

**OFFICE OF THE COUNTY
TREASURER
WARD COUNTY, TEXAS**

**CASH BASIS
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2008**

OFFICE OF THE COUNTY TREASURER
WARD COUNTY, TEXAS

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American Institute of Certified
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Judge and
Members of the Commissioners' Court of
Ward County, Texas

We have audited the accompanying cash basis financial statements of the Office of the County Treasurer, Ward County, Texas, as of and for the year ended December 31, 2008. The cash basis financial statements, as listed in the table of contents, are the responsibility of Ward County's management. Our responsibility is to express an opinion on the cash basis financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the cash basis financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances arising from cash transactions of the Office of the County Treasurer, Ward County, Texas, at December 31, 2008, and the receipts it received and the disbursements it paid, and the respective budgetary comparison for the General Fund for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2009, on our consideration of the Office of the County Treasurer, Ward County, Texas' internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

To the Honorable Judge and
Members of the Commissioners' Court of
Ward County, Texas

Our audit was conducted for the purpose of forming an opinion on the cash basis financial statements taken as a whole. The additional financial information and combining statements are presented for purposes of additional analysis and are not a required part of the cash basis financial statements of the Office of the County Treasurer, Ward County, Texas. Such information has been subjected to the auditing procedures applied in the audit of the cash basis financial statements and, in our opinion, are fairly stated in all material respects, in relation to the cash basis financial statements taken as a whole on the basis of accounting described in Note 1.

A handwritten signature in blue ink that reads "Smith & Rives PC". The signature is written in a cursive, flowing style.

Smith & Rives, PC
Monahans, Texas
June 15, 2009

CASH BASIS FINANCIAL STATEMENTS

OFFICE OF THE COUNTY TREASURER, WARD COUNTY, TEXAS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 DECEMBER 31, 2008

EXHIBIT A-1

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
CASH ASSETS			
1010 Cash and Cash Equivalents	\$ 4,056,809	\$ 574,745	\$ 4,631,554
1000 Total Cash Assets	<u>\$ 4,056,809</u>	<u>\$ 574,745</u>	<u>\$ 4,631,554</u>
Cash Basis Fund Balances:			
Unreserved and Undesignated:			
3600 Reported in the General Fund	4,056,809	-	4,056,809
3610 Reported in the Special Revenue Fund	-	574,745	574,745
3000 Total Cash Basis Fund Balances	<u>\$ 4,056,809</u>	<u>\$ 574,745</u>	<u>\$ 4,631,554</u>

The notes to the Financial Statements are an integral part of this statement.

OFFICE OF THE COUNTY TREASURER, WARD COUNTY, TEXAS
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT A-2

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
RECEIPTS:			
Taxes:			
5110 Property Taxes	\$ 9,793,207	\$ -	\$ 9,793,207
5120 General Sales and Use Taxes	21,182	-	21,182
5200 Licenses and Permits	322,909	-	322,909
5300 Intergovernmental Revenue and Grants	278,097	488,035	766,132
5400 Charges for Services	429,387	31,730	461,117
5510 Fines	449,047	17,951	466,998
5520 Forfeits	486	369,633	370,119
5610 Investment Earnings	241,906	10,737	252,643
5620 Rents and Royalties	10,708	-	10,708
5640 Contributions & Donations from Private Sources	639	5,650	6,289
5700 Other Revenue	111,908	-	111,908
5020 Total Receipts	<u>11,659,476</u>	<u>923,736</u>	<u>12,583,212</u>
DISBURSEMENTS:			
Current:			
General Government:			
0012 Judicial	285,560	68,571	354,131
0014 Elections	22,540	-	22,540
0015 Financial Administration	251,319	-	251,319
0016 Security	1,525,194	-	1,525,194
0017 Tax Assessor/Collector	212,531	-	212,531
0018 Agricultural Extension Agent	56,022	-	56,022
0019 Home Agent	52,248	-	52,248
Public Safety:			
0021 Sheriff	760,242	9,671	769,913
0022 Fire Protection	77,905	-	77,905
0023 Corrections	111,817	-	111,817
0025 Jail	709,124	-	709,124
0026 Department of Public Safety	10,698	-	10,698
0031 Highways and Streets	1,683,828	-	1,683,828
0033 County Clerk	198,765	-	198,765
0034 Veteran's Service Officer	12,943	-	12,943
0036 District Clerk	147,503	-	147,503
0037 Justice of the Peace	223,874	-	223,874
0038 County Attorney	147,437	21,303	168,740
0039 Constable	12,921	-	12,921
0040 District Attorney	-	279,677	279,677
0041 Indigent Health Care	163,148	-	163,148
0044 Indigent Welfare Care	12,642	-	12,642
0045 Indigent Legal Care	98,993	-	98,993
0047 Victim's Assistance	-	1,565	1,565
0049 OVAG Grant	-	44,959	44,959
Culture and Recreation:			
0051 Barstow Community Center	188,772	-	188,772
0052 Parks	379,957	-	379,957
0053 Museums	6,398	823	7,221
0054 Coliseum	44,607	-	44,607
0055 Libraries	214,461	8,551	223,012
0056 Senior Citizens Center	177,498	-	177,498
0057 Emergency Management	3,336	-	3,336
Capital Outlay:			
0081 Define - Capital Outlay	-	220,630	220,630
Intergovernmental:			
0091 Intergovernmental Expenditures	16,600	-	16,600
6030 Total Disbursements	<u>7,808,883</u>	<u>655,750</u>	<u>8,464,633</u>
1100 Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>3,850,593</u>	<u>267,986</u>	<u>4,118,579</u>
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	60,557	142,210	202,767
8911 Transfers Out (Use)	(4,258,628)	(81,649)	(4,340,277)

The notes to the Financial Statements are an integral part of this statement.

OFFICE OF THE COUNTY TREASURER, WARD COUNTY, TEXAS EXHIBIT A-2 (Cont'd)
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
7080 Total Other Financing Sources (Uses)	(4,198,071)	60,561	(4,137,510)
1200 Net Change in Cash Basis Fund Balance	(347,478)	328,547	(18,931)
0100 Cash Basis Fund Balance - December 31, 2007	4,404,287	246,198	4,650,485
3000 Cash Basis Fund Balance - December 31 (Ending)	\$ 4,056,809	\$ 574,745	\$ 4,631,554

The notes to the Financial Statements are an integral part of this statement.

OFFICE OF THE COUNTY TREASURER, WARD COUNTY, TEXAS

STATEMENT OF RECEIPTS, EXPENDITURES AND CHANGES IN CASH BASIS FUND BALANCE

BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2008

Data	Control	Codes	RECEIPTS:			Actual Amounts (CASH BASIS)	Variance With Final Budget Positive or (Negative)
			Taxes:	Taxes:	Taxes:		
5110	Property Taxes		\$	9,605,252	\$	9,793,207	\$ 187,955
5120	General Sales and Use Taxes			8,000		8,000	13,182
5200	Licenses and Permits			317,000		317,000	5,909
5300	Intergovernmental Revenue and Grants			358,333		427,783	(149,686)
5400	Charges for Services			342,910		429,387	86,477
5510	Fines			345,000		345,000	104,047
5520	Forfeits			3,000		3,000	486
5610	Investment Earnings			392,100		392,100	241,906
5620	Rents and Royalties			2,300		2,300	10,708
5640	Contributions & Donations from Private Sources			500		500	639
5700	Other Revenue			92,000		92,000	111,908
5020	Total Receipts			11,466,395		11,535,845	123,631
DISBURSEMENTS:							
Current:							
0012	Judicial			354,209		354,789	69,229
0014	Elections			14,438		22,903	363
0015	Financial Administration			256,651		255,916	4,597
0016	Security			3,123,688		2,928,081	1,402,887
0017	Tax Assessor/Collector			215,393		215,643	3,112
0018	Agricultural Extension Agent			57,605		58,333	2,311
0019	Home Agent			51,623		52,338	90
0021	Public Safety:			725,080		775,430	15,188
0022	Sheriff			77,988		77,988	83
0023	Fire Protection			48,013		53,013	(58,804)
0025	Jail			745,821		732,221	23,097
0026	Department of Public Safety			14,300		14,300	3,602
0031	Highways and Streets			1,591,621		1,857,583	173,755
0032	Sanitation			1,200		1,200	1,200
0033	County Clerk			203,714		203,714	4,949
0034	Victim's Service Officer			14,705		12,943	1,762
0036	District Clerk			148,868		148,868	1,365
0037	Justice of the Peace			225,536		225,536	1,662
0038	County Attorney			166,006		166,006	18,569
0039	Constable			22,005		22,005	9,084
0041	Indigent Health Care			264,598		264,598	101,450
0044	Indigent Welfare Care			17,050		17,050	4,408
0045	Indigent Legal Care			129,000		129,000	30,007
0051	Culture and Recreation:			179,762		197,701	8,929
0052	Parks			405,516		397,019	17,062
0053	Museums			8,000		8,000	1,603
0054	Coliseum			50,880		45,710	1,103
0055	Libraries			227,912		228,994	14,533
0056	Senior Citizens Center			179,286		180,786	3,288
0057	Emergency Management			3,492		3,497	161
Intergovernmental:							
0091	Intergovernmental Expenditures			16,600		16,600	-
6030	Total Disbursements			9,540,560		9,669,527	1,860,645

OFFICE OF THE COUNTY TREASURER, WARD COUNTY, TEXAS EXHIBIT A-3 (Cont'd)
 STATEMENT OF RECEIPTS, EXPENDITURES AND CHANGES IN CASH BASIS FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

Data Control Codes		Budgeted Amounts		Actual Amounts (CASH BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
1100	Excess (Deficiency) of Receipts Over (Under) Disbursements	1,925,835	1,866,318	3,850,594	1,984,276
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	213,225	273,782	60,557
8911	Transfers Out (Use)	(1,927,966)	(3,371,854)	(4,471,854)	(1,100,000)
7080	Total Other Financing Sources (Uses)	(1,927,966)	(3,158,628)	(4,198,072)	(1,039,444)
1200	Net Change in Cash Balance	(2,131)	(1,292,310)	(347,478)	944,832
0100	Cash Basis Fund Balance - January 1	4,404,287	4,404,287	4,404,287	-
3000	Cash Basis Fund Balance - December 31 (Ending)	\$ 4,402,156	\$ 3,111,977	\$ 4,056,809	\$ 944,832

OFFICE OF THE COUNTY TREASURER, WARD COUNTY, TEXAS
STATEMENT OF NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2008

EXHIBIT B-1

	Business-Type Activities - Enterprise Funds			Governmental Activities -
	Hospital Operating Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 136,939	\$ 110,876	\$ 247,815	\$ 1,106,943
Total Assets	136,939	110,876	247,815	1,106,943
NET ASSETS				
Unrestricted Net Assets	136,939	110,876	247,815	1,106,943
Total Net Assets	\$ 136,939	\$ 110,876	\$ 247,815	\$ 1,106,943

The notes to the Financial Statements are an integral part of this statement.

OFFICE OF THE COUNTY TREASURER, WARD COUNTY, TEXAS
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT B-2

	Business-Type Activities - Enterprise Funds			Governmental
	Hospital Operating Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Activities - Total Internal Service Funds
OPERATING REVENUES:				
Intergovernmental Revenue-Lone Star Program	\$ 85,178	\$ -	\$ 85,178	\$ -
Cost Report/Disproportionate Share receipts	496,863	-	496,863	-
Receipts from Hospital Services	5,324,721	-	5,324,721	-
Receipts from Home Health Services	171,920	-	171,920	-
Receipts from Sandhills Clinic	151,713	-	151,713	-
Other Sundry Receipts	12,360	-	12,360	191,205
Total Operating Revenues	6,242,755	-	6,242,755	191,205
OPERATING EXPENSES:				
Personnel Services - Salaries and Wages	4,008,817	-	4,008,817	-
Personnel Services - Employee Benefits	1,251,749	-	1,251,749	1,232,273
Purchased Professional & Technical Services	1,376,666	-	1,376,666	-
Purchased Property Services	242,951	-	242,951	-
Other Operating Expenses	1,139,033	-	1,139,033	-
Supplies	858,734	-	858,734	-
Total Operating Expenses	8,877,950	-	8,877,950	1,232,273
Operating Income (Loss)	(2,635,195)	-	(2,635,195)	(1,041,068)
NON-OPERATING REVENUES (EXPENSES):				
Loan Payments from Hospital	-	-	-	31,700
Grants (Not Capital grants)	74,881	-	74,881	-
Investment Earnings	2,597	2,130	4,727	25,654
Non-operating Expenses - Loan repayment	(31,700)	-	(31,700)	-
Total Non-operating Revenue (Expenses)	45,778	2,130	47,908	57,354
Income (Loss) Before Transfers	(2,589,417)	2,130	(2,587,287)	(983,714)
Non-Operating Transfer In	2,780,162	54,000	2,834,162	1,224,000
Transfers Out	(54,000)	-	(54,000)	-
Change in Net Assets	136,745	56,130	192,875	240,286
Total Net Assets - January 1 (Beginning)	194	54,746	54,940	866,657
Total Net Assets - December 31 (Ending)	\$ 136,939	\$ 110,876	\$ 247,815	\$ 1,106,943

The notes to the Financial Statements are an integral part of this statement.

OFFICE OF THE COUNTY TREASURER, WARD COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN CASH BALANCES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	BALANCE DECEMBER 2007	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2008
GRAFFITI READICATION FUND				
Assets:				
Cash and Cash Equivalents	\$ 132	\$ -	\$ -	\$ 132
JP SECURITY FUND				
Assets:				
Cash and Cash Equivalents	\$ 5,614	\$ 2,898	\$ 1,865	\$ 6,647
RECORDS MANAGEMENT & PRESERVATION FUND				
Assets:				
Cash and Cash Equivalents	\$ 4,133	\$ 2,498	\$ -	\$ 6,631
COURTHOUSE SECURITY FUND				
Assets:				
Cash and Cash Equivalents	\$ 188,330	\$ 20,619	\$ 899	\$ 208,050
CSCD VICTIM SERVICE GRANT FUND				
Assets:				
Cash and Cash Equivalents	\$ 1,711	\$ -	\$ 1,711	\$ -
JUVENILE PROBATION FUND				
Assets:				
Cash and Cash Equivalents	\$ 34,657	\$ 304,807	\$ 244,751	\$ 94,713
ADULT PROBATION FUND (CSCD)				
Assets:				
Cash and Cash Equivalents	\$ 139,528	\$ 519,387	\$ 558,799	\$ 100,116
COUNTY CLERK RECORDS M&P FUND				
Assets:				
Cash and Cash Equivalents	\$ 13,859	\$ 23,526	\$ 22,000	\$ 15,385
COURT REPORTER SERVICE FUND				
Assets:				
Cash and Cash Equivalents	\$ 20,926	\$ 4,092	\$ 4,517	\$ 20,501
CSCD COUNTY FUND				
Assets:				
Cash and Cash Equivalents	\$ 13,846	\$ 32,268	\$ 42,828	\$ 3,286
COURT TECHNOLOGY FUND				
Assets:				
Cash and Cash Equivalents	\$ 21,447	\$ 12,485	\$ 14,463	\$ 19,469
TITLE IV, PART E (JPO)				
Assets:				
Cash and Cash Equivalents	\$ 276,197	\$ 53,909	\$ 59,324	\$ 270,782
COUNTY CLERK VITAL STATISTICS FUND				
Assets:				
Cash and Cash Equivalents	\$ 5,940	\$ 1,780	\$ -	\$ 7,720
COUNTY CLERK ARCHIVE FUND				
Assets:				

The notes to the Financial Statements are an integral part of this statement.

OFFICE OF THE COUNTY TREASURER, WARD COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN CASH BALANCES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	BALANCE DECEMBER 2007	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2008
Cash and Cash Equivalents	\$ 36,216	\$ 22,436	\$ 25,000	\$ 33,652
DISTRICT CLERK RECORDS MANAGEMENT FUND				
Assets:				
Cash and Cash Equivalents	\$ 720	\$ 950	\$ 549	\$ 1,121
FLEXIBLE SPENDING FUND				
Assets:				
Cash and Cash Equivalents	\$ 2,828	\$ 5,328	\$ 5,861	\$ 2,295
STATE COURT COSTS FUND				
Assets:				
Cash and Cash Equivalents	\$ 96,036	\$ 303,063	\$ 323,759	\$ 75,340
MISCELLANEOUS FUND				
Assets:				
Cash and Cash Equivalents	\$ 54,182	\$ 685,819	\$ 685,003	\$ 54,998
D.A. SEIZURE FUND				
Assets:				
Cash and Cash Equivalents	\$ 60,660	\$ 11,894	\$ 35,503	\$ 37,051
D.A. RESTITUTION FUND				
Assets:				
Cash and Cash Equivalents	\$ 3,195	\$ 23,462	\$ 23,732	\$ 2,925
TREASURER'S SPECIAL FUND				
Assets:				
Cash and Cash Equivalents	\$ 2,551,660	\$ 3,258,634	\$ 2,873,426	\$ 2,936,868
TOTAL AGENCY FUNDS				
Assets:				
Cash and Cash Equivalents	\$ 3,531,817	\$ 5,289,855	\$ 4,923,990	\$ 3,897,682

The notes to the Financial Statements are an integral part of this statement.

OFFICE OF THE COUNTY TREASURER
WARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The authority of county governments and their specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution and V.A.C.S.

Principal Determining Scope of Reporting Entity

The County's cash basis financial statements include the cash accounts of all funds handled by the Office of the County Treasurer. The County's major activities or functions include police and fire protection, parks and libraries, public health and social services, construction and maintenance of roads, and general administrative services. In addition, the County makes substantial transfers and cash disbursements through the County Treasurer's Office on behalf of Ward Memorial Hospital. These activities are included in the accompanying financial statement. The activities accounted for by the County Treasurer are only a portion of the activities of the Hospital. The Hospital issues separate audited financial statements that provide information regarding all operations of the Hospital.

The County Treasurer's Office also receipts and disburses funds for the Juvenile Probation Office and the Adult Probation Office, both of which issue their own, separate audits. Their fiscal years end on August 31, contrary to the County's, which operates on a calendar year.

Because members of the Commissioners' Court are elected by the public; have the authority to make decisions, appoint administrators, and significantly influence operations; and have the primary accountability for fiscal matters, the County is not included in any other governmental "reporting entity" as defined by Governmental Accounting Standards Board ("GASB"), Statement No. 14, "The Financial Reporting Entity".

Basis of Accounting

The accounting records of the Office of the County Treasurer of Ward County, Texas, are maintained on a cash receipts and disbursements basis. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligation is incurred. Statements presented on this basis are not intended to be a full set of financial statements under GASB Statement No. 34.

Separate funds are established to account for receipts and disbursements pertaining to separate identifiable functions of the County. Each fund represents a separate accounting entity. As a result, total receipts and disbursements by the County Treasurer are accumulated for report purposes with no elimination of interfund transactions. The individual funds are identified as follows:

OFFICE OF THE COUNTY TREASURER
WARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Accounting - continued

General Fund:

The General Fund is maintained to pay all County expenditures authorized to be made by the County unless there is a statute, which makes the expenditure a charge against a special fund.

Jury Fund:

The Jury Fund is maintained to pay jurors, bailiffs' salaries, and directly-related court expenses.

Road and Bridge Funds:

The Road and Bridge Funds, including the Road and Bridge Special Fund, Lateral Road Fund and Farm to Market Road Fund are maintained to account for the construction and maintenance costs of lateral roads in the County, or for the payment of obligations incurred in the construction of state highways or roads constituting the County road system.

Special Revenue Funds:

This fund group consists of several separate and unrelated funds which are established to account for the receipts and disbursements of projects established for the collection and transfer of special taxes, fees and grants for projects which are funded, in part, by state or federal funds, entitlements, or allocations.

Trust and Agency Funds:

All assets held by Ward County as trustee or agent for various precincts, individuals, and other governmental units are accounted for through these funds. Included in the Trust and Agency Fund is the State Tax Fund which is maintained to account for receipts and disbursements for the collection and transfer of special state taxes and fees. The Trust and Agency Funds are unbudgeted funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations.

Internal Service Fund:

The Employee Medical Benefits Fund is used to account for the County's insurance programs and the County Insurance Fund is funded by contributions by other funds and used for unexpected expenditures and emergencies.

Hospital Enterprise Fund:

The Hospital Enterprise Fund includes the Hospital Operating Fund that is maintained to account for the ordinary day-to-day operation of the hospital. Ward Memorial Hospital is a division of Ward County and is operated under the direction of a Board of Managers appointed by the Commissioners' Court.

OFFICE OF THE COUNTY TREASURER
WARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Accounting - continued

Payroll Fund:

This fund was established to facilitate the accounting for a deposit or payment of all items withheld from employee payroll checks and for the payment of employee benefits for employees whose salaries are paid from all other funds of the County. Expenses are recorded in the various other funds as deposits are made from those funds. These funds are unbudgeted.

Treasurer's Special Fund:

This fund was established principally to account for the receipt of ad valorem taxes from the Tax Assessor/Collector. It is the policy of the County to begin collection of taxes three months in advance of the beginning of the fiscal year for which the taxes are levied. Taxes collected by the Tax Assessor/Collector are turned over to the Treasurer. The receipt and investment of these prepaid taxes are accounted for in the Treasurer's Special Fund until the beginning of the fiscal year to which they apply. At that time they are deposited into various other County funds. These deposits are allocated to the various other funds at the assessment rates approved by the Commissioners' Court.

Note 2: DEPOSITS, INVESTMENTS AND SECURITIES

At December 31, 2008, the carrying amount of the County's deposits was \$354,583, and the bank balance was \$750,165. The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The County's cash deposits at December 31, 2008, and during the year ended December 31, 2008, were entirely covered by FDIC insurance, letter of credit, and pledged collateral.

OFFICE OF THE COUNTY TREASURER
WARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 2: DEPOSITS, INVESTMENTS AND SECURITIES - continued

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

<u>Bank</u>	<u>Highest Deposit</u>	<u>FMV Securities Pledged</u>	<u>FDIC Insurance</u>	<u>Letter of Credit</u>	<u>Month</u>
First National Bank	\$1,250,754	\$2,732,730	\$ 250,000	\$ 3,000,000	December 2008

Custodial Credit Risk for Deposits – State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent bank. Since the County complies with this law, there is no custodial credit risk for deposits.

Foreign Currency Risk – The County has no investments or deposits of a foreign currency.

Compliance with the Public Funds Investment Act

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity date for the portfolio, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

OFFICE OF THE COUNTY TREASURER
WARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 2: DEPOSITS, INVESTMENTS AND SECURITIES - continued

The County's temporary investments consist of balances held by TexPool, a branch of the State government. These funds represent an investment in a pool and are not categorized as to risk because they are not evidenced by securities that exist in physical or book entry form. Market value at December 31, 2008 is provided by TexPool.

The County's investments with TexPool at December 31, 2008, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Texpool	<u>\$9,529,408</u>	<u>\$9,529,408</u>

Note 3: PROPERTY TAXES

Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1, of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Note 4: SELF-INSURANCE

General and Professional Liability

The County has entered into an agreement with Texas Association of Counties (TAC) for property, general liability, law enforcement liability, auto liability, auto physical damage, public officials liability, crime coverage, and workers' compensation insurance. TAC Self Insurance funds were formed by the entry into inter-local participation agreements by member political subdivisions of the State of Texas to self insure for its members certain risks jointly within a defined scope, to purchase excess insurance or reinsurance when deemed prudent, and to pay necessary administrative expenses.

The County incurred \$81,837 for claims and paid \$204,021 for all self-funded insurance premiums for the year ended December 31, 2008. TAC has reserved \$59,696 for incurred but not reported claims as of December 31, 2008.

OFFICE OF THE COUNTY TREASURER
WARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 4: SELF-INSURANCE - continued

Property Insurance

The County's property insurance program includes blanket property coverage with various limits for quake and flood and deductibles ranging from \$500 to \$25,000.

Health Insurance

The County's health insurance program is a "self-insured" minimum premium cash flow plan. The County and each covered employee with dependent coverage make a pre-determined monthly contribution to the plan. All claims are reviewed and processed by an independent insurance company. The insurance company pays claims based on the health plan by withdrawing the funds directly from the County maintained bank account. The insurance company charges the County a fee to administer the claims.

The County informally budgets for current claims based on actuarial valuations and current health care statistics. Funding covers both the cost of claims and administrative expenses. The County contributed \$1,201,636 and County employees contributed \$122,295 to the health insurance program for the year ended December 31, 2008. Retirees and COBRA contributions were \$68,533 for the year ended December 31, 2008.

Life Insurance

The County's employee life insurance program is administered by Blue Cross/Blue Shield of Texas. The County pays the premium for employees and collects the premium from retirees electing to participate in the program and remits these premium payments to the insurance company. County contributions for life insurance premiums amounted to \$19,792 for the year ended December 31, 2008.

Summary

The Self-Insurance Fund has cash reserved for the purpose of funding all self-insurance programs in the amount of \$746,212. The Ward County Insurance Fund loaned the Hospital Operating Fund \$300,000 for the year ended December 31, 2003. The County determined that the original scheduled payments for the 2003 loan was a burden on the Hospital and restructured the loan. The Hospital began repayment of the restructured loan in February 2005 as scheduled and made eight payments in 2008 totaling \$31,700, which completed its obligation under this loan.

OFFICE OF THE COUNTY TREASURER
WARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 5: EMPLOYEES' RETIREMENT PLAN

Plan Description:

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for administration of the statewide agent multiple-employer public employee retirement system consisting of 573 cash balance-account type defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at age 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy:

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members.

Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 13.92% for calendar year 2008. The contribution rate payable by the employee members for calendar year 2008 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

For the County's accounting year ending December 31, 2008, the annual pension cost for the TCDRS plan for its employees was \$634,607.

OFFICE OF THE COUNTY TREASURER
WARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 5: EMPLOYEES' RETIREMENT PLAN continued

Funding policy: continued

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuation as of December 31, 2008, the basis for determining the contribution rates for calendar year 2008. The December 31, 2007 actuarial valuation is the most recent valuation.

Actuarial valuation information:

Actuarial valuation date	12-31-05	12-31-06	12-31-07
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period in years	20	15	15
Asset valuation method	Long-term appreciation with adjustment	SAF: 10-yr Smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value
Actuarial Assumptions:			
Investment return*	8.0%	8.0%	8.0%
Projected salary increases*	5.3%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

* includes inflation at the stated rate

Trend Information for the Retirement Plan for the Employees of Ward County, Texas

Accounting Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage Of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12-31-06	\$855,281	100 %	-0-
12-31-07	\$611,607	100 %	-0-
12-31-08	\$629,480	100 %	-0-

OFFICE OF THE COUNTY TREASURER
WARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 6: DEFERRED COMPENSATION PLAN

The County offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all County employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unseen emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the County (without being restricted to the provisions of benefits under the plan), subject only to claims of the County's general creditors. Participants' rights under the plan are equal to those of general creditors of the County in an amount equal to the fair market value of the deferred account for each participant.

The balances of the deferred compensation plans at December 31, 2008 were \$33,053 and \$272,031, respectively.

Nationwide Retirement Solutions

Beginning Balance	Additions	Withdrawals and Losses	Ending Balance
<u>\$70,899</u>	<u>\$ 1,712</u>	<u>\$(39,558)</u>	<u>\$ 33,053</u>

The Hartford

Beginning Balance	Additions	Withdrawals and Losses	Ending Balance
<u>\$387,556</u>	<u>\$ 73,693</u>	<u>\$(189,218)</u>	<u>\$272,031</u>

Note 7: BUDGETS AND BUDGETARY ACCOUNTING

The County annually adopts a detailed budget on the cash basis method of accounting, consistent with the method of accounting for actual data, which is not consistent with generally accepted accounting principles. The Commissioners' Court approved the 2008 budget on August 27, 2007. Amendments to the budget are adopted as needed during the year by the Commissioners' Court. The budget amounts shown in the additional financial information are the final authorized amounts as revised during the year.

OFFICE OF THE COUNTY TREASURER
WARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 8: FEDERAL & STATE GRANTS

The County expended funds under grants from federal and state governments, as follows:

Name of Award	Federal	State
Title IV Foster Care	\$ 46,239	\$ -
Indigent Defense Grant	-	9,876
Loan Star Library Grant	-	5,422
Juvenile Justice Alt	-	2,465
TJPC Grant Funds of Ward County	-	159,054
OVAG Grant	-	40,941
J'RAC Grant	-	9,668
Texas Department of State Health Services	-	35,000
ORCA Grant	204,880	-
ORCA Grant	15,250	4,719
U.S. Department of Health & Human Services & U.S. Department of Ag. Congregate Meals, Home Delivered Meals & Cash Payments in Lieu of Donated Commodities	147,733	-
Helping America Vote Act	1,087	-
Homeland Security	19,450	-
TOTALS	<u>\$ 434,639</u>	<u>\$ 267,144</u>

OFFICE OF THE COUNTY TREASURER
WARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 9: CONTINGENCIES

The County was in negotiations at December 31, 2008 with representatives from the State of Texas Health and Human Services (HHS) programs for repayment of overfunding received by Ward Memorial Hospital under the Disproportionate Share program for a previous year. The County expects to mutually agree on a reimbursement of approximately \$750,000 that will be due and payable upon acceptance by HHS. These negotiations were not complete as of the date of issuance of these financial statements.

Note 10: COMMITMENTS

The County was committed to repay a significant amount of prior year's funding to the State of Texas under the Disproportionate Share Program as described in Note 9 above.

OFFICE OF THE COUNTY TREASURER
WARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 11: TRANSFERS

Interfund transfers consist of the following:

	Transfers In	Transfers Out	Purpose
General Fund:			
Special Revenue Fund	\$ 60,557	\$ -	Reimbursement for Juvenile Detention
Special Revenue Fund	-	500	In Kind Match
Special Revenue Fund		100,000	District Court Renovation Funding
Special Revenue Fund		40,000	Pyote Museum Building Funding
Hospital	-	2,780,162	Current Operations
Internal Service Fund	-	1,224,000	Self Insurance Funding
Agency Fund	-	113,966	Transfer of State Aid to Juvenile Probation
Total General Fund	\$ 60,557	\$ 4,258,628	
Hospital:			
WHM CT Repair/Replacement Fund	\$ -	\$ 54,000	Reserve for future repair/replacement of cat scan
General Fund	2,780,162	-	Current Operations
Total Hospital	\$ 2,780,162	\$ 54,000	
WHM CT Repair/Replacement Fund:			
Hospital	\$ 54,000	\$ -	Reserve for future repair/replacement of cat scan
Total WHM Repair/Replacement	\$ 54,000	\$ -	
Internal Service Fund:			
General Fund	\$ 1,224,000	\$ -	Self Insurance Funding
Total Internal Service Fund	\$ 1,224,000	\$ -	

OFFICE OF THE COUNTY TREASURER
WARD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 11: TRANSFERS – continued

Special Revenue Fund:

General Fund	\$ 500	\$ -	In Kind Match
Trust and Agency	1,710		Close out fund balance from CSCD to OVAG
General Fund	-	60,557	Reimbursement for Juvenile Detention
Trust and Agency		21,092	To Title IV from Juvenile Justice
General Fund	100,000		District Court Renovation Fund
General Fund	<u>40,000</u>	<u> </u>	Pyote Museum Building Fund
Total Special Revenue Fund	<u>\$ 142,210</u>	<u>\$ 81,649</u>	

Agency Fund:

Special Revenue Fund		\$ 1,710	Close out fund balance from CSCD to OVAG
Special Revenue Fund	21,092		Transfer from Juvenile Justice to Title IV
General Fund	<u>\$ 113,966</u>	<u>\$ -</u>	Transfer of State Aid to Juvenile Probation
	<u>\$ 135,058</u>	<u>\$ 1,710</u>	
TOTALS	<u><u>\$ 4,395,987</u></u>	<u><u>\$ 4,395,987</u></u>	

ADDITIONAL FINANCIAL INFORMATION

OFFICE OF THE COUNTY TREASURER
WARD COUNTY, TEXAS

STATEMENT OF COLLECTION AND DISTRIBUTION OF AD VALOREM TAXES

YEAR ENDED DECEMBER 31, 2008

AMOUNTS AVAILABLE FOR DISTRIBUTION:

Prior Year	\$ 2,551,660
Current Year	<u>7,241,547</u>
TOTAL	<u><u>\$ 9,793,207</u></u>

DISTRIBUTION:

	Approved Tax Rate Per \$100 Valuation	Total Distribution
General	\$ 0.52861	\$ 8,589,136
Road and Bridge Special	0.05318	846,175
Farm to Market Road	0.02219	357,896
TOTAL	<u><u>\$ 0.60398</u></u>	<u><u>\$ 9,793,207</u></u>

**COMBINING STATEMENTS OF NON-MAJOR
GOVERNMENTAL FUNDS**

OFFICE OF THE COUNTY TREASURER, WARD COUNTY, TEXAS
 COMBINING BALANCE SHEET - CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2008

Data Control Codes	218 LIBRARY GRANT FUND	219 WCHC PYOTE MUSEUM RESTORATIO	220 D.A. INTER- VENTION FUND	221 CSCD PRETRIAL FUND
CASH ASSETS				
1010 Cash and Cash Equivalents	\$ 3,003	\$ 4,243	\$ -	\$ 84,747
1000 Total Cash Assets	<u>\$ 3,003</u>	<u>\$ 4,243</u>	<u>\$ -</u>	<u>\$ 84,747</u>
Cash Basis Fund Balances:				
Unreserved and Undesignated:				
3610 Reported in the Special Revenue Fund	3,003	4,243	-	84,747
3000 Total Cash Basis Fund Balances	<u>\$ 3,003</u>	<u>\$ 4,243</u>	<u>\$ -</u>	<u>\$ 84,747</u>

The notes to the Financial Statements are an integral part of this statement.

222 CHECK FEES FUND	223 D.A. CHECK FEES FUND	224 SHERIFF'S STATE FORFEITURE	225 SHERIFF'S FEDERAL FORFEITURE	226 D.A. FORFEITURE FUND	228 JUVENILE JUSTICE ALTERNATIV	244 OVAG GRANT FUND	246 PRETRIAL INTERVENTI PROGRAMS
\$ 294	\$ -	\$ 30,578	\$ 36,931	\$ 234,587	\$ -	\$ 895	\$ 10,891
<u>\$ 294</u>	<u>\$ -</u>	<u>\$ 30,578</u>	<u>\$ 36,931</u>	<u>\$ 234,587</u>	<u>\$ -</u>	<u>\$ 895</u>	<u>\$ 10,891</u>
294	-	30,578	36,931	234,587	-	895	10,891
<u>\$ 294</u>	<u>\$ -</u>	<u>\$ 30,578</u>	<u>\$ 36,931</u>	<u>\$ 234,587</u>	<u>\$ -</u>	<u>\$ 895</u>	<u>\$ 10,891</u>

OFFICE OF THE COUNTY TREASURER, WARD COUNTY, TEXAS
 COMBINING BALANCE SHEET - CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2008

Data Control Codes	260 ORCA GRANT FUND	261 DISTRICT COURT RENOVATION	262 PYOTE MUSEUM BUILDING	282 ARCHIVES DONATION FUND	
CASH ASSETS					
1010	Cash and Cash Equivalents	\$ -	\$ 102,232	\$ 40,893	\$ 3,865
1000	Total Cash Assets	<u>\$ -</u>	<u>\$ 102,232</u>	<u>\$ 40,893</u>	<u>\$ 3,865</u>
Cash Basis Fund Balances:					
Unreserved and Undesignated:					
3610	Reported in the Special Revenue Fund	-	102,232	40,893	3,865
3000	Total Cash Basis Fund Balances	<u>\$ -</u>	<u>\$ 102,232</u>	<u>\$ 40,893</u>	<u>\$ 3,865</u>

The notes to the Financial Statements are an integral part of this statement.

283 VICTIM'S ASSISTANCE FUND	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 21,586	\$ 574,745	\$ 574,745
<u>\$ 21,586</u>	<u>\$ 574,745</u>	<u>\$ 574,745</u>
<u>21,586</u>	<u>574,745</u>	<u>574,745</u>
<u>\$ 21,586</u>	<u>\$ 574,745</u>	<u>\$ 574,745</u>

OFFICE OF THE COUNTY TREASURER, WARD COUNTY, TEXAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
 CASH BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

Data Control Codes	218 LIBRARY GRANT FUND	219 WCHC PYOTE MUSEUM RESTORATIO	220 D.A. INTER- VENTION FUND	221 CSCD PRETRIAL FUND
RECEIPTS:				
5300 Intergovernmental Revenue and Grants	\$ 6,128	\$ -	\$ -	\$ 127,973
5400 Charges for Services	-	-	-	-
5510 Fines	-	-	-	-
5520 Forfeits	-	-	-	-
5610 Investment Earnings	-	-	-	1,520
5640 Contributions & Donations from Private Sources	-	3,049	-	-
5020 Total Receipts	<u>6,128</u>	<u>3,049</u>	<u>-</u>	<u>129,493</u>
DISBURSEMENTS:				
Current:				
General Government:				
0012 Judicial	-	-	-	68,571
Public Safety:				
0021 Sheriff	-	-	-	-
0038 County Attorney	-	-	-	-
0040 District Attorney	-	-	-	-
0047 Victim's Assistance	-	-	-	-
0049 OVAG Grant	-	-	-	-
Culture and Recreation:				
0053 Museums	-	823	-	-
0055 Libraries	8,551	-	-	-
Capital Outlay:				
0081 Define - Capital Outlay	-	-	-	-
6030 Total Disbursements	<u>8,551</u>	<u>823</u>	<u>-</u>	<u>68,571</u>
1100 Excess (Deficiency) of Receipts Over (Under) Expenditures	<u>(2,423)</u>	<u>2,226</u>	<u>-</u>	<u>60,922</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Cash Basis Fund Balance	(2,423)	2,226	-	60,922
0100 Cash Basis Fund Balance - January 1	<u>5,426</u>	<u>2,017</u>	<u>-</u>	<u>23,825</u>
3000 Cash Basis Fund Balance - December 31 (Ending)	<u>\$ 3,003</u>	<u>\$ 4,243</u>	<u>\$ -</u>	<u>\$ 84,747</u>

The notes to the Financial Statements are an integral part of this statement.

222 CHECK FEES FUND	223 D.A. CHECK FEES FUND	224 SHERIFF'S STATE FORFEITURE	225 SHERIFF'S FEDERAL FORFEITURE	226 D.A. FORFEITURE FUND	228 JUVENILE JUSTICE ALTERNATIV	244 OVAG GRANT FUND	246 PRETRIAL INTERVENTI PROGRAMS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,649	\$ 52,155	\$ -
-	-	-	-	-	-	-	10,818
17,951	-	-	-	-	-	-	-
-	-	3,217	32,094	334,322	-	-	-
-	-	794	354	4,944	-	-	-
-	-	-	-	-	-	-	-
<u>17,951</u>	<u>-</u>	<u>4,011</u>	<u>32,448</u>	<u>339,266</u>	<u>81,649</u>	<u>52,155</u>	<u>10,818</u>
-	-	-	-	-	-	-	-
-	-	250	9,421	-	-	-	-
20,748	555	-	-	-	-	-	-
-	-	-	-	279,677	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	44,959	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>20,748</u>	<u>555</u>	<u>250</u>	<u>9,421</u>	<u>279,677</u>	<u>-</u>	<u>44,959</u>	<u>-</u>
<u>(2,797)</u>	<u>(555)</u>	<u>3,761</u>	<u>23,027</u>	<u>59,589</u>	<u>81,649</u>	<u>7,196</u>	<u>10,818</u>
-	-	-	-	-	-	1,710	-
-	-	-	-	-	(81,649)	-	-
-	-	-	-	-	(81,649)	1,710	-
(2,797)	(555)	3,761	23,027	59,589	-	8,906	10,818
3,091	555	26,817	13,904	174,998	-	(8,011)	73
<u>\$ 294</u>	<u>\$ -</u>	<u>\$ 30,578</u>	<u>\$ 36,931</u>	<u>\$ 234,587</u>	<u>\$ -</u>	<u>\$ 895</u>	<u>\$ 10,891</u>

OFFICE OF THE COUNTY TREASURER, WARD COUNTY, TEXAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
 CASH BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

Data Control Codes	260 ORCA GRANT FUND	261 DISTRICT COURT RENOVATION	262 PYOTE MUSEUM BUILDING	282 ARCHIVES DONATION FUND
RECEIPTS:				
5300 Intergovernmental Revenue and Grants	\$ 220,130	\$ -	\$ -	\$ -
5400 Charges for Services	-	-	-	-
5510 Fines	-	-	-	-
5520 Forfeits	-	-	-	-
5610 Investment Earnings	-	2,232	893	-
5640 Contributions & Donations from Private Sources	-	-	-	2,601
5020 Total Receipts	<u>220,130</u>	<u>2,232</u>	<u>893</u>	<u>2,601</u>
DISBURSEMENTS:				
Current:				
General Government:				
0012 Judicial	-	-	-	-
Public Safety:				
0021 Sheriff	-	-	-	-
0038 County Attorney	-	-	-	-
0040 District Attorney	-	-	-	-
0047 Victim's Assistance	-	-	-	-
0049 OVAG Grant	-	-	-	-
Culture and Recreation:				
0053 Museums	-	-	-	-
0055 Libraries	-	-	-	-
Capital Outlay:				
0081 Define - Capital Outlay	<u>220,630</u>	-	-	-
6030 Total Disbursements	<u>220,630</u>	-	-	-
1100 Excess (Deficiency) of Receipts Over (Under) Expenditures	<u>(500)</u>	<u>2,232</u>	<u>893</u>	<u>2,601</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	500	100,000	40,000	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>500</u>	<u>100,000</u>	<u>40,000</u>	-
1200 Net Change in Cash Basis Fund Balance	-	102,232	40,893	2,601
0100 Cash Basis Fund Balance - January 1	-	-	-	1,264
3000 Cash Basis Fund Balance - December 31 (Ending)	<u>\$ -</u>	<u>\$ 102,232</u>	<u>\$ 40,893</u>	<u>\$ 3,865</u>

The notes to the Financial Statements are an integral part of this statement.

283 VICTIM'S ASSISTANCE FUND	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ 488,035	\$ 488,035
20,912	31,730	31,730
-	17,951	17,951
-	369,633	369,633
-	10,737	10,737
-	5,650	5,650
<u>20,912</u>	<u>923,736</u>	<u>923,736</u>
-	68,571	68,571
-	9,671	9,671
-	21,303	21,303
-	279,677	279,677
1,565	1,565	1,565
-	44,959	44,959
-	823	823
-	8,551	8,551
-	220,630	220,630
<u>1,565</u>	<u>655,750</u>	<u>655,750</u>
<u>19,347</u>	<u>267,986</u>	<u>267,986</u>
-	142,210	142,210
-	(81,649)	(81,649)
-	60,561	60,561
19,347	328,547	328,547
<u>2,239</u>	<u>246,198</u>	<u>246,198</u>
<u>\$ 21,586</u>	<u>\$ 574,745</u>	<u>\$ 574,745</u>

**COMBINING STATEMENTS OF INTERNAL
SERVICE FUNDS**

OFFICE OF THE COUNTY TREASURER, WARD COUNTY, TEXAS
 COMBINING BALANCE SHEET
 INTERNAL SERVICE FUNDS
 DECEMBER 31, 2008

EXHIBIT E-1

	INSURANCE FUND	MEDICAL BENEFITS FUND	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 360,730	\$ 746,213	\$ 1,106,943
Total Assets	<u>360,730</u>	<u>746,213</u>	<u>1,106,943</u>
NET ASSETS			
Unrestricted Net Assets	360,730	746,213	1,106,943
Total Net Assets	<u>\$ 360,730</u>	<u>\$ 746,213</u>	<u>\$ 1,106,943</u>

The notes to the Financial Statements are an integral part of this statement.

OFFICE OF THE COUNTY TREASURER, WARD COUNTY, TEXAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	INSURANCE FUND	MEDICAL BENEFITS FUND	Total Internal Service Funds
OPERATING REVENUES:			
Other Sundry Receipts	\$ -	\$ 191,205	\$ 191,205
Total Operating Revenues	-	191,205	191,205
OPERATING EXPENSES:			
Personnel Services - Employee Benefits	-	1,232,273	1,232,273
Total Operating Expenses	-	1,232,273	1,232,273
Operating Income (Loss)	-	(1,041,068)	(1,041,068)
NON-OPERATING REVENUES (EXPENSES):			
Loan Payments from Hospital	31,700	-	31,700
Investment Earnings	9,128	16,526	25,654
Total Non-operating Revenue (Expenses)	40,828	16,526	57,354
Income (Loss) Before Transfers	40,828	(1,024,542)	(983,714)
Non-Operating Transfer In	24,000	1,200,000	1,224,000
Change in Net Assets	64,828	175,458	240,286
Total Net Assets - January 1 (Beginning)	295,902	570,755	866,657
Total Net Assets - December 31 (Ending)	\$ 360,730	\$ 746,213	\$ 1,106,943

OTHER INFORMATION REQUIRED BY GAO



Terry R. Smith, C.P.A.
Rocky L. Rives, C.P.A.

SMITH & RIVES, PC
Certified Public Accountants

Members of:
American Institute of Certified
Public Accountants
Division of CPA Firms Private
Companies Practice Section
Texas Society of Certified Public
Accountants

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

To the Honorable Judge and
Members of the Commissioners' Court of
Ward County, Texas

We have audited the cash basis financial statements of the Office of the County Treasurer, Ward County, Texas as of and for the year ended December 31, 2008, and have issued our report thereon dated June 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Office of the County Treasurer, Ward County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the cash basis financial statements but not for the purpose of expressing an opinion on the effectiveness of the Office of the County Treasurer, Ward County's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the Office of the County Treasurer, Ward 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 the Office of the County Treasurer, Ward County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, such that there is a more than remote likelihood that a misstatement of the Office of the County Treasurer, Ward County's cash basis financial statements that is more than inconsequential will not be prevented or detected by the Office of the County Treasurer, Ward County's internal control.

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

Our consideration of the 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 material weaknesses, as defined above.

Compliance

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

We noted certain matters that we reported to management of Ward County, in a separate letter dated June 15, 2009.

This report is intended solely for the information and use of the Commissioners' Court, management, 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.

Smith & Rives PC

Smith & Rives, PC
Monahans, Texas
June 15, 2009

OFFICE OF THE COUNTY TREASURER
WARD COUNTY, TEXAS

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2008

I. SUMMARY OF THE AUDITORS' RESULTS

- a. The type of report issued on the financial statements of the Office of the County Treasurer, Ward County was an unqualified opinion.
- b. The audit disclosed no significant deficiencies and no material weaknesses in internal control.
- c. The audit disclosed no instances non-compliance that could be material to the financial statements of the Office of the County Treasurer, Ward County.
- d. The audit disclosed no:
 - 1. Known questioned costs when likely questioned costs are greater than \$10,000.
 - 2. Instances where audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the Office of the County Treasurer, Ward County materially misrepresents the status of any prior audit finding.
- e. The County had no major programs.
- f. The County is not subject to the Single Audit Act.
- g. The County did not qualify as a low-risk auditee.

II. COMPLIANCE:

- A. No findings.

OFFICE OF THE COUNTY TREASURER
WARD COUNTY, TEXAS

SCHEDULE OF STATUS OF PRIOR FINDINGS
YEAR ENDED DECEMBER 31, 2008

A. Auditor's Review of Prior Year Findings

1. No findings in the prior year.

OFFICE OF THE COUNTY TREASURER
WARD COUNTY, TEXAS

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2008

With respect to each audit finding included in the current year's auditor's reports:

No corrective action plan is needed for 2008.