

WARD COUNTY, TEXAS

**ANNUAL FINANCIAL AND
COMPLIANCE REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2018**

WARD COUNTY, TEXAS
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018

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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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ward County, Texas, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on Discretely Presented Component Unit

The financial statements referred to above do not include financial data for the County's legally separate component unit, Ward Memorial Hospital. Accounting principles generally accepted in the United States of America require financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the aggregate discretely presented component unit would have been presented as \$15,158,747, \$913,854, \$776,505, \$2,056,223, \$223,648, \$13,655,381, \$17,738,428 and \$16,661,880, respectively.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the County, as of December 31, 2018, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, and each major fund of the Ward County, Texas, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 11 to the Financial Statements, in 2018 the County adopted new accounting guidance prescribed by GASB Statement No. 75 for its retiree health insurance benefits: this plan is a single employer defined benefit plan. Since GASB No. 75 implements new measurement criteria and reporting provisions, significant information has been added to the Government Wide Statements. Exhibit A-1 discloses the County's Net OPEB Liability and some deferred resource outflows and deferred resource inflows related to the County's OPEB plan. Exhibit B-1 discloses the adjustments to the District's beginning Net Position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, TCDRS pension information, the schedule of changes in the total OPEB liability and related ratios, and budgetary comparison information 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,

Other Matters – continued

who considers it to be an essential part of the 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ward County, Texas's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 10, 2019, on our consideration of Ward County, Texas'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 Ward County, Texas's internal control over financial reporting and compliance.

Smith & Rives, PC
Monahans, Texas
September 10, 2019

WARD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2018

This section of Ward County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended December 31, 2018. Please read it in conjunction with the Independent Auditor's Report on page 1, and the County's Basic Financial Statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

The County's net position increased by \$8,294,230 as a result of this year's operations. The County does not have any business-type activities, so the increase above is attributable to our governmental activities. (Exhibit B-1)

During the year, the County had expenditures that were \$2,030,574 less than the \$27,258,703 generated in tax and other revenues for governmental programs (before special items). (Exhibit C-3)

Total cost of all the County's programs was \$20,107,870. (Exhibit B-1)

The General Fund ended the year with a fund balance of \$24,392,736. (Exhibit C-3) This is an increase of \$7,104,793 from the prior year fund balance attributable to less transfers out in the current year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 11-15). These provide information about the activities of the County as a whole and present a longer-term view of the County's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 16) report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies. The remaining statements, fiduciary statements, provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the County.

The notes to the financial statements (starting on page 24) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major funds, internal service funds and agency funds contain even more information about the County's individual funds.

REPORTING THE COUNTY AS A WHOLE

The Statement of Net Position and the Statement of Activities

The analysis of the County's overall financial condition and operations begins on page 4. Its primary purpose is to show whether the County is better off or worse off as a result of the year's activities. The Statement of Net Position (page 11) includes all the County's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. These apply the accrual basis of accounting, which is the basis used by the private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The County's revenues are divided into those provided by outside parties who pay the costs of some programs (such as court costs and fees) and grants provided by outside parties and agencies (program revenues), and revenues provided by the taxpayers or other unrestricted sources (general revenues). All the County's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the County's Net Position and changes in them. The County's Net Position (the difference between assets and liabilities) provides one measure of the County's financial health, or financial position. Over time, increases or decreases in the County's Net Position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the County, however, you should consider non-financial factors as well, such as changes in the County's property tax base or the condition of the County's facilities.

In the Statement of Net Position and the Statement of Activities we present only the following activity:

Governmental Activities: Most of the County's basic services are reported here. Property tax, state and federal grants, charges for services and fines finance most of these activities.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements begin on page 16 and provide detailed information about the most significant funds – not the County as a whole. Laws and contracts require the County to establish some funds, such as grants received from a government agency. The County's administration establishes many other funds to help it control and manage money for particular purposes. The County's two kind of funds – governmental and proprietary – use different accounting approaches.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS-continued

Governmental Funds: Most of the County's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and reported balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the County's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

Proprietary Funds: The County is closed its self-insurance internal service fund and moved to full coverage health insurance in 2018.

THE COUNTY AS TRUSTEE

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or fiduciary, for certain funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 23. Fiduciary funds are not reflected in the government-wide financial statements because the County cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the Net Position (Table I) and changes in Net Position (Table II) of the County's governmental activities.

Net position of the County's governmental activities were \$65,937,127 at December 31, 2018. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation, or other legal requirements – was \$25,345,233 at December 31, 2018. This increase was impacted by the District's change in net position of governmental activities. (Exhibit C-4)

Table I
Ward County, Texas Net Position

	Governmental Activities	
	2018	2017
Current and other assets	\$ 47,265,736	\$ 44,224,062
Capital Assets	<u>34,799,582</u>	<u>28,154,292</u>
Total assets	<u>82,065,318</u>	<u>72,378,354</u>
Deferred Outflow Related to Pension	<u>1,551,793</u>	<u>3,218,139</u>
Long-term liabilities	15,095,379	10,118,659
Other liabilities	<u>762,411</u>	<u>1,015,309</u>
Total Liabilities	<u>15,857,790</u>	<u>11,133,968</u>
Deferred Inflow Related to Pension	<u>1,822,194</u>	<u>583,333</u>
Net Position:		
Invested in capital assets, net of related debt	34,799,582	28,154,292
Restricted	5,792,312	12,097,311
Unrestricted	<u>25,345,233</u>	<u>23,627,589</u>
Total Net Position	<u>\$ 65,937,127</u>	<u>\$ 63,879,192</u>

Table II
Changes in Net Position

	Governmental Activities	
	2018	2017
Revenues:		
Program Receipts:		
Charges for Services	\$ 1,492,587	\$ 1,347,565
Grants & Contributions	778,601	791,736
General Receipts:		
Ad-Valorem Taxes	25,102,550	19,550,536
Hotel/Motel Tax	400,000	325,000
Sales taxes	84,385	63,229
Licenses and permits	359,453	323,167
Miscellaneous	638,782	729,701
Investment Earnings	545,742	287,811
Total Revenue	\$ 29,402,100	\$ 23,418,745
Expenses:		
General Government	\$ 5,412,062	\$ 5,105,843
Public Safety	3,966,987	4,204,493
Highways and Streets	3,031,067	3,301,183
Culture and Recreation	3,189,532	2,612,260
Indigent Assistance	220,921	286,174
Emergency Medical Services	1,186,192	1,278,014
County and District Clerks	740,889	833,483
County and District Attorneys	659,686	683,974
Corrections	516,735	484,969
Justices of the Peace	564,040	612,485
Miscellaneous	619,759	297,756
Total Expenses	\$ 20,107,870	\$ 19,700,634
Increase (decrease) in Net Position before transfers	\$ 9,294,230	\$ 3,718,111
Transfers	(1,000,000)	(2,000,000)
Increase (decrease) in Net Position	\$ 8,294,230	\$ 1,718,111
Prior Period Adjustment	(6,236,295)	(3,318,058)
Net Position - Jan 1	63,879,192	65,479,139
Net Position - December 31	\$ 65,937,127	\$ 63,879,192

The cost of all governmental activities this year was \$20,107,870. (Exhibit B-1) However, as shown in the Statement of Activities on pages 12 thru 15, some of the costs were paid by those who directly benefited from the programs (\$1,492,587) or by other governments and organizations that subsidized certain programs with grants and contributions (\$778,601).

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of \$30,185,048.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance was \$24,392,736.

General Fund Budgetary Highlights

Over the course of the year, the Commissioners' Court made revisions to the County's budget. These budget amendments increased budgeted disbursements by \$187,029.

The resources available for appropriation were \$5,032,635 more than budgeted for the General Fund, which is due to an increase in mineral valuations. (Exhibit G-1)

Expenditures were \$2,628,418 less than budgeted, which is attributable to overall expenditures being less than anticipated. (Exhibit G-1)

Actual expenditures were less than budgeted amounts for function 10 in the amount of \$756,413. These differences are the result of actual expenditures begin less than anticipated. (Exhibit G-1)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2018, the County had invested \$34.8 million in a broad range of capital assets, including land, buildings, roads and equipment.

Additions for the year included buildings/improvements, vehicles, machinery/equipment and construction in progress.

More detailed information can be found in Note 5 on page 34 of this report.

Long-Term Obligations

At the end of the year, the County had \$15.1 million of long-term obligations.

More detailed information about the County's long-term liabilities can be found in Note 7 on page 37.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal year 2019 budget and tax rate. One of those factors is the economy and, in particular, the oil & gas industry. The price of crude oil and natural gas has been steady over the course of the current year, which contributes heavily upon the valuation of properties on the mineral roll. The County's population has held steady in recent years, and it is possible that it may continue into the foreseeable future.

These indicators were taken into account when adopting the budget for 2019. Amounts available for appropriation in the budget are \$24,453,321, an increase of 22.98% compared to the 2018 budget of \$19,883,924. Budgeted expenditures are expected to increase by 0.004% to \$17,993,670 from \$17,913,161 in 2018. There are budgeted interfund transfers to the Building & Construction Fund for \$5,600,000 and Ward Memorial Hospital for \$1,000,000. If these estimates are realized, the County's budgetary General Fund Balance will decrease by \$140,349.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office at the Ward County Courthouse, 400 S. Allen St., Monahans, Texas, 79756.

The County's legally separate component unit, Ward Memorial Hospital, has its own financial audit. If you have questions about this report or need additional financial information, contact the Hospital's management at the Ward Memorial Hospital, 406 S. Gary Avenue, Monahans, Texas, 79756.

FINANCIAL STATEMENTS

WARD COUNTY, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2018

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1010 Cash and Cash Equivalents	\$ 30,130,320
1150 Accounts Receivable (Net)	16,318,277
1260 Due from Other Governments	4,770
1300 Due from Fiduciary Funds	812,369
Capital Assets:	
1710 Land Purchase and Improvements	185,773
1720 Infrastructure, Net	4,495,727
1730 Buildings, Net	26,192,320
1750 Furniture and Equipment, Net	3,006,318
1760 Capital Assets, Net	726,015
1780 Construction in Progress	193,429
1000 Total Assets	82,065,318
DEFERRED OUTFLOWS OF RESOURCES	
1997 Deferred Outflow Related to Pension Plan	1,551,793
1500 Total Deferred Outflows of Resources	1,551,793
LIABILITIES	
2010 Accounts Payable	481,677
2020 Wages and Salaries Payable	280,734
Noncurrent Liabilities:	
2502 Net OPEB Liability	12,578,222
2520 Compensated Absences Liability	238,071
2580 Net Pension Liability	2,279,086
2000 Total Liabilities	15,857,790
DEFERRED INFLOWS OF RESOURCES	
2602 Deferred Inflow Related to Pension Plan	687,659
2604 Deferred Resource Inflow - OPEB	1,134,535
2500 Total Deferred Inflows of Resources	1,822,194
NET POSITION	
3200 Net Investment in Capital Assets	34,799,582
3890 Restricted for Other Purposes	5,792,312
3900 Unrestricted Net Position	25,345,233
3000 Total Net Position	\$ 65,937,127

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

WARD COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Data Control Codes	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
100 General Government	\$ 3,245,041	\$ -	\$ -
120 Judicial	571,307	-	26,738
140 Elections	30,601	-	-
150 Financial Administration	568,047	-	-
160 Courthouse	160,073	18,241	-
170 Tax Assessor/Collector	432,638	161,314	-
180 Agricultural Extension Unit	161,445	-	-
190 Home Agent	242,910	-	-
210 Sheriff	1,854,615	27,361	-
220 Fire Protection	206,918	-	-
230 Corrections	516,735	647,554	200,532
250 Jail	1,894,112	-	-
260 Department of Public Safety	11,342	-	-
310 Highways & Streets	3,031,067	-	116,920
330 County Clerk	406,889	9,120	-
360 District Clerk	334,000	72,964	6,684
370 Justice of the Peace	564,040	63,843	-
380 County Attorney	486,992	9,120	26,738
390 Constable	56,300	-	-
400 District Attorney	172,694	-	160,425
410 Health	57,711	-	93,581
420 EMS	1,186,192	355,527	-
440 Indigent Welfare	41,002	-	-
450 Indigent Legal Care	122,208	-	13,369
490 Victim Services	118,668	-	66,844
510 Community Center	1,133,075	53,885	-
520 Parks	181,845	41,730	-
530 Museums	911,451	-	6,610
540 Coliseum	68,027	23,093	-
550 Libraries	432,131	8,835	-
560 Senior Citizens Center	453,928	-	60,160
570 Emergency Management	14,482	-	-
590 4-H Rifle Barn	9,075	-	-
610 Conservation	14,626	-	-
660 Economic Opportunity	120,393	-	-
800 Capital Outlay	22,000	-	-
900 Intergovernmental	273,290	-	-
TOTAL PRIMARY GOVERNMENT	\$ 20,107,870	\$ 1,492,587	\$ 778,601

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(3,245,041)		
(544,569)		
(30,601)		
(568,047)		
(141,832)		
(271,324)		
(161,445)		
(242,910)		
(1,827,254)		
(206,918)		
331,351		
(1,894,112)		
(11,342)		
(2,914,147)		
(397,769)		
(254,352)		
(500,197)		
(451,134)		
(56,300)		
(12,269)		
35,870		
(830,665)		
(41,002)		
(108,839)		
(51,824)		
(1,079,190)		
(140,115)		
(904,841)		
(44,934)		
(423,296)		
(393,768)		
(14,482)		
(9,075)		
(14,626)		
(120,393)		
(22,000)		
(273,290)		
(17,836,682)		
(17,836,682)		

WARD COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Data Control Codes	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contribntions
	General Revenues:		
	Taxes:		
5010	Property Taxes, Levied for General Purposes		
5120	General Sales and Use Taxes		
5150	Gross Receipts Business Tax		
5700	Miscellaneous Revenue		
5800	Investment Earnings		
	Transfers In (Out):		
	Total General Revenues and Trausfers		
	Change in Net Position		
	Net Position-- Beginning		
	Prior Period Adjustment		
	Net Position - Ending		

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
25,102,550		
84,385		
400,000		
998,235		
545,742		
(1,000,000)		
<u>26,130,912</u>		
8,294,230	-	-
63,879,192	-	-
(6,236,295)	-	-
<u>\$ 65,937,127</u>	<u>\$ -</u>	<u>\$ -</u>

WARD COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

Data Control Codes	General Fund	Major Special Revenue Fund	Other Funds	Total Governmental Funds
ASSETS				
1010 Cash and Cash Equivalents	\$ 24,143,708	\$ 2,849,125	\$ 3,137,487	\$ 30,130,320
1050 Taxes Receivable	16,182,817	-	-	16,182,817
1051 Allowance for Uncollectible Taxes (credit)	(291,291)	-	-	(291,291)
1150 Accounts Receivable (Net)	3,913,784	-	-	3,913,784
1151 Allowance for Uncollectible	(3,487,033)	-	-	(3,487,033)
1260 Due from Other Governments	-	-	4,770	4,770
1300 Due from Other Funds	790,279	-	33,473	823,752
1000 Total Assets	<u>\$ 41,252,264</u>	<u>\$ 2,849,125</u>	<u>\$ 3,175,730</u>	<u>\$ 47,277,119</u>
LIABILITIES				
2010 Accounts Payable	\$ 254,941	\$ 29,503	\$ 197,233	\$ 481,677
2020 Wages and Salaries Payable	274,927	-	5,807	280,734
2080 Due to Other Funds	11,383	-	-	11,383
2000 Total Liabilities	<u>541,251</u>	<u>29,503</u>	<u>203,040</u>	<u>773,794</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	16,134,941	-	-	16,134,941
2603 Deferred Resource Inflow JP Fees	183,336	-	-	183,336
2600 Total Deferred Inflows of Resources	<u>16,318,277</u>	<u>-</u>	<u>-</u>	<u>16,318,277</u>
FUND BALANCES				
3490 Other Restricted Fund Balance	-	2,819,622	2,972,690	5,792,312
3600 Unassigned Fund Balance	24,392,736	-	-	24,392,736
3000 Total Fund Balances	<u>24,392,736</u>	<u>2,819,622</u>	<u>2,972,690</u>	<u>30,185,048</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 41,252,264</u>	<u>\$ 2,849,125</u>	<u>\$ 3,175,730</u>	<u>\$ 47,277,119</u>

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

WARD COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2018

Total Fund Balances - Governmental Funds	\$	30,185,048
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		20,607,058
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2018 capital outlays and debt principal payments is to increase net position.		8,071,300
This is the second year of the implementation of GASB 68 for the TCDRS Pension plan. This fiscal year required that the County report their net pension liability in the Government Wide Statement of Net Position. The items reported as a result of this implementation included a net pension liability of \$2,279,086, a Deferred Inflow of \$687,659 and a Deferred Resource Outflow of \$1,551,793. The net effect of these was to decrease the ending net position by \$950,280.		(950,280)
The County implemented GASB Statement No. 75 reporting requirements for the OPEB Plans for the retiree healthcare. Since this is the first year of implementation, prior period adjustment was made in the amount of (\$6,257,710). This resulted in an overall Net OPEB Liability of \$12,578,222 and a Deferred Resource Outflow of \$1,134,535. The net effect of these was to decrease the ending net position by \$6,899,088.		(6,899,088)
The 2018 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(1,458,569)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		16,381,658
Net Position of Governmental Activities	\$	65,937,127

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

WARD COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

EXHIBIT C-3

Data Control Codes	General Fund	Building Const/Renov Fund	Other Funds	Total Governmental Funds
REVENUES:				
Taxes:				
5110 Property Taxes	\$ 21,878,351	\$ -	\$ 926,494	\$ 22,804,845
5120 General Sales and Use Taxes	84,385	-	-	84,385
5150 Gross Receipts Business Tax	-	-	400,000	400,000
5200 Licenses and Permits	359,453	-	-	359,453
5300 Intergovernmental Revenue and Grants	192,915	-	475,526	668,441
5400 Charges for Services	680,786	-	231,262	912,048
5416 General Government Charges for Services	97,471	-	-	97,471
5456 Ambulance Fees	355,526	-	-	355,526
5472 Swimming Pool Fees	41,730	-	-	41,730
5476 Library Use Fees	8,835	-	-	8,835
5479 Event & Community Center Rentals	76,998	-	-	76,998
5510 Fines	635,007	-	30,880	665,887
5520 Forfeits	-	-	37,394	37,394
5610 Investment Earnings	394,983	92,650	58,109	545,742
5620 Rents and Royalties	16,478	-	-	16,478
5640 Contributions & Donations from Private Sources	46,001	-	64,160	110,161
5700 Other Revenue	29,640	-	43,669	73,309
5020 Total Revenues	24,898,559	92,650	2,267,494	27,258,703
EXPENDITURES:				
Current:				
0100 General Government	3,250,635	-	-	3,250,635
0120 Judicial	437,586	-	6,816	444,402
0140 Elections	26,594	-	-	26,594
0150 Financial Administration	434,047	-	-	434,047
0160 Courthouse	123,472	-	2,416	125,888
0170 Tax Assessor/Collector	340,649	-	-	340,649
0180 Agricultural Extension Unit	123,790	-	-	123,790
0190 Home Agent	216,387	-	-	216,387
0210 Sheriff	1,629,499	-	5,958	1,635,457
0220 Fire Protection	204,583	-	-	204,583
0230 Corrections	32,300	-	440,949	473,249
0250 Jail	1,499,252	-	53,321	1,552,573
0260 Department of Public Safety	9,940	-	-	9,940
0310 Highways & Streets	2,050,746	-	741,458	2,792,204
0330 County Clerk	256,106	-	124,505	380,611
0360 District Clerk	254,359	-	-	254,359
0370 Justice of the Peace	433,649	-	-	433,649
0380 County Attorney	385,800	-	22,225	408,025
0390 Constable	42,410	-	796	43,206
0400 District Attorney	-	-	172,694	172,694
0410 Health	57,711	-	-	57,711
0420 EMS	1,192,246	-	-	1,192,246
0440 Indigent Welfare	41,002	-	-	41,002
0450 Indigent Legal Care	122,208	-	-	122,208
0490 Victim Services	-	-	101,171	101,171
0510 Community Center	1,135,088	-	-	1,135,088
0520 Parks	162,015	-	-	162,015
0530 Museums	50,584	-	-	50,584
0540 Event Center & Coliseum	67,003	7,355,090	-	7,422,093
0550 Libraries	346,363	-	-	346,363
0560 Senior Citizens Center	302,063	-	60,560	362,623
0570 Emergency Management	12,615	-	-	12,615
0590 4-H Rifle Barn	9,075	-	-	9,075
0610 Conservation	14,626	-	-	14,626
0660 Economic Opportunity	-	-	222,361	222,361
Capital Outlay:				
0800 Capital Outlay	380,116	-	-	380,116
Intergovernmental:				
0900 Intergovernmental	273,290	-	-	273,290

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

WARD COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

EXHIBIT C-3 (Cont'd)

Data Control Codes	General Fund	Major Special Revenue Fund	Other Funds	Total Governmental Funds
6030 Total Expenditures	15,917,809	7,355,090	1,955,230	25,228,129
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	8,980,750	(7,262,440)	312,264	2,030,574
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	363,695	1,039,368	261,066	1,664,129
8911 Transfers Out (Use)	(2,261,067)	-	(39,368)	(2,300,435)
7080 Total Other Financing Sources (Uses)	(1,897,372)	1,039,368	221,698	(636,306)
1200 Net Change in Fund Balances	7,083,378	(6,223,072)	533,962	1,394,268
0100 Fund Balance - January 1 (Beginning)	17,287,943	9,042,694	2,438,728	28,769,365
1300 Prior Period Adjustment	21,415	-	-	21,415
3000 Fund Balance - December 31 (Ending)	\$ 24,392,736	\$ 2,819,622	\$ 2,972,690	\$ 30,185,048

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

WARD COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2018

Total Net Change in Fund Balances - Governmental Funds	\$	1,394,268
The County uses some internal service funds to charge the costs of certain activities primarily to the governmental funds. The net loss of these internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease the change in net position.		(327,890)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2018 capital outlays and debt principal payments is to increase the change in net position.		8,071,300
The entries required by GASB 68 did require that some expenses on B-1 be adjusted. Total credits to expenses were \$1,650,612 and total debits to expenses were \$2,600,892. The net effect on the change in net position on Exhibit B-1 is an decrease of \$950,280.		(950,280)
The implementation of GASB Statement No. 75 to report the City's OPEB plan resulted in a prior period adjustment of \$6,257,710. The changes in the ending net position as a result of reporting the OPEB items was to decrease in the change in net position in the amount of \$641,378.		(641,378)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(1,458,569)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase the change in net position.		2,206,779
Change in Net Position of Governmental Activities	\$	8,294,230

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

WARD COUNTY, TEXAS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

EXHIBIT D-2

	Governmental Activities Ward County Employee Med Benefit Fund
<hr/>	
OPERATING REVENUES:	
Other Revenue	\$ 35,649
Total Operating Revenues	35,649
OPERATING EXPENSES:	
Personnel Services - Social Security	2,357
Total Operating Expenses	2,357
Operating Income	33,292
NONOPERATING REVENUES (EXPENSES):	
Investment Earnings	2,513
Total NonOperating Revenue (Expenses)	2,513
Income Before Transfers	35,805
Transfers Out (Use)	(363,695)
Change in Net Position	(327,890)
Total Net Position - January 1 (Beginning)	327,890
 Total Net Position - December 31 (Ending)	 \$ -

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

WARD COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Governmental Activities
	Ward County Employee Med Benefit Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 35,649
Cash Payments for Insurance Claims	(2,357)
Net Cash Provided by Operating Activities	33,292
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfer Out	(363,695)
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	2,512
Net Increase (Decrease) in Cash and Cash Equivalents	(327,891)
Cash and Cash Equivalents at the Beginning of the Year	327,891
Cash and Cash Equivalents at the End of the Year	\$ -

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

WARD COUNTY, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2018

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 4,857,137
Due from Fiduciary Funds	53,042
Total Assets	\$ 4,910,179
LIABILITIES	
Accounts Payable	\$ 101,808
Due to Other Funds	838,985
Due to Fiduciary Funds	26,424
Due to Others	3,942,962
Total Liabilities	\$ 4,910,179

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

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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, Local Government Code and V.A.C.S. Ward County (the County) operates under a county judge/commissioners court type of government as provided by state statute. The financial and reporting of the County conform to generally accepted accounting principles (GAAP) applicable to state and local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), which includes all statements and interpretations of the National Council on Governmental Accounting unless modified by the GASB and those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Government Units*.

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

The County provides the following services to its citizens: public safety (law enforcement and detention), public transportation (roads and bridges), health and welfare (pauper care, health clinic facilities, meals for the elderly and indigent health care), culture and recreation facilities, conservation, public facilities, judicial and legal, elections functions, and general and financial administrative services.

Government-wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Ward County's non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, fines and fees, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The Statement of Activities presents a comparison between expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include: a) fees, fines and charges paid by the recipients of goods or services offered by the program, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from agency funds on the government-wide Statement of Net Position.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary and fiduciary. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operation in a separate column. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Under the modified accrual basis of accounting, revenues are recognized in the accounting period or expected to be collected within 60 days after year end and be used to pay liabilities of the current period. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Exceptions to this general rule included unmatured principal and interest on general long-term obligations which are recognized when due. This exception is in conformity with generally accepted accounting principles. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Property tax revenues and sales tax receipts are considered measurable and available when collected by the respective intermediary collecting agency and recognized as revenue at that time. Property tax revenues are considered measurable at the time of levy and are recognized as unearned revenue, net of an allowance for estimated uncollectible taxes, at that time. Property tax revenues are considered available if collected within 60 days subsequent to year end. All tax collections expected to be received subsequent to year end are, therefore, reported as unearned revenues. Licenses and permits, fines and forfeits, and miscellaneous revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded on the accrual basis in all funds.

Intergovernmental revenues are recorded on a basis applicable to the legal and contractual requirements of the individual grant programs. If funds must be expended on the specific purpose or project before any amounts will be paid to the County, revenues are recognized as the expenditures or expenses are recorded. If funds are virtually unrestricted and irrevocable, except for failure to comply with required compliance requirements, revenues are recognized or susceptible to accrual. Federal and State grants awarded on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal and state reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

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

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Accounting

The County reports the following major governmental funds:

General Fund - The General Fund is the County's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the County.

Building/Construction Fund - The Building/Construction Fund is used to account for and reports financial resources that are restricted to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets. The Building/Construction Fund excludes those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Other Funds - The Special Revenue Funds account for revenues derived from earmarked revenue sources that are legally restricted to expenditures for a specific purpose.

Internal Service Fund - The Internal Service Fund accounts for the County's insurance programs.

Agency Funds - Agency Funds are used to report assets which cannot be used to support County activities and are held in an agency capacity by the County for the benefit of others.

Assets, Liabilities, Deferred Inflows/Outflows, and Net Position or Equity

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

Property Taxes - Property taxes are levied 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 the property to secure payment of all taxes, penalties, and interest ultimately imposed.

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital Assets - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the 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. Generally, a capitalization threshold of \$5,000 is used.

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Building and Improvements	20-50
Furniture and Equipment	5-10
Vehicles and Heavy Equipment	5-10
Infrastructure	20-35

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

1. Leave or compensation is attributable to services already rendered.
2. Leave or compensation is not contingent on specific event (such as illness).

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent that the liabilities have matured (i.e., are due for payment). Compensated absences are accrued as long-term debt in the government-wide statements.

Upon termination from the County employment, an employee that has completed a year of employment shall be entitled to payment for the total accrued but unused days of vacation. Comp time earned, but not taken, is paid at termination, but cannot accumulate beyond County specified limits. Once the maximum number of compensatory hours has been accumulated, employees are paid immediately for any additional compensatory hours earned. Sick leave accrues at a rate of 8 hours per month or 96 hours per year up to a maximum of 480 hours, but compensation is paid only for illness-related absences. Unused sick leave is non-vesting and will not be paid on termination, thus vacation and comp time is the only accrued compensation liabilities recorded.

Use of Estimates - The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Interfund Activity - Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and fines and fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Federal and State Grants and Entitlements - Grants, entitlements and shared revenues may be accounted for within any of the fund types. The purpose and requirements for each grant or entitlement are carefully analyzed to determine the proper fund type in which to record the related transactions. Grants or entitlements received for purposes normally financed through a particular fund type may be accounted for in that type provided that applicable legal restrictions are appropriately satisfied. Such revenues received for purposes normally financed through the general fund are accounted for within the Special Revenue Funds.

Fund Equity - In the fund financials, fund balance is the difference between governmental fund assets and liabilities reflected on the balance sheet.

The fund balance of the General Fund is of primary significance because the General Fund is the primary fund which finances most functions in the County.

The order of spending and availability of the fund balance shall be to reduce funds from the listed areas in the following order: restricted, committed, assigned, and then unassigned funds.

The five classifications of fund balance of the governmental types are as follows:

Non-spendable fund balance classification includes amounts that cannot be spent because they are either not in a spendable form or they are legally or contractually required to be maintained intact. Examples of these funds are inventories or prepaid items. Additionally, these items are not expected to be converted to cash.

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Restricted fund balance represents those funds other than non-spendable that are restricted to specific purposes such as externally imposed by creditors, grantors, contributors or laws or regulations of other governments. Additionally, these funds are imposed by law through constitutional provisions or enabling legislation.

Committed fund balance represents those funds that can only be used for specific purposes per the formal action (i.e., resolution) as a posted Commissioners' Court agenda item of the Ward County Commissioners' Court. These funds cannot be used for any other purpose unless the Court removes or changes the specified use by taking the same type of action it employed to previously commit the funds. These funds include contractual obligations entered into by the Commissioners' Court.

Assigned fund balance represents those funds designated by the commissioners' court to be used for specific purposes, but are neither restricted nor committed. The resources of these funds could represent operating transfers to special revenue funds from the general fund and the interest earnings associated with those transfers and those funds that are not classified as restricted, non-spendable or committed.

Unassigned fund balance is the resulting difference between total fund balances less the previous types of fund balances and is at the discretion of the Commissioners' Court. The general fund is the only fund type that may represent a positive unassigned fund balance. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts, restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed, then assigned funds, and finally unassigned funds.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension expense, information about the Fiduciary Net Position of Texas County and District Retirement System (TCDRS) and additions to/deductions from TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported as TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (Retiree Health Insurance) – The fiduciary net position of the County's Retiree Health Insurance Benefits has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from the City's Retiree Health Insurance Benefit's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay as you go plan and all cash is held in a cash account.

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The County Judge submits an annual budget to the Commissioners Court in accordance with the laws of the State of Texas. The budget is presented to the Commissioners Court for review, budget workshops are held with the various County department officials, and public hearings are held to address priorities and the allocation of resources. Prior to September 30, the Commissioners' Court adopts the annual fiscal year budgets for all County operating funds. Once approved, the Commissioners' Court may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

The budget for the general fund is prepared on the GAAP basis. Revenues are budgeted in the year receipt is expected; and expenditures are budgeted in the year that the liability is incurred.

All the County's funds held positive fund equity at December 31, 2018.

Note 3: DEPOSITS, INVESTMENTS AND SECURITIES

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of twelve months or less from the date of acquisition. The County's cash and cash equivalents were comprised of six demand deposit accounts, sixteen time deposits and thirty-six TexPool accounts at December 31, 2018.

The total carrying amount of the County Treasurer's demand deposits at December 31, 2018 was \$1,357,819 and the bank balance was \$1,856,287. The County Treasurer's demand deposits at December 31, 2018, and during the year ended December 31, 2018, were covered by FDIC insurance and pledged collateral, except for the date of highest demand deposit. Demand deposits on February 5, 2018 exceeded pledged securities and FDIC insurance by \$281,968. The following is disclosed regarding coverage of combined balances on the date of highest demand deposit:

<u>Bank</u>	<u>Highest Demand Deposit Balance</u>	<u>FMV of Securities Pledged</u>	<u>FDIC Insurance</u>	<u>Month</u>
Tejas Bank	\$4,213,734	\$3,931,765	\$500,000	February 2018

The County also held \$2,615 in undeposited funds on December 31, 2018.

A portion of the County's cash and cash equivalents consist of balances held by TexPool, a branch of the State government. To minimize credit risk, TexPool's investment policy allows the portfolio's investment manager to only invest in obligations of the U.S. Government, its agencies; repurchase agreements; and no-load AAAM money market mutual funds registered with the SEC. Texpool is rated AAAM by Standard & Poor's. Market value at December 31, 2018 is provided by TexPool.

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Note 3: DEPOSITS, INVESTMENTS AND SECURITIES – continued

The County's cash equivalents held with TexPool at December 31, 2018 are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>
TexPool	<u>\$33,627,023</u>	<u>\$33,627,023</u>

Custodial Credit Risk for Deposits and Investments

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. At February 5, 2018 demand deposits were not adequately covered by pledged securities and FDIC insurance, \$ 281,968 of demand deposits were at risk.

Foreign Currency Risk

The County has no investments or deposits of a foreign currency as of December 31, 2018.

Interest Rate Risk

The County has not been exposed to any interest rate risk as of December 31, 2018.

Concentration of Credit Risk

The County has not been exposed to any concentration of credit risk as of December 31, 2018.

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Note 3: DEPOSITS, INVESTMENTS AND SECURITIES – continued

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 County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity 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.

Note 4: RECEIVABLES

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

	General Fund	Other Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Receivables			
Taxes	\$ 16,182,817	\$ -	\$ 16,182,817
Fines & Fees	3,913,784	-	3,913,784
Intergovernmental	-	4,770	4,770
Total Gross Receivables	<u>20,096,601</u>	<u>4,770</u>	<u>20,101,371</u>
Less: Allowance for Uncollectible Accounts			
Taxes	(291,291)	-	(291,291)
Fines & Fees	<u>(3,487,033)</u>	<u>-</u>	<u>(3,487,033)</u>
Net Total Receivables	<u>\$ 16,318,277</u>	<u>\$ 4,770</u>	<u>\$ 16,323,047</u>

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

Governmental Activities:

	Beginning Balance	Additions/ Adjustments	Retirements/ Adjustments	Ending Balance
Land	\$ 185,773	\$ -	\$ -	\$ 185,773
Buildings & Improvements	15,212,473	21,330,773	-	36,543,246
Vehicles	1,924,116	310,863	-	2,234,979
Furniture, Machinery & Equipment	8,214,901	619,459	-	8,834,360
Infrastructure	5,278,122	76,328	-	5,354,450
Construction in Progress	14,426,993	6,327,580	(20,561,144)	193,429
Total General Fixed Assets	45,242,378	28,665,003	(20,561,144)	53,346,237
Less: Accumulated Depreciation				
	Beginning Balance	Additions/ Adjustments	Retirements/ Adjustments	Ending Balance
Buildings & Improvements	(9,948,018)	(402,745)	163	(10,350,926)
Vehicles	(1,347,655)	(161,309)	-	(1,508,964)
Machinery & Equipment	(5,199,504)	(628,701)	(163)	(5,828,042)
Infrastructure	(592,909)	(265,814)	-	(858,723)
Total Accumulated Depreciation	(17,088,086)	(1,458,569)	-	(18,546,655)
Governmental Activities Capital Assets - Net	\$ 28,154,292	\$ 27,206,434	\$ (20,561,144)	\$ 34,799,582

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 5: CAPITAL ASSETS - continued

Depreciation expense was charged to governmental functions as follows:

10	General Government	\$ 12,473
12	Judicial	62,039
14	Elections	1,959
15	Financial Administration	65,507
16	Information Technology	16,711
17	Tax	44,970
18	Agri	18,408
19	Facilities	27,388
21	Sheriff	192,366
22	Fire Protection	1,142
23	Corrections	32,810
25	Jail	179,828
26	Public Safety	1,756
31	Highways & Streets	275,032
33	County Clerk	36,967
36	District Clerk	38,038
37	Justice of the Peace	65,277
38	County Attorney	37,548
39	Constable	6,226
42	EMS	119,790
49	Victims	8,553
51	Recreation	105,562
52	Parks	9,694
53	Museums	3,874
54	Pools	501
55	Libraries	41,930
56	Senior Citizens Center	44,636
57	Emergency Management	913
66	Economic Opportunity	6,671
	Total Depreciation	<u>\$ 1,458,569</u>

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 6: INTERFUND BALANCES AND TRANSFERS

Interfund balances at December 31, 2018 consisted of the following individual fund balances:

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund:			
Agency Funds	\$ 790,279	\$ -	Collections of fees not yet remitted
Special Revenue Funds	<u>-</u>	<u>11,383</u>	Funds deposited in wrong fund
Total General Fund	<u>790,279</u>	<u>11,383</u>	
Special Revenue Funds:			
General Fund	11,383	-	Funds deposited in wrong fund
Agency Fund	<u>22,089</u>	<u>-</u>	Collections of fees not yet remitted
Total Special Revenue Funds	<u>33,472</u>	<u>-</u>	
Agency Funds:			
General Fund	-	790,279	Collections of fees not yet remitted
Agency Fund	53,043	-	Collections of fees not yet remitted
Agency Fund	-	53,043	Collections of fees not yet remitted
Special Revenue Fund	<u>-</u>	<u>22,089</u>	Collections of fees not yet remitted
Total Agency Funds	<u>53,043</u>	<u>865,411</u>	
Total Due To's/Due From's	<u>\$ 876,794</u>	<u>\$ 876,794</u>	

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 6: INTERFUND BALANCES AND TRANSFERS - continued

Interfund Transfers consist of the following:

	Transfers In	Transfers Out	Purpose
Transfers from General Fund to:			
Special Revenue Fund	-	1,000,000	Funding for Construction/Renovations
Hospital	-	1,000,000	Operating Transfers - Hospital
Special Revenue Fund	-	259,879	Operating Transfer - Juvenile Probation
Special Revenue Fund	-	139	Operating Transfer- Victims of Crime Act Fund
Special Revenue Fund	-	589	Operating Transfer - Title IV-E/JPO
Special Revenue Fund	-	459	Operating Transfer - Hotel/Motel
Internal Service Fund	363,695	-	Internal Service Fund Closed
	<u>363,695</u>	<u>2,261,066</u>	
Transfers to/from Construction Fund from:			
General Fund	1,000,000	-	Operating Transfer - General Fund
Special Revenue Fund	39,368	-	Operating Transfer - Hotel/Motel Fund
	<u>1,039,368</u>	<u>-</u>	
Transfers to Special Revenue Funds from:			
General Fund	259,879	-	Operating Transfer - Juvenile Probation
General Fund	139	-	Operating Transfer- Victims of Crime Act Fund
General Fund	589	-	Operating Transfer - Title IV-E/JPO
General Fund	459	-	Operating Transfer - Hotel/Motel
	<u>261,066</u>	<u>-</u>	
Transfers from Special Revenue Fund to:			
Special Revenue Fund	-	39,368	Operating Transfer - Construction/Renovation
	<u>-</u>	<u>39,368</u>	
Transfers from Internal Service Funds to:			
General Fund	-	363,695	Internal Service Fund Closed
	<u>-</u>	<u>363,695</u>	
Total transfers	\$ <u>1,664,129</u>	\$ <u>2,664,129</u>	

Note 7: LONG-TERM OBLIGATIONS

Long-term obligations are comprised of compensated absences, which includes annual vacation pay, comp pay, and personal time off pay (for EMS staff) of \$238,071; net other postemployment benefits obligation of \$12,578,222; and net pension liability of \$2,279,086. The balance for long-term obligations at December 31, 2018 was \$15,095,379.

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Note 8: DEFERRED INFLOWS OF RESOURCES

Governmental Funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

At the end of December 31, 2018, deferred inflows in the General Fund were comprised of the following:

	General Fund
Net Unrealized Property Taxes	\$ 16,134,941
Net Unrealized Fines & Penalties	183,336
Total Deferred Inflows	\$ 16,318,277

Note 9: RISK MANAGEMENT

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 Insurance funds were formed by the entry into inter-local participation agreements by member political subdivisions of the State of Texas to jointly self-insure its members against certain risks within a defined scope, to purchase excess insurance or reinsurance when deemed prudent, and to pay necessary administrative disbursements.

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.

The County paid \$172,044 in property, general liability, and professional liability insurance premiums for the year ended December 31, 2018.

Health Insurance

The County's health insurance program was changed from a "self-insured" minimum premium cash flow plan to a fully insured plan effective April 1, 2017. For 2018, the County paid \$1,567,790 in health and dental insurance premiums.

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Life Insurance/Aero Care

The County pays the premium for employees and retirees who elect to participate in the plan and remits these premium payments to the insurance company. County contributions for life insurance premiums amounted to \$34,366 for the year ended December 31, 2018. In addition the Commissioners contracted with Aero Care to cover the air transport for the residents of Ward County for one year in the amount of \$57,183.

Worker's Compensation

The County's worker's compensation plan is administered by the Texas Association of Counties (TAC) under fully-funded (pooled) coverage in which the County is a member.

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Note 10: EMPLOYEES' RETIREMENT PLAN

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through an agent multiple employer defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). Article 33 of the State Statutes grants the authority to establish and amend the benefit terms to the TCDRS Board of Trustees (TCDRS Board). TCDRS issues a publicly available financial report that can be obtained at www.tcdrs.org.

At the measurement date, December 31, 2017, pension expense was as follows:

Service Cost	\$	1,220,849
Interest on total pension liability		2,918,183
Effect on plan changes		750,512
Administrative Expenses		24,671
Member contributions		(530,617)
Expected investment return net of investment expenses		(2,627,320)
Recognition of deferred inflows/outflows of resources		
Recognition of economic/demographic gains or losses		(115,952)
Recognition of assumption changes or inputs		163,771
Recognition of investment gains or losses		283,645
Other		2,046
		<hr/>
Pension Expense	\$	<u>2,089,788</u>

As of December 31, 2017, the deferred inflows and outflows of resources are as follows:

<u>Deferred Inflows/Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 365,097	\$ 214,612
Changes of assumptions	-	281,614
Net difference between projected and actual earnings	322,562	-
Contributions made subsequent to measurement date	N/A	1,055,567

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Note 10: EMPLOYEES' RETIREMENT PLAN - continued

The \$1,055,567 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2018	\$	300,717
2019		182,651
2020		(251,474)
2021		(423,326)
2022		-
<u>Thereafter</u>		<u>-</u>
 Total	 \$	 <u>(191,432)</u>

Plan Information

At December 31, 2017, the County had 158 current and 124 former employees and 107 retirees participating in the Plan.

Actuarial Assumptions

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

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Note 10: EMPLOYEES' RETIREMENT PLAN - continued

Valuation Date: Actually determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	12.5 years (based on contribution rate calculated in 12/31/2017 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment rate of return	8.00% (Gross of administrative expenses)
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2017 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017

**Only changes effective 2015 and later are shown*

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 10: EMPLOYEES' RETIREMENT PLAN - continued

Long-term Rate of Investment Return and Target Allocation

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater, LLC. The numbers shown are based on January 2018 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 to December 31, 2016 for more details.

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.55%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	16.00%	7.55%
Global Equities	MSCI World (net) Index	1.50%	4.85%
International Equities - Developed	MSCI World Ex USA (net)	11.00%	4.55%
International Equities - Emerging	MSCI EM Standard (net)	8.00%	5.55%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.75%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	8.00%	4.12%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.06%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	2.00%	6.30%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.05%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	6.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	18.00%	4.10%
Total		100.00%	

⁽¹⁾ Target asset allocation adopted at the April 2018 TCORS Board Meeting.

⁽²⁾ Geometric real rates of return in addition to assumed inflation of 1.95% per Cliffwater's 2018 capital market assumptions.

⁽³⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Note 10: EMPLOYEES' RETIREMENT PLAN - continued

Discount Rate

The discount rate used to measure the total pension liability was 8.10%.

Sensitivity Analysis

The following presents the net pension liability of the County calculated using the discount rate of 8.10%, as well as what the County's 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	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Total pension liability	\$ 44,152,789	\$ 39,376,502	\$ 35,312,013
Fiduciary net position	37,097,415	37,097,416	37,097,415
Net pension liability/(asset)	\$ 7,055,374	\$ 2,279,086	\$ (1,785,402)

Note 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

Description

The County offers health insurance benefits to all qualified retirees who elect to participate in the plan. The plan is considered a single-employer defined benefit plan and benefits are paid directly from general assets on a pay as you go basis. The healthcare benefits cover medical, dental and hospitalization costs for retirees and their dependents. Retirees over age 65 are required to enroll in Medicare. Medical, dental and life insurance coverage is available in the event of disability. The authority under which the Plan's benefit provisions are established or amended is the Commissioner's Court. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits

The County offers postemployment health, dental and life insurance benefits to all employees who retire from the County if they receive a TCDRS pension and retire from the County (1) on or after age 60 with at least 8 years of service, (2) after the sum of their age and service exceeds 75 (Rule of 75), or (3) at any age with at least 30 years of service. Retirees who do not have eight years of service with Ward County at the time of TCDRS retirement may continue on the medical plan but must pay 100% of the premium for continued coverage. Coverage is available to dependents of retirees who are currently receiving benefits. If the retiree predeceases the dependent, coverage for the dependent falls under COBRA. Life insurance in the amount of \$5,000 is provided for retirees only. If the retiree had 8 years of service with the County at TCDRS retirement, the County will pay 100% of the life insurance premium. If the retiree did not have 8 years of service with the County at TCDRS retirement, the retiree must pay 100% of life insurance premium.

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Note 11: POSTEMPLOYMENT HEALTHCARE BENEFITS continued

The plan does not issue a stand-alone report. For inquiries relating to the plan, please contact Ellen Friar, Ward County, 400 S. Allen, Monahans, TX 79756.

Employees covered by benefit terms

At January 1, 2018, the following employees were covered by the benefit terms:

Inactive employees, retiree's spouses or beneficiaries currently receiving benefit payment	59
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	112
Total	171

The OPEB Liability of \$12,578,222 was measured as of December 31, 2018.

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Valuation Timing	The valuation is performed at January 1, 2018 with measurements at December 31, 2017 and December 31, 2018.
Actuarial Cost Method	Entry Age Normal
Discount Rate ⁽¹⁾	December 31, 2017: 3.44% December 31, 2018: 4.10%
Inflation	2.30% per year
Salary Increases	Used the 2017 TCDRS report, varying on plan entry age. The rates from this report is compounded with the wage increase rate of 3.00% per year for the total salary increase rates.

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Note 11: POSTEMPLOYMENT HEALTHCARE BENEFITS continued

Per Capital Medical Benefit
 Costs

Age	Male	Female	Male	Female
45	\$ 11,299	\$ 15,436	\$ 7,016	\$ 8,249
50	\$ 11,176	\$ 13,377	\$ 7,830	\$ 9,238
55	\$ 11,926	\$ 12,712	\$ 9,198	\$ 10,314
60	\$ 14,290	\$ 14,038	\$ 11,324	\$ 11,570
64	\$ 17,750	\$ 16,022	\$ 14,225	\$ 13,049
65	\$ 4,997	\$ 4,685	\$ 4,997	\$ 4,685
70	\$ 5,511	\$ 5,027	\$ 5,511	\$ 5,027
75	\$ 5,985	\$ 5,309	\$ 5,985	\$ 5,309
80	\$ 6,251	\$ 5,442	\$ 6,251	\$ 5,442

Per Capita Dental Benefit
 Costs

Age	Male	Female
45	\$ 318	\$ 365
50	\$ 354	\$ 394
55	\$ 401	\$ 428
60	\$ 449	\$ 462
64	\$ 483	\$ 477
65	\$ 491	\$ 476
70	\$ 522	\$ 475
75	\$ 522	\$ 475
80	\$ 522	\$ 475

Medical Inflation (Trend
 Assumption)

The trend assumptions for medical, pharmacy costs, dental, and retiree premiums are summarized below:

Year	Pre-65	Post-65	Year	Pre-65	Post-65
2018	4.70%	4.20%	2047-2048	5.40%	5.40%
2019	7.30%	7.10%	2049-2051	5.30%	5.30%
2020-2021	4.90%	4.90%	2052-2055	5.20%	5.20%
2022-2024	4.80%	4.80%	2056-2060	5.10%	5.10%
2025-2029	4.70%	4.70%	2061-2064	5.00%	5.00%
2030-2031	4.80%	4.80%	2065	4.90%	4.90%
2032-2034	5.00%	5.20%	2066	4.80%	4.80%
2035-2036	5.00%	5.30%	2067	4.70%	4.70%
2037	5.60%	5.30%	2068	4.60%	4.60%
2038	5.90%	5.20%	2069	4.50%	4.50%
2039	5.90%	5.70%	2070	4.40%	4.40%
2040	5.80%	5.90%	2071-2072	4.30%	4.30%
2041-2042	5.80%	5.80%	2073	4.20%	4.20%
2043	5.70%	5.70%	2074-2093	4.10%	4.10%
2044	5.60%	5.60%	2094	4.10%	4.00%
2045-2046	5.50%	5.50%	2095+	4.00%	4.00%

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Note 11: POSTEMPLOYMENT HEALTHCARE BENEFITS continued

Coverage Assumption	100% of active employees are assumed to elect coverage at retirement.
Marriage Assumptions	50% of members are assumed to elect spousal coverage at retirement. When provided, actual ages for spouses are used. Otherwise, it is assumed that female spouses are 3 years younger than male spouses.
Mortality	Sex Distinct RP-2000 Mortality projected forward with Scale BB
Retirement Rates	Used the December 2017 TCDRS Report.
Termination Rates	Used the 2017 TCDRS Report for the Middle Termination Group. Sample termination rates vary on plan entry age.
Disability	Used sample rates of disability from the 2017 TCDRS Report.
Changes in Actuarial Assumptions	Rates used in determining termination, retirement, and disability were updated from using the prescribed rates in the 2013 TCDRS Report using the prescribed rates in the 2017 TCDRS Report.

(1)The discount rate is based on the Bond Buyer's 20-year General Obligation Index immediately prior to or coincident with the measurement date.

Changes in Total OPEB Liability

Balance as of December 31, 2017	\$	13,071,379
Changes for the year:		
Service cost		779,013
Interest on total OPEB liability		469,814
Changes in benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions or other inputs		(1,352,715)
Benefit Payments		(389,269)
Balance as of December 31, 2018	\$	<u>12,578,222</u>

Sensitivity of the total OPEB liability to changes in the discount rate.

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.10%) or 1-percentage-point higher:

	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB Liability	\$ 14,709,968	\$ 12,578,222	\$ 10,866,083

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Note 11: POSTEMPLOYMENT HEALTHCARE BENEFITS continued

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates, as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one lower or one percent higher:

	1% Decrease		Current Trend Rate		1% Increase
Total OPEB Liability	\$ 10,549,471	\$	12,578,222	\$	15,199,158

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

For the year ended December 31, 2018, the County recognized OPEB expense related to retiree health insurance benefits of \$1,030,647.

At December 31, 2018, the County reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

		Deferred Inflows of Resources		Deferred Outflows of Resources
Differences between expected and actual experience	\$	-	\$	-
Changes of assumptions		(1,134,535)		-
Total	\$	(1,134,535)	\$	-

\$0 reported as deferred outflows of resources related to retiree health insurance benefits resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability as of September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Net deferred outflows/(inflows) of resources
2019	\$ (218,180)
2020	(218,180)
2021	(218,180)
2022	(218,180)
2023	(218,180)
Thereafter*	(43,635)
Total	\$ (1,134,535)

*Note that additional future deferred inflows and outflows of resources may impact these numbers.

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Note 12: 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, 2018 were \$14,818 and \$1,315,624, respectively.

Nationwide Retirement Solutions

Beginning Balance, January 1, 2018	Contributions and Market Gains	Withdrawals, Fees and Market Losses	Ending Balance, December 31, 2018
\$ 13,623	\$ 1,195	\$ -	\$ 14,818

MassMutual

Beginning Balance, January 1, 2018	Contributions and Market Gains	Withdrawals and Market Losses	Ending Balance, December 31, 2018
\$1,414,037	\$81,226	(\$179,639)	\$1,315,624

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 13: RELATED PARTY TRANSACTIONS

The Office of Ward County Attorney is considered a part-time position and the County Attorney is permitted to maintain a private practice in addition to his public duties. As a result, some facilities, equipment and services are utilized in both his private practice and his public duties as Ward County Attorney. The physical separation and accounting of the two functions are deemed inefficient and improbable by both Ward County and the Ward County Attorney. As a result, the County and the County Attorney have entered into an agreement whereby allocations of costs that jointly benefit the County and the County Attorney's private practice have been proposed, approved and applied as part of the costs of the Office of the Ward County Attorney. This agreement stipulates that the County Attorney will provide his personal office space, furniture and equipment and services for accounting for the County Attorney Hot Check Fund at no charge to the County in return for the County's subsidy of the personal portion of his secretaries' time. The County Attorney makes an effort to segregate and pay for his personal portion of other expenses such as utilities (considered 25% personal and bills the County for 75% of utilities on an after-the-fact basis), telephone, office cleaning, seminars, law library, subscriptions and internet services and postage.

Ward County authorizes the Ward County Judge to utilize his county office for his private practice of law. The Commissioners' Court has found that this arrangement serves a public purpose in that it makes the County Judge more available to county officials and staff, as well as to the public. The County Judge provides his own office supplies and reimburses Ward County for copies and long distance telephone calls. In 2018 the County Judge earned \$800 from Ward County for court-appointed representation of indigent defendants in district court.

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 14: FEDERAL & STATE GRANTS

The County received funds under grants from federal and state governments. The amounts received by the County's various programs are as follows:

Name of Award	Revenues Received			Totals
	Federal Grants	State Grants	Intergovernmental	
Border Prosecution Grant	\$ -	\$ 129,997	\$ -	\$ 129,997
Child Abuse Prevention	-	-	138	138
Federal & County Prisoner Revenue	-	-	22,290	22,290
Indigent Defense Grant - TX Task for on Indigent Defense	-	15,993	-	15,993
LEOSE Funds	-	-	3,724	3,724
State of Texas - Lateral Road Funds	-	-	11,383	11,383
State of Texas - Salary Supplements	-	-	68,340	68,340
State of Texas - State Juror Reimbursement Fee	-	-	3,978	3,978
Texas J-RAC pass through revenues to EMS	-	20,077	-	20,077
Texas Juvenile Probation Commission Funds	-	130,794	-	130,794
Title XX Meals on Wheels	-	-	32,660	32,660
STAR	-	-	10,037	10,037
Tobacco Settlement	-	-	62,238	62,238
Victims of Crime Acts Formula Grant Program	96,232	-	-	96,232
Congregate Meals, Home Delivered Meals & Cash Payments in Lieu of Donated Commodities - DHHS and Department of Agriculture	60,560	-	-	60,560
TOTALS	\$ 156,792	\$ 296,861	\$ 214,788	\$ 668,441

Note 15: LITIGATION

The County is party to various legal actions arising in the ordinary course of its business. In the opinion of the County's management, upon advice of the County Attorney, the County has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the County's operations or financial position.

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Note 16: PRIOR PERIOD ADJUSTMENT

The County had the following prior-period adjustment in 2018:

	Exhibit B-1	Exhibit C-3
Employee Aflac deductions recorded in wrong fund from a prior year	\$ 4,236	\$ 4,236
JRAC Funds that should have been accrued in the prior year	17,179	17,179
Prior Period Adjustment for Retiree OPEB - Retiree Health Insurance	(6,257,710)	-
	\$ (6,236,295)	\$ 21,415

REQUIRED SUPPLEMENTAL INFORMATION

WARD COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
Taxes:					
5110	Property Taxes	\$ 17,773,181	\$ 17,773,181	\$ 21,878,351	\$ 4,105,170
5120	General Sales and Use Taxes	100,000	100,000	84,385	(15,615)
5200	Licenses and Permits	309,000	309,000	359,453	50,453
5300	Intergovernmental Revenue and Grants	196,389	196,389	192,915	(3,474)
5400	Charges for Services	456,754	456,754	680,786	224,032
5416	General Government Charges for Services	87,000	87,000	97,471	10,471
5456	Ambulance Fees	350,000	350,000	355,526	5,526
5472	Swimming Pool Fees	34,000	34,000	41,730	7,730
5476	Library Use Fees	6,000	6,000	8,835	2,835
5479	Event & Community Center Rentals	62,500	62,500	76,998	14,498
5510	Fines	370,000	370,000	635,007	265,007
5610	Investment Earnings	70,600	70,600	394,983	324,383
5620	Rents and Royalties	25,000	25,000	16,478	(8,522)
5640	Contributions & Donations from Private Sources	500	500	46,001	45,501
5700	Other Revenue	25,000	25,000	29,640	4,640
5020	Total Revenues	19,865,924	19,865,924	24,898,559	5,032,635
EXPENDITURES:					
Current:					
0100	General Government	3,605,483	4,007,048	3,250,635	756,413
0120	Judicial	471,865	472,515	437,586	34,929
0140	Elections	31,647	31,647	26,594	5,053
0150	Financial Administration	429,634	430,134	434,047	(3,913)
0160	Courthouse	137,019	135,869	123,472	12,397
0170	Tax Assessor/Collector	348,850	348,850	340,649	8,201
0180	Agricultural Extension Unit	183,129	183,129	123,790	59,339
0190	Home Agent	184,412	213,912	216,387	(2,475)
0210	Sheriff	1,647,272	1,678,772	1,629,499	49,273
0220	Fire Protection	385,298	385,298	204,583	180,715
0230	Corrections	30,587	39,737	32,300	7,437
0250	Jail	1,506,866	1,557,603	1,499,252	58,351
0260	Department of Public Safety	14,710	14,710	9,940	4,770
0310	Highways & Streets	2,921,726	2,173,276	2,050,746	122,530
0330	County Clerk	278,238	290,238	256,106	34,132
0360	District Clerk	252,290	252,290	254,359	(2,069)
0370	Justice of the Peace	423,695	423,695	433,649	(9,954)
0380	County Attorney	385,453	385,653	385,800	(147)
0390	Constable	46,736	46,736	42,410	4,326
0410	Health	250,000	250,000	57,711	192,289
0420	FMS	1,013,480	1,265,997	1,192,246	73,751
0440	Indigent Welfare	41,450	41,450	41,002	448
0450	Indigent Legal Care	198,000	198,000	122,208	75,792
0510	Community Center	1,358,118	1,485,453	1,135,088	350,365
0520	Parks	204,920	206,430	162,015	44,415
0530	Museums	63,854	67,744	50,584	17,160
0540	Coliseum	80,762	70,297	67,003	3,294
0550	Libraries	370,113	371,213	346,363	24,850
0560	Senior Citizens Center	312,453	312,453	302,063	10,390
0570	Emergency Management	14,938	14,958	12,615	2,343
0590	4-H Rifle Barn	8,000	8,600	9,075	(475)
0610	Conservation	18,200	18,200	14,626	3,574
Capital Outlay:					
0800	Capital Outlay	1,100,000	891,030	380,116	510,914

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

WARD COUNTY, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
Intergovernmental:					
0900	Intergovernmental	40,000	273,290	273,290	-
6030	Total Expenditures	18,359,198	18,546,227	15,917,809	2,628,418
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	1,506,726	1,319,697	8,980,750	7,661,053
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	363,695	363,695
8911	Transfers Out (Use)	2,257,853	(2,491,853)	(2,261,067)	230,786
7080	Total Other Financing Sources (Uses)	2,257,853	(2,491,853)	(1,897,372)	594,481
1200	Net Change in Fund Balances	3,764,579	(1,172,156)	7,083,378	8,255,534
0100	Fund Balance - January 1 (Beginning)	17,287,943	17,287,943	17,287,943	-
1300	Prior Period Adjustment	21,415	21,415	21,415	-
3000	Fund Balance - December 31 (Ending)	\$ 21,073,937	\$ 16,137,202	\$ 24,392,736	\$ 8,255,534

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

Ward County, Texas
Notes to Required Supplementary Information
December 31, 2018

Budgetary Information

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

1. The County Judge, as budget officer, with the assistance of the County Auditor, prepares a budget to cover all proposed expenditures and the means of financing them for the succeeding year, and delivers the proposed budget to Commissioners Court.
2. Commissioners Court holds budget sessions with each department head.
3. Commissioners Court holds budget hearings for the public at which all interested person's comments concerning the budget are heard.
4. Commissioners Court formally adopts the budget in open court meeting.
5. The adopted budget becomes the authorization for all legal expenditures for the County for the fiscal year. Appropriations lapse at the end of the fiscal year.
6. The formally adopted budget may legally be amended by commissioners in accordance with article LGC-111-010 or LGC-111-011.
7. Annual budget is legally adopted for the General Fund.
8. An appropriate resolution (the appropriated budget) to control the level of expenditures should be legally enacted prior to September 30. The County maintains its legal level of budgetary control at the department level. Amendments to the 2018 budget were approved by the Commissioners Court as provided by law.
9. All budget appropriations lapse at year-end.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2018

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
A. Total Pension Liability				
Service Cost	\$ 1,220,849	\$ 1,289,562	\$ 1,065,573	\$ 1,025,795
Interest (on the Total Pension Liability)	2,918,183	2,725,435	2,564,982	2,389,344
Changes of Benefit Terms	750,512	-	(200,349)	-
Difference between Expected and Actual Experience	286,149	(587,442)	(285,504)	122,990
Changes of Assumptions	235,686	-	419,397	-
Benefit Payments, Including Refunds of Employee Contributions	(1,649,829)	(1,623,814)	(1,548,884)	(1,446,422)
Net change in Total Pension Liability	\$ 3,761,550	\$ 1,803,741	\$ 2,015,215	\$ 2,091,707
Total Pension Liability - Beginning	35,614,953	33,811,212	31,795,998	29,704,291
Total Pension Liability - Ending	\$ 39,376,503	\$ 35,614,953	\$ 33,811,213	\$ 31,795,998
B. Total Fiduciary Net Position				
Contributions - Employer	\$ 983,921	\$ 1,158,941	\$ 1,440,837	\$ 1,427,366
Contributions - Employee	530,617	528,891	511,730	466,347
Net Investment Income	4,743,948	2,248,196	(408,425)	1,882,931
Benefit Payments, Including Refunds of Employee Contributions	(1,649,829)	(1,623,814)	(1,548,884)	(1,446,422)
Administrative Expense	(24,671)	(24,441)	(21,868)	(22,466)
Other	(2,046)	(124,605)	29,578	116,532
Net Change in Plan Fiduciary Net Position	\$ 4,581,940	\$ 2,163,168	\$ 2,968	\$ 2,424,288
Plan Fiduciary Net Position - Beginning	32,515,475	30,352,307	30,349,338	27,925,050
Plan Fiduciary Net Position - Ending	\$ 37,097,415	\$ 32,515,475	\$ 30,352,306	\$ 30,349,338
C. Net Pension Liability	\$ 2,279,088	\$ 3,099,478	\$ 3,458,907	\$ 1,446,660
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.21%	91.30%	89.77%	95.45%
E. Covered Payroll	\$ 7,580,245	\$ 7,555,592	\$ 7,310,432	\$ 6,662,106
F. Net Pension Liability as a Percentage of Covered Payroll	30.07%	41.02%	47.31%	21.71%

Note: GASB 68, Paragraph 46, a and b requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

Note: Only four years of data are presented in accordance with GASBS #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

WARD COUNTY, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE FISCAL YEAR 2018

	2018	2017	2016
Actuarially Determined Contribution	\$ 965,723	\$ 908,941	\$ 940,837
Contributions in Relation to the Actuarially Determined Contributions	983,921	1,158,941	1,440,837
Contribution Deficiency (Excess)	\$ (18,198)	\$ (250,000)	\$ (500,000)
Covered Employee Payroll	\$ 7,580,245	\$ 7,555,592	\$ 7,310,432
Contributions as a Percentage of Covered Employee Payroll	13.00%	15.30%	19.70%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

	2015	2014	2013	2012	2011	2010	2009
\$	927,366	\$ 881,225	\$ 816,290	\$ 761,260	\$ 774,401	\$ 693,266	634,607
	1,427,366	1,181,255	1,116,288	1,061,259	1,074,401	993,266	634,607
\$	(500,000)	\$ (300,030)	\$ (299,998)	\$ (299,999)	\$ (300,000)	\$ (300,000)	-
\$	6,662,106	\$ 6,218,945	\$ 5,814,033	\$ 5,693,796	\$ 5,449,690	\$ 5,236,145	4,558,959
	21.40%	19.00%	19.20%	18.60%	19.70%	19.00%	13.90%

WARD COUNTY, TEXAS
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
 TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>FY 2018</u> <u>Plan Year 2017</u>
Total OPEB Liability	
Service Cost	\$ 779,013
Interest on the Total OPEB Liability	469,814
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	-
Changes of Assumptions	(1,352,715)
Benefit Payments*	(389,269)
Net Change in Total OPEB Liability	(493,157)
Total OPEB Liability - Beginning	13,071,379
Total OPEB Liability - Ending	<u>\$ 12,578,222</u>
Covered Payroll	\$ 7,374,796
Total OPEB Liability as a Percentage of Covered Payroll	170.56%

*The Supplemental Death Benefit Fund is considered to be an unfunded OPEB plan under GASB 75. Because of this benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note: GASB Codification, Vol. 2, P52.139 states that the information on this schedule should be determined as of the measurement date of the plan.

As required by GASB 75, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

Notes to the Schedule of Contributions

Valuation Date: Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Entry Age
Amortization Method:	Level percentage of payroll, closed.
Remaining Amortization Period:	12.5 years (based on contribution rate calculated in 12/31/2017 valuation)
Asset Valuation Method:	5-year smoothed market
Inflation:	2.75%
Salary Increases:	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return:	8.00%, net of administrative and investment expenses, including inflation
Retirement Age:	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality:	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.

*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to the Schedule

COMBINING STATEMENTS OF NON-MAJOR
GOVERNMENTAL FUNDS

WARD COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2018

Data Control Codes	200 Title XX Delivered Meals	201 STAR Fund	202 LEOSE Training Funds	216 Lateral Road Fund	
ASSETS					
1010	Cash and Cash Equivalents	\$ -	\$ -	\$ 11,989	\$ 17,286
1260	Due from Other Governments	-	-	-	-
1300	Due from Other Funds	-	-	-	11,383
1300	Due from Fiduciary Funds	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,989</u>	<u>\$ 28,669</u>
LIABILITIES					
2010	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2020	Wages and Salaries Payable	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
3490	Other Restricted Fund Balance	-	-	11,989	28,669
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>11,989</u>	<u>28,669</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,989</u>	<u>\$ 28,669</u>

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

EXHIBIT H-1 (Cont'd)

217 Farm to Market Road Fund	219 Border Prosecution Grant Fund	221 Holman House Fund	222 Check Fees Fund	224 Sheriff's State Forf Fund	229 Records & Prescrvation Fund	230 Courthouse Security Fund	232 Juvenile Probation Fund
\$ 1,734,847	\$ -	\$ 23,476	\$ 5,935	\$ 134,980	\$ 23,284	\$ 95,901	\$ 82,231
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,533	-	-	-	-	593	1,497	50
<u>\$ 1,736,380</u>	<u>\$ -</u>	<u>\$ 23,476</u>	<u>\$ 5,935</u>	<u>\$ 134,980</u>	<u>\$ 23,877</u>	<u>\$ 97,398</u>	<u>\$ 82,281</u>
\$ 161,468	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,142
-	-	-	-	-	-	-	-
<u>161,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,142</u>
1,574,912	-	23,476	5,935	134,980	23,877	97,398	81,139
<u>1,574,912</u>	<u>-</u>	<u>23,476</u>	<u>5,935</u>	<u>134,980</u>	<u>23,877</u>	<u>97,398</u>	<u>81,139</u>
<u>\$ 1,736,380</u>	<u>\$ -</u>	<u>\$ 23,476</u>	<u>\$ 5,935</u>	<u>\$ 134,980</u>	<u>\$ 23,877</u>	<u>\$ 97,398</u>	<u>\$ 82,281</u>

WARD COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

Data Control Codes	234 County Clerk Records M&P Fund	235 Court Reporter Service Fund	237 County Attorney Pretrial Fund	239 JP Court Technology Fund	
ASSETS					
1010	Cash and Cash Equivalents	\$ 81,624	\$ 3,469	\$ 33,063	\$ 29,481
1260	Due from Other Governments	-	-	-	-
1300	Due from Other Funds	-	-	-	-
1300	Due from Fiduciary Funds	6,285	285	4,250	936
1000	Total Assets	<u>\$ 87,909</u>	<u>\$ 3,754</u>	<u>\$ 37,313</u>	<u>\$ 30,417</u>
LIABILITIES					
2010	Accounts Payable	\$ 19,637	\$ 339	\$ 821	\$ -
2020	Wages and Salaries Payable	-	-	-	-
2000	Total Liabilities	<u>19,637</u>	<u>339</u>	<u>821</u>	<u>-</u>
FUND BALANCES					
3290	Other Restricted Fund Balance	68,272	3,415	36,492	30,417
3000	Total Fund Balances	<u>68,272</u>	<u>3,415</u>	<u>36,492</u>	<u>30,417</u>
4000	Total Liabilities and Fund Balances	<u>\$ 87,909</u>	<u>\$ 3,754</u>	<u>\$ 37,313</u>	<u>\$ 30,417</u>

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

240 Title IV-E /JPO Fund	241 County Clerk Vital Stats Fund	242 County Clerk Archive Fund	243 District Clerk Records Mngmnt Fund	244 Victims of Crime Act Formula Grant	245 JP Security Fund	247 Child Abuse Prevention Fund	248 Co/Dist Court Technology Fund
\$ 32,414	\$ -	\$ 398,631	\$ 9,995	\$ 1,085	\$ 33,157	\$ 189	\$ 3,929
-	-	-	-	4,770	-	-	-
-	-	-	-	-	-	-	-
-	-	6,250	115	-	233	-	23
<u>\$ 32,414</u>	<u>\$ -</u>	<u>\$ 404,881</u>	<u>\$ 10,110</u>	<u>\$ 5,855</u>	<u>\$ 33,390</u>	<u>\$ 189</u>	<u>\$ 3,952</u>
\$ -	\$ -	\$ -	\$ -	\$ 8	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	8	-	-	-
32,414	-	404,881	10,110	5,847	33,390	189	3,952
<u>32,414</u>	<u>-</u>	<u>404,881</u>	<u>10,110</u>	<u>5,847</u>	<u>33,390</u>	<u>189</u>	<u>3,952</u>
<u>\$ 32,414</u>	<u>\$ -</u>	<u>\$ 404,881</u>	<u>\$ 10,110</u>	<u>\$ 5,855</u>	<u>\$ 33,390</u>	<u>\$ 189</u>	<u>\$ 3,952</u>

WARD COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2018

Data Control Codes	249 Co/Dist Disaster Preserv Fund	250 Hotel/Motel Tax Fund	251 Truancy Court Fund	267 Sheriff's Commisary Fund	
ASSETS					
1010	Cash and Cash Equivalents	\$ 6,874	\$ 364,440	\$ 3,198	\$ 4,481
1260	Due from Other Governments	-	-	-	-
1300	Due from Other Funds	-	-	-	-
1300	Due from Fiduciary Funds	40	-	-	-
1000	Total Assets	<u>\$ 6,914</u>	<u>\$ 364,440</u>	<u>\$ 3,198</u>	<u>\$ 4,481</u>
LIABILITIES					
2010	Accounts Payable	\$ -	\$ 13,818	\$ -	\$ -
2020	Wages and Salaries Payable	-	5,807	-	-
2000	Total Liabilities	<u>-</u>	<u>19,625</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
3290	Other Restricted Fund Balance	6,914	344,815	3,198	4,481
3000	Total Fund Balances	<u>6,914</u>	<u>344,815</u>	<u>3,198</u>	<u>4,481</u>
4000	Total Liabilities and Fund Balances	<u>\$ 6,914</u>	<u>\$ 364,440</u>	<u>\$ 3,198</u>	<u>\$ 4,481</u>

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

282 Archives Donation Fund	299 Title III Part C Fund	Total Nonmajor Governmental Funds
\$ 1,528	\$ -	\$ 3,137,487
-	-	4,770
-	-	11,383
-	-	22,090
<u>\$ 1,528</u>	<u>\$ -</u>	<u>\$ 3,175,730</u>
\$ -	\$ -	\$ 197,233
-	-	5,807
-	-	203,040
<u>1,528</u>	<u>-</u>	<u>2,972,690</u>
<u>1,528</u>	<u>-</u>	<u>2,972,690</u>
<u>\$ 1,528</u>	<u>\$ -</u>	<u>\$ 3,175,730</u>

WARD COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Data Control Codes	200 Title XX Delivered Meals	201 STAR Fund	202 LEOSE Training Funds	216 Lateral Road Fund
REVENUES:				
Taxes:				
5110 Property Taxes	\$ -	\$ -	\$ -	\$ -
5150 Gross Receipts Business Tax	-	-	-	-
5300 Intergovernmental Revenue and Grants	32,660	10,037	3,724	11,383
5400 Charges for Services	-	-	-	-
5510 Fines	-	-	-	-
5520 Forfeits	-	-	-	-
5610 Investment Earnings	-	-	-	416
5640 Contributions & Donations from Private Sources	-	-	-	-
5700 Other Revenue	-	-	-	-
5020 Total Revenues	<u>32,660</u>	<u>10,037</u>	<u>3,724</u>	<u>11,799</u>
EXPENDITURES:				
Current:				
General Government:				
0120 Judicial	-	-	-	-
0160 Courthouse	-	-	-	-
0210 Sheriff	-	-	-	-
0230 Corrections	-	-	-	-
0250 Jail	-	-	2,207	-
0310 Highways & Streets	-	-	-	8,000
0330 County Clerk	-	-	-	-
0380 County Attorney	-	-	-	-
0390 Constable	-	-	796	-
0400 District Attorney	32,660	10,037	-	-
0490 Victim Services	-	-	-	-
0560 Senior Citizens Center	-	-	-	-
0660 Economic Opportunity	-	-	-	-
6030 Total Expenditures	<u>32,660</u>	<u>10,037</u>	<u>3,003</u>	<u>8,000</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	721	3,799
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	721	3,799
0100 Fund Balance - January 1 (Beginning)	-	-	11,268	24,870
3000 Fund Balance - December 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,989</u>	<u>\$ 28,669</u>

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

217 Farm to Market Road Fund	219 Border Prosecution Grant Fund	221 Holman House Fund	222 Check Fees Fund	224 Sheriff's State Forf Fund	229 Records & Preservation Fund	230 Courthouse Security Fund	232 Juvenile Probation Fund
\$ 926,494	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	129,997	-	-	-	-	-	130,795
-	-	-	75	-	9,154	21,543	-
-	-	-	-	37,394	-	-	3,960
35,100	-	423	173	2,273	498	1,526	4,000
64,160	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,025,754</u>	<u>129,997</u>	<u>423</u>	<u>248</u>	<u>39,667</u>	<u>9,652</u>	<u>23,069</u>	<u>138,755</u>
-	-	-	-	-	-	-	-
-	-	-	-	5,958	-	2,416	-
-	-	-	-	-	-	-	420,292
733,458	-	-	-	-	-	-	-
-	-	-	-	-	19,625	-	-
-	-	-	7,879	-	-	-	-
-	129,997	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>733,458</u>	<u>129,997</u>	<u>-</u>	<u>7,879</u>	<u>5,958</u>	<u>19,625</u>	<u>2,416</u>	<u>420,292</u>
292,296	-	423	(7,631)	33,709	(9,973)	20,653	(281,537)
-	-	-	-	-	-	-	259,879
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	259,879
292,296	-	423	(7,631)	33,709	(9,973)	20,653	(21,658)
1,282,616	-	23,053	13,566	101,271	33,850	76,745	102,797
<u>\$ 1,574,912</u>	<u>\$ -</u>	<u>\$ 23,476</u>	<u>\$ 5,935</u>	<u>\$ 134,980</u>	<u>\$ 23,877</u>	<u>\$ 97,398</u>	<u>\$ 81,139</u>

WARD COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Data Control Codes	234 County Clerk Records M&P Fund	235 Court Reporter Service Fund	237 County Attorney Pretrial Fund	239 JP Court Technology Fund
REVENUES:				
Taxes:				
5110 Property Taxes	\$ -	\$ -	\$ -	\$ -
5150 Gross Receipts Business Tax	-	-	-	-
5300 Intergovernmental Revenue and Grants	-	-	-	-
5400 Charges for Services	88,021	3,630	-	13,905
5510 Fines	-	-	26,920	-
5520 Forfeits	-	-	-	-
5610 Investment Earnings	1,346	87	503	482
5640 Contributions & Donations from Private Sources	-	-	-	-
5700 Other Revenue	-	-	-	-
5020 Total Revenues	<u>89,367</u>	<u>3,717</u>	<u>27,423</u>	<u>14,387</u>
EXPENDITURES:				
Current:				
General Government:				
0120 Judicial	-	6,816	-	-
0160 Courthouse	-	-	-	-
0210 Sheriff	-	-	-	-
0230 Corrections	-	-	-	7,568
0250 Jail	-	-	-	-
0310 Highways & Streets	-	-	-	-
0330 County Clerk	90,991	-	-	-
0380 County Attorney	-	-	14,346	-
0390 Constable	-	-	-	-
0400 District Attorney	-	-	-	-
0490 Victim Services	-	-	-	-
0560 Senior Citizens Center	-	-	-	-
0660 Economic Opportunity	-	-	-	-
6030 Total Expenditures	<u>90,991</u>	<u>6,816</u>	<u>14,346</u>	<u>7,568</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,624)</u>	<u>(3,099)</u>	<u>13,077</u>	<u>6,819</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 Fund Balance	(1,624)	(3,099)	13,077	6,819
0100 Fund Balance - January 1 (Beginning)	<u>69,896</u>	<u>6,514</u>	<u>23,415</u>	<u>23,598</u>
3000 Fund Balance - December 31 (Ending)	<u>\$ 68,272</u>	<u>\$ 3,415</u>	<u>\$ 36,492</u>	<u>\$ 30,417</u>

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

240 Title IV-E /JPO Fund	241 County Clerk Vital Stats Fund	242 County Clerk Archive Fund	243 District Clerk Records Mngmnt Fund	244 Victims of Crime Act Formula Grant	245 JP Security Fund	247 Child Abuse Prevention Fund	248 Co/Dist Court Technology Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	96,232	-	138	-
-	-	87,484	1,300	-	3,461	-	475
-	-	-	-	-	-	-	-
684	31	6,270	167	-	564	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>684</u>	<u>31</u>	<u>93,754</u>	<u>1,467</u>	<u>96,232</u>	<u>4,025</u>	<u>138</u>	<u>475</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
13,089	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	13,889	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	101,171	-	-	-
-	-	-	-	-	-	-	-
<u>13,089</u>	<u>13,889</u>	<u>-</u>	<u>-</u>	<u>101,171</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(12,405)</u>	<u>(13,858)</u>	<u>93,754</u>	<u>1,467</u>	<u>(4,939)</u>	<u>4,025</u>	<u>138</u>	<u>475</u>
139	-	-	-	589	-	-	-
-	-	-	-	-	-	-	-
<u>139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>589</u>	<u>-</u>	<u>-</u>	<u>-</u>
(12,266)	(13,858)	93,754	1,467	(4,350)	4,025	138	475
44,680	13,858	311,127	8,643	10,197	29,365	51	3,477
<u>\$ 32,414</u>	<u>\$ -</u>	<u>\$ 404,881</u>	<u>\$ 10,110</u>	<u>\$ 5,847</u>	<u>\$ 33,390</u>	<u>\$ 189</u>	<u>\$ 3,952</u>

WARD COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Data Control Codes	249 Co/Dist Disaster Preserv Fund	250 Hotel/Motel Tax Fund	251 Truancy Court Fund	267 Sheriff's Commisary Fund
REVENUES:				
Taxes:				
5110 Property Taxes	\$ -	\$ -	\$ -	\$ -
5150 Gross Receipts Business Tax	-	400,000	-	-
5300 Intergovernmental Revenue and Grants	-	-	-	-
5400 Charges for Services	720	-	1,494	-
5510 Fines	-	-	-	-
5520 Forfeits	-	-	-	-
5610 Investment Earnings	116	3,450	-	-
5640 Contributions & Donations from Private Sources	-	-	-	-
5700 Other Revenue	-	-	-	43,669
5020 Total Revenues	<u>836</u>	<u>403,450</u>	<u>1,494</u>	<u>43,669</u>
EXPENDITURES:				
Current:				
General Government:				
0120 Judicial	-	-	-	-
0160 Courthouse	-	-	-	-
0210 Sheriff	-	-	-	-
0230 Corrections	-	-	-	-
0250 Jail	-	-	-	51,114
0310 Highways & Streets	-	-	-	-
0330 County Clerk	-	-	-	-
0380 County Attorney	-	-	-	-
0390 Constable	-	-	-	-
0400 District Attorney	-	-	-	-
0490 Victim Services	-	-	-	-
0560 Senior Citizens Center	-	-	-	-
0660 Economic Opportunity	-	222,361	-	-
6030 Total Expenditures	<u>-</u>	<u>222,361</u>	<u>-</u>	<u>51,114</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>836</u>	<u>181,089</u>	<u>1,494</u>	<u>(7,445)</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	459	-	-
8911 Transfers Out (Use)	-	(39,368)	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>(38,909)</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	836	142,180	1,494	(7,445)
0100 Fund Balance - January 1 (Beginning)	<u>6,078</u>	<u>202,635</u>	<u>1,704</u>	<u>11,926</u>
3000 Fund Balance - December 31 (Ending)	<u>\$ 6,914</u>	<u>\$ 344,815</u>	<u>\$ 3,198</u>	<u>\$ 4,481</u>

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

282 Archives Donation Fund	299 Title III Part C Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 926,494
-	-	400,000
-	60,560	475,526
-	-	231,262
-	-	30,880
-	-	37,394
-	-	58,109
-	-	64,160
-	-	43,669
-	60,560	2,267,494
-	-	6,816
-	-	2,416
-	-	5,958
-	-	440,949
-	-	53,321
-	-	741,458
-	-	124,505
-	-	22,225
-	-	796
-	-	172,694
-	-	101,171
-	60,560	60,560
-	-	222,361
-	60,560	1,955,230
-	-	312,264
-	-	261,066
-	-	(39,368)
-	-	221,698
-	-	533,962
1,528	-	2,438,728
\$ 1,528	\$ -	\$ 2,972,690

COMBINING SCHEDULE FOR AGENCY FUNDS

WARD COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

	BALANCE JANUARY 1	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2018
SHERIFF'S TRUST ACCOUNT				
Assets:				
Cash and Cash Equivalents	\$ 3,500	\$ 37,586	\$ 34,156	\$ 6,930
Liabilities:				
Due to Other Governments	\$ 1,130	\$ 4,240	\$ 4,440	\$ 930
Due to Others	2,370	33,346	29,716	6,000
Total Liabilities	\$ 3,500	\$ 37,586	\$ 34,156	\$ 6,930
SHERIFF'S INMATE ACCOUNT				
Assets:				
Cash and Cash Equivalents	\$ 10,420	\$ 66,901	\$ 61,858	\$ 15,463
Liabilities:				
Due to Others	\$ 10,420	\$ 66,901	\$ 61,858	\$ 15,463
TAX COLLECTOR'S				
Assets:				
Cash and Cash Equivalents	\$ 350,787	\$ 50,103,817	\$ 49,658,788	\$ 795,816
Liabilities:				
Due to Other Funds	\$ 347,067	\$ 44,053,212	\$ 43,699,733	\$ 700,546
Due to Others	3,720	6,050,605	5,959,055	95,270
Total Liabilities	\$ 350,787	\$ 50,103,817	\$ 49,658,788	\$ 795,816
COUNTY CLERK ACCOUNTS				
Assets:				
Cash and Cash Equivalents	\$ 1,340,052	\$ 2,014,405	\$ 3,241,148	\$ 113,309
Liabilities:				
Due to Other Funds	\$ 103,850	\$ 906,482	\$ 959,330	\$ 51,002
Due to Others	1,236,202	1,107,923	2,281,818	62,307
Total Liabilities	\$ 1,340,052	\$ 2,014,405	\$ 3,241,148	\$ 113,309
DISTRICT CLERK ACCOUNTS				
Assets:				
Cash and Cash Equivalents	\$ 390,601	\$ 5,918,923	\$ 3,167,320	\$ 3,142,204
Liabilities:				
Due to Other Funds	\$ 10,001	\$ 93,949	\$ 93,379	\$ 10,571
Due to Others	380,600	5,824,974	3,073,941	3,131,633
Total Liabilities	\$ 390,601	\$ 5,918,923	\$ 3,167,320	\$ 3,142,204

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

WARD COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

	BALANCE JANUARY 1	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2018
COMMUNITY SUPERVISION CORRECTIONS				
Assets:				
Cash and Cash Equivalents	\$ 75,300	\$ 822,124	\$ 825,874	\$ 71,550
Liabilities:				
Due to Other Governments	\$ 32,499	\$ 353,049	\$ 355,126	\$ 30,422
Due to Others	42,801	469,075	470,748	41,128
Total Liabilities	\$ 75,300	\$ 822,124	\$ 825,874	\$ 71,550
CSCD/PRETRIAL FUND				
Assets:				
Cash and Cash Equivalents	\$ 107,226	\$ 178,695	\$ 214,452	\$ 71,469
Liabilities:				
Due to Others	\$ 107,226	\$ 178,695	\$ 214,452	\$ 71,469
ADULT PROBATION FUND				
Assets:				
Cash and Cash Equivalents	\$ 95,327	\$ 1,294,901	\$ 1,076,839	\$ 313,389
Due From Other Funds	25,943	26,618	25,943	26,618
Total Assets	\$ 121,270	\$ 1,321,519	\$ 1,102,782	\$ 340,007
Liabilities:				
Due to Others	\$ 121,270	\$ 1,321,519	\$ 1,102,782	\$ 340,007
TAX ACCOUNT				
Assets:				
Cash and Cash Equivalents	\$ 31,135	\$ 33,166	\$ 33,044	\$ 31,257
Liabilities:				
Due to Others	\$ 31,135	\$ 33,166	\$ 33,044	\$ 31,257
DA FORFEITURE FUND				
Assets:				
Cash and Cash Equivalents	\$ 58,097	\$ 449,135	\$ 478,558	\$ 28,674
Liabilities:				
Due to Others	\$ 58,097	\$ 449,135	\$ 478,558	\$ 28,674

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

WARD COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

	BALANCE JANUARY 1	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2018
DA PRETRIAL FUND				
Assets:				
Cash and Cash Equivalents	\$ 11,871	\$ 9,924	\$ 4,244	\$ 17,551
Liabilities:				
Due to Others	\$ 11,871	\$ 9,924	\$ 4,244	\$ 17,551
JUVENILE PROBATION FEES				
Assets:				
Cash and Cash Equivalents	\$ 1,164	\$ 11,431	\$ 12,355	\$ 240
Liabilities:				
Due to Other Funds	\$ 995	\$ 10,517	\$ 11,292	\$ 220
Due to Others	169	914	1,063	20
Total Liabilities	\$ 1,164	\$ 11,431	\$ 12,355	\$ 240
FLEXIBLE SPENDING FUND				
Assets:				
Cash and Cash Equivalents	\$ 14,802	\$ 17,428	\$ 17,841	\$ 14,389
Liabilities:				
Due to Others	\$ 14,802	\$ 17,428	\$ 17,841	\$ 14,389
STATE COURT COSTS				
Assets:				
Cash and Cash Equivalents	\$ 85,101	\$ 438,073	\$ 405,511	\$ 117,663
Due From Other Funds	30,143	26,263	30,143	26,263
Total Assets	\$ 115,244	\$ 464,336	\$ 435,654	\$ 143,926
Liabilities:				
Due to Other Funds	\$ 5,961	\$ 9,561	\$ 5,961	\$ 9,561
Due to Others	109,283	454,775	429,693	134,365
Total Liabilities	\$ 115,244	\$ 464,336	\$ 435,654	\$ 143,926
JP FEE FUND				
Assets:				
Cash and Cash Equivalents	\$ 59,122	\$ 895,618	\$ 896,783	\$ 57,957
Liabilities:				
Due to Other Funds	\$ 58,357	\$ 895,550	\$ 896,018	\$ 57,889
Due to Others	765	68	765	68
Total Liabilities	\$ 59,122	\$ 895,618	\$ 896,783	\$ 57,957

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

WARD COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

	BALANCE JANUARY 1	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2018
COUNTY ATTORNEY'S TRUST				
Assets:				
Cash and Cash Equivalents	\$ 13,903	\$ 39,933	\$ 42,579	\$ 11,257
Liabilities:				
Due to Other Funds	\$ 2,886	\$ 15,174	\$ 13,810	\$ 4,250
Due to Others	11,017	24,759	28,769	7,007
Total Liabilities	\$ 13,903	\$ 39,933	\$ 42,579	\$ 11,257
WARD COUNTY SENIOR CITIZENS				
Assets:				
Cash and Cash Equivalents	\$ 16,198	\$ 187,048	\$ 196,603	\$ 6,643
Liabilities:				
Due to Others	\$ 16,198	\$ 187,048	\$ 196,603	\$ 6,643
VICTIM'S ASSISTANCE FUND				
Assets:				
+Cash and Cash Equivalents	\$ 40,231	\$ 3,933	\$ 2,788	\$ 41,376
Due From Other Funds	70	161	70	161
Total Assets	\$ 40,301	\$ 4,094	\$ 2,858	\$ 41,537
Liabilities:				
Due to Others	\$ 40,301	\$ 4,094	\$ 2,858	\$ 41,537
TOTAL AGENCY FUNDS				
Assets:				
Cash and Cash Equivalents	\$ 2,704,837	\$ 62,523,041	\$ 60,370,741	\$ 4,857,137
Due From Other Funds	56,156	53,042	56,156	53,042
Total Assets	\$ 2,760,993	\$ 62,576,083	\$ 60,426,897	\$ 4,910,179
Liabilities:				
Due to Other Funds	\$ 529,117	\$ 45,984,445	\$ 45,679,523	\$ 834,039
Due to Other Governments	33,629	357,289	359,566	31,352
	2,198,247	16,234,349	14,387,808	4,044,788
Total Liabilities	\$ 2,760,993	\$ 62,576,083	\$ 60,426,897	\$ 4,910,179

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

FEDERAL AWARDS SECTION

**INDEPENDENT AUDITORS' 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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Ward (the "County") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 10, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item **2018-001**.

The County's Response to Findings

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Smith & Rives, PC
Monahans, Texas
September 10, 2019

**WARD COUNTY, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

I. Summary of the Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified – County's Financials
Adverse – Omitted Component Unit

Internal control over financial reporting:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial Statements noted? Yes No

2. The County was not subject to Federal or State Single Audit.

II. Findings relating to the Financial Statements Which Are Required to be reported in Accordance with *Generally Accepted Auditing Standards*.

2018 – 001 – *Highest Daily Cash Balances Exceeding FDIC and Pledged Securities*
Noncompliance

Criteria – The State requires that local governments have their deposits adequately covered through FDIC insurance and pledged securities with their depository.

Condition – There was one instance where the highest daily cash balance exceeded the depository's coverage of FDIC insurance and pledged securities. It occurred on February 5, 2018.

Context – Some departments, such as the General Fund Account, receive large amounts of deposits from other departments, such as the County Tax Assessor-Collector.

Cause – There are spikes that occur at certain times of the year in account balances due to incoming large transactions, such as the collection of property taxes.

Effect – These spikes causes the County's overall deposits to exceed the combined coverage of existing FDIC insurance and pledged securities.

Recommendation – Ask the bank to increase collateral for these times during the year.

Views of Responsible Officials – See Corrective Action Plan.

WARD COUNTY, TEXAS
SCHEDULE OF STATUS OF PRIOR FINDINGS
YEAR ENDED DECEMBER 31, 2018

A. Auditor's Review of Prior Year Findings

2017-001 Highest Daily Cash Balances Exceeding FDIC and Pledged Securities

In the prior year, there was an instance where the County's deposits exceeded the FDIC insurance and pledged securities.

This is a repeat finding for 2018.

WARD COUNTY, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2018

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

2018-001 Highest Daily Cash Balances Exceeding FDIC and Pledged Securities

County officials agree to ask their depository to increase pledged securities for certain times of the year in anticipation of large deposits that could potentially exceed the depository's combination of FDIC insurance and pledged securities.