

**WARD COUNTY, TEXAS**

**ANNUAL FINANCIAL AND  
COMPLIANCE REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2015**

WARD COUNTY, TEXAS  
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2015

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WARD COUNTY, TEXAS  
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Certified Public Accountants

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

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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, 2015, 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 Aggregate Discretely Presented Component Units**

The financial statements referred to above do not include financial data for the County's legally separate component unit. 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 \$8,491,058, \$633,311, \$1,620,560, \$90,024, \$7,413,785, \$13,044,325, and \$10,714,132, respectively.

## **Unmodified Opinions**

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, 2015, 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-Matter**

As discussed in Note 10 to the basic financial statements, the County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB No. 27*, during the year ended December 31, 2015, which requires recognition of its net pension liability and a more comprehensive measure of pension expense. 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, the schedule of funding progress for the pension plan, the schedule of funding progress for other post-employment benefits and budgetary comparison information on pages 4-10, page 43, page 45 and page 50, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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 Matters – continued**

### 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 and the schedule of expenditures of state awards, as required by the State of Texas *Uniform Grant Management Standards* 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 30, 2016, 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 30, 2016

WARD COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF DECEMBER 31, 2015

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, 2015. 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 \$10,071,651 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 \$11,488,362 less than the \$31,771,707 generated in tax and other revenues for governmental programs (before special items). (Exhibit C-3)

Total cost of all the County's programs was \$17,627,453. (Exhibit B-1)

The General Fund ended the year with a fund balance of \$21,370,414. (Exhibit C-3)

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 25) 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 reports the activities for which it charges users (whether outside customers or other units of the County) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the County's internal service fund reports activities that provide services for the County's employees – such as the County's self-insurance program.

## 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 24. 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 \$65,301,029 at December 31, 2015. 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 \$32,704,295 at December 31, 2015. 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**

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 52,987,936	\$ 47,004,483
Capital Assets	<u>14,519,124</u>	<u>10,304,386</u>
Total assets	<u>67,507,060</u>	<u>57,308,869</u>
Deferred Outflow Related to Pension	<u>1,871,450</u>	<u>-</u>
Long-term liabilities	3,250,358	1,956,080
Other liabilities	<u>827,123</u>	<u>595,562</u>
Total Liabilities	<u>4,077,481</u>	<u>2,551,642</u>
Net Position:		
Invested in capital assets, net of related debt	14,519,124	10,304,386
Restricted	18,077,610	12,649,122
Unrestricted	<u>32,704,295</u>	<u>31,803,719</u>
Total Net Position	<u>\$ 65,301,029</u>	<u>\$ 54,757,227</u>

**Table II**  
**Changes in Net Position**

	Governmental Activities	
	2015	2014
Revenues:		
Program Receipts:		
Charges for Services	\$ 1,345,671	\$ 1,358,086
Grants & Contributions	3,297,694	1,973,034
General Receipts:		
Ad-Valorem Taxes	24,743,096	38,905,643
Hotel/Motel Tax	25,000	75,000
Sales taxes	108,184	87,021
Licenses and permits	335,010	337,491
Miscellaneous	600,021	770,929
Investment Earnings	44,428	26,350
Total Revenue	<u>\$ 30,499,104</u>	<u>\$ 43,533,554</u>
Expenses:		
General Government	\$ 3,543,464	\$ 4,273,951
Public Safety	3,510,502	3,682,811
Highways and Streets	3,040,410	2,996,171
Culture and Recreation	3,189,924	2,004,890
Indigent Assistance	350,705	260,206
Emergency Medical Services	1,155,586	1,237,109
County and District Clerks	727,065	692,772
County and District Attorneys	767,258	1,057,606
Corrections	545,429	560,437
Justices of the Peace	521,569	507,011
Miscellaneous	275,541	158,392
Total Expenses	<u>\$ 17,627,453</u>	<u>\$ 17,431,356</u>
Increase (decrease) in Net Position before transfers	\$ 12,871,651	\$ 26,102,198
Transfers	<u>(2,800,000)</u>	<u>(2,500,000)</u>
Increase (decrease) in Net Position	\$ 10,071,651	\$ 23,602,198
Prior Period Adjustment	472,151	6,930,985
Net Position - Jan 1	<u>54,757,227</u>	<u>24,224,044</u>
Net Position - December 31	<u>\$ 65,301,029</u>	<u>\$ 54,757,227</u>

The cost of all governmental activities this year was \$17,627,453. (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 (\$1,345,671) or by other governments and organizations that subsidized certain programs with grants and contributions (\$3,297,694).

## 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 \$36,932,014.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance was \$18,854,404.

### *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 receipts by \$53,100 and increased budgeted disbursements by \$302,219. Expenditures were \$1,535,558 less than budgeted.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

As of December 31, 2015, the County had invested \$14.5 million in a broad range of capital assets, including land, buildings, roads and equipment.

Additions for the year included land, buildings/improvements, vehicles, machinery/equipment, capital improvements to county roads and construction in progress.

More detailed information can be found in Note 5 on page 35 of this report.

### *Long-Term Debt*

At the end of the year, the County had \$3.25 million of long-term obligations.

More detailed information about the County's long-term liabilities can be found in Note 7 on page 38.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal year 2016 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 high 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 2016. Amounts available for appropriation in the budget are \$24,290,679, a decrease of 12.70% compared to the 2015 budget of \$27,823,791. Budgeted expenditures are expected to increase by 5.08% to \$14,827,100 from \$14,110,023 in 2015. There are budgeted interfund transfers to the Building & Construction Fund for \$5,000,000, Ward Memorial Hospital for \$2,500,000, the Hospital Capital Equipment Fund for \$300,000, and Medical Benefits for \$1,500,000.

If these estimates are realized, the County's budgetary General Fund Balance will increase by \$163,579 at the close of 2016.

## 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.

## FINANCIAL STATEMENTS

WARD COUNTY, TEXAS  
STATEMENT OF NET POSITION  
DECEMBER 31, 2015

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1010 Cash and Cash Equivalents	\$ 37,522,690
1030 Investments - Current	500,050
1150 Receivables (net of allowance for uncollectibles)	14,834,476
1300 Due from Fiduciary Funds	83,922
1390 Due from Others	46,798
Capital Assets:	
1710 Land	185,773
1720 Infrastructure, net	4,660,066
1730 Buildings, net	4,956,590
1750 Machinery and Equipment, net	3,312,656
1760 Capital Assets, net	496,831
1780 Construction in Progress	907,208
1000 Total Assets	67,507,060
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
1997 Deferred Outflow Related to Pension Plan	1,871,450
1500 Total Deferred Outflows of Resources	1,871,450
<b>LIABILITIES</b>	
2020 Accounts Payable	690,774
2070 Intergovernmental Payable	20,264
2270 Other Current Liabilities	116,085
Noncurrent Liabilities	
2502 Due in More Than One Year	1,803,698
2580 Net Pension Liability	1,446,660
2000 Total Liabilities	4,077,481
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	14,519,124
Restricted for:	
3810 Restricted for Event Center	13,651,128
3820 Restricted for Construction	2,516,010
3890 Restricted for Other Purposes	1,910,472
3900 Unrestricted Net Position	32,704,295
3000 Total Net Position	\$ 65,301,029

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, 2015

Data Control Codes	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
10 General Government	\$ 1,407,280	\$ -	\$ -
12 Judicial	515,509	-	22,012
14 Elections	40,511	-	-
15 Financial Administration	536,357	-	-
16 Courthouse	159,294	14,063	-
17 Tax Assessor/Collector	416,497	207,023	-
18 Agricultural Extension Unit	119,809	-	-
19 Home Agent	348,207	-	-
21 Sheriff	1,674,118	21,094	1,522
22 Fire Protection	207,832	-	-
23 Corrections	545,429	7,031	347,549
25 Jail	1,619,529	-	100,277
26 Department of Public Safety	9,023	-	-
31 Highways and Streets	3,040,410	-	2,264,347
33 County Clerk	405,003	478,139	-
36 District Clerk	322,062	63,283	25,944
37 Justice of the Peace	521,569	49,220	-
38 County Attorney	408,749	7,031	-
39 Constable	56,352	-	761
40 District Attorney	358,509	-	346,264
41 Health	217,682	-	73,839
42 EMS	1,155,586	405,066	28,962
44 Indigent Welfare	15,284	-	-
45 Indigent Legal Care	117,739	-	28,962
49 Victim Services	69,577	-	-
51 Community Center	677,905	15,559	-
52 Parks	198,747	41,652	-
53 Museums	1,407,025	-	13,617
54 Coliseum	75,481	28,896	-
55 Libraries	371,834	7,614	-
56 Senior Citizens Center	443,981	-	43,638
57 Emergency Management	14,275	-	-
59 4-H Rifle Barn	676	-	-
61 Conservation	12,995	-	-
66 Economic Opportunity	28,123	-	-
80 Capital Outlay	68,494	-	-
90 Intergovernmental	40,000	-	-
<b>TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 17,627,453</b>	<b>\$ 1,345,671</b>	<b>\$ 3,297,694</b>

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
\$ (1,407,280)	\$	\$
(493,497)		
(40,511)		
(536,357)		
(145,231)		
(209,474)		
(119,809)		
(348,207)		
(1,651,502)		
(207,832)		
(190,849)		
(1,519,252)		
(9,023)		
(776,063)		
73,136		
(232,835)		
(472,349)		
(401,718)		
(55,591)		
(12,245)		
(143,843)		
(721,558)		
(15,284)		
(88,777)		
(69,577)		
(662,346)		
(157,095)		
(1,393,408)		
(46,585)		
(364,220)		
(400,343)		
(14,275)		
(676)		
(12,995)		
(28,123)		
(68,494)		
(40,000)		
<u>(12,984,088)</u>		
<u>(12,984,088)</u>		

WARD COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015

Data Control Codes	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
	General Revenues:		
	Taxes:		
	Property Taxes:		
5010	Property Taxes, Levied for General Purposes		
5120	Sales Taxes		
5150	GrossReceipts Business Tax		
5700	Miscellaneous Revenue		
5800	Investment Earnings		
	Transfers In (Out):		
	Total General Revenues and Transfers		
	Change in Net Position		
	Net Assets - 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
24,743,096		
108,184		
25,000		
935,031		
44,428		
(2,800,000)		
<u>23,055,739</u>		
10,071,651	-	-
54,757,227	-	-
472,151	-	-
<u>\$ 65,301,029</u>	<u>\$ -</u>	<u>\$ -</u>

WARD COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015

Data Control Codes	General Fund	263 Event Center	TXDOT Road Grant
<b>ASSETS</b>			
1010 Cash and Cash Equivalents	\$ 20,983,245	\$ 13,678,912	\$ 1,062,921
1030 Investments - Current	500,050	-	-
1050 Taxes Receivable	15,312,529	-	-
1051 Allowance for Uncollectible Taxes (credit)	(620,489)	-	-
1150 Receivables (Net)	69,000	-	-
1260 Intergovernmental Receivables	2,360	-	-
1300 Due from Other Funds	73,380	-	-
1390 Due from Others	46,798	-	-
1000 Total Assets	<u>\$ 36,366,873</u>	<u>\$ 13,678,912</u>	<u>\$ 1,062,921</u>
<b>LIABILITIES</b>			
2010 Accounts Payable	\$ 105,136	\$ 27,784	\$ -
2020 Wages and Salaries Payable	130,284	-	-
2070 Intergovernmental Payable	-	-	-
2090 Due to Others	-	-	-
2000 Total Liabilities	<u>235,420</u>	<u>27,784</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	14,692,039	-	-
2602 Unavailable Revenue - Fines	69,000	-	-
2600 Total Deferred Inflows of Resources	<u>14,761,039</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
3460 Restricted for Event Center	-	13,651,128	-
3490 Other Restricted Fund Balance	-	-	1,062,921
3510 Construction	2,516,010	-	-
3600 Unassigned Fund Balance	18,854,404	-	-
3000 Total Fund Balances	<u>21,370,414</u>	<u>13,651,128</u>	<u>1,062,921</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 36,366,873</u>	<u>\$ 13,678,912</u>	<u>\$ 1,062,921</u>

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

Other Funds	Total Governmental Funds
\$ 1,213,767	\$ 36,938,845
-	500,050
-	15,312,529
-	(620,489)
-	69,000
71,076	73,436
10,542	83,922
-	46,798
<u>\$ 1,295,385</u>	<u>\$ 52,404,091</u>
\$ 408,120	\$ 541,040
6,232	136,516
20,264	20,264
13,218	13,218
<u>447,834</u>	<u>711,038</u>
-	14,692,039
-	69,000
-	14,761,039
-	13,651,128
847,551	1,910,472
-	2,516,010
-	18,854,404
<u>847,551</u>	<u>36,932,014</u>
<u>\$ 1,295,385</u>	<u>\$ 52,404,091</u>

WARD COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2015

<b>Total Fund Balances - Governmental Funds</b>	\$	36,932,014
 The County uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to decrease net position.		(1,147,340)
 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$23,824,448 and the accumulated depreciation was \$13,520,062. 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 (decrease) net position.		10,134,698
 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 2015 capital outlays and debt principal payments is to increase net position.		5,580,286
 The 2015 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(959,668)
 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.		14,761,039
 <b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>65,301,029</b>

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

WARD COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Data Control Codes	General Fund	263 Event Center	TxDOT Road Grant
<b>REVENUES:</b>			
Taxes:			
5110 Property Taxes	\$ 25,072,298	\$ -	\$ -
5120 General Sales and Use Taxes	108,184	-	-
5150 Gross Receipts Business Tax	-	-	-
5200 Licenses and Permits	335,010	-	-
5300 Intergovernmental Revenue and Grants	207,305	-	2,589,943
5400 Charges for Services	1,171,123	-	-
5510 Fines	426,573	-	-
5520 Forfeits	12,880	-	-
5610 Investment Earnings	30,808	11,023	635
5620 Rents and Royalties	29,932	-	-
5640 Contributions & Donations from Private Sources	10,816	-	-
5700 Other Revenue	35,499	-	-
5020 Total Revenues	27,440,428	11,023	2,590,578
<b>EXPENDITURES:</b>			
Current:			
0010 General Government	1,703,584	-	-
0012 Judicial	392,754	-	-
0014 Elections	36,697	-	-
0015 Financial Administration	402,029	-	-
0016 Define - General Government	123,723	-	-
0017 Define - General Government	322,365	-	-
0018 Define - General Government	91,549	-	-
0019 Other General Government Functions	268,059	-	-
Public Safety:			
0021 Police	1,427,100	-	-
0022 Fire Protection	205,335	-	-
0023 Corrections	102,338	-	-
0025 Jail	1,521,338	-	-
0026 Department of Public Safety	7,243	-	-
0031 Highways and Streets	1,979,039	-	3,237,314
0033 County Clerk	261,569	-	-
0036 District Clerk	242,056	-	-
0037 Justice of the Peace	395,452	-	-
0038 County Attorney	332,258	-	-
0039 Constable	42,793	-	-
0040 Health and Welfare	-	-	-
0041 Health	217,682	-	-
0042 EMS	904,571	-	-
0044 Welfare	15,284	-	-
0045 Indigent Legal Care	117,739	-	-
0049 Define	-	-	-
Culture and Recreation:			
0051 Recreation	631,542	-	-
0052 Parks	167,621	-	-
0053 Museums	68,822	1,969,313	-
0054 Coliseum	88,624	-	-
0055 Libraries	294,865	-	-
0056 Senior Citizens Center	284,571	-	-
0057 Emergency Management	12,779	-	-
0059 4-H Rifle Barn	676	-	-
Conservation and Development:			
0061 Conservation	12,995	-	-
0066 Economic Opportunity	-	-	-
Capital Outlay:			
0080 Capital Outlay	161,632	-	-
Intergovernmental:			
0090 Intergovernmental	40,000	-	-
6030 Total Expenditures	12,876,684	1,969,313	3,237,314
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	14,563,744	(1,958,290)	(646,736)

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

WARD COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Data Control Codes	General Fund	263 Event Center	TxDOT Road Grant
<b>OTHER FINANCING SOURCES (USES):</b>			
7912 Sale of Real and Personal Property	53,772	-	-
7915 Transfers In	-	8,304,256	-
8911 Transfers Out (Use)	(12,803,598)	-	-
	(12,749,826)	8,304,256	-
7080 Total Other Financing Sources (Uses)	1,813,918	6,345,966	(646,736)
1200 Net Change in Fund Balances	19,556,496	7,305,162	1,709,657
0100 Fund Balance - January 1 (Beginning)	-	-	-
1300 Prior Period Adjustment	-	-	-
3000 Fund Balance - December 31 (Ending)	<u>\$ 21,370,414</u>	<u>\$ 13,651,128</u>	<u>\$ 1,062,921</u>

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



	Other Funds	Total Governmental Funds
\$	942,066	\$ 26,014,364
	-	108,184
	25,000	25,000
	-	335,010
	486,832	3,284,080
	174,550	1,345,673
	27,599	454,172
	2,004	14,884
	1,302	43,768
	-	29,932
	2,800	13,616
	67,525	103,024
	<u>1,729,678</u>	<u>31,771,707</u>
	-	1,703,584
	6,648	399,402
	-	36,697
	-	402,029
	90	123,813
	-	322,365
	-	91,549
	-	268,059
	11,946	1,439,046
	-	205,335
	375,268	477,606
	44,231	1,565,569
	-	7,243
	1,212,620	6,428,973
	65,533	327,102
	-	242,056
	-	395,452
	179	332,437
	712	43,505
	316,063	316,063
	-	217,682
	-	904,571
	-	15,284
	-	117,739
	55,968	55,968
	-	631,542
	-	167,621
	-	2,038,135
	-	88,624
	-	294,865
	67,136	351,707
	-	12,779
	-	676
	-	12,995
	43,640	43,640
	-	161,632
	-	40,000
	<u>2,200,034</u>	<u>20,283,345</u>
	<u>(470,356)</u>	<u>11,488,362</u>

Other Funds	Total Governmental Funds
-	53,772
199,342	8,503,598
(8,852)	(12,812,450)
190,490	(4,255,080)
(279,866)	7,233,282
1,118,294	29,689,609
9,123	9,123
\$ 847,551	\$ 36,932,014

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, 2015

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	7,233,282
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.		(807,089)
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 2015 capital outlays and debt principal payments is to increase the change in net position.		5,932,161
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.		(959,668)
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 decrease the change in net position.		(1,327,035)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>10,071,651</b>

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

WARD COUNTY, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2015

	Internal Service Fund
<hr/>	
ASSETS	
<b>Current Assets:</b>	
Cash and Cash Equivalents	\$ 583,845
Total Assets	<u>583,845</u>
LIABILITIES	
<b>Current Liabilities:</b>	
Other Current Liabilities	<u>116,085</u>
Total Current Liabilities	<u>116,085</u>
<b>NonCurrent Liabilities:</b>	
Net OPEB Obligation	<u>1,615,100</u>
Total Noncurrent Liabilities	<u>1,615,100</u>
Total Liabilities	<u>1,731,185</u>
NET POSITION	
Unrestricted Net Position	<u>(1,147,340)</u>
Total Net Position	<u>\$ (1,147,340)</u>

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, 2015

EXHIBIT D-2

	Governmental Activities
	Internal Service Fund
<b>OPERATING REVENUES:</b>	
Other Revenue	\$ 409,041
Total Operating Revenues	409,041
<b>OPERATING EXPENSES:</b>	
Medical Benefits	
Personnel Services - Employee Benefits	2,725,642
Total Operating Expenses	2,725,642
Operating Income (Loss)	(2,316,601)
<b>NON-OPERATING REVENUES (EXPENSES):</b>	
Investment Earnings	660
Total Non-operating Revenue (Expenses)	660
Income (Loss) Before Transfers	(2,315,941)
Non-Operating Transfer In	1,508,852
Change in Net Position	(807,089)
Total Net Position - January 1 (Beginning)	(1,155,154)
Prior Period Adjustment	814,903
Total Net Position December 31 (Ending)	\$ (1,147,340)

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, 2015

	Internal Service Fund
<hr/>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 409,041
Cash Payments for Insurance Claims	(1,332,525)
Cash Payments for Other Operating Expenses	(663,567)
Net Cash Provided by (Used for) Operating Activities	(1,587,051)
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfer In	1,508,852
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	660
Net Increase(Decrease) in Cash and Cash Equivalents	(77,539)
Cash and Cash Equivalents at Beginning of the Year:	661,384
Cash and Cash Equivalents at the End of the Year:	\$ 583,845
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u>	
Operating Income (Loss):	\$ (2,316,601)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	85,939
Increase (decrease) in Net OPEB Liability	(171,292)
Increase (decrease) due to Prior Period Adj	814,903
Net Cash Provided by (Used for) Operating Activities	\$ (1,587,051)

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

WARD COUNTY, TEXAS  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2015

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 8,122,661
Investments - Current	25,000
Due from Fiduciary Funds	33,054
Total Assets	<u>\$ 8,180,715</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 1,749
Due to Other Funds	83,922
Due to Fiduciary Funds	33,054
Due to Others	8,061,990
Total Liabilities	<u>\$ 8,180,715</u>

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, 2015

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, 2015

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, 2015

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, 2015

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.

**Event Center Fund** - The Event Center 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 Event Center 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, 2015

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, 2015

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, 2015

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.

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, except the internal service fund (See Note 17: Deficit Net Position – Internal Service Fund) held positive fund equity at December 31, 2015.

WARD COUNTY, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

For the year ended December 31, 2015, there were two instances where expenditures exceeded appropriations under the control of the Commissioners' Court. They were immaterial.

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 Treasurer's cash and cash equivalents were comprised of eight demand deposit accounts, one time deposit (MMA), thirty-three TexPool accounts and two certificates of deposit at December 31, 2015.

The total carrying amount of the County Treasurer's demand deposits at December 31, 2015 was \$3,411,096 and the bank balance was \$4,222,998. The County Treasurer's demand deposits at December 31, 2015, and during the year ended December 31, 2015, were covered by FDIC insurance and pledged collateral, except for the date of highest demand deposit. Demand deposits on October 15, 2015 exceeded pledged securities and FDIC insurance by \$262,521. The following is disclosed regarding coverage of combined balances on the date of highest demand deposit:

Bank	Highest Demand Deposit Balance	FMV of Securities Pledged	FDIC Insurance	Month
Tejas Bank	\$5,310,478	\$4,547,957	\$500,000	October 2015

The County also held \$235,973 in undeposited funds on December 31, 2015.

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, 2015 is provided by TexPool.

The County's cash equivalents held with TexPool at December 31, 2015 are shown below:

Name	Carrying Amount	Market Value
TexPool	<u>\$41,998,282</u>	<u>\$41,998,282</u>

WARD COUNTY, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Note 3: DEPOSITS, INVESTMENTS AND SECURITIES – continued

The remaining portion of the County's cash and cash equivalents consist of two certificates of deposit from two local credit unions. The maturities of these investments range from one month to nine months from December 31, 2015. The County's certificates of deposit at December 31, 2015 are shown below:

Institution Name	Type of Investment	Stated rate	Purchase Date	Maturity Date	Investment Balance December 31, 2015
Ward County Teachers' FCU	CD	0.55%	January 4, 2015	January 4, 2016	\$250,000
Ward County Teachers' FCU	share account	0.50%			\$25
Complex Community FCU	CD	0.70%	October 2, 2015	October 2, 2016	\$250,000
Complex Community FCU	Share Account	0.25%			\$25
Tejas Bank	CD	0.45%	November 12, 2015	November 12, 2017	\$25,000

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 December 31, 2015, the \$500,336 of the County's certificates of deposit was subject to custodial risk of \$336. This risk represented \$286 of interest earned on the certificates but not paid out to the County until January 2016 and the two \$25 share accounts not covered by \$250,000 NCUA insurance program.

Demand deposits on December 31, 2015 were adequately covered by pledged securities and FDIC insurance.

Foreign Currency Risk

The County has no investments or deposits of a foreign currency as of December 31, 2015.

Interest Rate Risk

The County has not been exposed to any interest rate risk as of December 31, 2015.

Concentration of Credit Risk

The County has not been exposed to any concentration of credit risk as of December 31, 2015.



WARD COUNTY, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

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
Receivables			
Taxes	\$ 15,312,529	\$ -	\$ 15,312,529
Fines & Fees	2,299,994	-	2,299,994
Intergovernmental	2,360	71,076	73,436
Total Gross Receivables	<u>17,614,883</u>	<u>71,076</u>	<u>17,685,959</u>
Less: Allowance for Uncollectible Accounts			
Taxes	(620,489)	-	(620,489)
Fines & Fees	<u>(2,230,994)</u>	<u>-</u>	<u>(2,230,994)</u>
Net Total Receivables	<u>\$ 14,763,400</u>	<u>\$ 71,076</u>	<u>\$ 14,834,476</u>

WARD COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, was as follows:

**Governmental Activities:**

	Beginning Balance	Additions/ Adjustments	Retirements/ Adjustments	Ending Balance
Land	\$ 185,773	\$ 0	\$ 0	\$ 185,773
Buildings & Improvements	13,795,429	464,503	0	14,259,932
Vehicles	1,317,492	253,976	0	1,571,468
Furniture, Machinery & Equipment	6,763,462	560,594	0	7,324,056
Infrastructure	1,451,924	3,298,493	0	4,750,417
Construction in Progress	310,368	654,894	(58,054)	907,208
<b>Total General Fixed Assets</b>	<b>23,824,448</b>	<b>5,232,460</b>	<b>(58,054)</b>	<b>28,998,854</b>
<b>Less: Accumulated Depreciation</b>				
	Beginning Balance	Additions/ Adjustments	Retirements/ Adjustments	Ending Balance
Buildings & Improvements	(9,005,527)	(297,815)	0	(9,303,342)
Vehicles	(961,772)	(112,865)	0	(1,074,637)
Machinery & Equipment	(3,540,664)	(470,736)	0	(4,011,400)
Infrastructure	(12,099)	(78,252)	0	(90,351)
<b>Total Accumulated Depreciation</b>	<b>(13,520,062)</b>	<b>(959,668)</b>	<b>0</b>	<b>(14,479,730)</b>
<b>Governmental Activities</b>				
<b>Capital Assets - Net</b>	<b>\$ 10,304,386</b>	<b>\$ 4,272,792</b>	<b>\$ (58,054)</b>	<b>\$ 14,519,124</b>

WARD COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 5: CAPITAL ASSETS - continued

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 7,145
Judicial	40,072
Elections	1,192
Financial Administration	45,919
Information Technology	12,142
Tax	32,179
Agri	9,046
Facilities	27,023
Sheriff	124,714
Fire Protection	854
Corrections	23,240
Jail	111,389
Public Safety	613
Highways & Streets	188,923
County Clerk	26,658
District Clerk	27,378
Justice of the Peace	43,420
County Attorney	26,114
Constable	4,396
Health & Welfare	16,271
EMS	85,896
Victims	4,657
Recreation	27,146
Parks	9,065
Museums	3,918
Pools	1,882
Libraries	26,329
Senior Citizens Center	31,576
Emergency Management	<u>511</u>
 Total Depreciation	 <u>\$ 959,668</u>

WARD COUNTY, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6: INTERFUND BALANCES AND TRANSFERS

Interfund balances at December 31, 2015 consisted of the following individual fund balances:

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund:			
Agency Funds	\$ 73,380	\$ -	Collections of fees not yet remitted
Special Revenue Funds	-	-	Short-Term Loan
Total General Fund	<u>73,380</u>	<u>-</u>	
Special Revenue Funds:			
General Fund	-	-	Short-Term Loan
Agency Fund	<u>10,542</u>	<u>-</u>	Collections of fees not yet remitted
Total Special Revenue Funds	<u>10,542</u>	<u>-</u>	
Agency Funds:			
General Fund	-	73,380	Collections of fees not yet remitted
Agency Fund	33,054	-	Collections of fees not yet remitted
Agency Fund	-	33,054	Collections of fees not yet remitted
Special Revenue Fund	<u>-</u>	<u>10,542</u>	Collections of fees not yet remitted
Total Agency Funds	<u>33,054</u>	<u>116,976</u>	
Total Due To's/Due From's	<u>\$ 116,976</u>	<u>\$ 116,976</u>	

WARD COUNTY, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6: INTERFUND BALANCES AND TRANSFERS - continued

Interfund Transfers consist of the following:

	In	Out	Purpose
Transfers from General Fund to:			
Internal Service Funds	\$ -	\$ 1,500,000	Medical Self-Insurance Funding
Special Revenue Fund	-	8,304,256	Funding for Construction/Renovations
Hospital	-	2,800,000	Operating Transfers - Hospital
Special Revenue Fund	-	197,078	Operating Transfer - Juvenile Probation
Special Revenue Fund	-	462	Operating Transfer- Victims of Crime Act Fund
Special Revenue Fund	-	1,615	Operating Transfer - DA Forfeiture Fund
Special Revenue Fund	-	187	Operating Transfer - Title IV-E/JPO
	<u>-</u>	<u>12,803,598</u>	
Transfers to Special Revenue Funds from:			
General Fund	1,615	-	Operating Transfer - DA Forfeiture Fund
General Fund	187	-	Operating Transfer - Title IV-E/JPO
General Fund	197,078	-	Operating Transfer - Juvenile Probation
General Fund	462	-	Operating Transfer- Victims of Crime Act Fund
	<u>199,342</u>	<u>-</u>	
Transfers from Special Revenue Fund to:			
Internal Service Fund	-	8,852	Medical Self-Insurance funding
	<u>-</u>	<u>8,852</u>	
Transfers to Construction Fund:			
General Fund	8,304,256	-	Funding for Construction/Renovations
	<u>8,304,256</u>	<u>-</u>	
Transfers to Internal Service Funds:			
General Fund	1,500,000	-	Medical Self-Insurance funding
Special Revenue Fund	8,852	-	Medical Self-Insurance funding
	<u>1,508,852</u>	<u>-</u>	
Total transfers	\$ <u>10,012,450</u>	\$ <u>12,812,450</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 \$188,598; net other postemployment benefits obligation of \$1,615,100; and net pension liability of \$1,446,660. The balance for long-term obligations at December 31, 2015 was \$3,250,358.

WARD COUNTY, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2015, deferred inflows in the General Fund were comprised of the following:

	General Fund
Net Unrealized Property Taxes	\$ 14,692,039
Net Unrealized Fines & Penalties	69,000
Total Deferred Inflows	\$ 14,761,039

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 \$134,268 in property, general liability, and professional liability insurance premiums for the year ended December 31, 2015.

Health Insurance

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

WARD COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 9: RISK MANAGEMENT - continued

Health Insurance - continued

The County informally budgets for current claims based on actuarial valuations and current health care statistics. Funding covers both the cost of claims and administrative disbursements. The County contributed \$1,500,000 and County employees contributed \$257,672 to the health insurance program for the year ended December 31, 2015. Retirees and COBRA contributions were \$124,811 and Medicaid Part D reimbursements of \$26,559 for the year ended December 31, 2015. The Medical Benefits Fund had outstanding claims of \$116,085 at December 31, 2015.

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 \$51,449 for the year ended December 31, 2015. 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 \$51,250.

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, 2015

Note 10: EMPLOYEES' RETIREMENT PLAN

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a cost-sharing 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](http://www.tcdrs.org).

At the measurement date, December 31, 2014, pension expense was as follows:

	\$	1,025,795
Service Cost		2,389,344
Interest on total pension liability		-
Effect on plan changes		22,466
Administrative Expenses		(466,347)
Member contributions		(2,305,894)
Expected investment return net of investment expenses		30,748
Recognition of deferred inflows/outflows of resources		84,593
Recognition of economic/demographic gains or losses		(116,532)
Recognition of investment gains or losses		-
Other		-
Pension Expense	\$	664,173

As of December 31, 2015, the deferred inflows and outflows of resources are as follows:

<b>Deferred Inflows/Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 92,243
Changes of assumptions	-	-
Net difference between projected and actual earnings	-	338,370
Contributions made subsequent to measurement date	N/A	1,440,837



WARD COUNTY, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Note 10: EMPLOYEES' RETIREMENT PLAN - continued

\$1,440,837 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, 2015. Other amounts reported as deferred outflows of resources and dferred inflows of resources related to pensions will be recognized in pension expense as follows:

	\$	115,340
2015		115,340
2016		115,340
2017		84,593
2018		-
2019		-
Thereafter		-
		\$ 430,613
<b>Total</b>		<b>430,613</b>

Plan Information

At December 31, 2014, the County had 160 current and 11 former employees and 101 retirees participating in the Plan.

Actuarial Assumptions

The actuarial assumptions that determine the total pension liability as of December 31, 2014, were based on the results of an actuarial expense study for the period January 1, 2009-December 31, 2012, except where required to be different by GASB 68.

WARD COUNTY, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Note 10: EMPLOYEES' RETIREMENT PLAN - continued

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age normal
Asset Valuation method smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	3%
Salary increases	3.5% wage inflation, 1.4% merit increases
Investment rate of return	8.10%
Cost of living adjustments	Cost-of-Living Adjustments for the County are not considered to be substantively automatic under GASB Statement No. 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement age	Deferred members are assumed to retire at the later of: 1) age 60 or 2) earliest retirement eligibility. For all eligible members ages 75 and later, retirement is assumed to occur immediately.
Turnover	New employees are assumed to replace terminated members and have similar entry ages.
Mortality	<p>Depositing members: The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and RP-2000 Active Employee Mortality Table for females with a four-year setback, both with the projection scale AA</p> <p>Service retirees, beneficiaries, and non-depositing members: The RP-2000 Combined Mortality Table with the projection scale AA, with a one-year set-forward for males and no age adjustment for females.</p> <p>Disabled retirees: RP-2000 Disabled Mortality Table for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a two-year set-forward, both with the projection scale AA.</p>

WARD COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015

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 2015 information for a 7-10 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 2013. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2009 to December 31, 2013 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	16.50%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index(3)	12.00%	8.35%
Global Equities	MSCI World (net) Index	1.50%	5.65%
International Equities - Developed	50% MSCI World Ex USA (net) + 50% MSCI World Ex USA 100% Hedged to USD (net) Index	11.00%	5.35%
International Equities - Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	9.00%	6.35%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	0.55%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.75%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.00%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	6.75%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.00%
Commodities	Bloomberg Commodities Index	2.00%	-0.20%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index(4)	3.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.15%
Total		100.00%	

(1) Target asset allocation adopted at the April 2015 TCDRS Board Meeting.

(2) Geometric real rates of return in addition to assumed inflation of 1.7% per Cliffwater's 2015 capital market assumptions.

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

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

WARD COUNTY, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

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 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 35,623,921	\$ 31,795,997	\$ 28,609,365
Fiduciary net position	30,349,338	30,349,338	30,349,338
Net pension liability/(asset)	\$ 5,274,583	\$ 1,446,659	\$ (1,739,973)

Note 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

Description

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 the life insurance premium. The Plan is considered a single-employer plan and consists of health, dental and life insurance benefits. 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 Commissioners' Court.

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.

WARD COUNTY, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Note 11: POSTEMPLOYMENT HEALTHCARE BENEFITS continued

Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The County's annual OPEB cost for the fiscal year ending September 30, 2015 is as follows:

Annual Required Contribution (ARC)	\$	2,171,489
Interest on OPEB Obligation		71,456
Adjustment to the ARC		<u>(99,334)</u>
Annual OPEB Cost		2,143,611
Net estimated employer contributions		<u>(1,500,000)</u>
Estimated Increase (Decrease) in Net OPEB Obligation		643,611
Net OPEB Obligation, beginning of the year		1,786,392
Prior period adjustment		<u>(814,903)</u>
Net OPEB Obligation, end of the year	\$	<u><u>1,615,100</u></u>

Expenses for post-retirement health care benefits are funded on a pay-as-you-go basis.

The County's estimated annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year (4.0% discount rate) are as follows:

Fiscal Year Ended	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation	Annual Required Contribution	Percentage of ARC Contributed
12/31/2013	n/a	n/a	n/a	n/a	n/a	n/a
12/31/2014	4.00%	2,171,489	17.73%	1,786,392	2,171,489	55.26%
12/31/2015	4.00%	2,143,611	18.00%	3,544,906	2,171,489	69.08%

WARD COUNTY, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Note 11: POSTEMPLOYMENT HEALTHCARE BENEFITS continued

Funding Status and Funding Progress

The funded status of the County's retiree health care plan as of January 1, 2015:

Required Supplementary Information (Unaudited)					
Actuarial Valuation Date	Actuarial Value of Assets	Discount Rate	Actuarial Accrued Liability (AAL) <sup>(1)</sup>	Unfunded Actuarial Accrued Liabilities (UAAL) <sup>(2)</sup>	Funded Ratio
1/1/2015	-	4.00%	17,369,380	17,369,380	-
1/1/2014	n/a	n/a	n/a	n/a	n/a
1/1/2013	-	n/a	n/a	n/a	n/a

(1) Actuarial Accrued Liability determined under the projected unit credit cost method.

(2) Actuarial Accrued Liability less Actuarial Value of Assets.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

A discount rate of 4.00% was used. In addition, the Projected Unit Credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level dollar amount. The remaining amortization period at January 1, 2015 is thirty years.

WARD COUNTY, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2015 were \$35,172 and \$1,031,943, respectively.

**Nationwide Retirement Solutions**

Beginning Balance, January 1, 2015	Contributions and Market Gains	Withdrawals, Fees and Market Losses	Ending Balance, December 31, 2015
<u>\$54,168</u>	<u>\$1,412</u>	<u>(\$20,408)</u>	<u>\$35,172</u>

**MassMutual**

Beginning Balance, January 1, 2015	Contributions and Market Gains	Withdrawals and Market Losses	Ending Balance, December 31, 2015
<u>\$1,066,503</u>	<u>\$49,734</u>	<u>(\$84,294)</u>	<u>\$1,031,943</u>

WARD COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015

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 2015 the County Judge was paid \$19,689 by Ward County for court-appointed representation of indigent defendants in district court.

Finally, the Chief Juvenile Probation Officer handles court appointments for indigent criminal defendants and is reimbursed by Ward County. Ward County paid the Chief Juvenile Probation Officer \$20,838 for such services during 2015.



WARD COUNTY, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

**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	
Order Prosecution Grant	\$ -	\$ 113,093	\$ -	\$ 113,09
County Prisoner Revenue	-	-	24,200	24,20
Federal Prisoner Revenue	-	-	14,280	14,28
Indigent Defense Grant - TX Task for on Indigent Defense	-	16,507	-	16,50
EOSE Funds	-	-	3,808	3,80
State of Texas - Lateral Road Funds	-	-	11,403	11,40
State of Texas - Salary Supplements	-	-	57,624	57,62
State of Texas - State Juror Reimbursement Fee	-	-	4,046	4,04
Texas Department of Transportation County Transportation Infrastructure	-	2,589,943	-	2,589,94
Texas J-RAC pass through revenues to EMS	-	14,068	-	14,06
Texas J-RAC pass through revenues to EMS	-	-	4,985	4,98
Texas Juvenile Probation Commission Funds	-	157,646	-	157,64
Title XX Meals on Wheels	-	-	46,426	46,42
Title XIX	-	-	25,715	25,71
Tobacco Settlement	-	-	72,315	72,31
Victims of Crime Acts Formula Grant Program	60,885	-	-	60,88
Aggregate Meals, Home Delivered Meals & Cash Payments in Lieu of Donated Commodities - DHHS and Department of Agriculture	67,136	-	-	67,13
<b>TOTALS</b>	<b>\$ 128,021</b>	<b>\$ 2,891,257</b>	<b>\$ 264,802</b>	<b>\$ 3,284,08</b>

**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, 2015

**Note 16: PRIOR PERIOD ADJUSTMENT**

The County had the following prior-period adjustment in 2015:

	Exhibit B-1	Exhibit C-3
Internal service fund prior year actual contributions	\$ 814,903	\$ -
Prior period adjustment pension GASB 68	(351,875)	-
Grant proceeds from prior year	9,123	9,123
	\$ 472,151	\$ 9,123

**Note 17: DEFICIT NET POSITION – INTERNAL SERVICE FUND**

As a result of recording a net other postemployment benefit obligation (See Note 11: Postemployment Healthcare Benefits), the internal service fund incurred a deficit net position of \$1,147,340 (See Exhibit D-2).

**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, 2015

EXHIBIT G-1

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
5110	\$ 25,692,248	\$ 25,692,248	\$ 25,072,298	\$ (619,950)
5120	90,000	90,000	108,184	18,184
5200	330,300	330,300	335,010	4,710
5300	228,333	238,033	207,305	(30,728)
5400	932,410	970,810	1,171,123	200,313
5510	500,000	500,000	426,573	(73,427)
5520	-	-	12,880	12,880
5610	23,000	23,000	30,808	7,808
5620	500	500	29,932	29,432
5640	1,000	6,000	10,816	4,816
5700	26,000	26,000	35,499	9,499
5020	27,823,791	27,876,891	27,440,428	(436,463)
<b>EXPENDITURES:</b>				
Current:				
0010	2,046,209	2,192,935	1,703,584	489,351
0012	474,425	480,925	392,754	88,171
0014	25,574	40,574	36,697	3,877
0015	401,670	401,670	402,029	(359)
0016	129,298	130,298	123,723	6,575
0017	325,300	325,300	322,365	2,935
0018	92,717	92,495	91,549	946
0019	265,694	268,416	268,059	357
Public Safety:				
0021	1,427,910	1,476,911	1,427,100	49,811
0022	155,269	205,269	205,335	(66)
0023	284,655	284,655	102,338	182,317
0025	1,679,162	1,653,962	1,521,338	132,624
0026	14,343	14,343	7,243	7,100
0031	1,936,140	2,058,699	1,979,039	79,660
0033	312,527	297,527	261,569	35,958
0036	248,769	248,769	242,056	6,713
0037	396,782	396,782	395,452	1,330
0038	336,601	340,601	332,258	8,343
0039	43,310	52,670	42,793	9,877
Health and Welfare:				
0041	219,400	264,400	217,682	46,718
0042	886,809	925,209	904,571	20,638
0044	20,250	20,250	15,284	4,966
0045	164,000	179,000	117,739	61,261
Culture and Recreation:				
0051	669,219	682,496	631,542	50,954
0052	192,894	199,488	167,621	31,867
0053	72,145	97,145	68,822	28,323
0054	82,803	97,833	88,624	9,209
0055	343,647	344,887	294,865	50,022
0056	288,939	292,239	284,571	7,668
0057	14,562	14,562	12,779	1,783
0059	3,500	3,500	676	2,824
Conservation and Development:				
0061	15,500	27,500	12,995	14,505
Capital Outlay:				
0080	500,000	260,932	161,632	99,300
Intergovernmental:				

WARD COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

EXHIBIT G-1 (Cont'd)

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
	40,000	40,000	40,000	-
0090 Intergovernmental				
6030 Total Expenditures	14,110,023	14,412,242	12,876,684	1,535,558
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	13,713,768	13,464,649	14,563,744	1,099,095
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	53,772	53,772
8911 Transfers Out (Use)	(10,026,000)	(10,026,000)	(12,803,598)	(2,777,598)
7080 Total Other Financing Sources (Uses)	(10,026,000)	(10,026,000)	(12,749,826)	(2,723,826)
1200 Net Change in Fund Balances	3,687,768	3,438,649	1,813,918	(1,624,731)
0100 Fund Balance - January 1 (Beginning)	19,556,496	19,556,496	19,556,496	-
3000 Fund Balance - December 31 (Ending)	\$ 23,244,264	\$ 22,995,145	\$ 21,370,414	\$ (1,624,731)

Ward County, Texas  
Notes to Required Supplementary Information  
December 31, 2015

**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 2015 budget were approved by the Commissioners Court as provided by law.
9. All budget appropriations lapse at year-end.

Ward County, Texas  
Schedules of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Total Pension Liability</b>										
Service Cost	\$ 1,025,795	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Interest on total pension liability	2,389,344	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect on plan changes	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	122,990	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(1,446,422)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	2,091,707	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	29,704,291	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	\$ 31,795,998	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
<b>Fiduciary Net Position</b>										
Employer contributions	\$ 1,427,366	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Member contributions	466,347	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	1,882,931	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(1,446,422)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(22,466)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	116,532	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	2,424,288	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	27,925,050	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	\$ 30,349,338	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Net pension (asset) liability, ending = (a) - (b)	\$ 1,446,660	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Fiduciary net position as a % of total pension liability	95.45%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	\$ 6,662,106	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Net pension liability as a % of covered payroll	21.71%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Ward County, Texas  
Schedule of Employer Contributions

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
2005	Not Available	Not Available	Not Available	Not Available	Not Available
2006	\$ 559,425	\$ 859,425	\$ (300,000)	\$ 3,844,848	22.4%
2007	617,197	617,197	0	4,114,644	15.0%
2008	634,607	634,607	0	4,558,959	13.9%
2009	693,266	993,266	(300,000)	5,236,145	19.0%
2010	774,401	1,074,401	(300,000)	5,449,690	19.7%
2011	761,260	1,061,259	(299,999)	5,693,796	18.6%
2012	816,290	1,116,288	(299,998)	5,814,033	19.2%
2013	881,225	1,181,255	(300,030)	6,218,945	19.0%
2014	927,366	1,427,366	(500,000)	6,662,106	21.4%

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



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

WARD COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2015

Data Control Codes	200 Title XX Home Delivered Meals	201 Title XIX Fund	202 LEOSE Training Funds	216 Lateral Road Fund
<b>ASSETS</b>				
1010	\$ -	\$ -	\$ 12,076	\$ 17,592
1260	3,569	4,096	-	-
1300	-	-	-	-
1000	<u>\$ 3,569</u>	<u>\$ 4,096</u>	<u>\$ 12,076</u>	<u>\$ 17,592</u>
<b>LIABILITIES</b>				
2010	\$ -	\$ -	\$ -	\$ 5,810
2020	-	-	-	-
2070	-	-	-	-
2090	3,569	4,096	-	-
2000	<u>3,569</u>	<u>4,096</u>	<u>-</u>	<u>5,810</u>
<b>FUND BALANCES</b>				
3490	-	-	12,076	11,782
3000	<u>-</u>	<u>-</u>	<u>12,076</u>	<u>11,782</u>
4000	<u>\$ 3,569</u>	<u>\$ 4,096</u>	<u>\$ 12,076</u>	<u>\$ 17,592</u>

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

217 Farm to Market Road Fund	222 Check Fees Fund	224 Sheriff's State Forf Fund	225 Sheriff's Federal Forf Fund	226 District Attorney Forf Fund	227 District Attorney Seizure Fund	229 Records & Preserv Fund	230 Courthouse Security Fund
\$ 584,278	\$ 13,948	\$ 31,267	\$ 2,295	\$ 8,111	\$ 3,759	\$ 17,522	\$ 48,141
-	-	-	-	7,982	-	-	-
-	-	-	-	-	-	171	826
<u>\$ 584,278</u>	<u>\$ 13,948</u>	<u>\$ 31,267</u>	<u>\$ 2,295</u>	<u>\$ 16,093</u>	<u>\$ 3,759</u>	<u>\$ 17,693</u>	<u>\$ 48,967</u>
\$ 385,595	\$ -	\$ -	\$ 81	\$ 4,950	\$ -	\$ -	\$ -
-	-	-	-	3,649	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>385,595</u>	<u>-</u>	<u>-</u>	<u>81</u>	<u>8,599</u>	<u>-</u>	<u>-</u>	<u>-</u>
198,683	13,948	31,267	2,214	7,494	3,759	17,693	48,967
<u>198,683</u>	<u>13,948</u>	<u>31,267</u>	<u>2,214</u>	<u>7,494</u>	<u>3,759</u>	<u>17,693</u>	<u>48,967</u>
<u>\$ 584,278</u>	<u>\$ 13,948</u>	<u>\$ 31,267</u>	<u>\$ 2,295</u>	<u>\$ 16,093</u>	<u>\$ 3,759</u>	<u>\$ 17,693</u>	<u>\$ 48,967</u>

WARD COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2015

Data Control Codes	232 Juvenile Probation Fund	234 County Clerk Records M&P Fund	235 Court Reporter Service Fund	239 JP Court Technology Fund
<b>ASSETS</b>				
1010 Cash and Cash Equivalents	\$ 12	\$ 106,637	\$ 8,247	\$ 22,275
1260 Intergovernmental Receivables	44,745	-	-	-
1300 Due from Other Funds	216	4,181	195	349
1000 Total Assets	<u>\$ 44,973</u>	<u>\$ 110,818</u>	<u>\$ 8,442</u>	<u>\$ 22,624</u>
<b>LIABILITIES</b>				
2010 Accounts Payable	\$ 7,082	\$ 1,711	\$ -	\$ -
2020 Wages and Salaries Payable	1,781	-	-	-
2070 Intergovernmental Payable	20,264	-	-	-
2090 Due to Others	-	-	-	-
2000 Total Liabilities	<u>29,127</u>	<u>1,711</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
3290 Other Restricted Fund Balance	15,846	109,107	8,442	22,624
3000 Total Fund Balances	<u>15,846</u>	<u>109,107</u>	<u>8,442</u>	<u>22,624</u>
4000 Total Liabilities and Fund Balances	<u>\$ 44,973</u>	<u>\$ 110,818</u>	<u>\$ 8,442</u>	<u>\$ 22,624</u>

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

EXHIBIT H-1 (Cont'd)

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	246 District Attorney Pretrial Fund	248 Co/Dist Court Technology Fund
\$ 59,684	\$ 12,063	\$ 163,730	\$ 5,154	\$ 2,983	\$ 25,061	\$ 16,927	\$ 2,684
-	-	-	-	5,131	-	-	-
-	52	4,085	287	-	86	-	24
<u>\$ 59,684</u>	<u>\$ 12,115</u>	<u>\$ 167,815</u>	<u>\$ 5,441</u>	<u>\$ 8,114</u>	<u>\$ 25,147</u>	<u>\$ 16,927</u>	<u>\$ 2,708</u>
\$ 31	\$ -	\$ -	\$ -	\$ 780	\$ -	\$ 2,080	\$ -
154	-	-	-	648	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,428</u>	<u>-</u>	<u>2,080</u>	<u>-</u>
<u>59,499</u>	<u>12,115</u>	<u>167,815</u>	<u>5,441</u>	<u>6,686</u>	<u>25,147</u>	<u>14,847</u>	<u>2,708</u>
<u>59,499</u>	<u>12,115</u>	<u>167,815</u>	<u>5,441</u>	<u>6,686</u>	<u>25,147</u>	<u>14,847</u>	<u>2,708</u>
<u>\$ 59,684</u>	<u>\$ 12,115</u>	<u>\$ 167,815</u>	<u>\$ 5,441</u>	<u>\$ 8,114</u>	<u>\$ 25,147</u>	<u>\$ 16,927</u>	<u>\$ 2,708</u>

WARD COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2015

Data Control Codes	249 Co/Dist Disaster Preserv Fund	250 Hotel/Motel Tax Fund	282 Archives Donation Fund	299 Title III Part C Fund
<b>ASSETS</b>				
1010 Cash and Cash Equivalents	\$ 4,339	\$ 30,124	\$ 1,528	\$ -
1260 Intergovernmental Receivables	-	-	-	5,553
1300 Due from Other Funds	70	-	-	-
1000 Total Assets	<u>\$ 4,409</u>	<u>\$ 30,124</u>	<u>\$ 1,528</u>	<u>\$ 5,553</u>
<b>LIABILITIES</b>				
2010 Accounts Payable	\$ -	\$ -	\$ -	\$ -
2020 Wages and Salaries Payable	-	-	-	-
2070 Intergovernmental Payable	-	-	-	-
2090 Due to Others	-	-	-	5,553
2000 Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,553</u>
<b>FUND BALANCES</b>				
3290 Other Restricted Fund Balance	<u>4,409</u>	<u>30,124</u>	<u>1,528</u>	<u>-</u>
3000 Total Fund Balances	<u>4,409</u>	<u>30,124</u>	<u>1,528</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 4,409</u>	<u>\$ 30,124</u>	<u>\$ 1,528</u>	<u>\$ 5,553</u>

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

857 Sheriff's Commissary Fund	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 13,330	\$ 1,213,767	\$ 1,213,767
-	71,076	71,076
-	10,542	10,542
<u>\$ 13,330</u>	<u>\$ 1,295,385</u>	<u>\$ 1,295,385</u>
\$ -	\$ 408,120	\$ 408,120
-	6,232	6,232
-	20,264	20,264
-	13,218	13,218
-	<u>447,834</u>	<u>447,834</u>
<u>13,330</u>	<u>847,551</u>	<u>847,551</u>
<u>13,330</u>	<u>847,551</u>	<u>847,551</u>
<u>\$ 13,330</u>	<u>\$ 1,295,385</u>	<u>\$ 1,295,385</u>

WARD COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Data Control Codes	200 Title XX Home Delivered Meals	201 Title XIX Fund	202 LEOSE Training Funds	216 Lateral Road Fund
<b>REVENUES:</b>				
	\$	\$	\$	\$
5110 Taxes: Property Taxes	-	-	-	-
5150 Gross Receipts Business Tax	-	-	-	-
5300 Intergovernmental Revenue and Grants	46,426	25,715	3,808	11,403
5400 Charges for Services	-	-	-	-
5510 Fines	-	-	-	-
5520 Forfeits	-	-	-	12
5610 Investment Earnings	-	-	-	-
5640 Contributions & Donations from Private Sources	-	-	-	-
5700 Other Revenue	-	-	-	-
5020 Total Revenues	<u>46,426</u>	<u>25,715</u>	<u>3,808</u>	<u>11,415</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
0012 Judicial	-	-	-	-
0016 Define - General Government	-	-	-	-
Public Safety:				
0021 Police	-	-	2,280	-
0023 Corrections	-	-	-	-
0025 Jail	-	-	-	11,009
0031 Highways and Streets	-	-	-	-
0033 County Clerk	-	-	-	-
0038 County Attorney	-	-	712	-
0039 Constable	46,426	25,715	-	-
0040 Health and Welfare	-	-	-	-
0049 Define	-	-	-	-
Culture and Recreation:				
0056 Senior Citizens Center	-	-	-	-
Conservation and Development:				
0066 Economic Opportunity	-	-	-	-
6030 Total Expenditures	<u>46,426</u>	<u>25,715</u>	<u>2,992</u>	<u>11,009</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	816	406
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	816	406
0100 Fund Balance - January 1 (Beginning)	-	-	11,260	11,376
1300 Prior Period Adjustment	-	-	-	-
3000 Fund Balance - December 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,076</u>	<u>\$ 11,782</u>

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



217 Farm to Market Road Fund	222 Check Fees Fund	224 Sheriff's State Forf Fund	225 Sheriff's Federal Forf Fund	226 District Attorney Forf Fund	227 District Attorney Seizure Fund	229 Records & Preserv Fund	230 Courthouse Security Fund
\$ 942,066	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	3,667	-	-	113,813	-	3,545	12,380
-	-	-	-	27,499	-	-	-
-	-	392	-	-	-	-	-
779	-	26	4	1,612	3	12	34
-	-	-	-	16	-	-	-
-	-	-	-	27,862	-	-	-
<u>942,845</u>	<u>3,667</u>	<u>418</u>	<u>4</u>	<u>170,802</u>	<u>3</u>	<u>3,557</u>	<u>12,414</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	90
-	-	2,010	7,656	-	-	-	-
-	-	-	-	-	-	-	-
1,201,611	-	-	-	-	-	-	-
-	179	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	233,569	1,612	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,201,611</u>	<u>179</u>	<u>2,010</u>	<u>7,656</u>	<u>233,569</u>	<u>1,612</u>	<u>-</u>	<u>90</u>
<u>(258,766)</u>	<u>3,488</u>	<u>(1,592)</u>	<u>(7,652)</u>	<u>(62,767)</u>	<u>(1,609)</u>	<u>3,557</u>	<u>12,324</u>
-	-	-	-	1,615	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,615	-	-	-
(258,766)	3,488	(1,592)	(7,652)	(61,152)	(1,609)	3,557	12,324
457,449	10,460	32,859	9,866	59,523	5,368	14,136	36,643
-	-	-	-	9,123	-	-	-
<u>\$ 198,683</u>	<u>\$ 13,948</u>	<u>\$ 31,267</u>	<u>\$ 2,214</u>	<u>\$ 7,494</u>	<u>\$ 3,759</u>	<u>\$ 17,693</u>	<u>\$ 48,967</u>

WARD COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Data Control Codes	232 Juvenile Probation Fund	234 County Clerk Records M&P Fund	235 Court Reporter Service Fund	239 JP Court Technology Fund
<b>REVENUES:</b>				
Taxes:				
5110 Property Taxes	\$ -	\$ -	\$ -	\$ -
5150 Gross Receipts Business Tax	-	-	-	-
5300 Intergovernmental Revenue and Grants	157,646	-	-	-
5400 Charges for Services	-	56,754	2,145	7,332
5510 Fines	4,011	-	-	-
5520 Forfeits	-	-	-	-
5610 Investment Earnings	71	99	9	18
5640 Contributions & Donations from Private Sources	-	-	-	-
5700 Other Revenue	-	-	-	-
5020 Total Revenues	<u>161,728</u>	<u>56,853</u>	<u>2,154</u>	<u>7,350</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
0012 Judicial	-	-	6,648	-
0016 Define - General Government	-	-	-	-
Public Safety:				
0021 Police	-	-	-	-
0023 Corrections	352,161	-	-	6,795
0025 Jail	-	-	-	-
0031 Highways and Streets	-	-	-	-
0033 County Clerk	-	62,208	-	-
0038 County Attorney	-	-	-	-
0039 Constable	-	-	-	-
0040 Health and Welfare	-	-	-	-
0049 Define	-	-	-	-
Culture and Recreation:				
0056 Senior Citizens Center	-	-	-	-
Conservation and Development:				
0066 Economic Opportunity	-	-	-	-
6030 Total Expenditures	<u>352,161</u>	<u>62,208</u>	<u>6,648</u>	<u>6,795</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(190,433)</u>	<u>(5,355)</u>	<u>(4,494)</u>	<u>555</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	197,078	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>197,078</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	6,645	(5,355)	(4,494)	555
0100 Fund Balance - January 1 (Beginning)	9,201	114,462	12,936	22,069
1300 Prior Period Adjustment	-	-	-	-
3000 Fund Balance - December 31 (Ending)	<u>\$ 15,846</u>	<u>\$ 109,107</u>	<u>\$ 8,442</u>	<u>\$ 22,624</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	246 District Attorney Pretrial Fund	248 Co/Dist Court Technology Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	60,885	-	-	-
-	991	55,580	1,152	-	2,262	-	438
-	-	-	-	-	-	23,588	-
53	10	112	-	-	19	-	-
-	-	-	-	2,800	-	-	-
-	-	-	-	-	-	-	-
<u>53</u>	<u>1,001</u>	<u>55,692</u>	<u>1,152</u>	<u>63,685</u>	<u>2,281</u>	<u>23,588</u>	<u>438</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
16,312	-	-	-	-	-	-	-
-	3,325	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	8,741	-
-	-	-	-	55,968	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>16,312</u>	<u>3,325</u>	<u>-</u>	<u>-</u>	<u>55,968</u>	<u>-</u>	<u>8,741</u>	<u>-</u>
<u>(16,259)</u>	<u>(2,324)</u>	<u>55,692</u>	<u>1,152</u>	<u>7,717</u>	<u>2,281</u>	<u>14,847</u>	<u>438</u>
187	-	-	-	462	-	-	-
-	-	-	-	(8,852)	-	-	-
<u>187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,390)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(16,072)	(2,324)	55,692	1,152	(673)	2,281	14,847	438
75,571	14,439	112,123	4,289	7,359	22,866	-	2,270
-	-	-	-	-	-	-	-
<u>\$ 59,499</u>	<u>\$ 12,115</u>	<u>\$ 167,815</u>	<u>\$ 5,441</u>	<u>\$ 6,686</u>	<u>\$ 25,147</u>	<u>\$ 14,847</u>	<u>\$ 2,708</u>

WARD COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Data Control Codes	249 Co/Dist Disaster Preserv Fund	250 Hotel/Motel Tax Fund	282 Archives Donation Fund	299 Title III Part C Fund
<b>REVENUES:</b>				
Taxes:				
5110 Property Taxes	\$ -	\$ -	\$ -	\$ -
5150 Gross Receipts Business Tax	-	25,000	-	-
5300 Intergovernmental Revenue and Grants	-	-	-	67,136
5400 Charges for Services	805	-	-	-
5510 Fines	-	-	-	-
5520 Forfeits	-	-	-	-
5610 Investment Earnings	-	25	-	-
5640 Contributions & Donations from Private Sources	-	-	-	-
5700 Other Revenue	-	-	-	-
5020 Total Revenues	<u>805</u>	<u>25,025</u>	<u>-</u>	<u>67,136</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
0012 Judicial	-	-	-	-
0016 Define - General Government	-	-	-	-
Public Safety:				
0021 Police	-	-	-	-
0023 Corrections	-	-	-	-
0025 Jail	-	-	-	-
0031 Highways and Streets	-	-	-	-
0033 County Clerk	-	-	-	-
0038 County Attorney	-	-	-	-
0039 Constable	-	-	-	-
0040 Health and Welfare	-	-	-	-
0049 Define	-	-	-	-
Culture and Recreation:				
0056 Senior Citizens Center	-	-	-	67,136
Conservation and Development:				
0066 Economic Opportunity	-	43,640	-	-
6030 Total Expenditures	<u>-</u>	<u>43,640</u>	<u>-</u>	<u>67,136</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>805</u>	<u>(18,615)</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
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	805	(18,615)	-	-
0100 Fund Balance - January 1 (Beginning)	3,604	48,739	1,528	-
1300 Prior Period Adjustment	-	-	-	-
3000 Fund Balance - December 31 (Ending)	<u>\$ 4,409</u>	<u>\$ 30,124</u>	<u>\$ 1,528</u>	<u>\$ -</u>

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

857 Sheriff's Commissary Fund	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ 942,066	\$ 942,066
-	25,000	25,000
-	486,832	486,832
-	174,550	174,550
-	27,599	27,599
-	2,004	2,004
-	1,302	1,302
-	2,800	2,800
39,663	67,525	67,525
<u>39,663</u>	<u>1,729,678</u>	<u>1,729,678</u>
-	6,648	6,648
-	90	90
-	11,946	11,946
-	375,268	375,268
44,231	44,231	44,231
-	1,212,620	1,212,620
-	65,533	65,533
-	179	179
-	712	712
-	316,063	316,063
-	55,968	55,968
-	67,136	67,136
-	43,640	43,640
<u>44,231</u>	<u>2,200,034</u>	<u>2,200,034</u>
<u>(4,568)</u>	<u>(470,356)</u>	<u>(470,356)</u>
-	199,342	199,342
-	(8,852)	(8,852)
-	190,490	190,490
(4,568)	(279,866)	(279,866)
17,898	1,118,294	1,118,294
-	9,123	9,123
<u>\$ 13,330</u>	<u>\$ 847,551</u>	<u>\$ 847,551</u>

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, 2015

	BALANCE JANUARY 1 2014	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2015
<b>SHERIFF'S TRUST ACCOUNT</b>				
Assets:				
Cash and Cash Equivalents	\$ 6,057	\$ 30,890	\$ 35,890	\$ 1,057
Liabilities:				
Due to Others	\$ 6,057	\$ 30,890	\$ 35,890	\$ 1,057
<b>SHERIFF'S INMATE ACCOUNT</b>				
Assets:				
Cash and Cash Equivalents	\$ 10,062	\$ 52,818	\$ 53,420	\$ 9,460
Liabilities:				
Due to Others	\$ 10,062	\$ 52,818	\$ 53,420	\$ 9,460
<b>TAX COLLECTOR'S</b>				
Assets:				
Cash and Cash Equivalents	\$ 41,942	\$ 56,454,906	\$ 56,496,774	\$ 74
Liabilities:				
Due to Others	\$ 41,942	\$ 56,454,906	\$ 56,496,774	\$ 74
<b>COUNTY CLERK ACCOUNTS</b>				
Assets:				
Cash and Cash Equivalents	\$ 109,690	\$ 642,023	\$ 652,239	\$ 99,474
Liabilities:				
Due to Other Funds	\$ 70,723	\$ 429,625	\$ 453,022	\$ 47,326
Due to Others	38,967	212,398	199,217	52,148
Total Liabilities	\$ 109,690	\$ 642,023	\$ 652,239	\$ 99,474
<b>DISTRICT CLERK ACCOUNTS</b>				
Assets:				
Cash and Cash Equivalents	\$ 1,620,293	\$ 6,159,230	\$ 180,591	\$ 7,598,932
Liabilities:				
Due to Other Funds	\$ 12,714	\$ 142,318	\$ 147,296	\$ 7,736
Due to Others	1,607,579	6,016,912	33,295	7,591,196
Total Liabilities	\$ 1,620,293	\$ 6,159,230	\$ 180,591	\$ 7,598,932
<b>COMMUNITY SUPERVISOR CORRECTIONS</b>				
Assets:				

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, 2015

	BALANCE JANUARY 1 2014	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2015
Cash and Cash Equivalents	\$ 32,533	\$ 410,052	\$ 420,112	\$ 22,473
Liabilities:				
Due to Others	\$ 32,533	\$ 410,052	\$ 420,112	\$ 22,473
<b>CSCD/PRETRIAL FUND</b>				
Assets:				
Cash and Cash Equivalents	\$ 103,856	\$ 58,721	\$ 29,291	\$ 133,286
Liabilities:				
Due to Other Funds	\$ -	\$ 20,200	\$ -	\$ 20,200
Due to Others	103,856	38,521	29,291	113,086
Total Liabilities	\$ 103,856	\$ 58,721	\$ 29,291	\$ 133,286
<b>ADULT PROBATION FUND</b>				
Assets:				
Cash and Cash Equivalents	\$ 76,788	\$ 994,072	\$ 1,011,142	\$ 59,718
Due From Other Funds	-	20,200	-	20,200
Total Assets	\$ 76,788	\$ 1,014,272	\$ 1,011,142	\$ 79,918
Liabilities:				
Due to Others	\$ 76,788	\$ 1,014,272	\$ 1,011,142	\$ 79,918
<b>TAX ACCOUNT</b>				
Assets:				
Cash and Cash Equivalents	\$ 31,898	\$ 29,599	\$ 32,710	\$ 28,787
Liabilities:				
Due to Others	\$ 31,898	\$ 29,599	\$ 32,710	\$ 28,787
<b>DA RESTITUTION</b>				
Assets:				
Cash and Cash Equivalents	\$ 4,420	\$ 10,895	\$ 7,904	\$ 7,411
Liabilities:				
Due to Others	\$ 4,420	\$ 10,895	\$ 7,904	\$ 7,411
<b>JUVENILE PROBATION FEES</b>				
Assets:				
Cash and Cash Equivalents	\$ 1	\$ 9,846	\$ 9,139	\$ 708
Liabilities:				

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, 2015

	BALANCE JANUARY 1 2014	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2015
Due to Others	\$ 1	\$ 9,846	\$ 9,139	\$ 708
<b>FLEXIBLE SPENDING FUND</b>				
Assets:				
Cash and Cash Equivalents	\$ 6,675	\$ 19,928	\$ 20,324	\$ 6,279
Liabilities:				
Due to Others	\$ 6,675	\$ 19,928	\$ 20,324	\$ 6,279
<b>VICTIM'S ASSISTANCE FUND</b>				
Assets:				
Cash and Cash Equivalents	\$ 52,408	\$ 1,378	\$ 7,426	\$ 46,360
Liabilities:				
Due to Others	\$ 52,408	\$ 1,378	\$ 7,426	\$ 46,360
<b>STATE COURT COSTS</b>				
Assets:				
Cash and Cash Equivalents	\$ 69,505	\$ 253,235	\$ 263,206	\$ 59,534
Due From Other Funds	23,303	12,854	23,303	12,854
Total Assets	\$ 92,808	\$ 266,089	\$ 286,509	\$ 72,388
Liabilities:				
Due to Other Funds	\$ 8,245	\$ 13,118	\$ 14,125	\$ 7,238
Due to Others	84,563	252,971	272,384	65,150
Total Liabilities	\$ 92,808	\$ 266,089	\$ 286,509	\$ 72,388
<b>JP FEE FUND</b>				
Assets:				
Cash and Cash Equivalents	\$ 43,475	\$ 513,711	\$ 531,255	\$ 25,931
Liabilities:				
Due to Other Funds	\$ 40,982	\$ 451,109	\$ 469,320	\$ 22,771
Due to Others	2,493	62,602	61,935	3,160
Total Liabilities	\$ 43,475	\$ 513,711	\$ 531,255	\$ 25,931
<b>COUNTY ATTORNEY TRUST</b>				
Assets:				
Cash and Cash Equivalents	\$ 35,022	\$ 19,484	\$ 48,453	\$ 6,053
Liabilities:				

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, 2015

	BALANCE JANUARY 1 2014	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2015
Due to Others	\$ 35,022	\$ 19,484	\$ 48,453	\$ 6,053
<b>WARD COUNTY SENIOR CITIZENS</b>				
Assets:				
Cash and Cash Equivalents	\$ 11,402	\$ 204,672	\$ 198,950	\$ 17,124
Investments - Current	-	25,000	-	25,000
Total Assets	<u>\$ 11,402</u>	<u>\$ 229,672</u>	<u>\$ 198,950</u>	<u>\$ 42,124</u>
Liabilities:				
Due to Others	<u>\$ 11,402</u>	<u>\$ 229,672</u>	<u>\$ 198,950</u>	<u>\$ 42,124</u>
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Cash Equivalents	\$ 2,256,027	\$ 65,865,460	\$ 59,998,826	\$ 8,122,661
Investments - Current	-	25,000	-	25,000
Due From Other Funds	23,303	33,054	23,303	33,054
Total Assets	<u>\$ 2,279,330</u>	<u>\$ 65,923,514</u>	<u>\$ 60,022,129</u>	<u>\$ 8,180,715</u>
Liabilities:				
Due to Other Funds	\$ 132,664	\$ 1,056,370	\$ 1,083,763	\$ 105,271
Due to Others	2,146,666	64,867,144	58,938,366	8,075,444
Total Liabilities	<u>\$ 2,279,330</u>	<u>\$ 65,923,514</u>	<u>\$ 60,022,129</u>	<u>\$ 8,180,715</u>

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

FEDERAL AND STATE AWARDS SECTION



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

**SMITH & RIVES, PC**  
Certified Public Accountants

Members of:  
American Institute of Certified  
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**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, 2015, 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 30, 2016, which included an emphasis of a matter paragraph on change in accounting principle.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 to be significant deficiencies.

### **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 2015-001.

### **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 30, 2016



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

**SMITH & RIVES, PC**  
Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF STATE AWARDS REQUIRED BY THE STATE OF TEXAS UNIFORM GRANTS MANAGEMENT STANDARDS**

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

**Report on Compliance for Each Major State Program**

We have audited the County Of Ward, Texas (the "County's") compliance with the types of compliance requirements described in the State of Texas *Uniform Grants Management Standards* ("UGMS") that could have a direct and material effect on each of the County's major state programs for the year ended December 31, 2015. The County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Managements Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of Texas *UGMS*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Unmodified Opinion on Each of the State Programs***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2015.

### **Report on Internal Control over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State of Texas *UGMS*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

**Report on Schedule of Expenditures of State Awards Required by State of Texas UGMS**

We have audited the financial statements of the County of Ward as of and for the year ended December 31, 2015, and have issued our report thereon dated September 30, 2016, which contained an emphasis of a matter paragraph on implementation of new accounting standard. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the State of Texas UGMS and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Smith & Rives PC*

Smith & Rives, PC  
Monahans, Texas  
September 30, 2016



**WARD COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**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. State Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with State of Texas Uniform Grants Management?  Yes  No

Identification of major Type A State Programs:

<u>Contract No.</u>	<u>Name of State Program</u>
CITIF-01-238	County Transportation Infrastructure

Dollar Threshold to determine major Type A State Programs \$300,000

Auditee qualified as low-risk auditee?  Yes  No

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

**2015 – 001 – *Highest Daily Cash Balances Exceeding FDIC and Pledged Securities***

**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 October 15, 2015.

**Context** – Some departments, such as the tax-collectors department, have bank accounts in which to transact business to collect taxes, fees and other receipts/deposits.

**Cause** – Since some of the County's departments have bank accounts, there are spikes that occur at certain times of the year in account balances due to incoming large transactions, such as large tax collections.

**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.

**III. Findings and Questioned Costs for State Awards.**

No Findings

WARD COUNTY, TEXAS  
SCHEDULE OF STATUS OF PRIOR FINDINGS  
YEAR ENDED DECEMBER 31, 2015

**A. Auditor's Review of Prior Year Findings**

**2014-1 Highest Daily Cash Balances Exceeding FDIC and Pledged Securities**

In the prior year, there were instances where the County's deposits exceeded the FDIC insurance and pledged securities.

This is a repeat finding for 2015.

WARD COUNTY, TEXAS  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2015

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

**2015-001 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.

**WARD COUNTY  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31,2015**

STATE GRANTOR	PROGRAM NAME	CONTRACT NO	STATE EXPENDITURES
TEXAS TASK FORCE ON INDIGENT DEFENSE	INDIGENT DEFENSE GRANT	212-11-238	\$ 16,507
TEXAS DEPARTMENT OF TRANSPORTATION	COUNTY TRANSPORTATION INFRASTRUCTURE	CTIF-01-238	2,589,943
TEXAS JUVENILE PROBATION COMMISSION	GRANT A - STATE AID	A-2015-238	147,842
TEXAS JUVENILE PROBATION COMMISSION	GRANT C - STATE AID	C-2015-238	565
TEXAS JUVENILE PROBATION COMMISSION	COMMITMENT REDUCTION	N-2015-238	9,239
TEXAS DSHS THRU TEXAS J RAC	EMS/COUNTY ASSISTANCE FUNDS	2015-003646-00	7,397
TEXAS DSHS THRU TEXAS J RAC	EMS/COUNTY ASSISTANCE FUNDS	2015-003646-00	6,671
TEXAS DEPARTMENT OF CRIMINAL JUSTICE	BORDER PROSECUTION	2537304	75,788
TEXAS DEPARTMENT OF CRIMINAL JUSTICE	BORDER PROSECUTION	2537305	37,304
<b>Total Expenditures of State Awards</b>			<b>\$ 2,891,256</b>

**WARD COUNTY, TEXAS**  
**NOTES ON ACCOUNTING POLICIES FOR STATE AWARDS**  
**YEAR ENDED DECEMBER 31, 2015**

**1. GENERAL**

The accompanying Schedule of Expenditures of State Awards (the "Schedule") presents the activity of all applicable state awards of Ward County, Texas for the year ended December 31, 2015.

For the purposes of the Schedule, state awards include all grants, contracts and similar agreements entered into directly between the County and agencies and departments of the State of Texas and all sub-awards to the County pursuant to state grants, contracts and similar agreements. Major programs are identified by the independent auditor in accordance with the provisions of the State of Texas Uniform Grant Management Standards ("UGMS").

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR STATE AWARDS**

Expenditures for direct costs and employee benefits are recognized as incurred using the modified accrual basis of accounting (accrual basis for proprietary funds) to the extent grants are approved and applicable government cost principles specified by each grant, contract and agreement. Such expenditures are recognized following the cost principles contained in the State of Texas Uniform Grant Management Standards ("UGMS"). The County does not recover indirect costs unless expressly allowed by each award.

Additionally, amounts reported as expenditures in the Schedule may not agree in the related financial reports filed with the grantor agencies because accruals that would not be included until the next report filed with the agency.

**3. COMMITMENTS AND CONTINGENCIES**

The County participates in several state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable at December 31, 2015 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with rules and regulations governing the grants.