	662,569	665,075	665,390	675,502	647,799	652,470
Health/Welfare	91,887	17,303	-	-	-	0	-	-	-	-
Culture and Recreation	7,490	7,786	6,787	5,796	5,328	6,293	6,755	6,482	8,212	6,664
Operating grants and contributions	134,598	75,324	152,053	46,566	98,013	1,860,706	144,266	46,231	88,719	2,555,567
Total governmental activities program revenues	3,280,512	3,741,801	2,595,645	2,483,825	2,714,380	4,444,986	3,009,365	3,225,323	3,322,180	6,207,573
General Revenues and Other Changes In Net Assets										
Governmental activities:										
Taxes	7,618,171	9,473,482	10,732,236	11,356,869	11,288,861	11,128,989	11,809,378	12,160,056	12,185,896	12,341,617
Intergovernmental	513,359	405,823	209,078	425,237	357,900	762,296	1,023,869	1,127,153	1,362,560	1,429,601
Other/Miscellaneous/Interest	289,711	679,989	353,867	288,133	235,814	185,444	692,790	118,551	945,569	545,000
Total governmental activities	8,421,241	10,559,294	11,295,181	12,070,239	11,882,575	12,076,729	13,526,037	13,405,760	14,494,025	14,316,218
Change in Net Assets	\$ 68,854	\$ 3,285,841	\$ 1,118,969	\$ 2,059,777	\$ 998,996	\$ 2,118,038	\$ 2,250,899	\$ 329,857	\$ 865,616	\$ 1,200,837

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund					
Reserved	\$31,806	\$24,163	\$24,017	40,999	42,465
Unreserved	844,916	1,467,877	4,560,683	6,017,132	7,167,621
Total general fund	<u>876,722</u>	<u>1,492,040</u>	<u>4,584,700</u>	<u>6,058,131</u>	<u>7,210,086</u>
All other governmental funds					
Unreserved, reported in:					
Road & Bridge Fund	32,965	366,325	636,402	806,046	823,459
Tobacco Fund	958,689	1,061,836	1,140,435	1,554,004	1,967,851
Nonmajor Funds	497,881	328,615	404,269	461,443	409,640
Jail Construction Fund	-	7,536,945	-	-	0
Reserved in Debt Service Fund	205	86,391	493,355	96,414	82,528
Reserved for Claimants	7,973	5,401	6,562	9,003	9,768
Total all other governmental funds	<u>1,497,713</u>	<u>9,385,513</u>	<u>2,681,023</u>	<u>2,926,910</u>	<u>3,293,246</u>
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund					
Reserved	33,596	34,192	43,019	29,215	21,289
Unreserved	6,710,105	8,275,208	8,521,710	7,466,357	7,438,257
Total general fund	<u>6,743,701</u>	<u>8,309,400</u>	<u>8,564,729</u>	<u>7,495,572</u>	<u>7,459,546</u>
All other governmental funds					
Unreserved, reported in:					
Road & Bridge Fund	807,349	966,449	750,993	945,885	1,853,003
Tobacco Fund	2,318,197	1,162,922	962,770	2,017,217	2,239,587
Nonmajor Funds	467,375	794,457	991,148	1,254,458	1,496,185
Reserved or Restricted:					
Reserved in Debt Service Fund	69,996	38,152	101,829	134,434	195,392
Reserved in Tobacco Fund	-	1,200,000	1,400,000	-	0
Reserved for Capital Pro. Fund	243,286	-	-	144,193	0
Reserved for claimants	9,628	10,799	10,695	11,709	11,304
Total all other governmental funds	<u>\$3,915,831</u>	<u>\$4,172,779</u>	<u>\$ 4,217,435</u>	<u>\$4,507,896</u>	<u>5,795,471</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
revenues	\$ 7,144,582	\$ 8,192,941	\$ 12,490,853	\$ 11,318,570	\$ 11,247,178	\$ 11,110,075	\$ 11,809,378	\$ 12,160,056	\$ 12,185,896	\$ 12,341,617
taxes	719,918	717,395	709,907	676,581	664,431	678,567	666,782	683,539	653,034	660,678
license and permits	517,206	421,663	361,131	458,012	453,913	2,615,395	1,085,898	1,127,153	1,232,008	3,981,535
intergovernmental	1,274,230	1,266,336	1,195,211	1,075,316	1,213,206	1,228,231	1,422,079	1,492,730	1,582,543	1,610,415
charges for services	651,648	804,698	806,164	797,162	805,359	716,237	853,374	971,719	922,476	1,146,611
fees	397,589	681,071	322,943	264,739	208,073	163,461	521,186	221,336	966,324	873,493
Miscellaneous/Other										
total revenues	10,705,183	12,084,104	15,886,209	14,590,380	14,582,160	16,511,966	16,358,637	16,656,533	17,542,281	20,614,349
expenditures										
general government	4,288,933	4,486,917	4,459,908	4,436,678	4,714,696	4,599,221	4,958,943	5,198,288	5,877,508	5,927,283
public safety	3,133,466	2,649,767	2,941,827	3,188,651	3,402,886	3,702,897	3,981,468	4,417,818	4,752,927	4,972,224
road maintenance	1,957,578	1,725,106	2,315,725	2,156,083	2,277,344	2,054,305	2,772,408	3,197,452	3,346,483	5,353,466
health/welfare	559,710	564,286	236,227	303,373	200,764	196,000	201,136	153,312	168,393	175,603
conservation of natural resources	123,336	121,516	145,570	148,202	119,839	107,141	103,980	135,194	168,038	161,903
culture and recreation	453,652	371,007	396,619	393,089	428,680	390,566	390,441	410,226	441,971	378,198
intergovernmental	716,483	749,965	747,377	834,561	832,952	779,335	491,334	1,383,441	1,392,727	1,400,558
debt service	133,990	135,915	969,136	939,614	943,614	942,539	945,574	947,704	944,049	751,205
capital outlay	201,938	3,953,611	7,284,704	487,793	153,982	3,574,093	690,502	521,140	1,214,327	233,684
other	400	381,541	800	800	800	800	800	800	750	750
total expenditures	11,569,486	15,139,631	19,497,893	12,888,044	13,075,337	16,346,897	14,536,586	16,365,375	18,307,173	19,354,874
excess of revenues	(864,303)	(3,055,527)	(3,611,684)	1,702,336	1,516,823	165,069	1,822,051	291,158	(764,892)	1,259,475
over (under) expenditures										
other financing sources (uses)										
transfers in	241,408	347,059	683,615	951,517	824,232	1,652,684	677,834	407,781	575,000	612,650
transfers out	(241,408)	(347,059)	(683,615)	(951,517)	(824,232)	(1,652,684)	(677,834)	(407,781)	(575,000)	(612,650)
bond proceeds	-	11,570,000	-	-	-	-	-	-	-	0
total other financing sources (uses)	-	11,570,000	-	-	-	-	-	-	-	-
net change in fund balances	(\$964,303)	\$8,514,473	(\$3,611,684)	\$1,702,336	\$1,516,823	\$165,069	\$1,822,051	\$291,158	(\$764,892)	\$1,259,475
debt service as a percentage of noncapital expenditures	1.19%	1.23%	8.62%	8.20%	7.88%	7.97%	7.3%	6.4%	5.8%	4.1%

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

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	All Other	Total
2006	3,528,124	71,241	30,015	7,023,504	569,109	11,221,993
2007	3,145,914	134,598	-	7,618,171	803,070	11,701,753
2008	3,666,477	75,324	-	9,473,482	1,085,812	14,301,095
2009	2,443,592	152,053	-	10,732,236	562,945	13,890,826
2010	2,451,050	32,775	-	11,356,869	713,370	14,554,064
2011	2,616,367	98,013	-	11,288,861	593,714	14,596,955
2012	2,584,280	160,706	1,700,000	11,128,989	947,740	16,521,715
2013	2,865,099	144,266	-	11,809,378	1,716,659	16,535,402
2014	3,179,092	46,231	-	12,160,056	1,245,704	16,631,083
2015	3,233,461	88,719	-	12,185,896	2,308,129	17,816,205
2016	3,652,006	2,555,567	-	12,341,617	1,974,601	20,523,791



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

Fiscal Year	General Government	Public Safety	Road Maint.	Health Welfare	Conservation of Natural Resources	Culture and Recreation	Inter-governmental	Interest on Long-Term Debt	Vehicle Operation	Other	Total
2007	4,466,001	3,166,509	1,263,067	562,190	123,695	461,765	716,483	33,612	839,277	300	11,632,899
2008	4,626,553	2,610,727	1,025,020	564,412	120,296	372,652	749,965	30,518	914,811	300	11,015,254
2009	5,164,305	2,992,499	1,343,694	238,925	147,815	400,348	747,377	917,046	819,068	800	12,771,877
2010	4,802,531	3,199,696	1,365,818	303,919	148,627	394,021	834,561	541,962	902,352	800	12,494,287
2011	5,350,904	3,429,050	1,689,314	202,188	118,912	435,451	834,952	526,838	1,009,550	800	13,597,959
2012	6,058,590	3,845,737	1,471,105	194,959	107,141	454,250	779,335	510,546	981,214	800	14,403,677
2013	5,278,924	4,103,528	2,181,526	201,298	116,593	393,050	491,334	493,488	1,023,962	800	14,284,503
2014	5,932,911	4,511,314	2,187,292	155,909	140,863	425,711	1,383,441	475,403	1,087,582	800	16,301,226
2015	6,586,740	4,495,281	2,205,794	157,617	178,991	414,571	1,392,727	456,675	1,061,443	750	16,950,589
2016	6,884,732	4,709,023	4,248,165	163,634	164,480	351,668	1,400,558	293,015	1,106,929	750	19,322,954

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

Tax Year	Non-Producing Property	Mineral Property	Industrial Property	Local Real and Personal Property		Intangible Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total County Tax Rate (per \$100) Value
				Property	Property				
2007	114,805	632,145,490	693,637,675	1,009,723,024	1,857,232	(463,869,304)	1,873,608,922	0.487680	
2008		883,837,505	353,823,074	1,284,986,742	1,976,545	(321,724,721)	2,202,899,145	0.536254	
2009		686,650,027	618,386,047	1,075,343,231	2,091,974	(473,841,000)	1,908,630,229	0.578656	
2010		964,789,567	732,929,158	967,798,817	2,060,731	(528,653,079)	2,138,925,194	0.522406	
2011		1,206,356,447	841,771,143	979,533,594	2,433,694	(495,426,198)	2,534,668,680	0.436720	
2012		1,960,081,512	969,110,499	916,396,850	2,484,546	(355,229,874)	3,492,843,533	0.330000	
2013		1,648,669,317	1,058,792,221	1,354,628,530	2,902,887	(692,447,211)	3,372,545,744	0.359828	
2014		2,669,538,930	676,847,316	1,417,471,230	3,155,468	(726,697,717)	4,040,315,227	0.300687	
2015		1,642,017,340	792,362,543	1,615,220,996	3,647,155	(764,996,242)	3,288,251,792	0.371885	
2016		1,128,735,450	598,278,120	1,852,170,587	4,141,378	(783,534,248)	2,799,791,287	0.440000	

Source: Tax Appraiser

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

Year	Howard County Direct Rates										Overlapping Rates					Total
	General Fund	Road and Bridge	Debt Service	Total Howard County	Howard College	Conservation District	Underground Water	Permian Basin	Big Spring	Coahoma	City Forsan	Big Spring	Coahoma	School Forsan		
2007	0.44454	0.03385	0.00748	0.48787	0.28908	0.01805	0.20702	0.50054	1.02276	0.467066	0.451220	1.10409	1.29000	1.15810	6.56538	
2008	0.456347	0.032916	0.046991	0.536254	0.278000	0.014730	0.136958	0.467066	1.013243	0.467066	0.451220	1.119890	1.210000	1.129700	5.905841	
2009	0.513629	0.037474	0.027553	0.578656	0.315538	0.018050	0.191599	0.451220	1.013243	0.451220	0.451220	1.119500	1.290000	1.099300	6.655762	
2010	0.444558	0.034268	0.043560	0.522406	0.285618	0.013393	0.361468	0.451220	0.999500	0.451220	0.451220	1.449500	1.285000	1.100570	6.468675	
2011	0.371455	0.028852	0.036413	0.436720	0.238507	0.010810	0.350000	0.451220	0.949500	0.451220	0.451220	1.439500	1.270000	1.098800	6.243057	
2012	0.279393	0.025080	0.025527	0.330000	0.176616	0.007023	0.325000	0.451220	0.865043	0.451220	0.451220	1.356500	1.270000	1.080910	6.192312	
2013	0.299826	0.030000	0.030001	0.359828	0.203738	0.006712	0.460000	0.420000	0.856640	0.420000	0.420000	1.449500	1.270000	1.389280	6.775525	
2014	0.249311	0.027307	0.024069	0.300687	0.176620	0.005600	0.390000	0.420000	0.856640	0.420000	0.420000	1.360500	1.270000	1.389280	6.169327	
2015	0.313684	0.033829	0.024372	0.371885	0.251823	0.006854	0.330000	0.410000	0.770500	0.410000	0.410000	1.419500	1.270000	1.289280	6.119642	
2016	0.375986	0.041594	0.022420	0.440000	0.313798	0.008841	0.306348	0.407568	0.790000	0.407568	0.407568	1.399500	1.270000	1.418580	6.354635	

Source: Tax Assessor-Collector

Note: Tax rates per \$100 of assessed value

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

Taxpayer	2016		2007	
	Taxable Valuation	Percentage of Total Assessed Valuation	Taxpayer	Taxable Valuation
ALON USA LP (PLANT)	\$239,285,750	8.55%	ALON USA LP	\$351,439,740
CROWNQUEST OPERATING LLC	86,142,100	3.08%	AETHON I LP	67,109,663
SURGE OPERATING LLC	59,057,290	2.11%	CONOCO PHILLIPS COMPANY	58,766,684
ENCANA OIL & GAS	58,830,300	2.10%	MERIT ENERGY COMPANY	40,201,160
WIND ENERGY TRANSMISSION	50,426,920	1.80%	WHITING OIL & GAS CORP	32,909,840
ONCOR ELECTRIC DELIVERY	48,264,760	1.72%	ROBINSON DRILLING OF TEXAS INC	31,673,890
SID RICHARDSON CARBON LTD	38,622,870	1.38%	CHESAPEAKE OPERATING INC	26,205,019
J ARON & COMPANY	36,490,580	1.30%	SID RICHARDSON CARBON LTD	25,699,640
OXY USA INC	34,760,180	1.24%	WESTERN CONTAINER CORP	23,248,720
GUNSIGHT WIND LLC	30,265,000	1.08%	APACHE CORPORATION	22,992,960
Total	\$682,145,750	24.36%	Total	\$680,247,316
		Note 1		35.15%

Source: Howard County Tax Appraisal Office

Note 1: based on total value of \$2,799,791,287

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

Fiscal Year	Taxes Levied for the Fiscal Year	Amount Collected within the Fiscal Year of Levy	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percentage of Levy Collected
2006-07	\$ 7,371,784	\$ 6,813,776	92%	\$ 158,788	\$ 6,972,564	95%
2007-08	\$ 9,144,533	\$ 7,797,078	85%	\$ 281,349	\$ 8,078,427	88%
2008-09	\$ 11,834,138	\$ 11,117,947	94%	\$ 1,036,688	\$ 12,154,635	103%
2009-10	\$ 11,037,141	\$ 10,893,417	99%	\$ 139,239	\$ 11,032,656	100%
2010-11	\$ 11,166,256	\$ 10,885,560	97%	\$ 1,341,146	\$ 12,226,706	109%
2011-12	\$ 11,072,495	\$ 10,774,244	97%	\$ 218,664	\$ 10,992,908	99%
2012-13	\$ 11,530,110	\$ 11,486,315	99%	\$ 226,927	\$ 11,713,342	102%
2013-14	\$ 12,135,369	\$ 11,863,895	98%	\$ 174,338	\$ 12,038,233	99%
2014-15	\$ 12,129,882	\$ 11,935,393	98%	\$ 178,859	\$ 12,114,252	99%
2015-16	\$ 12,219,788	\$ 12,026,179	98%	\$ 104,182	\$ 12,130,361	99%

Source: Howard County Tax Assessor-Collector

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

Tax Year	Population	General Obligations Bonds	Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita
2006	33,627	\$ 970,000	\$ 1,510,648,421	0.07%	\$ 28.85
2007	33,627	\$ 12,435,000	\$ 1,873,608,922	0.05%	\$ 369.79
2008	33,627	\$ 12,325,000	\$ 2,202,899,145	0.56%	\$ 366.52
2009	33,627	\$ 11,930,000	\$ 1,908,630,229	0.65%	\$ 354.77
2010	35,012	\$ 11,515,000	\$ 2,138,925,194	0.54%	\$ 342.43
2011	35,012	\$ 11,085,000	\$ 2,534,668,680	0.44%	\$ 316.61
2012	35,012	\$ 10,635,000	\$ 3,492,843,533	0.30%	\$ 303.75
2013	36,651	\$ 10,165,000	\$ 3,372,545,744	0.30%	\$ 277.35
2014	36,651	\$ 9,830,000	\$ 4,040,315,227	0.24%	\$ 268.21
2015	36,651	\$ 9,395,000	\$ 3,288,251,792	0.29%	\$ 256.34
2016	36,651	\$ 8,985,000	\$ 2,799,791,287	0.32%	\$ 245.15

Note 1

Source for population: U.S. Census

Source for taxable value of property: Tax Appraiser

Note 1 Projected

Howard County, Tx  
Overlapping Debt Repaid With Property Taxes

Governmental Entity	Year-End Debt Outstanding (Note 1)
Howard County	\$9,395,000
Cities:	
City of Big Spring-Direct Debt	15,508,138
City of Coahoma	0
School Districts:	
Big Spring ISD	54,565,000
Sands ISD	5,295,000 Note 2
Coahoma ISD	11,929,997
Forsan ISD	19,850,000
Special Districts:	
Howard College	14,800,000
Total	\$131,343,135

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

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

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

	2016 (2)		2015 (2)		2014 (2)		2013 (2)		2012 (2)		2011 (2)		2010 (2)		2009 (2)		2008 (2)		2007 (2)			
	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT		
Judicial																						
District Judge	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0
Justices of Peace	7	0	7	0	5	1	7	0	7	0	7	0	7	0	7	0	7	0	7	0	7	0
District Clerk	5	0	5	0	5	0	4	1	4	0	4	0	4	0	3	1	4	1	4	1	4	0
County Attorney	4	0	3.5	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0
County Clerk	6	1	6	1	6	1	6	0	6	1	6	1	6	0	6	0	6	0	6	0	7	0
District Attorney	5	1	5.5	0	5	1	4	0	5	0	5	0	5	0	5	0	5	0	5	0	5	0
Court Collector	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	2	0	2	0
Executive																						
County Judge	2	0	2	0	2	0	2	0	2	0	2	0	2	0	2	0	2	0	2	0	2	0
County Commissioners	4	0	4	0	4	0	4	0	4	0	4	0	4	0	4	0	4	0	4	0	4	0
Financial Administration																						
County Treasurer	2	1	2	0	2	0	2	0	2	0	2	0	1.5	0	1.5	0	1.5	0	1.5	0	1.5	0
County Auditor	4	0	4	0	3	1	3	0	3	0	3	0	3.5	0	3.5	0	3.5	0	3.5	0	3.5	0
Tax Assessor-Collector	8	1	8	0	8	0	7	0	8	0	8	0	8	0	8	0	7	0	7	0	7	0
Information Technology	1	0	1	0	1	0	1	0	1	0	1	0										
Elections	2	1	2	0	2	0	2	0	1	1	1	1	1	2	1	2	1	2	1	2	1	2
Courthouse Maintenance	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	4	1
Sheriff	23	1	23	1	22	1	19	0	18	0	17	0	16	0	21	0	18	2	17	1	17	1
Jail	23	3	22	2	23	3	22	3	23	3	26	6	25	3	18	4	9	5	10	5	10	5
Joint Law Enforcement	11	1	11	2	11	1	10	0	10	0	0	0	0	0	0	0	0	0	0	0	0	0
Detention	0	0	0	0	0	0	0	3	0	7	0	7	0	5	0	6	0	3	0	6	0	6
State (DPS)	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0
Constable	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	0	0
Emergency Management	0	1	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
County Extension Agents	2	0	3	0	3	0	3	0	1	0	2	1	4	0	4	0	4	0	4	0	3	0
Library	5	0	6	1	6	1	6	1	5	1	6	1	6	1	6	1	6	1	6	1	8	1
Law Library	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Indigent Health Care	2	2	2	1	2	1	2	1	3	1	3	1	3	1	3	2	2	1	2	1	2	1
Courthouse Security	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0
Road & Bridge	19	1	19	1	17	0	17	0	17	0	18	0	19	2	17	1	17	0	17	0	19	1
Equipment Operating	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0	3	0
Senior Citizens Center	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	3
<b>Total</b>	<b>147</b>	<b>15</b>	<b>149</b>	<b>9</b>	<b>142</b>	<b>11</b>	<b>137</b>	<b>9</b>	<b>135</b>	<b>14</b>	<b>130</b>	<b>18</b>	<b>130</b>	<b>14</b>	<b>125</b>	<b>19</b>	<b>114</b>	<b>15</b>	<b>121</b>	<b>21</b>		

(1) Source: County Treasurer

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

FT = full time PT = part time



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

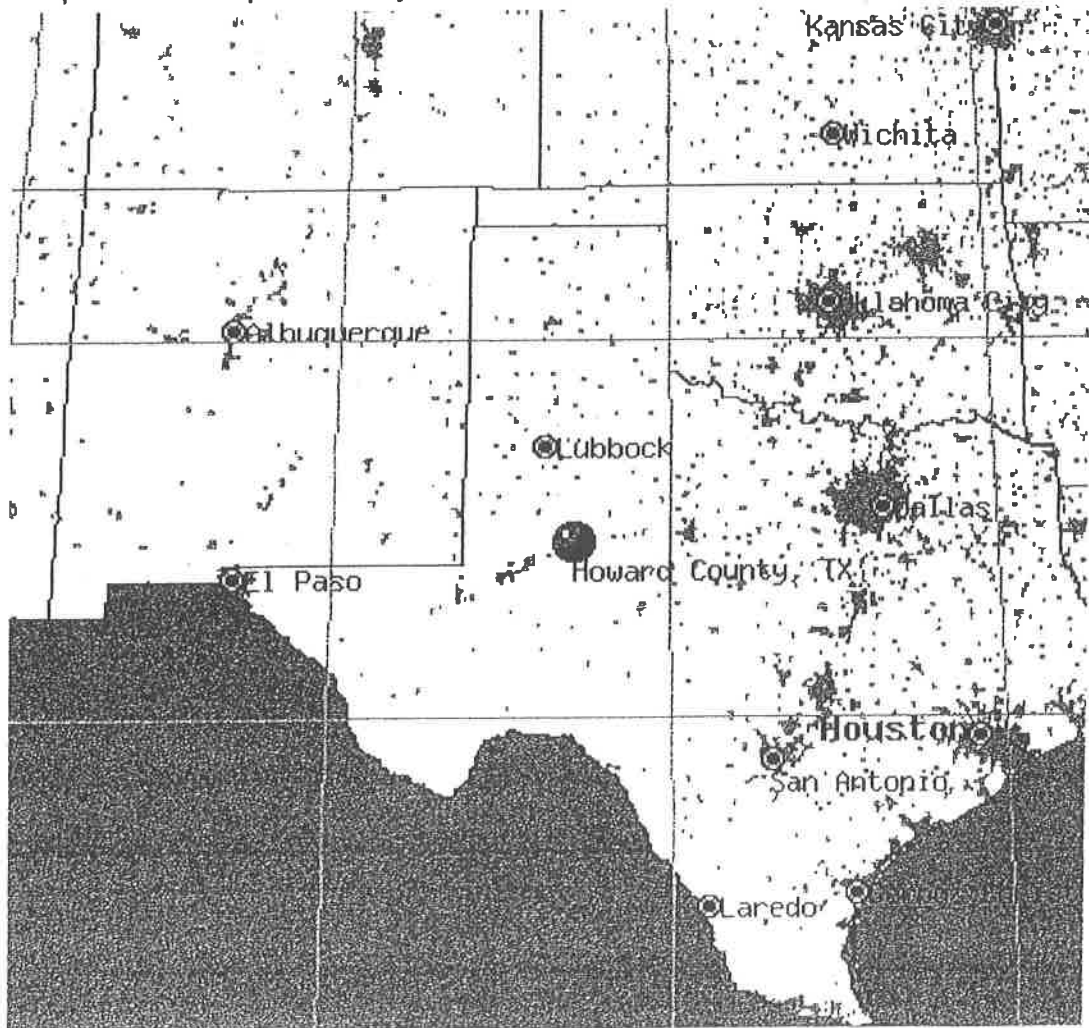
Howard County is a county located in the U.S. state of Texas. Its county seat is Big Spring. Howard County is named for Volney E. Howard, a U. S. Congressman from Texas.

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

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

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

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



Howard County,  
Miscellaneous Statistics  
Last Ten Fiscal Years

2007 2008 2009 2010 2011 2012 2013 2014 2015 2016

Roads by commissioner precinct. Source: County Engineer

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Miles of paved roads:										
Precinct 1	60.25	60.25	60.25	60.25	60.25	60.25	60.25	60.25	59.75	65.52
Precinct 2	59.90	59.90	59.90	59.90	59.90	59.90	59.90	59.90	58.90	101.92
Precinct 3	54.20	54.20	54.20	54.20	54.20	54.20	54.20	54.20	55.20	47.59
Precinct 4	94.25	94.25	94.25	94.25	94.25	94.25	94.25	94.25	93.25	103.72
Total miles of paved roads	268.60	268.60	268.60	268.60	268.60	268.60	268.60	268.60	267.10	318.75
Miles of unpaved roads:										
Precinct 1	89.000	89.000	89.000	89.000	89.000	89.000	89.000	89.000	89.500	51.14
Precinct 2	54.634	54.634	54.634	54.634	54.634	54.634	54.634	54.634	54.634	26.98
Precinct 3	24.300	24.300	24.300	24.300	24.300	24.300	24.300	24.300	22.800	9.69
Precinct 4	106.250	106.250	106.250	106.250	106.250	106.250	106.250	106.250	106.750	83.26
Total miles of unpaved roads	274.184	274.184	274.184	274.184	274.184	274.184	274.184	274.184	273.684	171.07

Miles of dirt roads:

Precinct 1	10.66
Precinct 2	0.00
Precinct 3	4.18
Precinct 4	7.29
Total miles of dirt roads	22.13

Total Miles of Road

542.784	542.784	542.784	542.784	542.784	542.784	542.784	542.784	542.784	540.784	511.950
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Information for miles of dirt roads by precinct

not available prior to 2016.

Source: Chief Deputy Sheriff's Office

Calls for service	3,754	3,836	2,041	4,801	5,481	6,929	8,202	9,926	10,367	9,934
Civil papers served	2,521	3,315	1,873	2,775	2,233	2,618	3,648	3,465	2,286	2,930
Reports taken	531	580	513	748	735	742	931	1,000	928	1,069
People processed through the jail (calendar year)	1,889	2,116	1,827	3,228	3,029	3,064	2,472	2,378	1,849	2,315

Library statistics. Source: County Librarian (calendar year)

Volumes in collection	68,539	70,296	72,233	65,451	69,923	65,907	64,870	71,633	72,062	68,252
Total volumes borrowed	65,501	62,758	64,868	64,317	69,778	46,894	54,088	66,196	53,018	57,937
Card holders of record	9,842	6,607	6,434	8,120	9,213	9,942	10,861	12,462	12,905	14,486
Times internet used by patrons	9,080	7,718	10,042	9,749	7,581	6,329	7,760	8,381	9,332	10,217
Number of check-outs of library materials:										
Adults	30,636	33,756	33,482	31,612	29,988	26,455	25,487	27,525	23,787	25,929
Juveniles	19,600	13,642	14,795	16,591	17,322	15,147	14,450	15,606	16,644	18,938
Videos/DVDs	8,103	5,567	4,272	3,844	3,378	2,991	3,248	3,508	4,463	3,976
Young adult	2,008	1,993	2,277	2,521	4,388	2,300	2,631	2,841	2,294	2,738
Number of hours open per year	2,200	2,392	2,392	2,400	2,382	2,340	2,392	2,360	2,420	2,250

## Independent Auditor's Section

**Don H. Stephens CPA, P.C.  
A Professional Corporation  
703 South First Street  
Lamesa, Texas 79331**

MEMBER AICPA  
806-872-3233 voice

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

**To the Honorable County Judge, Commissioners Court  
and County Auditor of Howard County  
Big Spring, Texas**

**We have audited the accompanying financial statements of the governmental activities, and each major fund and the Aggregate remaining fund information of Howard County, as of and for the year ended, September 30, 2016, which Collectively comprise Howard County's basic financial statements and have issued our report thereon dated January 31, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by The Comptroller General of the United States.**

**Internal Control over Financial Reporting**

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

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

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

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

Compliance and Other Matters

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

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



Don H. Stephens CPA, P.C.

January 31, 2017

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Independent Auditor's Report on Compliance for Each Major Program and  
 on Internal Control over Compliance Required by OMB Circular A-133

Commissioners' Court, County Judge & County Auditor  
 Howard County, Texas  
 Big Spring, Texas

Members of the Commissioners' Court :

Report on Compliance for Each Major Federal Program

We have audited the Howard County, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Howard County, Texas' major federal programs for the year ended September 30, 2016. Howard County, Texas major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Howard County, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Howard County, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Howard County, Texas' compliance.

*Opinion of Each Major Federal Program*

In our opinion, the Howard County, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have direct and material affect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2016.

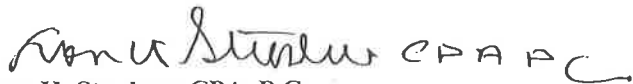
**Report on Internal Control Over Compliance**

Management of the Howard County, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Howard County, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Howard County, Texas' 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 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 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

 CPA PC

Don H. Stephens CPA, P.C.

Lamesa, Texas

January 31, 2017

Howard County, Tx  
Schedule of Expenditures of State and Federal Awards  
For the Year Ended September 30, 2016

State or Federal Grantor/ Program Title	Number		Expenditures
Texas Department of Transportation County Transportation Infrastructure Fund Grant	CTIF-01-115	\$	2,519,417
Texas Office of the Attorney General Texas Statewide Automated Victim Notification Services (SAVNS)	1659952	\$	16,524
Texas Indigent Defense Commission Indigent Defense Formula Grant	212-16-114	\$	31,061



Howard County, TX  
Notes to Schedule of Expenditures of State and Federal Awards  
For the Year Ended September 30, 2016

The accompanying schedule of expenditures of state and federal awards includes grant activity of Howard County, Texas and is presented on the modified accrual basis of accounting; however, the grant received from the Texas Department of Transportation reflects \$120,041 in revenue for 2014-15 fiscal year, the first year of the grant. See page 50 of this report for a detail of total activity.

The state/federal assistance revenues are reported as intergovernmental revenues in the County's basic financial statements. Revenues and expenditures are reported in the General and Special Revenue Funds.

The amounts shown as expenditures represent only the grant portion of the program costs. Entire program costs, including the County's portion, are more than is shown.

**DON H STEPHENS, CPA, PC**  
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HOWARD COUNTY, TEXAS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

**A SUMMARY OF AUDITORS RESULTS**

1. Financial Statements	
2. Type of report issued	Unmodified
3. Weakness identified	None
4. Significant Deficiencies identified	None
5. Material Noncompliance material to financial statements	None

**B STATE/FEDERAL AWARDS**

Internal Control Over Major Programs	
Material Weakness Identified	None
Significant Deficiencies identified	None
Type of auditors report on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in Accordance with section 510a, of Circular a – 133	None
Auditee qualified as low risk auditee	Yes
Dollar threshold	\$750,000

**C Financial Statement Findings** None

**D Federal/State Award Findings & questioned costs** None

Howard County, Tx  
Status of Prior Year Findings and Questioned Costs  
For the Year Ended September 30, 2015

There were no findings or questioned costs in the prior year; thus, no corrective action plan is necessary.