

**WARD COUNTY, TEXAS**

**ANNUAL FINANCIAL AND  
COMPLIANCE REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2017**

WARD COUNTY, TEXAS  
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2017

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WARD COUNTY, TEXAS  
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2017

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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, 2017, 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, Ward Memorial Hospital. Accounting principles generally accepted in the United States of America require financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component unit would have been presented as \$9,254,947, \$913,854, \$7,175,440, \$18,108,861, and \$16,943,208, 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, 2017, 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.

## **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 other post-employment benefits and budgetary comparison information together with the schedule of changes in net pension liability and related ratios and the schedule of employer contributions on pages 4-10, page 47 and page 52-56, 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 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 May 29, 2018, 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  
May 29, 2018

WARD COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF DECEMBER 31, 2017

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, 2017. 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 \$1,718,111 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 \$295,634 more than the \$22,639,580 generated in tax and other revenues for governmental programs (before special items). (Exhibit C-3)

Total cost of all the County's programs was \$19,700,634. (Exhibit B-1)

The General Fund ended the year with a fund balance of \$17,287,943. (Exhibit C-3) This is a increase of \$305,416 from the prior year fund balance attributable to less transfers out in the current year.

USING THIS ANNUAL REPORT

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

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

The notes to the financial statements (starting on page 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 \$63,879,192 at December 31, 2017. 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 \$23,627,589 at December 31, 2017. This increase was impacted by the District's change in net position of governmental activities. (Exhibit C-4)

**Table I**  
**Ward County, Texas Net Position**

	Governmental Activities	
	2017	2016
Current and other assets	\$ 44,224,062	\$ 45,971,990
Capital Assets	28,154,292	21,886,267
Total assets	72,378,354	67,858,257
Deferred Outflow Related to Pension	3,218,139	4,035,931
Long-term liabilities	10,118,659	5,442,765
Other liabilities	1,015,309	758,156
Total Liabilities	11,133,968	6,200,921
Deferred Inflow Related to Pension	583,333	214,128
Net Position:		
Invested in capital assets, net of related debt	28,154,292	21,886,267
Restricted	12,097,311	16,979,061
Unrestricted	23,627,589	26,613,811
Total Net Position	\$ 63,879,192	\$ 65,479,139

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

	Governmental Activities	
	2017	2016
Revenues:		
Program Receipts:		
Charges for Services	\$ 1,347,565	\$ 1,329,180
Grants & Contributions	791,736	1,204,720
General Receipts:		
Ad-Valorem Taxes	19,550,536	18,049,803
Hotel/Motel Tax	325,000	50,000
Sales taxes	63,229	81,866
Licenses and permits	323,167	311,546
Miscellaneous	729,701	342,761
Investment Earnings	287,811	146,637
Total Revenue	<u>\$ 23,418,745</u>	<u>\$ 21,516,513</u>
Expenses:		
General Government	\$ 5,105,843	\$ 3,813,575
Public Safety	4,204,493	3,927,264
Highways and Streets	3,301,183	3,029,647
Culture and Recreation	2,612,260	2,582,927
Indigent Assistance	286,174	365,331
Emergency Medical Services	1,278,014	1,174,927
County and District Clerks	833,483	766,502
County and District Attorneys	683,974	652,591
Corrections	484,969	454,344
Justices of the Peace	612,485	561,082
Miscellaneous	297,756	203,686
Total Expenses	<u>\$ 19,700,634</u>	<u>\$ 17,531,876</u>
Increase (decrease) in Net Position before transfers	\$ 3,718,111	\$ 3,984,637
Transfers	<u>(2,000,000)</u>	<u>(3,804,533)</u>
Increase (decrease) in Net Position	\$ 1,718,111	\$ 180,104
Prior Period Adjustment	(3,318,058)	24,106
Conversion of Special Revenue Funds to Agency Funds	-	(26,100)
Net Position - Jan 1	<u>65,479,139</u>	<u>65,301,029</u>
Net Position - December 31	<u>\$ 63,879,192</u>	<u>\$ 65,479,139</u>

The cost of all governmental activities this year was \$19,700,634. (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 (\$1,347,565) or by other governments and organizations that subsidized certain programs with grants and contributions (\$791,736).

## 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 \$28,769,366.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance was \$16,672,055.

### *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 \$34,050 and increased budgeted disbursements by \$1,738,798.

The resources available for appropriation were \$1,830,111 more than budgeted for the General Fund, which is due to a drop in mineral valuations. (Exhibit G-1)

Expenditures were \$1,620,368 less than budgeted, which is attributable to overall expenditures being less than anticipated. (Exhibit G-1)

Actual expenditures were less than budgeted amounts for function 10 in the amount of \$465,592. These differences are the result of actual expenditures being less than anticipated. (Exhibit G-1)

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

As of December 31, 2017, the County had invested \$28.2 million in a broad range of capital assets, including land, buildings, roads and equipment.

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

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

### *Long-Term Debt*

At the end of the year, the County had \$10.1 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 2018 budget and tax rate. One of those factors is the economy and, in particular, the oil & gas industry. The price of crude oil and natural gas has been steady over the course of the current year, which contributes heavily upon the valuation of properties on the mineral roll. The County's population has held steady in recent years, and it is possible that it may continue into the foreseeable future.

These indicators were taken into account when adopting the budget for 2018. Amounts available for appropriation in the budget are \$19,883,924, an increase of 5.78% compared to the 2017 budget of \$18,798,220. Budgeted expenditures are expected to increase by 7.87% to \$17,913,161 from \$16,606,282 in 2017. There are budgeted interfund transfers to the Building & Construction Fund for \$1,000,000 and Ward Memorial Hospital for \$1,000,000. If these estimates are realized, the County's budgetary General Fund Balance will decrease by \$29,237.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

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

## FINANCIAL STATEMENTS

WARD COUNTY, TX  
STATEMENT OF NET POSITION  
DECEMBER 31, 2017

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
<b>ASSETS</b>	
1010 Cash and Cash Equivalents	\$ 29,280,243
1030 Investments - Current	250,025
1050 Taxes Receivable	13,811,704
1150 Accounts Receivable (Net)	363,173
1260 Due from Other Governments	12,336
1300 Due from Fiduciary Funds	506,581
Capital Assets:	
1710 Land Purchase and Improvements	185,773
1720 Infrastructure (Net)	4,685,213
1730 Buildings (Net)	5,264,455
1750 Furniture and Equipment (Net)	3,015,397
1760 Vehicles (Net)	576,461
1780 Construction in Progress	14,426,993
1000 Total Assets	72,378,354
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
1997 Deferred Outflow Related to Pension Plan	3,218,139
1500 Total Deferred Outflows of Resources	3,218,139
<b>LIABILITIES</b>	
2010 Accounts Payable	718,368
2020 Wages and Salaries Payable	221,940
2090 Due to Others	11,620
2270 Other Current Liabilities	63,381
Noncurrent Liabilities:	
2502 Due in More than One Year	7,019,181
2580 Net Pension Liability	3,099,478
2000 Total Liabilities	11,133,968
<b>DEFERRED INFLOW OF RESOURCES</b>	
2602 Deferred Inflow Related to Pension Plan	583,333
2500 Total Deferred Inflows of Resources	583,333
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	28,154,292
3890 Restricted for Other Purposes	12,097,311
3900 Unrestricted Net Position	23,627,589
3000 Total Net Position	\$ 63,879,192

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

WARD COUNTY, TX  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

Data Control Codes	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
100 General Government	\$ 2,723,173	\$ -	\$ -
120 Judicial	623,878	-	31,062
140 Elections	18,642	-	-
150 Financial Administration	621,216	-	-
160 Courthouse	177,043	15,722	-
170 Tax Assessor/Collector	462,920	180,399	-
180 Agricultural Extension Unit	83,705	-	-
190 Home Agent	395,266	-	-
210 Sheriff	2,083,486	23,583	-
220 Fire Protection	109,080	-	-
230 Corrections	484,969	558,142	232,965
250 Jail	1,990,460	-	-
260 Department of Public Safety	21,467	-	-
310 Highways & Streets	3,301,183	-	15,531
330 County Clerk	470,160	7,861	-
360 District Clerk	363,323	62,889	7,766
370 Justice of the Peace	612,485	55,028	-
380 County Attorney	503,311	7,861	31,062
390 Constable	62,148	-	-
400 District Attorney	180,663	-	186,372
410 Health	65,599	-	108,717
420 EMS	1,278,014	352,556	-
440 Indigent Welfare	70,500	-	-
450 Indigent Legal Care	150,075	-	15,531
490 Victim Services	108,318	-	77,655
510 Community Center	830,967	12,323	-
520 Parks	221,087	40,254	-
530 Museums	478,212	-	15,185
540 Coliseum	96,774	22,885	-
550 Libraries	461,112	8,062	-
560 Senior Citizens Center	508,968	-	69,890
570 Emergency Management	18,059	-	-
590 4-H Rifle Barn	15,140	-	-
610 Conservation	14,533	-	-
660 Economic Opportunity	29,698	-	-
900 Intergovernmental	65,000	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 19,700,634</b>	<b>\$ 1,347,565</b>	<b>\$ 791,736</b>

Data Control Codes	General Revenues:
	Taxes:
	Property Taxes:
5010	Property Taxes, Levied for General Purposes
5120	General Sales and Use Taxes
5150	Gross Receipts Business Tax
5600	Investment Earnings
5700	Miscellaneous Revenue
	Transfers In (Out):
	Total General Revenues and Transfers

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
(2,723,173)		
(592,816)		
(18,642)		
(621,216)		
(161,321)		
(282,521)		
(83,705)		
(395,266)		
(2,059,903)		
(109,080)		
306,138		
(1,990,460)		
(21,467)		
(3,285,652)		
(462,299)		
(292,668)		
(557,457)		
(464,388)		
(62,148)		
5,709		
43,118		
(925,458)		
(70,500)		
(134,544)		
(30,663)		
(818,644)		
(180,833)		
(463,027)		
(73,889)		
(453,050)		
(439,078)		
(18,059)		
(15,140)		
(14,533)		
(29,698)		
(65,000)		
(17,561,333)		
(17,561,333)		
19,550,536		
63,229		
325,000		
287,811		
1,052,868		
(2,000,000)		
19,279,444		

WARD COUNTY, TX  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2017

Data Control Codes	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Change in Net Position			
	Net Position-- Beginning		
	Prior Period Adjustment		
	Net Position--Ending		

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
1,718,111	-	-
65,479,139	-	-
(3,318,058)	-	-
<u>\$ 63,879,192</u>	<u>\$ -</u>	<u>\$ -</u>

WARD COUNTY, TX  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2017

Data Control Codes	General Fund	Building Const/Renov Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
1010 Cash and Cash Equivalents	\$ 17,005,094	\$ 9,448,702	\$ 2,498,557	\$ 28,952,353
1030 Investments - Current	250,025	-	-	250,025
1050 Taxes Receivable	14,064,872	-	-	14,064,872
1051 Allowance for Uncollectible Taxes (credit)	(253,168)	-	-	(253,168)
1150 Accounts Receivable (Net)	363,173	-	-	363,173
1260 Due from Other Governments	6,734	-	5,602	12,336
1300 Due from Other Funds	467,448	-	39,133	506,581
1000 Total Assets	<u>\$ 31,904,178</u>	<u>\$ 9,448,702</u>	<u>\$ 2,543,292</u>	<u>\$ 43,896,172</u>
<b>LIABILITIES</b>				
2010 Accounts Payable	\$ 207,797	\$ 406,008	\$ 104,563	\$ 718,368
2020 Wages and Salaries Payable	221,940	-	-	221,940
2090 Due to Others	11,620	-	-	11,620
2000 Total Liabilities	<u>441,357</u>	<u>406,008</u>	<u>104,563</u>	<u>951,928</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601 Unavailable Revenue - Property Taxes	14,058,723	-	-	14,058,723
2603 Deferred Resource Inflow - Fines	116,155	-	-	116,155
2600 Total Deferred Inflows of Resources	<u>14,174,878</u>	<u>-</u>	<u>-</u>	<u>14,174,878</u>
<b>FUND BALANCES</b>				
3490 Other Restricted Fund Balance	615,888	9,042,694	2,438,729	12,097,311
3600 Unassigned Fund Balance	16,672,055	-	-	16,672,055
3000 Total Fund Balances	<u>17,287,943</u>	<u>9,042,694</u>	<u>2,438,729</u>	<u>28,769,366</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 31,904,178</u>	<u>\$ 9,448,702</u>	<u>\$ 2,543,292</u>	<u>\$ 43,896,172</u>

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

WARD COUNTY, TX  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET POSITION  
 FOR THE YEAR ENDED DECEMBER 31, 2017

<b>Total Fund Balances - Governmental Funds</b>	\$	28,769,366
<p>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.</p>		
		(6,549,160)
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.</p>		
		22,125,317
<p>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 2017 capital outlays and debt principal payments is to increase net position.</p>		
		7,534,322
<p>This fiscal year required that the County report their net pension liability in the Government Wide Statement of Net Position. The items reported as a result of this implementation included a net pension liability of \$3,099,478, a Deferred Resource Inflow of \$583,333 and a Deferred Resource Outflow of \$3,218,139. The net effect of these was to decrease the ending net position by \$827,570.</p>		
		(827,570)
<p>The 2017 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.</p>		
		(1,347,961)
<p>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.</p>		
		14,174,878
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>63,879,192</b>

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

WARD COUNTY, TX  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

EXHIBIT C-3

Data Control Codes	General Fund	Building Const/Renov Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes:				
5110 Property Taxes	\$ 17,795,431	\$ -	\$ 875,237	\$ 18,670,668
5120 General Sales and Use Taxes	63,229	-	-	63,229
5150 Gross Receipts Business Tax	-	-	325,000	325,000
5200 Licenses and Permits	323,167	-	-	323,167
5300 Intergovernmental Revenue and Grants	200,231	-	576,317	776,548
5400 Charges for Services	965,501	-	208,378	1,173,879
5416 General Government Charges for Services	125,371	-	-	125,371
5472 Swimming Pool Fees	40,254	-	-	40,254
5476 Library Use Fees	8,063	-	-	8,063
5510 Fines	438,024	-	36,335	474,359
5520 Forfeits	10,900	-	147,460	158,360
5610 Investment Earnings	153,974	108,287	22,378	284,639
5620 Rents and Royalties	15,952	-	-	15,952
5640 Contributions & Donations from Private Sources	15,135	-	-	15,135
5700 Other Revenue	117,149	450	67,357	184,956
5020 Total Revenues	<u>20,272,381</u>	<u>108,737</u>	<u>2,258,462</u>	<u>22,639,580</u>
<b>EXPENDITURES:</b>				
Current:				
0100 General Government	2,696,215	-	-	2,696,215
0120 Judicial	420,320	-	5,754	426,074
0140 Elections	14,615	-	-	14,615
0150 Financial Administration	414,111	-	-	414,111
0160 Courthouse	120,946	-	1,389	122,335
0170 Tax Assessor/Collector	322,565	-	-	322,565
0180 Agricultural Extension Unit	58,674	-	-	58,674
0190 Home Agent	263,933	-	-	263,933
Public Safety:				
0210 Sheriff	1,704,079	-	92,149	1,796,228
0220 Fire Protection	105,333	-	-	105,333
0230 Corrections	55,553	-	364,624	420,177
0250 Jail	1,407,448	-	43,325	1,450,773
0260 Department of Public Safety	16,985	-	-	16,985
0310 Highways & Streets	1,912,359	-	600,470	2,512,829
0330 County Clerk	252,472	-	100,228	352,700
0360 District Clerk	242,506	-	-	242,506
0370 Justice of the Peace	408,771	-	-	408,771
0380 County Attorney	370,720	-	12,243	382,963
0390 Constable	42,171	-	150	42,321
0400 District Attorney	-	-	180,663	180,663
0410 Health	65,599	-	-	65,599
0420 EMS	919,664	-	-	919,664
0440 Indigent Welfare	70,500	-	-	70,500
0450 Indigent Legal Care	150,075	-	-	150,075
0490 Victim Services	-	-	78,765	78,765
Culture and Recreation:				
0510 Community Center	706,326	-	-	706,326
0520 Parks	182,597	-	-	182,597
0530 Museums	94,236	7,324,779	-	7,419,015
0540 Coliseum	135,238	-	-	135,238
0550 Libraries	331,882	-	-	331,882
0560 Senior Citizens Center	298,815	-	66,561	365,376
0570 Emergency Management	14,998	-	-	14,998
0590 4-H Rifle Barn	21,590	-	-	21,590
0610 Conservation	14,533	-	-	14,533
0660 Economic Opportunity	-	-	163,285	163,285
Intergovernmental:				
0900 Intergovernmental	65,000	-	-	65,000
6030 Total Expenditures	<u>13,900,829</u>	<u>7,324,779</u>	<u>1,709,606</u>	<u>22,935,214</u>

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

WARD COUNTY, TX  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

EXHIBIT C-3 (Cont'd)

Data Control Codes	General Fund	Building Const/Renov Fund	Other Funds	Total Governmental Funds
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	6,371,552	(7,216,042)	548,856	(295,634)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	18,000	4,516,928	176,120	4,711,048
8911 Transfers Out (Use)	(6,084,136)	(18,000)	(973,563)	(7,075,699)
7080 Total Other Financing Sources (Uses)	(6,066,136)	4,498,928	(797,443)	(2,364,651)
1200 Net Change in Fund Balances	305,416	(2,717,114)	(248,587)	(2,660,285)
0100 Fund Balance - January 1 (Beginning)	16,984,586	11,762,105	2,687,386	31,434,077
1300 Prior Period Adjustment	(2,059)	(2,297)	(70)	(4,426)
3000 Fund Balance - December 31 (Ending)	\$ 17,287,943	\$ 9,042,694	\$ 2,438,729	\$ 28,769,366

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

WARD COUNTY, TX  
 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, 2017

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	(2,660,285)
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.		(1,756,387)
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 2017 capital outlays and debt principal payments is to increase the change in net position.		7,534,322
The entries required by GASB 68 did require that some expenses on B-1 be adjusted. Total credits to expenses were \$1,263,767 and total debits to expenses were \$436,197. The net effect on the change in net position on Exhibit B-1 is an decrease of \$827,570.		(827,570)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(1,347,961)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase the change in net position.		775,992
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>1,718,111</b>

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



WARD COUNTY, TX  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2017

	Governmental Activities
	Ward County Employee Med Benefit Fund
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 327,890
Total Assets	<u>327,890</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Other Current Liabilities	63,381
Total Current Liabilities	<u>63,381</u>
Noncurrent Liabilities:	
Payable from Restricted Assets - Noncurrent:	
Net Pension Liability	6,813,669
Total Noncurrent Liabilities	<u>6,813,669</u>
Total Liabilities	<u>6,877,050</u>
<b>NET POSITION</b>	
Unrestricted Net Position	<u>(6,549,160)</u>
Total Net Position	<u>\$ (6,549,160)</u>

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

WARD COUNTY, TX  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

EXHIBIT D-2

	Governmental Activities
	Ward County Employee Med Benefit Fund
<hr/>	
OPERATING REVENUES:	
Other Revenue	\$ 144,784
Total Operating Revenues	144,784
OPERATING EXPENSES:	
Personnel Services - Social Security	2,268,995
Total Operating Expenses	2,268,995
Operating Income (Loss)	(2,124,211)
NONOPERATING REVENUES (EXPENSES):	
Investment Earnings	3,172
Other Non-Operating Revenues	364,652
Total NonOperating Revenue (Expenses)	367,824
Change in Net Position	(1,756,387)
Total Net Position - January 1 (Beginning)	(1,479,141)
Prior Period Adjustment	(3,313,632)
Total Net Position - December 31 (Ending)	\$ (6,549,160)

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

WARD COUNTY, TX  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Governmental Activities
	Ward County Employee Med Benefit Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 144,784
Cash Payments for Insurance Claims	(483,241)
Cash Payments for Other Operating Expenses	(168,154)
Net Cash Provided by (Used for) Operating Activities	<u>(506,611)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfer Out	<u>364,652</u>
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	<u>3,172</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(138,787)
Cash and Cash Equivalents at the Beginning of the Year	<u>466,678</u>
Cash and Cash Equivalents at the End of the Year	<u>\$ 327,891</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u>	
Operating Income (Loss)	\$ (2,124,211)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	(22,425)
Increase (decrease) in Net OPEB Liability	<u>1,640,025</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (506,611)</u>

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

WARD COUNTY, TX  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2017

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	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 2,704,838
Due from Fiduciary Funds	56,156
Total Assets	<u>\$ 2,760,994</u>
LIABILITIES	
Accounts Payable	\$ 81,658
Due to Other Funds	506,581
Due to Fiduciary Funds	56,156
Due to Others	2,116,599
Total Liabilities	<u>\$ 2,760,994</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, 2017

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, 2017

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, 2017

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, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Accounting

The County reports the following major governmental funds:

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

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

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

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

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

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

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

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



WARD COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017

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, 2017

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, 2017.

WARD COUNTY, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

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 twentyone demand deposit accounts, one time deposit (MMA), thirty-eight TexPool accounts and one certificate of deposit at December 31, 2017.

The total carrying amount of the County Treasurer's demand deposits at December 31, 2017 was \$906,878 and the bank balance was \$1,838,126. The County Treasurer's demand deposits at December 31, 2017, and during the year ended December 31, 2017, were covered by FDIC insurance and pledged collateral, except for the date of highest demand deposit. Demand deposits on January 30, 2017 exceeded pledged securities and FDIC insurance by \$180,831. The following is disclosed regarding coverage of combined balances on the date of highest demand deposit:

<u>Bank</u>	<u>Highest Demand Deposit Balance</u>	<u>FMV of Securities Pledged</u>	<u>FDIC Insurance</u>	<u>Month</u>
Tejas Bank	\$6,007,907	\$5,327,076	\$500,000	January 2017

The County also held \$1,090 in undeposited funds on December 31, 2017.

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, 2017 is provided by TexPool.

The County's cash equivalents held with TexPool at December 31, 2017 are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>
TexPool	<u>\$31,077,065</u>	<u>\$31,077,065</u>

WARD COUNTY, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

Note 3: DEPOSITS, INVESTMENTS AND SECURITIES – continued

The remaining portion of the County's cash and cash equivalents consist of one certificate of deposit from a local credit union. The maturity of this investment range from one year. The County's certificate of deposit at December 31, 2017 are shown below:

Institution Name	Type of Investment	Stated rate	Purchase Date	Maturity Date	Investment Balance December 31, 2017
Ward County Teachers' FCU	CD	0.35%	January 4, 2017	January 4, 2018	\$250,000
Ward County Teachers' FCU	share account	0.00%			\$25

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 January 30, 2017 demand deposits were not adequately covered by pledged securities and FDIC insurance, \$ 180,831 of demand deposits were at risk.

Foreign Currency Risk

The County has no investments or deposits of a foreign currency as of December 31, 2017.

Interest Rate Risk

The County has not been exposed to any interest rate risk as of December 31, 2017.

Concentration of Credit Risk

The County has not been exposed to any concentration of credit risk as of December 31, 2017.

WARD COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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	\$ 14,820,742	\$ -	\$ 14,820,742
Fines & Fees	2,733,074	-	2,733,074
Intergovernmental	6,734	5,602	12,336
Total Gross Receivables	17,560,550	5,602	17,566,152
Less: Allowance for Uncollectible Accounts			
Taxes	(762,020)	-	(762,020)
Fines & Fees	(2,616,919)	-	(2,616,919)
Net Total Receivables	<u>\$ 14,181,611</u>	<u>\$ 5,602</u>	<u>\$ 14,187,213</u>

WARD COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

**Governmental Activities:**

	Beginning Balance	Additions/ Adjustments	Retirements/ Adjustments	Ending Balance
Land	\$ 185,773	\$ -	\$ -	\$ 185,773
Buildings & Improvements	14,727,118	485,355	-	15,212,473
Vehicles	1,797,165	126,951	-	1,924,116
Furniture, Machinery & Equipment	8,120,912	93,989	-	8,214,901
Infrastructure	5,278,122	-	-	5,278,122
Construction in Progress	7,517,302	7,035,974	(126,283)	14,426,993
<b>Total General Fixed Assets</b>	<b>37,626,392</b>	<b>7,742,269</b>	<b>(126,283)</b>	<b>45,242,378</b>
<b>Less: Accumulated Depreciation</b>				
	Beginning Balance	Additions/ Adjustments	Retirements/ Adjustments	Ending Balance
Buildings & Improvements	(9,613,533)	(334,485)	-	(9,948,018)
Vehicles	(1,196,054)	(151,601)	-	(1,347,655)
Machinery & Equipment	(4,601,535)	(597,969)	-	(5,199,504)
Infrastructure	(329,003)	(263,906)	-	(592,909)
<b>Total Accumulated Depreciation</b>	<b>(15,740,125)</b>	<b>(1,347,961)</b>	<b>-</b>	<b>(17,088,086)</b>
<b>Governmental Activities</b>				
<b>Capital Assets - Net</b>	<b>\$ 21,886,267</b>	<b>\$ 6,394,308</b>	<b>\$ (126,283)</b>	<b>\$ 28,154,292</b>

WARD COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 5: CAPITAL ASSETS - continued

Depreciation expense was charged to governmental functions as follows:

General Government	\$	10,101
Judicial		60,855
Elections		1,239
Financial Administration		63,717
Information Technology		16,831
Tax		43,181
Agri		7,701
Facilities		40,405
Sheriff		182,242
Fire Protection		1,153
Corrections		27,256
Jail		168,623
Public Safety		1,379
Highways & Streets		272,602
County Clerk		36,137
District Clerk		37,170
Justice of the Peace		62,674
County Attorney		37,026
Constable		6,100
EMS		115,530
Victims		9,092
Recreation		42,624
Parks		11,842
Museums		4,587
Pools		3,017
Libraries		39,758
Senior Citizens Center		44,178
Emergency Management		941
		<hr/>
Total Depreciation	\$	<u>1,347,961</u>



WARD COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 6: INTERFUND BALANCES AND TRANSFERS

Interfund balances at December 31, 2017 consisted of the following individual fund balances:

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund:			
Agency Funds	\$ 467,448	\$ -	Collections of fees not yet remitted
Special Revenue Funds	<u>-</u>	<u>-</u>	
Total General Fund	<u>467,448</u>	<u>-</u>	
Special Revenue Funds:			
General Fund	-	-	
Agency Fund	<u>39,132</u>	<u>-</u>	Collections of fees not yet remitted
Total Special Revenue Funds	<u>39,132</u>	<u>-</u>	
Agency Funds:			
General Fund	-	467,448	Collections of fees not yet remitted
Agency Fund	56,156	-	Collections of fees not yet remitted
Agency Fund	-	56,156	Collections of fees not yet remitted
Special Revenue Fund	<u>-</u>	<u>39,132</u>	Collections of fees not yet remitted
Total Agency Funds	<u>56,156</u>	<u>562,736</u>	
Total Due To's/Due From's	<u>\$ 562,736</u>	<u>\$ 562,736</u>	

WARD COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 6: INTERFUND BALANCES AND TRANSFERS - continued

Interfund Transfers consist of the following:

	Transfers In	Transfers Out	Purpose
Transfers from General Fund to:			
Internal Service Funds	\$ -	\$ 364,652	Medical Self-Insurance Funding
Special Revenue Fund	-	3,543,364	Funding for Construction/Renovations
Special Revenue Fund	18,000	-	Operating Transfer - Construction Fund
Hospital	-	2,000,000	Operating Transfers - Hospital
Special Revenue Fund	-	175,450	Operating Transfer - Juvenile Probation
Special Revenue Fund	-	582	Operating Transfer- Victims of Crime Act Fund
Special Revenue Fund	-	88	Operating Transfer - Title IV-E/JPO
	<u>18,000</u>	<u>6,084,136</u>	
Transfers to/from Construction Fund from:			
General Fund	3,543,364	-	Operating Transfer - General Fund
General Fund	-	18,000	Operating Transfer - General Fund
Special Revenue Fund	973,563	-	Operating Transfer - Road Grant
	<u>4,516,927</u>	<u>18,000</u>	
Transfers to Special Revenue Funds from:			
General Fund	175,450	-	Operating Transfer - Juvenile Probation
General Fund	582	-	Operating Transfer- Victims of Crime Act Fund
General Fund	88	-	Operating Transfer - Title IV-E/JPO
	<u>176,120</u>	<u>-</u>	
Transfers from Special Revenue Fund to:			
Special Revenue Fund	-	973,563	Operating Transfer - Construction/Renovation
	<u>-</u>	<u>973,563</u>	
Transfers to Internal Service Funds:			
General Fund	364,652	-	Medical Self-Insurance funding
	<u>364,652</u>	<u>-</u>	
Total transfers	\$ <u>5,075,699</u>	\$ <u>7,075,699</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 \$205,512; net other postemployment benefits obligation of \$6,813,669; and net pension liability of \$3,099,478. The balance for long-term obligations at December 31, 2017 was \$10,118,659.

WARD COUNTY, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017, deferred inflows in the General Fund were comprised of the following:

	General Fund
Net Unrealized Property Taxes	\$ 14,058,723
Net Unrealized Fines & Penalties	116,155
Total Deferred Inflows	\$ 14,174,878

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 \$144,963 in property, general liability, and professional liability insurance premiums for the year ended December 31, 2017.

Health Insurance

The County's health insurance program was changed from a "self-insured" minimum premium cash flow plan to a fully insured plan effective April 1, 2017. The County contributed \$364,652, employees contributed \$72,973 and retirees' contributed \$37,148 to the Employee Medical Benefits Fund for the year ended December 31, 2017. There were \$483,242 claims paid from the Employee Medical Benefits Fund and \$34,663 deposits from Medicare Part D reimbursements to the fund. The Employee Medical Benefits Fund had outstanding claims of \$63,381 at December 31, 2017.

WARD COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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 \$28,691 for the year ended December 31, 2017. 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, 2017

Note 10: EMPLOYEES' RETIREMENT PLAN

Plan Description

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

At the measurement date, December 31, 2016, pension expense was as follows:

Service Cost	\$	1,289,562
Interest on total pension liability		2,725,435
Effect on plan changes		-
Administrative Expenses		24,441
Member contributions		(528,891)
Expected investment return net of investment expenses		(2,455,160)
Recognition of deferred inflows/outflows of resources		
Recognition of economic/demographic gains or losses		(187,489)
Recognition of assumption changes or inputs		104,849
Recognition of investment gains or losses		706,970
Other		124,605
		<hr/>
Pension Expense	\$	<u>1,804,322</u>

As of December 31, 2016, the deferred inflows and outflows of resources are as follows:

<u>Deferred Inflows/Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 583,333	\$ 30,748
Changes of assumptions	-	209,699
Net difference between projected and actual earnings	-	2,077,712
Contributions made subsequent to measurement date	N/A	899,980

WARD COUNTY, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

Note 10: EMPLOYEES' RETIREMENT PLAN - continued

The \$899,980 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2017		\$	624,331
2018			593,584
2019			475,518
2020			41,393
2021			-
Thereafter			-
<hr/>			
Total		\$	1,734,826

Plan Information

At December 31, 2016, the County had 162 current and 115 former employees and 102 retirees participating in the Plan.

Actuarial Assumptions

The actuarial assumptions that determine the total pension liability as of December 31, 2016, 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, 2017

Note 10: EMPLOYEES' RETIREMENT PLAN - continued

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	12.2 years (based on contribution rate calculated in 12/31/2016 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	3.00%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment rate of return	8.00%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions. 2016: No changes in plan provisions.

*\*Only changes effective 2015 and later are shown*

WARD COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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 2017 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, 2012 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	13.50%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index(3)	16.00%	7.70%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities - Developed	MSCI World Ex USA (net)	10.00%	4.70%
International Equities - Emerging	MSCI EM Standard (net)	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.60%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	3.83%
Direct Lending	S&P/LSTA Leveraged Oloan Loan Index	10.00%	8.15%
Distressed Debt	Cambridge Associates Distressed Securities Index(4)	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	3.85%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.60%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index(5)	6.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	3.85%
Total		100.00%	

(1) Target asset allocation adopted at the April 2017 TCDRS Board Meeting.

(2) Geometric real rates of return in addition to assumed inflation of 2.0% per Cliffwater's 2017 capital market assumptions.

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

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

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



WARD COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 10: EMPLOYEES' RETIREMENT PLAN - continued

Discount Rate

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

Sensitivity Analysis

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

	1% Decrease	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Total pension liability	\$ 39,977,147	\$ 35,614,953	\$ 31,954,468
Fiduciary net position	32,515,475	32,515,475	32,515,475
Net pension liability/(asset)	\$ 7,461,672	\$ 3,099,478	\$ (561,007)

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, 2017

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 December 31, 2017 is as follows:

Annual Required Contribution (ARC)	\$	2,171,489
Interest on OPEB Obligation		74,400
Adjustment to the ARC		<u>(103,428)</u>
Annual OPEB Cost		2,142,461
Net estimated employer contributions		(502,436)
Prior Period Adjustment <sup>1</sup>		<u>3,313,632</u>
Estimated Increase (Decrease) in Net OPEB Obligation		4,953,657
Net OPEB Obligation, beginning of the year		<u>1,860,012</u>
Net OPEB Obligation, end of the year	\$	<u><u>6,813,669</u></u>

<sup>1</sup> Adjustment to remove employer costs (i.e. assumed contributions made) for active employees in prior years. For GASB 45 purposes, 'Assumed Contributions made' should only include employer costs (i.e. gross retiree claims less retiree premiums) for retired participants.

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
12/31/2015	4.00%	2,143,611	18.00%	1,615,100	2,171,489	69.08%
12/31/2016	4.00%	2,116,167	20.60%	1,860,012	2,171,489	86.17%
12/31/2017	4.00%	2,142,461	23.50%	6,813,669	2,171,489	23.14%

WARD COUNTY, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017:

Required Supplementary Information (Unaudited)					
Actuarial Valuation Date	Actuarial Value of Assets	Discount Rate	Actuarial Accrued Liability (AAL) <sup>(1)</sup>	Unfunded Actuarial Liabilities (UAAL) <sup>(2)</sup>	Funded Ratio
1/1/2017	-	4.00%	20,315,326	20,315,326	-
1/1/2016	-	4.00%	18,838,371	18,838,371	-
1/1/2015	-	4.00%	17,369,380	17,369,380	-

(1) Actuarial Accrued Liability determined under the projected unit credit cost method. Most recent valuation was performed January 1, 2015. The 2016 and 2017 amounts are estimates from a roll-forward of the 2015 liability.

(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, 2017

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, 2017 were \$13,623 and \$1,414,037, respectively.

**Nationwide Retirement Solutions**

Beginning Balance, January 1, 2017	Contributions and Market Gains	Withdrawals, Fees and Market Losses	Ending Balance, December 31, 2017
\$39,402	\$2,922	(\$28,701)	\$13,623

**MassMutual**

Beginning Balance, January 1, 2017	Contributions and Market Gains	Withdrawals and Market Losses	Ending Balance, December 31, 2017
\$1,187,453	\$227,634	(\$1,050)	\$1,414,037

WARD COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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 2017 the County Judge earned \$17,119 from Ward County for court-appointed representation of indigent defendants in district court.

WARD COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 14: FEDERAL & STATE GRANTS

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

Name of Award	Revenues Received			Totals
	Federal Grants	State Grants	Intergovernmental	
Border Prosecution Grant	\$ -	\$ 126,815	\$ -	\$ 126,815
Child Abuse Prevention	-	-	51	51
Federal & County Prisoner Revenue	-	-	960	960
Indigent Defense Grant - TX Task for on Indigent Defense	-	18,021	-	18,021
LEOSE Funds	-	-	3,751	3,751
State of Texas - Lateral Road Funds	-	-	11,403	11,403
State of Texas - Salary Supplements	-	-	67,259	67,259
State of Texas - State Juror Reimbursement Fee	-	-	4,148	4,148
Texas Department of Transportation	-	458	-	458
Texas J-RAC pass through revenues to EMS	-	2,238	-	2,238
Texas Juvenile Probation Commission Funds	-	234,651	-	234,651
Title XX Meals on Wheels	-	-	40,684	40,684
STAR	-	-	13,164	13,164
Tobacco Settlement	-	-	107,603	107,603
Victims of Crime Acts Formula Grant Program	78,781	-	-	78,781
Congregate Meals, Home Delivered Meals & Cash Payments in Lieu of Donated Commodities - DHHS and Department of Agriculture	66,561	-	-	66,561
<b>TOTALS</b>	<b>\$ 145,342</b>	<b>\$ 382,183</b>	<b>\$ 249,023</b>	<b>\$ 776,548</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, 2017

Note 16: PRIOR PERIOD ADJUSTMENT

The County had the following prior-period adjustment in 2017:

	Exhibit B-1	Exhibit C-3
Items accrued in General Fund that belonged in subsequent period	\$ (2,059)	\$ (2,059)
Items accrued in Building Fund that belonged in subsequent period	(2,297)	(2,297)
Interest accrued in prior year that was already recorded in special revenue fund	(70)	(70)
Prior Period Adjustment for Retiree OPEB*	(3,313,632)	-
	\$ (3,318,058)	\$ (4,426)

\*In prior periods, total contributions from both employees and retirees had been picked up in contributions for OPEB retiree insurance - should have been retiree contributions only.

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 \$6,549,160 (See Exhibit D-2).

REQUIRED SUPPLEMENTAL INFORMATION



WARD COUNTY, TX  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2017

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
Taxes:					
5110	Property Taxes	\$ 16,651,633	\$ 16,651,633	\$ 17,795,431	\$ 1,143,798
5120	General Sales and Use Taxes	80,000	80,000	63,229	(16,771)
5200	Licenses and Permits	316,500	316,500	323,167	6,667
5300	Intergovernmental Revenue and Grants	234,733	234,733	200,231	(34,502)
5400	Charges for Services	459,754	459,754	965,501	505,747
5416	General Government Charges for Services	127,000	127,000	125,371	(1,629)
5472	Swimming Pool Fees	34,000	34,000	40,254	6,254
5476	Library Use Fees	6,000	6,000	8,063	2,063
5510	Fines	420,000	420,000	438,024	18,024
5520	Forfeits	-	-	10,900	10,900
5610	Investment Earnings	43,600	43,600	153,974	110,374
5620	Rents and Royalties	10,000	10,000	15,952	5,952
5640	Contributions & Donations from Private Sources	2,000	8,000	15,135	7,135
5700	Other Revenue	23,000	51,050	117,149	66,099
5020	Total Revenues	18,408,220	18,442,270	20,272,381	1,830,111
<b>EXPENDITURES:</b>					
Current:					
0100	General Government	1,648,307	3,161,807	2,696,215	465,592
0120	Judicial	456,845	456,844	420,320	36,524
0140	Elections	28,140	28,140	14,615	13,525
0150	Financial Administration	411,797	411,797	414,111	(2,314)
0160	Courthouse	132,457	132,457	120,946	11,511
0170	Tax Assessor/Collector	335,579	335,579	322,565	13,014
0180	Agricultural Extension Unit	95,055	95,055	58,674	36,381
0190	Home Agent	262,360	262,360	263,933	(1,573)
Public Safety:					
0210	Sheriff	1,519,517	1,731,267	1,704,079	27,188
0220	Fire Protection	155,240	155,240	105,333	49,907
0230	Corrections	113,987	138,987	55,553	83,434
0250	Jail	1,408,195	1,408,195	1,407,448	747
0260	Department of Public Safety	14,663	14,663	16,985	(2,322)
0310	Highways & Streets	1,855,754	1,901,804	1,912,359	(10,555)
0330	County Clerk	274,622	274,622	252,472	22,150
0360	District Clerk	243,114	243,114	242,506	608
0370	Justice of the Peace	408,397	408,397	408,771	(374)
0380	County Attorney	381,589	381,589	370,720	10,869
0390	Constable	44,276	54,500	42,171	12,329
District Attorney:					
0410	Health	264,400	264,400	65,599	198,801
0420	EMS	1,125,275	1,140,275	919,664	220,611
0440	Indigent Welfare	14,250	69,750	70,500	(750)
0450	Indigent Legal Care	163,000	163,000	150,075	12,925
Culture and Recreation:					
0510	Community Center	853,222	865,350	706,326	159,024
0520	Parks	198,620	202,542	182,597	19,945
0530	Museums	65,356	70,431	94,236	(23,805)
0540	Coliseum	70,925	134,925	135,238	(313)
0550	Libraries	359,039	358,689	331,882	26,807
0560	Senior Citizens Center	300,675	301,875	298,815	3,060
0570	Emergency Management	14,793	14,835	14,998	(163)
0590	4-H Rifle Barn	4,800	16,150	21,590	(5,440)
Conservation and Development:					

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

WARD COUNTY, TX  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2017

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
0610 Conservation	18,150	18,150	14,533	3,617
Capital Outlay:				
0800 Capital Outlay	500,000	239,408	-	239,408
Intergovernmental:				
0900 Intergovernmental	40,000	65,000	65,000	-
6030 Total Expenditures	13,782,399	15,521,197	13,900,829	1,620,368
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	4,625,821	2,921,073	6,371,552	3,450,479
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	550,000	3,118,000	18,000	(3,100,000)
8911 Transfers Out (Use)	(8,273,833)	(11,867,883)	(6,084,136)	5,783,747
7080 Total Other Financing Sources (Uses)	(7,723,833)	(8,749,883)	(6,066,136)	2,683,747
1200 Net Change in Fund Balances	(3,098,012)	(5,828,810)	305,416	6,134,226
0100 Fund Balance - January 1 (Beginning)	16,984,586	16,984,586	16,984,586	-
1300 Prior Period Adjustment	(2,059)	(2,059)	(2,059)	-
3000 Fund Balance - December 31 (Ending)	\$ 13,884,515	\$ 11,153,717	\$ 17,287,943	\$ 6,134,226

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

Ward County, Texas  
Notes to Required Supplementary Information  
December 31, 2017

**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 2017 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											
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007		
<b>Total Pension Liability</b>												
Service Cost	\$ 1,289,562	\$ 1,065,573	\$ 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	2,725,435	2,564,982	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	(200,349)	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	419,397	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	(587,442)	(285,504)	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	(1,623,814)	(1,548,884)	(1,446,423)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	1,803,741	2,015,215	2,091,706	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	33,811,212	31,795,997	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)	\$ 35,614,953	\$ 33,811,212	\$ 31,795,997	\$ 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	\$ 1,158,941	\$ 1,440,837	\$ 1,427,366	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Member contributions	528,891	511,730	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	2,248,196	(408,425)	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	(1,623,814)	(1,548,884)	(1,446,422)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(24,441)	(21,868)	(22,466)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	(124,605)	29,579	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	2,163,168	2,969	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	30,352,307	30,349,338	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)	\$ 32,515,475	\$ 30,352,307	\$ 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)	\$ 3,099,478	\$ 3,458,905	\$ 1,446,659	\$ 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	91.30%	89.77%	95.45%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	\$ 7,555,592	\$ 7,310,432	\$ 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	41.02%	47.31%	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
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%
2015	940,837	1,440,837	(500,000)	7,310,432	19.7%
2016	908,940	1,158,940	(250,000)	7,555,592	15.3%

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

COMBINING STATEMENTS OF NON-MAJOR  
GOVERNMENTAL FUNDS

WARD COUNTY, TX  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2017

Data Control Codes	200 Title XX Delivered Meals	201 STAR Fund	202 LEOSE Training Funds	216 Lateral Road Fund
<b>ASSETS</b>				
1010 Cash and Cash Equivalents	\$ -	\$ -	\$ 11,268	\$ 24,870
1260 Due from Other Governments	-	-	-	-
1300 Due from Fiduciary Funds	-	-	-	-
1000 Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,268</u>	<u>\$ 24,870</u>
<b>LIABILITIES</b>				
2010 Accounts Payable	\$ -	\$ -	\$ -	\$ -
2000 Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
3490 Other Restricted Fund Balance	-	-	11,268	24,870
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>11,268</u>	<u>24,870</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,268</u>	<u>\$ 24,870</u>

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

217 Farm to Market Road Fund	219 Border Prosecution Grant Fund	221 Holman House Fund	222 Check Fees Fund	224 Sheriff's State Forf Fund	229 Records & Preserv Fund	230 Courthouse Security Fund	232 Juvenile Probation Fund
\$ 1,370,894	\$ -	\$ 23,053	\$ 13,390	\$ 101,318	\$ 26,680	\$ 74,301	\$ 115,248
-	-	-	-	-	-	-	-
1,017	-	-	176	-	7,170	2,445	563
<u>\$ 1,371,911</u>	<u>\$ -</u>	<u>\$ 23,053</u>	<u>\$ 13,566</u>	<u>\$ 101,318</u>	<u>\$ 33,850</u>	<u>\$ 76,746</u>	<u>\$ 115,811</u>
\$ 89,295	\$ -	\$ -	\$ -	\$ 47	\$ -	\$ -	\$ 13,013
89,295	-	-	-	47	-	-	13,013
1,282,616	-	23,053	13,566	101,271	33,850	76,746	102,798
1,282,616	-	23,053	13,566	101,271	33,850	76,746	102,798
<u>\$ 1,371,911</u>	<u>\$ -</u>	<u>\$ 23,053</u>	<u>\$ 13,566</u>	<u>\$ 101,318</u>	<u>\$ 33,850</u>	<u>\$ 76,746</u>	<u>\$ 115,811</u>



WARD COUNTY, TX  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2017

Data Control Codes	234 County Clerk Records M&P Fund	235 Court Reporter Service Fund	237 County Attorney Pretrial Fund	239 JP Court Technology Fund	
<b>ASSETS</b>					
1010	Cash and Cash Equivalents	\$ 62,912	\$ 6,214	\$ 21,041	\$ 22,965
1260	Due from Other Governments	-	-	-	-
1300	Due from Fiduciary Funds	8,545	300	2,710	943
1000	Total Assets	<u>\$ 71,457</u>	<u>\$ 6,514</u>	<u>\$ 23,751</u>	<u>\$ 23,908</u>
<b>LIABILITIES</b>					
2010	Accounts Payable	\$ 1,561	-	\$ 336	\$ 311
2000	Total Liabilities	<u>1,561</u>	<u>-</u>	<u>336</u>	<u>311</u>
<b>FUND BALANCES</b>					
3290	Other Restricted Fund Balance	69,896	6,514	23,415	23,597
3000	Total Fund Balances	<u>69,896</u>	<u>6,514</u>	<u>23,415</u>	<u>23,597</u>
4000	Total Liabilities and Fund Balances	<u>\$ 71,457</u>	<u>\$ 6,514</u>	<u>\$ 23,751</u>	<u>\$ 23,908</u>

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

240 Title IV-E /JPO Fund	241 County Clerk Vital Stats Fund	242 County Clerk Archive Fund	243 District Clerk Records Mngmnt Fund	244 Victims of Crime Act Formula Grant	245 JP Security Fund	247 Child Abuse Prevention Fund	248 Co/Dist Court Technology Fund
\$ 44,680	\$ 13,858	\$ 296,389	\$ 8,528	\$ 4,595	\$ 29,130	\$ 46	\$ 3,416
-	-	-	-	5,602	-	-	-
-	-	14,738	115	-	235	5	61
<u>\$ 44,680</u>	<u>\$ 13,858</u>	<u>\$ 311,127</u>	<u>\$ 8,643</u>	<u>\$ 10,197</u>	<u>\$ 29,365</u>	<u>\$ 51</u>	<u>\$ 3,477</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
44,680	13,858	311,127	8,643	10,197	29,365	51	3,477
44,680	13,858	311,127	8,643	10,197	29,365	51	3,477
<u>\$ 44,680</u>	<u>\$ 13,858</u>	<u>\$ 311,127</u>	<u>\$ 8,643</u>	<u>\$ 10,197</u>	<u>\$ 29,365</u>	<u>\$ 51</u>	<u>\$ 3,477</u>

WARD COUNTY, TX  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2017

Data Control Codes	249 Co/Dist Disaster Preserv Fund	250 Hotel/Motel Tax Fund	251 Truancy Court Fund	267 Sheriff's Commissary Fund
<b>ASSETS</b>				
1010 Cash and Cash Equivalents	\$ 5,968	\$ 202,635	\$ 1,704	\$ 11,926
1260 Due from Other Governments	-	-	-	-
1300 Due from Fiduciary Funds	110	-	-	-
1000 Total Assets	<u>\$ 6,078</u>	<u>\$ 202,635</u>	<u>\$ 1,704</u>	<u>\$ 11,926</u>
<b>LIABILITIES</b>				
2010 Accounts Payable	\$ -	\$ -	\$ -	\$ -
2000 Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
3290 Other Restricted Fund Balance	6,078	202,635	1,704	11,926
3000 Total Fund Balances	<u>6,078</u>	<u>202,635</u>	<u>1,704</u>	<u>11,926</u>
4000 Total Liabilities and Fund Balances	<u>\$ 6,078</u>	<u>\$ 202,635</u>	<u>\$ 1,704</u>	<u>\$ 11,926</u>

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

270 TxDOT Road Grant	282 Archives Donation Fund	299 Title III Part C Fund	Total Nonmajor Governmental Funds
\$ -	\$ 1,528	\$ -	\$ 2,498,557
-	-	-	5,602
-	-	-	39,133
<u>\$ -</u>	<u>\$ 1,528</u>	<u>\$ -</u>	<u>\$ 2,543,292</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,563</u>
-	-	-	104,563
-	1,528	-	2,438,729
-	1,528	-	2,438,729
<u>\$ -</u>	<u>\$ 1,528</u>	<u>\$ -</u>	<u>\$ 2,543,292</u>

WARD COUNTY, TX  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

Data Control Codes	200 Title XX Delivered Meals	201 STAR Fund	202 LEOSE Training Funds	216 Lateral Road Fund
<b>REVENUES:</b>				
Taxes:				
5110 Property Taxes	\$ -	\$ -	\$ -	\$ -
5150 Gross Receipts Business Tax	-	-	-	-
5300 Intergovernmental Revenue and Grants	40,684	13,164	3,751	11,401
5400 Charges for Services	-	-	-	-
5510 Fines	-	-	-	-
5520 Forfeits	-	-	-	-
5610 Investment Earnings	-	-	-	145
5700 Other Revenue	-	-	-	-
5020 Total Revenues	<u>40,684</u>	<u>13,164</u>	<u>3,751</u>	<u>11,546</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
0120 Judicial	-	-	-	-
0160 Courthouse	-	-	-	-
Public Safety:				
0210 Sheriff	-	-	-	-
0230 Corrections	-	-	2,386	-
0250 Jail	-	-	-	-
0310 Highways & Streets	-	-	-	7,915
0330 County Clerk	-	-	-	-
0380 County Attorney	-	-	-	-
0390 Constable	-	-	150	-
0400 District Attorney	40,684	13,164	-	-
0490 Victim Services	-	-	-	-
Culture and Recreation:				
0560 Senior Citizens Center	-	-	-	-
Conservation and Development:				
0660 Economic Opportunity	-	-	-	-
6030 Total Expenditures	<u>40,684</u>	<u>13,164</u>	<u>2,536</u>	<u>7,915</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>1,215</u>	<u>3,631</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	-	-	1,215	3,631
0100 Fund Balance - January 1 (Beginning)	-	-	10,053	21,239
1300 Prior Period Adjustment	-	-	-	-
3000 Fund Balance - December 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,268</u>	<u>\$ 24,870</u>

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

217 Farm to Market Road Fund	219 Border Prosecution Grant Fund	221 Holman House Fund	222 Check Fees Fund	224 Sheriff's State Forf Fund	229 Records & Preserv Fund	230 Courthouse Security Fund	232 Juvenile Probation Fund
\$ 875,237	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	126,815	-	-	-	-	-	234,651
-	-	-	1,797	-	12,723	17,720	-
-	-	-	-	-	-	-	5,545
-	-	-	-	147,460	-	-	-
14,047	-	53	30	672	201	575	1,154
-	-	23,000	-	-	-	-	-
<u>889,284</u>	<u>126,815</u>	<u>23,053</u>	<u>1,827</u>	<u>148,132</u>	<u>12,924</u>	<u>18,295</u>	<u>241,350</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,389	-
-	-	-	-	92,149	-	-	-
-	-	-	-	-	-	-	346,433
591,982	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	4,342	-	-	-	-
-	126,815	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>591,982</u>	<u>126,815</u>	<u>-</u>	<u>4,342</u>	<u>92,149</u>	<u>-</u>	<u>1,389</u>	<u>346,433</u>
<u>297,302</u>	<u>-</u>	<u>23,053</u>	<u>(2,515)</u>	<u>55,983</u>	<u>12,924</u>	<u>16,906</u>	<u>(105,083)</u>
-	-	-	-	-	-	-	175,450
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	<u>175,450</u>
297,302	-	23,053	(2,515)	55,983	12,924	16,906	70,367
994,092	-	-	16,081	45,288	20,926	59,840	32,431
(8,778)	-	-	-	-	-	-	-
<u>\$ 1,282,616</u>	<u>\$ -</u>	<u>\$ 23,053</u>	<u>\$ 13,566</u>	<u>\$ 101,271</u>	<u>\$ 33,850</u>	<u>\$ 76,746</u>	<u>\$ 102,798</u>

WARD COUNTY, TX  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

Data Control Codes	234 County Clerk Records M&P Fund	235 Court Reporter Service Fund	237 County Attorney Pretrial Fund	239 JP Court Technology Fund
<b>REVENUES:</b>				
Taxes:				
5110 Property Taxes	\$ -	\$ -	\$ -	\$ -
5150 Gross Receipts Business Tax	-	-	-	-
5300 Intergovernmental Revenue and Grants	-	-	-	-
5400 Charges for Services	75,161	3,750	-	9,007
5510 Fines	-	-	30,790	-
5520 Forfeits	-	-	-	-
5610 Investment Earnings	562	62	36	193
5700 Other Revenue	-	-	-	-
5020 Total Revenues	<u>75,723</u>	<u>3,812</u>	<u>30,826</u>	<u>9,200</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
0120 Judicial	-	5,754	-	-
0160 Courthouse	-	-	-	-
Public Safety:				
0210 Sheriff	-	-	-	-
0230 Corrections	-	-	-	7,279
0250 Jail	-	-	-	-
0310 Highways & Streets	-	-	-	-
0330 County Clerk	100,228	-	-	-
0380 County Attorney	-	-	7,901	-
0390 Constable	-	-	-	-
0400 District Attorney	-	-	-	-
0490 Victim Services	-	-	-	-
Culture and Recreation:				
0560 Senior Citizens Center	-	-	-	-
Conservation and Development:				
0660 Economic Opportunity	-	-	-	-
6030 Total Expenditures	<u>100,228</u>	<u>5,754</u>	<u>7,901</u>	<u>7,279</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(24,505)</u>	<u>(1,942)</u>	<u>22,925</u>	<u>1,921</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	(24,505)	(1,942)	22,925	1,921
0100 Fund Balance - January 1 (Beginning)	94,401	8,456	490	21,676
1300 Prior Period Adjustment	-	-	-	-
3000 Fund Balance - December 31 (Ending)	<u>\$ 69,896</u>	<u>\$ 6,514</u>	<u>\$ 23,415</u>	<u>\$ 23,597</u>

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

240 Title IV-E /JPO Fund	241 County Clerk Vital Stats Fund	242 County Clerk Archive Fund	243 District Clerk Records Mngmnt Fund	244 Victims of Crime Act Formula Grant	245 JP Security Fund	247 Child Abuse Prevention Fund	248 Co/Dist Court Technology Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	78,781	-	51	-
-	754	81,558	1,360	-	2,301	-	439
-	-	-	-	-	-	-	-
503	114	2,282	19	-	239	-	-
-	-	-	-	-	-	-	-
<u>503</u>	<u>868</u>	<u>83,840</u>	<u>1,379</u>	<u>78,781</u>	<u>2,540</u>	<u>51</u>	<u>439</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,526	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	78,765	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>8,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,765</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(8,023)</u>	<u>868</u>	<u>83,840</u>	<u>1,379</u>	<u>16</u>	<u>2,540</u>	<u>51</u>	<u>439</u>
88	-	-	-	582	-	-	-
-	-	-	-	-	-	-	-
<u>88</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>582</u>	<u>-</u>	<u>-</u>	<u>-</u>
(7,935)	868	83,840	1,379	598	2,540	51	439
52,685	12,990	227,287	7,264	9,599	26,825	-	3,038
(70)	-	-	-	-	-	-	-
<u>\$ 44,680</u>	<u>\$ 13,858</u>	<u>\$ 311,127</u>	<u>\$ 8,643</u>	<u>\$ 10,197</u>	<u>\$ 29,365</u>	<u>\$ 51</u>	<u>\$ 3,477</u>



WARD COUNTY, TX  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

Data Control Codes	249 Co/Dist Disaster Preserv Fund	250 Hotel/Motel Tax Fund	251 Truancy Court Fund	267 Sheriff's Commissary Fund
<b>REVENUES:</b>				
Taxes:				
5110 Property Taxes	\$ -	\$ -	\$ -	\$ -
5150 Gross Receipts Business Tax	-	325,000	-	-
5300 Intergovernmental Revenue and Grants	-	-	-	-
5400 Charges for Services	1,076	-	732	-
5510 Fines	-	-	-	-
5520 Forfeits	-	-	-	-
5610 Investment Earnings	13	621	-	-
5700 Other Revenue	-	-	-	44,357
5020 Total Revenues	<u>1,089</u>	<u>325,621</u>	<u>732</u>	<u>44,357</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
0120 Judicial	-	-	-	-
0160 Courthouse	-	-	-	-
Public Safety:				
0210 Sheriff	-	-	-	-
0230 Corrections	-	-	-	-
0250 Jail	-	-	-	43,325
0310 Highways & Streets	-	-	-	-
0330 County Clerk	-	-	-	-
0380 County Attorney	-	-	-	-
0390 Constable	-	-	-	-
0400 District Attorney	-	-	-	-
0490 Victim Services	-	-	-	-
Culture and Recreation:				
0560 Senior Citizens Center	-	-	-	-
Conservation and Development:				
0660 Economic Opportunity	-	163,285	-	-
6030 Total Expenditures	<u>-</u>	<u>163,285</u>	<u>-</u>	<u>43,325</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,089</u>	<u>162,336</u>	<u>732</u>	<u>1,032</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	1,089	162,336	732	1,032
0100 Fund Balance - January 1 (Beginning)	4,989	40,299	972	10,894
1300 Prior Period Adjustment	-	-	-	-
3000 Fund Balance - December 31 (Ending)	<u>\$ 6,078</u>	<u>\$ 202,635</u>	<u>\$ 1,704</u>	<u>\$ 11,926</u>

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

270 TxDOT Road Grant	282 Archives Donation Fund	299 Title III Part C Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 875,237
-	-	-	325,000
458	-	66,561	576,317
-	-	-	208,378
-	-	-	36,335
-	-	-	147,460
857	-	-	22,378
-	-	-	67,357
<u>1,315</u>	<u>-</u>	<u>66,561</u>	<u>2,258,462</u>
-	-	-	5,754
-	-	-	1,389
-	-	-	92,149
-	-	-	364,624
-	-	-	43,325
573	-	-	600,470
-	-	-	100,228
-	-	-	12,243
-	-	-	150
-	-	-	180,663
-	-	-	78,765
-	-	66,561	66,561
-	-	-	163,285
<u>573</u>	<u>-</u>	<u>66,561</u>	<u>1,709,606</u>
<u>742</u>	<u>-</u>	<u>-</u>	<u>548,856</u>
-	-	-	176,120
(973,563)	-	-	(973,563)
<u>(973,563)</u>	<u>-</u>	<u>-</u>	<u>(797,443)</u>
(972,821)	-	-	(248,587)
964,043	1,528	-	2,687,386
8,778	-	-	(70)
<u>\$ -</u>	<u>\$ 1,528</u>	<u>\$ -</u>	<u>\$ 2,438,729</u>

COMBINING SCHEDULE FOR AGENCY FUNDS

WARD COUNTY, TX  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	BALANCE JANUARY 1	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2017
<b>SHERIFF'S TRUST ACCOUNT</b>				
Assets:				
Cash and Cash Equivalents	\$ -	\$ 47,835	\$ 44,335	\$ 3,500
Liabilities:				
Due to Other Governments	\$ -	\$ 15,444	\$ 14,314	\$ 1,130
Due to Others	-	32,391	30,021	2,370
Total Liabilities	\$ -	\$ 47,835	\$ 44,335	\$ 3,500
<b>SHERIFF'S INMATE ACCOUNT</b>				
Assets:				
Cash and Cash Equivalents	\$ 6,904	\$ 59,162	\$ 55,646	\$ 10,420
Liabilities:				
Due to Others	\$ 6,904	\$ 59,162	\$ 55,646	\$ 10,420
<b>TAX COLLECTOR'S</b>				
Assets:				
Cash and Cash Equivalents	\$ -	\$ 43,200,866	\$ 42,850,079	\$ 350,787
Due from Others	587	-	587	-
Total Assets	\$ 587	\$ 43,200,866	\$ 42,850,666	\$ 350,787
Liabilities:				
Due to Other Funds	\$ -	\$ 42,741,255	\$ 42,394,188	\$ 347,067
Due to Others	587	459,611	456,478	3,720
Total Liabilities	\$ 587	\$ 43,200,866	\$ 42,850,666	\$ 350,787
<b>COUNTY CLERK ACCOUNTS</b>				
Assets:				
Cash and Cash Equivalents	\$ 73,956	\$ 1,899,862	\$ 633,766	\$ 1,340,052
Liabilities:				
Due to Other Funds	\$ 44,435	\$ 108,530	\$ 49,115	\$ 103,850
Due to Others	29,521	1,791,332	584,651	1,236,202
Total Liabilities	\$ 73,956	\$ 1,899,862	\$ 633,766	\$ 1,340,052
<b>DISTRICT CLERK ACCOUNTS</b>				
Assets:				
Cash and Cash Equivalents	\$ 1,766,135	\$ 543,219	\$ 1,918,753	\$ 390,601
Liabilities:				
Due to Other Funds	\$ 9,768	\$ 49,361	\$ 49,128	\$ 10,001

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

WARD COUNTY, TX  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	BALANCE JANUARY 1	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2017
Due to Others	1,756,367	493,858	1,869,625	380,600
<b>Total Liabilities</b>	<b>\$ 1,766,135</b>	<b>\$ 543,219</b>	<b>\$ 1,918,753</b>	<b>\$ 390,601</b>

**COMMUNITY SUPERVISION CORRECTIONS**

## Assets:

Cash and Cash Equivalents	\$ 60,597	\$ 967,701	\$ 952,998	\$ 75,300
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## Liabilities:

Due to Other Funds	\$ 19,545	\$ 417,654	\$ 404,700	\$ 32,499
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Due to Others	41,052	550,047	548,298	42,801
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<b>Total Liabilities</b>	<b>\$ 60,597</b>	<b>\$ 967,701</b>	<b>\$ 952,998</b>	<b>\$ 75,300</b>
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**CSCD/PRETRIAL FUND**

## Assets:

Cash and Cash Equivalents	\$ 101,809	\$ 208,516	\$ 203,099	\$ 107,226
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Due From Other Funds	3,638	-	3,638	-
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<b>Total Assets</b>	<b>\$ 105,447</b>	<b>\$ 208,516</b>	<b>\$ 206,737</b>	<b>\$ 107,226</b>
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## Liabilities:

Due to Other Funds	\$ 22,962	\$ -	\$ 22,962	\$ -
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Due to Others	82,485	208,516	183,775	107,226
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<b>Total Liabilities</b>	<b>\$ 105,447</b>	<b>\$ 208,516</b>	<b>\$ 206,737</b>	<b>\$ 107,226</b>
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**ADULT PROBATION FUND**

## Assets:

Cash and Cash Equivalents	\$ 70,798	\$ 1,737,839	\$ 1,713,310	\$ 95,327
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Due From Other Funds	22,962	25,943	22,962	25,943
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<b>Total Assets</b>	<b>\$ 93,760</b>	<b>\$ 1,763,782</b>	<b>\$ 1,736,272</b>	<b>\$ 121,270</b>
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## Liabilities:

Due to Others	\$ 93,760	\$ 1,763,782	\$ 1,736,272	\$ 121,270
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**TAX ACCOUNT**

## Assets:

Cash and Cash Equivalents	\$ 21,938	\$ 32,348	\$ 23,151	\$ 31,135
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## Liabilities:

Due to Others	\$ 21,938	\$ 32,348	\$ 23,151	\$ 31,135
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**DA FORFEITURE FUND**

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

WARD COUNTY, TX  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	BALANCE JANUARY 1	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2017
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 20,274	\$ 614,223	\$ 576,400	\$ 58,097
<b>Liabilities:</b>				
Due to Others	\$ 20,274	\$ 614,223	\$ 576,400	\$ 58,097
 <b>DA SEIZURE FUND</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 15,287	\$ 15,358	\$ 30,645	\$ -
<b>Liabilities:</b>				
Due to Others	\$ 15,287	\$ 15,358	\$ 30,645	\$ -
 <b>DA PRETRIAL FUND</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 6,721	\$ 13,864	\$ 8,714	\$ 11,871
<b>Liabilities:</b>				
Due to Others	\$ 6,721	\$ 13,864	\$ 8,714	\$ 11,871
 <b>JUVENILE PROBATION FEES</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,340	\$ 17,822	\$ 17,998	\$ 1,164
<b>Liabilities:</b>				
Due to Other Funds	\$ 504	\$ 2,588	\$ 2,097	\$ 995
Due to Others	836	15,234	15,901	169
Total Liabilities	\$ 1,340	\$ 17,822	\$ 17,998	\$ 1,164
 <b>FLEXIBLE SPENDING FUND</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 8,117	\$ 34,027	\$ 27,342	\$ 14,802
<b>Liabilities:</b>				
Due to Others	\$ 8,117	\$ 34,027	\$ 27,342	\$ 14,802
 <b>STATE COURT COSTS</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 58,319	\$ 322,659	\$ 295,877	\$ 85,101
Due From Other Funds	16,846	30,143	16,846	30,143
Total Assets	\$ 75,165	\$ 352,802	\$ 312,723	\$ 115,244

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

WARD COUNTY, TX  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	BALANCE JANUARY 1	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2017
<b>Liabilities:</b>				
Due to Other Funds	\$ 6,826	\$ 5,961	\$ 6,826	\$ 5,961
Due to Others	68,339	346,841	305,897	109,283
<b>Total Liabilities</b>	<b>\$ 75,165</b>	<b>\$ 352,802</b>	<b>\$ 312,723</b>	<b>\$ 115,244</b>
 <b>JP FEE FUND</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 32,814	\$ 589,102	\$ 562,794	\$ 59,122
<b>Liabilities:</b>				
Due to Other Funds	\$ 30,793	\$ 588,337	\$ 560,773	\$ 58,357
Due to Others	2,021	765	2,021	765
<b>Total Liabilities</b>	<b>\$ 32,814</b>	<b>\$ 589,102</b>	<b>\$ 562,794</b>	<b>\$ 59,122</b>
 <b>COUNTY ATTORNEY'S TRUST</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 6,809	\$ 53,349	\$ 46,255	\$ 13,903
<b>Liabilities:</b>				
Due to Other Funds	\$ -	\$ 2,886	\$ -	\$ 2,886
Due to Others	6,809	50,463	46,255	11,017
<b>Total Liabilities</b>	<b>\$ 6,809</b>	<b>\$ 53,349</b>	<b>\$ 46,255</b>	<b>\$ 13,903</b>
 <b>WARD COUNTY SENIOR CITIZENS</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 32,124	\$ 230,543	\$ 246,469	\$ 16,198
<b>Liabilities:</b>				
Due to Others	\$ 32,124	\$ 230,543	\$ 246,469	\$ 16,198
 <b>VICTIM'S ASSISTANCE FUND</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 39,087	\$ 41,499	\$ 40,355	\$ 40,231
Due From Other Funds	60	70	60	70
<b>Total Assets</b>	<b>\$ 39,147</b>	<b>\$ 41,569</b>	<b>\$ 40,415</b>	<b>\$ 40,301</b>
<b>Liabilities:</b>				
Due to Others	\$ 39,147	\$ 41,569	\$ 40,415	\$ 40,301

**TOTAL AGENCY FUNDS**

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

WARD COUNTY, TX  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	BALANCE JANUARY 1	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2017
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 2,323,029	\$ 50,629,794	\$ 50,247,986	\$ 2,704,837
Due From Other Funds	43,506	56,156	43,506	56,156
Due From Others	587	-	587	-
Total Assets	<u>\$ 2,367,122</u>	<u>\$ 50,685,950</u>	<u>\$ 50,292,079</u>	<u>\$ 2,760,993</u>
<b>Liabilities:</b>				
Due to Other Funds	\$ 134,833	\$ 43,916,572	\$ 43,489,789	\$ 561,616
Due to Other Governments	-	15,444	14,314	1,130
Due to Others	2,232,289	6,753,934	6,787,976	2,198,247
Total Liabilities	<u>\$ 2,367,122</u>	<u>\$ 50,685,950</u>	<u>\$ 50,292,079</u>	<u>\$ 2,760,993</u>

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



FEDERAL AWARDS SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Ward (the "County") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 29, 2018.

**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 responses as item **2017-001** to be a significant deficiency.

### **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 **2017-001**.

### **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  
May 29, 2018

**WARD COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**I. Summary of the Auditor’s Results**

1. Financial Statements

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

Internal control over financial reporting:

One or more material weaknesses identified?  Yes  No

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

Noncompliance material to financial Statements noted?  Yes  No

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

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

**2017 – 001 – Highest Daily Cash Balances Exceeding FDIC and Pledged Securities**

Significant Deficiency  
Noncompliance

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

**Condition** – There was one instance where the highest daily cash balance exceeded the depository’s coverage of FDIC insurance and pledged securities. It occurred on January 30, 2017.

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

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

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

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

**Views of Responsible Officials** – See Corrective Action Plan.

WARD COUNTY, TEXAS  
SCHEDULE OF STATUS OF PRIOR FINDINGS  
YEAR ENDED DECEMBER 31, 2017

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

**2017-001 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 2017.

**2017-002 Required State Bidding Requirements for Expenditures exceeding \$50,000**

In the prior year, there was an instance where fuel was purchased for Precint 1 that exceeded \$50,000. There was no required bid for the fuel.

The County solicited bids for fuel in 2017. This prior year audit finding has been corrected.

WARD COUNTY, TEXAS  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

**2017-001 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.