

WARD COUNTY, TEXAS

**ANNUAL FINANCIAL AND
COMPLIANCE REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2019**

WARD COUNTY, TEXAS
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019

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WARD COUNTY, TEXAS
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019

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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, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on Discretely Presented Component Unit

The financial statements referred to above do not include financial data for the County's legally separate component unit, Ward Memorial Hospital. Accounting principles generally accepted in the United States of America require financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the aggregate discretely presented component unit would have been presented as \$7,241,949, \$0, \$0, \$0, \$6,799,979, \$18,729,160 and \$18,287,190, respectively.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the County, as of December 31, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, and each major fund of the Ward County, Texas, as of December 31, 2019, 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, TCDRS pension information, the schedule of changes in the total OPEB liability and related ratios, and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2020, 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
June 30, 2020

WARD COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2019

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, 2019. 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 \$16,976,706 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 \$9,096,823 less than the \$31,698,706 generated in tax and other revenues for governmental programs (before special items). (Exhibit C-3)

Total cost of all the County's programs was \$21,392,490. (Exhibit B-1)

The General Fund ended the year with a fund balance of \$26,315,772. (Exhibit C-3) This is an increase of \$1,923,036 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 22) 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.

THE COUNTY AS TRUSTEE

Reporting the County's Fiduciary Responsibilities

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net position of the County's governmental activities were \$82,911,514 at December 31, 2019. 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 \$34,277,320 at December 31, 2019. 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	
	2019	2018
Current and other assets	\$ 62,860,798	\$ 47,265,736
Capital Assets	36,713,961	34,799,582
Total assets	99,574,759	82,065,318
Deferred Outflow Related to OPEB	1,306,642	-
Deferred Outflow Related to Pension	4,552,623	1,551,793
Total Deferred Outflows	5,859,265	1,551,793
Long-term liabilities	20,891,660	15,095,379
Other liabilities	567,634	762,411
Total Liabilities	21,459,294	15,857,790
Deferred Inflow Related to OPEB	916,355	-
Deferred Inflow Related to Pension	146,861	1,822,194
Total Deferred Inflows	1,063,216	1,822,194
Net Position:		
Invested in capital assets, net of related debt	36,713,961	34,799,582
Restricted	11,920,233	5,792,312
Unrestricted	34,277,320	25,345,233
Total Net Position	\$ 82,911,514	\$ 65,937,127

Table II
Changes in Net Position

	Governmental Activities	
	2019	2018
Revenues:		
Program Receipts:		
Charges for Services	\$ 1,580,579	\$ 1,492,587
Grants & Contributions	924,862	778,601
General Receipts:		
Ad-Valorem Taxes	34,252,120	25,102,550
Hotel/Motel Tax	450,000	400,000
Sales taxes	105,763	84,385
Licenses and permits	377,077	359,453
Miscellaneous	878,566	638,782
Investment Earnings	868,620	545,742
Total Revenue	<u>\$ 39,437,587</u>	<u>\$ 29,402,100</u>
Expenses:		
General Government	\$ 6,126,487	\$ 5,412,062
Public Safety	5,212,250	3,966,987
Highways and Streets	3,044,443	3,031,067
Culture and Recreation	2,216,503	3,189,532
Indigent Assistance	222,126	220,921
Emergency Medical Services	1,220,950	1,186,192
County and District Clerks	693,906	740,889
County and District Attorneys	680,065	659,686
Corrections	577,532	516,735
Justices of the Peace	564,979	564,040
Miscellaneous	833,249	619,759
Total Expenses	<u>\$ 21,392,490</u>	<u>\$ 20,107,870</u>
Increase (decrease) in Net Position before transfers	\$ 18,045,097	\$ 9,294,230
Loss on Disposition of Assets	(22,526)	-
Transfers	(1,045,865)	(1,000,000)
Increase (decrease) in Net Position	\$ 16,976,706	\$ 8,294,230
Prior Period Adjustment	(2,319)	(6,236,295)
Net Position - Jan 1	<u>65,937,127</u>	<u>63,879,192</u>
Net Position - December 31	<u><u>\$ 82,911,514</u></u>	<u><u>\$ 65,937,127</u></u>

The cost of all governmental activities this year was \$21,392,490. (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 (\$1,580,579) or by other governments and organizations that subsidized certain programs with grants and contributions (\$924,862).

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 \$38,236,005.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance was \$26,315,772.

General Fund Budgetary Highlights

Over the course of the year, the Commissioners' Court made revisions to the County's budget. These budget amendments increased budgeted disbursements by \$1,931,744.

The resources available for appropriation were \$4,006,843 more than budgeted for the General Fund, which is due to an increase in mineral valuations. (Exhibit G-1)

Expenditures were \$1,751,367 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 \$575,069. 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, 2019, the County had invested \$36.7 million in a broad range of capital assets, including land, buildings, roads and equipment.

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

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

Long-Term Obligations

At the end of the year, the County had \$20.9 million of long-term obligations.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal year 2020 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 2020. Amounts available for appropriation in the budget are \$34,424,357, an increase of 40.78% compared to the 2019 budget of \$24,453,321. Budgeted expenditures are expected to increase by 22.01% to \$21,953,555 from \$17,993,670 in 2019. There are budgeted interfund transfers to Construction Funds for \$10,200,000, EMS for \$1,000,000 and Ward Memorial Hospital for \$1,500,000. If these estimates are realized, the County's budgetary General Fund Balance will decrease by \$229,198.

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, 2019

EXHIBIT A-1

Data Control Codes	<u>Primary Government</u> Governmental Activities
ASSETS	
1010 Cash and Cash Equivalents	\$ 38,139,551
1050 Taxes Receivable, Net	23,648,023
1150 Accounts Receivable (Net)	409,135
1260 Due from Other Governments	10,705
1300 Due from Fiduciary Funds	653,384
Capital Assets:	
1710 Land Purchase and Improvements	185,773
1720 Infrastructure, Net	4,240,098
1730 Buildings, Net	26,408,842
1750 Furniture and Equipment, Net	3,180,350
1760 Vehicles, Net	912,939
1780 Construction in Progress	1,785,959
1000 Total Assets	<u>99,574,759</u>
DEFERRED OUTFLOWS OF RESOURCES	
1997 Deferred Outflow Related to Pension Plan	4,552,623
1998 Deferred Resource Outflow - OPEB	1,306,642
1500 Total Deferred Outflows of Resources	<u>5,859,265</u>
LIABILITIES	
2010 Accounts Payable	218,509
2020 Wages and Salaries Payable	349,125
Noncurrent Liabilities:	
2502 Net OPEB Liability	15,244,532
2580 Net Pension Liability	5,647,128
2000 Total Liabilities	<u>21,459,294</u>
DEFERRED INFLOWS OF RESOURCES	
2602 Deferred Inflow Related to Pension Plan	146,861
2604 Deferred Resource Inflow - OPEB	916,355
2500 Total Deferred Inflows of Resources	<u>1,063,216</u>
NET POSITION	
3200 Net Investment in Capital Assets	36,713,961
3890 Restricted for Other Purposes	11,920,233
3900 Unrestricted Net Position	34,277,320
3000 Total Net Position	<u>\$ 82,911,514</u>

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, 2019

Data Control Codes	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
100 General Government	\$ 3,967,331	\$ -	\$ -
120 Judicial	577,419	-	34,612
140 Elections	11,394	-	-
150 Financial Administration	580,425	-	-
160 Courthouse	143,265	27,685	-
170 Tax Assessor/Collector	441,168	161,849	-
180 Agricultural Extension Unit	151,540	-	-
190 Home Agent	253,945	-	-
210 Sheriff	2,269,283	27,685	77,876
220 Fire Protection	728,771	-	-
230 Corrections	577,532	18,457	302,851
250 Jail	2,210,149	-	-
260 Department of Public Safety	4,047	-	-
310 Highways & Streets	3,044,443	-	18,780
330 County Clerk	383,895	618,303	-
360 District Clerk	310,011	55,370	-
370 Justice of the Peace	564,979	110,741	-
380 County Attorney	501,306	-	25,959
390 Constable	45,639	-	-
400 District Attorney	178,759	-	190,363
410 Health	142,454	-	43,264
420 EMS	1,220,950	359,284	17,306
440 Indigent Welfare	40,231	-	-
450 Indigent Legal Care	181,895	-	17,306
490 Victim Services	84,835	-	69,223
510 Community Center	863,690	122,444	-
520 Parks	227,499	44,156	-
530 Museums	102,656	-	49,446
540 Coliseum	74,906	25,079	-
550 Libraries	431,765	9,526	-
560 Senior Citizens Center	507,619	-	-
570 Emergency Management	18,439	-	-
590 4-H Rifle Barn	8,368	-	-
610 Conservation	15,485	-	-
660 Economic Opportunity	483,993	-	77,876
800 Capital Outlay	2,404	-	-
900 Intergovernmental	40,000	-	-
TOTAL PRIMARY GOVERNMENT	\$ 21,392,490	\$ 1,580,579	\$ 924,862

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, 2019

Data Control Codes	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Data Control Codes	General Revenues: Taxes: 5010 Property Taxes, Levied for General Purposes 5120 General Sales and Use Taxes 5150 Gross Receipts Business Tax 5700 Miscellaneous Revenue 5800 Interest Earnings S1 Loss on Disposition of Asset Transfers In (Out):		
	Total General Revenues, Special Items, and Transfers		
	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
(3,967,331)		
(542,807)		
(11,394)		
(580,425)		
(115,580)		
(279,319)		
(151,540)		
(253,945)		
(2,163,722)		
(728,771)		
(256,224)		
(2,210,149)		
(4,047)		
(3,025,663)		
234,408		
(254,641)		
(454,238)		
(475,347)		
(45,639)		
11,604		
(99,190)		
(844,360)		
(40,231)		
(164,589)		
(15,612)		
(741,246)		
(183,343)		
(53,210)		
(49,827)		
(422,239)		
(507,619)		
(18,439)		
(8,368)		
(15,485)		
(406,117)		
(2,404)		
(40,000)		
(18,887,049)		
(18,887,049)		

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
34,252,120		
105,763		
450,000		
1,255,643		
868,620		
(22,526)		
(1,068,391)		
<u>35,841,229</u>		
16,954,180	-	-
65,937,127	-	-
(2,319)	-	-
<u>\$ 82,888,988</u>	<u>\$ -</u>	<u>\$ -</u>

WARD COUNTY, TX
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

Data Control Codes	General Fund	Building Const/Renov Fund	Other Funds	Total Governmental Funds
ASSETS				
1010 Cash and Cash Equivalents	\$ 26,207,360	\$ 8,313,482	\$ 3,618,709	\$ 38,139,551
1050 Taxes Receivable	24,081,490	-	-	24,081,490
1051 Allowance for Uncollectible Taxes (credit)	(433,467)	-	-	(433,467)
1150 Accounts Receivable (Net)	409,135	-	-	409,135
1260 Due from Other Governments	-	-	10,705	10,705
1300 Due from Other Funds	635,842	-	22,787	658,629
1000 Total Assets	<u>\$ 50,900,360</u>	<u>\$ 8,313,482</u>	<u>\$ 3,652,201</u>	<u>\$ 62,866,043</u>
LIABILITIES				
2010 Accounts Payable	\$ 191,941	\$ -	\$ 26,568	\$ 218,509
2020 Wages and Salaries Payable	335,488	-	13,637	349,125
2080 Due to Other Funds	-	-	5,245	5,245
2000 Total Liabilities	<u>527,429</u>	<u>-</u>	<u>45,450</u>	<u>572,879</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	23,778,741	-	-	23,778,741
2602 Deferred Inflow Related to Pension Plan	278,418	-	-	278,418
2600 Total Deferred Inflows of Resources	<u>24,057,159</u>	<u>-</u>	<u>-</u>	<u>24,057,159</u>
FUND BALANCES				
3460 Restricted for Commissary	-	-	1,395	1,395
3490 Other Restricted Fund Balance	-	8,313,482	3,605,356	11,918,838
3600 Unassigned Fund Balance	26,315,772	-	-	26,315,772
3000 Total Fund Balances	<u>26,315,772</u>	<u>8,313,482</u>	<u>3,606,751</u>	<u>38,236,005</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 50,900,360</u>	<u>\$ 8,313,482</u>	<u>\$ 3,652,201</u>	<u>\$ 62,866,043</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, 2019

Total Fund Balances - Governmental Funds	\$	38,236,005
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.		19,433,802
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 2019 capital outlays and debt principal payments is to increase net position.		4,009,007
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 changes in net pension liability of \$3,368,042, Deferred Resource Inflow of \$(540,798) and a Deferred Resource Outflow of \$(3,000,830). The net effect of these was to increase the ending net position by \$173,586.		173,586
This fiscal year required the County to report their net OPEB liability in the Government Wide Statement of Net Position. The items reported as a result of this implementation included changes in net OPEB liability of \$(2,448,378), Deferred Resource Inflow of \$218,180 and Deferred Resource Outflow of \$1,306,642. The net effect of these was to decrease the ending net position by \$923,556.		(923,556)
The 2019 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(2,074,489)
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.		24,057,159
Net Position of Governmental Activities	\$	82,911,514

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

WARD COUNTY, TX
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

EXHIBIT C-3

Data Control Codes	General Fund	Building Const/Renov Fund	Other Funds	Total Governmental Funds
REVENUES:				
Taxes:				
5110 Property Taxes	\$ 24,800,948	\$ -	\$ 1,474,239	\$ 26,275,187
5120 General Sales and Use Taxes	105,763	-	-	105,763
5150 Gross Receipts Business Tax	-	-	450,000	450,000
5200 Licenses and Permits	377,077	-	-	377,077
5300 Intergovernmental Revenue and Grants	146,374	-	718,915	865,289
5400 Charges for Services	694,342	-	228,499	922,841
5416 General Government Charges for Services	97,250	-	-	97,250
5456 Patient Revenue	359,284	-	-	359,284
5472 Swimming Pool Fees	44,156	-	-	44,156
5476 Library Use Fees	9,526	-	-	9,526
5479 Facilities Receipts	147,524	-	-	147,524
5510 Fines	741,250	-	23,420	764,670
5520 Forfeits	3,125	-	-	3,125
5610 Investment Earnings	633,105	151,991	83,524	868,620
5620 Rents and Royalties	63,459	-	-	63,459
5640 Contributions & Donations from Private Sources	49,573	-	10,000	59,573
5700 Other Revenue	195,260	1,500	88,602	285,362
5020 Total Revenues	<u>28,468,016</u>	<u>153,491</u>	<u>3,077,199</u>	<u>31,698,706</u>
EXPENDITURES:				
Current:				
0100 General Government	4,039,269	-	-	4,039,269
0120 Judicial	460,752	-	1,460	462,212
0140 Elections	9,113	-	-	9,113
0150 Financial Administration	459,488	-	-	459,488
0160 Courthouse	114,079	-	15,890	129,969
0170 Tax Assessor/Collector	357,628	-	-	357,628
0180 Agricultural Extension Unit	120,834	-	-	120,834
0190 Home Agent	202,483	-	-	202,483
0210 Sheriff	1,983,767	-	81,880	2,065,647
0220 Fire Protection	726,766	-	-	726,766
0230 Corrections	26,891	-	488,862	515,753
0250 Jail	1,814,307	59,220	73,577	1,947,104
0260 Department of Public Safety	3,605	-	-	3,605
0310 Highways & Streets	2,034,956	-	1,229,163	3,264,119
0330 County Clerk	268,321	-	47,514	315,835
0360 District Clerk	242,104	-	4,569	246,673
0370 Justice of the Peace	449,223	-	-	449,223
0380 County Attorney	408,219	-	22,847	431,066
0390 Constable	36,721	-	-	36,721
0400 District Attorney	-	-	178,759	178,759
0410 Health	142,454	-	-	142,454
0420 EMS	1,106,149	-	-	1,106,149
0440 Indigent Welfare	40,231	-	-	40,231
0450 Indigent Legal Care	181,895	-	-	181,895
0490 Victim Services	-	-	71,978	71,978
0510 Community Center	880,583	-	-	880,583
0520 Parks	201,790	-	-	201,790
0530 Museums	62,247	23,697	-	85,944
0540 Coliseum	74,906	176,714	-	251,620
0550 Libraries	360,120	-	-	360,120
0560 Senior Citizens Center	350,609	-	75,164	425,773
0570 Emergency Management	16,882	-	-	16,882
0590 4-H Rifle Barn	8,368	-	-	8,368
0610 Conservation	15,485	-	-	15,485
0660 Economic Opportunity	-	-	428,301	428,301
Capital Outlay:				
0800 Capital Outlay	673,802	-	1,708,241	2,382,043
Intergovernmental:				
0900 Intergovernmental	40,000	-	-	40,000

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

WARD COUNTY, TX
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

EXHIBIT C-3 (Cont'd)

Data Control Codes	General Fund	Building Const/Renov Fund	Other Funds	Total Governmental Funds
6030 Total Expenditures	17,914,047	259,631	4,428,205	22,601,883
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	10,553,969	(106,140)	(1,351,006)	9,096,823
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	5,600,000	3,234,908	8,834,908
8911 Transfers Out (Use)	(8,630,933)	-	(1,249,840)	(9,880,773)
7080 Total Other Financing Sources (Uses)	(8,630,933)	5,600,000	1,985,068	(1,045,865)
1200 Net Change in Fund Balances	1,923,036	5,493,860	634,062	8,050,958
0100 Fund Balance - January 1 (Beginning)	24,392,736	2,819,622	2,972,689	30,185,047
3000 Fund Balance - December 31 (Ending)	\$ 26,315,772	\$ 8,313,482	\$ 3,606,751	\$ 38,236,005

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, 2019

Total Net Change in Fund Balances - Governmental Funds	\$	8,050,958
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 2019 capital outlays and debt principal payments is to increase the change in net position.		4,011,326
The entries required by GASB 68 did require that some expenses on B-1 be adjusted. Total credits to expenses were \$2,761,267 and total debits to expenses were \$2,587,681. The net effect on the change in net position on Exhibit B-1 is an increase of \$173,586.		173,586
The entries required by GASB 75 to require that some expenses on B-1 be adjusted. Total credits to expenses were \$218,180 and total debits to expenses were \$1,141,736. The changes in the ending net position as a result of reporting the OPEB items was to decrease the change in net position.		(923,556)
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.		(2,074,489)
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.		7,738,881
Change in Net Position of Governmental Activities	\$	16,976,706

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

WARD COUNTY, TX
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 2,775,308
Due from Fiduciary Funds	68,212
Total Assets	<u>\$ 2,843,520</u>
LIABILITIES	
Accounts Payable	\$ 2,136
Due to Other Funds	678,854
Due to Fiduciary Funds	42,741
Due to Others	2,119,789
Total Liabilities	<u>\$ 2,843,520</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, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

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

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

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

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

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

All the County's funds held positive fund equity at December 31, 2019.

Note 3: DEPOSITS, INVESTMENTS AND SECURITIES

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of twelve months or less from the date of acquisition. The County's cash and cash equivalents were comprised of eight demand deposit accounts, twelve time deposits and forty-one TexPool accounts at December 31, 2019.

The total carrying amount of the County Treasurer's demand deposits at December 31, 2019 was \$1,573,793 and the bank balance was \$1,854,148. The County Treasurer's demand deposits at December 31, 2019, and during the year ended December 31, 2019, were covered by FDIC insurance and pledged collateral. Pledged securities and FDIC insurance exceeded the date of highest demand deposit on November 25, 2019 by \$8,031,993. The following is disclosed regarding coverage of combined balances on the date of highest demand deposit:

Bank	Highest Demand Deposit Balance	FMV of Securities Pledged	FDIC Insurance	Month
Tejas Bank	\$3,989,848	\$11,521,841	\$500,000	November 2019

The County held no in undeposited funds on December 31, 2019.

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, 2019 is provided by TexPool.

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

Note 3: DEPOSITS, INVESTMENTS AND SECURITIES – continued

The County’s cash equivalents held with TexPool at December 31, 2019 are shown below:

Name	Carrying Amount	Market Value
TexPool	\$39,341,067	\$39,341,067

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 November 25, 2019 demand deposits were adequately covered by pledged securities and FDIC insurance.

Foreign Currency Risk

The County has no investments or deposits of a foreign currency as of December 31, 2019.

Interest Rate Risk

The County has not been exposed to any interest rate risk as of December 31, 2019.

Concentration of Credit Risk

The County has not been exposed to any concentration of credit risk as of December 31, 2019.

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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	\$ 24,081,490	\$ -	\$ 24,081,490
Fines & Fees	4,422,293	-	4,422,293
Intergovernmental	-	10,705	10,705
Total Gross Receivables	28,503,783	10,705	28,514,488
Less: Allowance for Uncollectible Accounts			
Taxes	(433,467)	-	(433,467)
Fines & Fees	(4,013,157)	-	(4,013,157)
Net Total Receivables	<u>\$ 24,057,159</u>	<u>\$ 10,705</u>	<u>\$ 24,067,864</u>

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

Governmental Activities:

	Beginning Balance	Additions/ Adjustments	Retirements/ Adjustments	Ending Balance
Land	\$ 185,773	\$ -	\$ -	\$ 185,773
Buildings & Improvements	¹ 36,549,442	1,142,956	² (60,513)	37,631,885
Vehicles	2,234,979	402,884	(58,223)	2,579,640
Furniture, Machinery & Equipment	8,834,360	863,199	-	9,697,559
Infrastructure	5,354,450	12,144	-	5,366,594
Construction in Progress	193,429	2,548,623	(956,092)	1,785,960
Total General Fixed Assets	<u>53,346,237</u>	<u>4,969,806</u>	<u>(1,074,828)</u>	<u>57,247,411</u>
Less: Accumulated Depreciation				
	Beginning Balance	Additions/ Adjustments	Retirements/ Adjustments	Ending Balance
Buildings & Improvements	(10,350,926)	(924,115)	(51,997)	(11,223,044)
Vehicles	(1,508,964)	(193,434)	(35,697)	(1,666,701)
Machinery & Equipment	(5,828,042)	(689,167)	-	(6,517,209)
Infrastructure	(858,723)	(267,773)	-	(1,126,496)
Total Accumulated Depreciation	<u>(18,546,655)</u>	<u>(2,074,489)</u>	<u>(87,694)</u>	<u>(20,533,450)</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 34,799,582</u>	<u>\$ 2,895,317</u>	<u>\$ (1,162,522)</u>	<u>\$ 36,713,961</u>

¹Includes a prior period adjustment of \$6,196.

²Includes a prior period adjustment of \$8,515

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 5: CAPITAL ASSETS - continued

Depreciation expense was charged to governmental functions as follows:

10	General Government	\$ 47,546
12	Judicial	85,224
14	Elections	1,687
15	Financial Administration	89,463
16	Information Technology	20,166
17	Tax	61,799
18	Agri	22,715
19	Facilities	38,070
21	Sheriff	305,136
22	Fire Protection	1,483
23	Corrections	45,700
25	Jail	263,445
26	Public Safety	327
31	Highways & Streets	379,033
33	County Clerk	50,348
36	District Clerk	46,853
37	Justice of the Peace	85,631
38	County Attorney	51,960
39	Constable	6,597
42	EMS	162,910
49	Victims	9,510
51	Recreation	100,848
52	Parks	19,018
53	Museums	12,363
55	Libraries	57,254
56	Senior Citizens Center	60,545
57	Emergency Management	1,151
66	Economic Opportunity	<u>47,707</u>
	Total Depreciation	<u>\$ 2,074,489</u>

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 6: INTERFUND BALANCES AND TRANSFERS

Interfund balances at December 31, 2019 consisted of the following individual fund balances:

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund:			
Agency Funds	\$ 630,597	\$ -	Collections of fees not yet remitted
Special Revenue Funds	<u>5,245</u>	<u>-</u>	Unreimbursed Grant item
Total General Fund	<u>635,842</u>	<u>-</u>	
Special Revenue Funds:			
General Fund	-	5,245	Unreimbursed Grant item
Agency Fund	<u>22,787</u>	<u>-</u>	Collections of fees not yet remitted
Total Special Revenue Funds	<u>22,787</u>	<u>5,245</u>	
Agency Funds:			
General Fund	-	630,597	Collections of fees not yet remitted
Agency Fund	68,212	-	Collections of fees not yet remitted
Agency Fund	-	68,212	Collections of fees not yet remitted
Special Revenue Fund	<u>-</u>	<u>22,787</u>	Collections of fees not yet remitted
Total Agency Funds	<u>68,212</u>	<u>721,596</u>	
Total Due To's/Due From's	<u>\$ 726,841</u>	<u>\$ 726,841</u>	

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 6: INTERFUND BALANCES AND TRANSFERS - continued

Interfund Transfers consist of the following:

	Transfers In	Transfers Out	Purpose
Transfers from General Fund to:			
Special Revenue Fund	-	5,600,000	Funding for Construction/Renovations
Special Revenue Fund	-	1,800,000	Funding for Arena Construction
Hospital	-	1,045,865	Operating Transfers - Hospital
Special Revenue Fund	-	50,000	Operating Transfer - PCT 3 Road Funds
Special Revenue Fund	-	132,157	Operating Transfer- Juvenile Probation
Special Revenue Fund	-	44	Operating Transfer - Title IV-E/JPO
Special Revenue Fund	-	2,390	Operating Transfer - Hotel/Motel
Special Revenue Fund	-	477	Operating Transfer- Victims of Crime Act Fund
	<u>-</u>	<u>8,630,933</u>	
Transfers to/from Construction Fund from			
General Fund	5,600,000	-	Operating Transfer - General Fund
	<u>5,600,000</u>	<u>-</u>	
Transfers to Special Revenue Funds from:			
Special Revenue Fund	448,314	-	Operating Transfer - PCT 1 Road Funds
Special Revenue Fund	35,000	-	Operating Transfer - PCT 2 Road Funds
Special Revenue Fund	416,526	-	Operating Transfer - PCT 3 Road Funds
Special Revenue Fund	350,000	-	Operating Transfer - PCT 4 Road Funds
General Fund	1,800,000	-	Operating Transfer - Arena
General Fund	132,157	-	Operating Transfer - Juvenile Probation
General Fund	50,000	-	Operating Transfer - PCT 3 Road Funds
General Fund	477	-	Operating Transfer- Victims of Crime Act Fund
General Fund	44	-	Operating Transfer - Title IV-E/JPO
General Fund	2,390	-	Operating Transfer - Hotel/Motel
	<u>3,234,908</u>	<u>-</u>	
Transfers from Special Revenue Fund to:			
Special Revenue Fund	-	1,249,840	Operating Transfer - PCT 1, 2, 3, 4 Road Funds
	<u>-</u>	<u>1,249,840</u>	
Total transfers	\$ <u>8,834,908</u>	\$ <u>9,880,773</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 \$217,932; net other postemployment benefits obligation of \$15,026,600; and net pension liability of \$5,647,128. The balance for long-term obligations at December 31, 2019 was \$20,891,660.

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019, deferred inflows in the General Fund were comprised of the following:

	General Fund
Net Unrealized Property Taxes	\$ 23,778,741
Net Unrealized Fines & Penalties	278,418
Total Deferred Inflows	\$ 24,057,159

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 \$173,529 in property, general liability, and professional liability insurance premiums for the year ended December 31, 2019.

Health Insurance

For 2019, the County paid \$1,808,970 in health and dental insurance premiums.

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 \$19,689 for the year ended December 31, 2019. In addition the Commissioners contracted with Aero Care to cover the air transport for the residents of Ward County for one year in the amount of \$57,183.

Worker's Compensation

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

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 10: EMPLOYEES' RETIREMENT PLAN

Plan Description

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

At the measurement date, December 31, 2018, pension expense was as follows:

Service Cost	\$ 1,176,634
Interest on total pension liability	3,210,871
Effect on plan changes	-
Administrative Expenses	29,395
Member contributions	(574,999)
Expected investment return net of investment expenses	(3,012,391)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(61,112)
Recognition of assumption changes or inputs	163,771
Recognition of investment gains or losses	1,023,881
Other	<u>(9,931)</u>
Pension Expense	<u>\$ 1,946,119</u>

As of December 31, 2018, 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	\$ 146,861	\$ 399,835
Changes of assumptions	-	117,843
Net difference between projected and actual earnings	-	2,354,738
Contributions made subsequent to measurement date	N/A	1,680,207

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 10: EMPLOYEES' RETIREMENT PLAN - continued

The \$1,680,207 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$	1,008,473
2020		574,348
2021		402,497
2022		740,237
2023		-
Thereafter		-
<hr/>		
Total	\$	2,725,555

Plan Information

At December 31, 2018, the County had 168 current and 135 former employees and 107 retirees participating in the Plan.

Actuarial Assumptions

The actuarial assumptions that determine the total pension liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2013-December 31, 2016, except where required to be different by GASB 68.

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

Note 10: EMPLOYEES' RETIREMENT PLAN - continued

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	12.7 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment rate of return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: Employer contributions reflect that a 50% CPI COLA was adopted

*Only changes effective 2015 and later are shown in the Notes to Schedule

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 2019 information for a 10 year time horizon.

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

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
International Equities - Developed	MSCI World Ex USA (net) Index	10.00%	5.40%
International Equities - Emerging	MSCI Emerging Markets (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%
Total		100.00%	

⁽¹⁾ Target asset allocation adopted at the April 2019 TCDRS Board Meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.70%, per Cliffwater's 2019 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, 2019

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	\$ 47,340,692	\$ 42,244,611	\$ 37,907,941
Fiduciary net position	36,597,483	36,597,483	36,597,483
Net pension liability/(asset)	\$ 10,743,209	\$ 5,647,128	\$ 1,310,458

Note 11: POSTEMPLOYMENT HEALTHCARE BENEFITS

Description

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

Benefits

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

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

Note 11: POSTEMPLOYMENT HEALTHCARE BENEFITS continued

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

Employees covered by benefit terms

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

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

The OPEB Liability of \$15,026,600 was measured as of December 31, 2019.

Actuarial assumptions and other inputs

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

Valuation Timing	The valuation is performed at January 1, 2018 with measurements at December 31, 2018 and December 31, 2019.
Actuarial Cost Method	Entry Age Normal
Discount Rate ⁽¹⁾	December 31, 2018: 4.10% December 31, 2019: 2.74%
Inflation	December 31, 2018: 2.30% December 31, 2019: 2.20%
Salary Increases	Used the 2017 TCDRS report, varying on plan entry age. The rates from this report is compounded with the wage increase rate of 3.00% per year for the total salary increase rates.

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 11: POSTEMPLOYMENT HEALTHCARE BENEFITS continued

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

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

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 11: POSTEMPLOYMENT HEALTHCARE BENEFITS continued

Medical Inflation (Trend Assumption) The trend assumptions for medical, pharmacy costs, dental, and retiree premiums are summarized below:

Note: Medical Trend with Excise Tax and Health Insurer Fee is used to determine OPEB Expense. Medical Trend without Excise Tax and Health Insurer Fee is used to determine Net OPEB Liability.

Year	Without Excise Tax		With Excise Tax	
	Pre-65	Post-65	Pre-65	Post-65
2018	5.00%	4.60%	5.00%	4.60%
2019	8.30%	8.00%	8.30%	8.00%
2020	4.40%	4.20%	6.10%	5.90%
2021	5.50%	5.40%	5.50%	5.40%
2022	4.90%	4.90%	4.90%	4.90%
2023-2024	4.80%	4.80%	4.80%	4.80%
2025	4.70%	4.70%	4.70%	4.70%
2026	4.60%	4.60%	4.60%	4.60%
2027-2030	4.50%	4.50%	4.50%	4.50%
2031	4.50%	4.50%	4.60%	4.70%
2032-2035	4.50%	4.50%	4.70%	4.90%
2036	4.60%	4.50%	4.70%	4.90%
2037	4.60%	4.60%	5.30%	4.90%
2038	4.60%	4.60%	5.50%	4.90%
2039	4.60%	4.60%	5.50%	5.20%
2040-2041	4.60%	4.60%	5.50%	5.50%
2042-2043	4.60%	4.60%	5.40%	5.50%
2044	4.60%	4.60%	5.40%	5.40%
2045-4049	4.70%	4.70%	5.40%	5.40%
2050	4.60%	4.60%	5.30%	5.30%
2051-2052	4.60%	4.60%	5.20%	5.20%
2053	4.60%	4.50%	5.10%	5.10%
2054-2056	4.50%	4.50%	5.10%	5.10%
2057-2060	4.50%	4.50%	5.00%	5.00%
2061-2064	4.50%	4.50%	4.90%	4.90%
2065	4.40%	4.40%	4.80%	4.80%
2066	4.30%	4.30%	4.70%	4.70%
2067	4.20%	4.20%	4.60%	4.60%
2068	4.20%	4.20%	4.50%	4.50%
2069	4.10%	4.10%	4.40%	4.40%
2070	4.00%	4.00%	4.30%	4.30%
2071	4.00%	4.00%	4.20%	4.20%
2072	3.90%	3.90%	4.20%	4.20%
2073	3.80%	3.80%	4.10%	4.10%
2074-2095	3.80%	3.80%	4.00%	4.00%
2096+	3.80%	3.80%	3.90%	3.90%

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

Note 11: POSTEMPLOYMENT HEALTHCARE BENEFITS continued

Coverage Assumption	100% of active employees are assumed to elect coverage at retirement.
Marriage Assumptions	50% of members are assumed to elect spousal coverage at retirement. When provided, actual ages for spouses are used. Otherwise, it is assumed that female spouses are 3 years younger than male spouses.
Mortality	December 31, 2018: Sex Distinct RP-2000 Mortality projected forward with Scale BB December 31, 2019: Sex Distinct PubG.H-2010 projected forward (fully generational) with MP-2019. Pub-2010 tables for disabled lives and contingent survivors will also be used.
Retirement Rates	Used the December 2017 TCDRS Report.
Termination Rates	Used the 2017 TCDRS Report for the Middle Termination Group. Sample termination rates vary on plan entry age.
Disability	Used sample rates of disability from the 2017 TCDRS Report.
Changes in Actuarial Assumptions	
Medical Trend	With the passage on the SECURE Act on December 20, 2019, the excise tax on high-cost plans (also known as the "Cadillac Tax") was repealed; in addition, the act also repealed the health insurance provider fee (also known as the health insurance tax) and the medical excise tax. Accordingly, the medical trend assumptions for the December 31, 2019 measurement were updated to reflect the impact of these changes.
Mortality	The mortality assumptions were updated from sex distinct RP-2000 Mortality projected forward with Scale BB for the December 31, 2018 measurement date to sex distinct PubG.H-2010 projected forward (fully generational) with MP-2019 at the December 31, 2019 measurement date.
Discount Rate	The discount rate was updated from 4.10% at the December 31, 2018 measurement date to 2.74% at the December 31, 2019 measurement date.
Inflation Rate	The inflation rate was updated from 2.30% at the December 31, 2018 measurement date to 2.20% at the December 31, 2019 measurement date.

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

Note 11: POSTEMPLOYMENT HEALTHCARE BENEFITS continued

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

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.74%) or 1-percentage-point higher (3.74%):

	1% Decrease 1.74%	Current Discount Rate 2.74%	1% Increase 3.74%
Total OPEB Liability	\$ 17,575,650	\$ 15,026,600	\$ 12,972,545

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

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 12,445,538	\$ 15,026,600	\$ 18,388,840

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

For the year ended December 31, 2019, the County recognized OPEB expense related to retiree health insurance benefits of \$1,312,597.

At December 31, 2019, the County reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in Assumptions	(916,355)	1,306,642
Total	\$ (916,355)	\$ 1,306,642

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

Note 11: POSTEMPLOYMENT HEALTHCARE BENEFITS continued

\$0 reported as deferred outflows of resources related to retiree health insurance benefits resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability as of December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Net deferred outflows/(inflows) of resources
2020	\$ 85,690
2021	85,690
2022	85,690
2023	85,690
2024	47,527
Thereafter*	-
Total	\$ 390,287

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

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, 2019 were \$16,055 and \$1,665,511, respectively.

WARD COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

Note 12: DEFERRED COMPENSATION PLAN

Nationwide Retirement Solutions

Beginning Balance, January 1, 2019	Contributions and Market Gains	Withdrawals, Fees and Market Losses	Ending Balance, December 31, 2019
\$ 14,818	\$ 1,237	\$ -	\$ 16,055

MassMutual

Beginning Balance, January 1, 2019	Contributions and Market Gains	Withdrawals and Market Losses	Ending Balance, December 31, 2019
\$1,315,624	\$389,897	(\$40,011)	\$1,665,510

WARD COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 2019 the County Judge earned \$2,278 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, 2019

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	\$ -	\$ 150,342	\$ -	\$ 150,342
Child Abuse Prevention	-	-	28	28
Federal & County Prisoner Revenue	-	-	1,365	1,365
Indigent Defense Grant - TX Task for on Indigent Defense	-	13,620	-	13,620
LEOSE Funds	-	-	3,702	3,702
State of Texas - Lateral Road Funds	-	-	11,376	11,376
State of Texas - Salary Supplements	-	-	65,226	65,226
State of Texas - State Juror Reimbursement Fee	-	-	6,188	6,188
Texas J-RAC pass through revenues to EMS	-	14,863	-	14,863
Texas Juvenile Probation Commission Funds	-	304,843	-	304,843
Title XX Meals on Wheels	-	-	27,291	27,291
STAR	-	-	1,126	1,126
Tobacco Settlement	-	-	45,112	45,112
Stonegarden Grant	76,412	-	-	76,412
Victims of Crime Acts Formula Grant Program	68,631	-	-	68,631
Congregate Meals, Home Delivered Meals & Cash Payments in Lieu of Donated Commodities - DHHS and Department of Agriculture	75,164	-	-	75,164
TOTALS	\$ 220,207	\$ 483,668	\$ 161,414	\$ 865,289

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, 2019

Note 16: PRIOR PERIOD ADJUSTMENT

The County had the following prior-period adjustment in 2019:

	Exhibit B-1	Exhibit C-3
Capital expenditures not identified in the prior year	\$ 6,196	\$ -
Repair that was capitalized in the prior year	(8,515)	-
	\$ (2,319)	\$ -

WARD COUNTY, TX
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
Taxes:					
5110	Property Taxes	\$ 21,820,978	\$ 21,820,978	\$ 24,800,948	\$ 2,979,970
5120	General Sales and Use Taxes	85,000	85,000	105,763	20,763
5200	Licenses and Permits	341,000	341,000	377,077	36,077
5300	Intergovernmental Revenue and Grants	194,389	194,389	146,374	(48,015)
5400	Charges for Services	519,254	519,254	694,342	175,088
5416	General Government Charges for Services	87,000	87,000	97,250	10,250
5456	Patient Revenue	400,000	400,000	359,284	(40,716)
5472	Swimming Pool Fees	34,000	34,000	44,156	10,156
5476	Library Use Fees	7,000	7,000	9,526	2,526
5479	Facilities Receipts	60,000	60,000	147,524	87,524
5510	Fines	515,000	515,000	741,250	226,250
5520	Forfeits	-	-	3,125	3,125
5610	Investment Earnings	347,000	347,000	633,105	286,105
5620	Rents and Royalties	15,000	15,000	63,459	48,459
5640	Contributions & Donations from Private Sources	500	8,352	49,573	41,221
5700	Other Revenue	27,200	27,200	195,260	168,060
5020	Total Revenues	24,453,321	24,461,173	28,468,016	4,006,843
EXPENDITURES:					
Current:					
0100	General Government	3,977,316	4,614,338	4,039,269	575,069
0120	Judicial	504,545	504,545	460,752	43,793
0140	Elections	30,306	30,306	9,113	21,193
0150	Financial Administration	453,556	456,599	459,488	(2,889)
0160	Courthouse	143,963	143,963	114,079	29,884
0170	Tax Assessor/Collector	366,372	366,372	357,628	8,744
0180	Agricultural Extension Unit	181,706	181,706	120,834	60,872
0190	Home Agent	224,366	198,667	202,483	(3,816)
0210	Sheriff	1,959,158	2,001,132	1,983,767	17,365
0220	Fire Protection	412,271	976,271	726,766	249,505
0230	Corrections	32,643	36,068	26,891	9,177
0250	Jail	1,773,332	1,800,151	1,814,307	(14,156)
0260	Department of Public Safety	14,963	14,963	3,605	11,358
0310	Highways & Streets	2,028,038	2,070,365	2,034,956	35,409
0330	County Clerk	293,395	293,395	268,321	25,074
0360	District Clerk	266,455	266,455	242,104	24,351
0370	Justice of the Peace	445,693	456,267	449,223	7,044
0380	County Attorney	413,611	413,611	408,219	5,392
0390	Constable	48,870	48,870	36,721	12,149
0410	Health	175,000	175,000	142,454	32,546
0420	EMS	1,129,407	1,245,407	1,106,149	139,258
0440	Indigent Welfare	41,450	41,450	40,231	1,219
0450	Indigent Legal Care	198,000	253,000	181,895	71,105
0510	Community Center	887,920	1,040,650	880,583	160,067
0520	Parks	209,100	216,075	201,790	14,285
0530	Museums	64,908	65,521	62,247	3,274
0540	Coliseum	74,500	81,231	74,906	6,325
0550	Libraries	385,720	394,949	360,120	34,829
0560	Senior Citizens Center	316,503	353,503	350,609	2,894
0570	Emergency Management	14,983	17,383	16,882	501
0590	4-H Rifle Barn	8,500	9,100	8,368	732
0610	Conservation	17,120	17,820	15,485	2,335
Capital Outlay:					

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, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
0800 Capital Outlay	600,000	840,281	673,802	166,479
Intergovernmental:				
0900 Intergovernmental	40,000	40,000	40,000	-
6030 Total Expenditures	17,733,670	19,665,414	17,914,047	1,751,367
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	6,719,651	4,795,759	10,553,969	5,758,210
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	700,000	700,000	-	(700,000)
8911 Transfers Out (Use)	(7,560,000)	(9,304,550)	(8,630,933)	673,617
7080 Total Other Financing Sources (Uses)	(6,860,000)	(8,604,550)	(8,630,933)	(26,383)
1200 Net Change in Fund Balances	(140,349)	(3,808,791)	1,923,036	5,731,827
0100 Fund Balance - January 1 (Beginning)	24,392,736	24,392,736	24,392,736	-
3000 Fund Balance - December 31 (Ending)	<u>\$ 24,252,387</u>	<u>\$ 20,583,945</u>	<u>\$ 26,315,772</u>	<u>\$ 5,731,827</u>

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

Ward County, Texas
Notes to Required Supplementary Information
December 31, 2019

Budgetary Information

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

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

WARD COUNTY, TX
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
A. Total Pension Liability		
Service Cost	\$ 1,176,634	\$ 1,220,849
Interest (on the Total Pension Liability)	3,210,871	2,918,183
Changes of Benefit Terms	-	750,512
Difference between Expected and Actual Experience	342,347	286,149
Changes of Assumptions	-	235,686
Benefit Payments, Including Refunds of Employee Contributions	(1,861,743)	(1,649,829)
Net Change in Total Pension Liability	\$ 2,868,109	\$ 3,761,550
Total Pension Liability - Beginning	39,376,502	35,614,953
Total Pension Liability - Ending	\$ 42,244,611	\$ 39,376,503
B. Total Fiduciary Net Position		
Contributions - Employer	\$ 1,495,065	\$ 983,921
Contributions - Employee	574,999	530,617
Net Investment Income	(688,791)	4,743,948
Benefit Payments, Including Refunds of Employee Contributions	(1,861,743)	(1,649,829)
Administrative Expense	(29,395)	(24,671)
Other	9,933	(2,046)
Net Change in Plan Fiduciary Net Position	\$ (499,932)	\$ 4,581,940
Plan Fiduciary Net Position - Beginning	37,097,415	32,515,475
Plan Fiduciary Net Position - Ending	\$ 36,597,483	\$ 37,097,415
C. Net Pension Liability	\$ 5,647,128	\$ 2,279,088
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.63%	94.21%
E. Covered Payroll	\$ 8,214,265	\$ 7,580,245
F. Net Pension Liability as a Percentage of Covered Payroll	68.75%	30.07%

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

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

	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
\$	1,289,562	\$ 1,065,573	\$ 1,025,795
	2,725,435	2,564,982	2,389,344
	-	(200,349)	-
	(587,442)	(285,504)	122,990
	-	419,397	-
	(1,623,814)	(1,548,884)	(1,446,422)
\$	1,803,741	\$ 2,015,215	\$ 2,091,707
	33,811,212	31,795,998	29,704,291
\$	35,614,953	\$ 33,811,213	\$ 31,795,998
\$	1,158,941	\$ 1,440,837	\$ 1,427,366
	528,891	511,730	466,347
	2,248,196	(408,425)	1,882,931
	(1,623,814)	(1,548,884)	(1,446,422)
	(24,441)	(21,868)	(22,466)
	(124,605)	29,578	116,532
\$	2,163,168	\$ 2,968	\$ 2,424,288
	30,352,307	30,349,338	27,925,050
\$	32,515,475	\$ 30,352,306	\$ 30,349,338
\$	3,099,478	\$ 3,458,907	\$ 1,446,660
	91.30%	89.77%	95.45%
\$	7,555,592	\$ 7,310,432	\$ 6,662,106
	41.02%	47.31%	21.71%

WARD COUNTY, TX
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE FISCAL YEAR 2019

	2019	2018	2017
Actuarially Determined Contribution	\$ 1,145,065	\$ 965,723	\$ 908,941
Contributions in Relation to the Actuarially Determined Contributions	1,495,065	983,921	1,158,941
Contribution Deficiency (Excess)	<u>\$ (350,000)</u>	<u>\$ (18,198)</u>	<u>\$ (250,000)</u>
Covered Payroll	\$ 8,214,265	\$ 7,580,245	\$ 7,555,592
Contributions as a Percentage of Covered Payroll	18.20%	13.00%	15.30%

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

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

2016	2015	2014	2013	2012	2011	2010
\$ 940,837	\$ 927,366	\$ 881,225	\$ 816,290	\$ 761,260	\$ 774,401	\$ 693,266
1,440,837	1,427,366	1,181,255	1,116,288	1,061,259	1,074,401	993,266
\$ (500,000)	\$ (500,000)	\$ (300,030)	\$ (299,998)	\$ (299,999)	\$ (300,000)	\$ (300,000)
\$ 7,310,432	\$ 6,662,106	\$ 6,218,945	\$ 5,814,033	\$ 5,693,796	\$ 5,449,690	\$ 5,236,145
19.70%	21.40%	19.00%	19.20%	18.60%	19.70%	19.00%

WARD COUNTY, TX
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
Total OPEB Liability		
Service Cost	\$ 690,773	\$ 779,013
Interest on the Total OPEB Liability	536,134	469,814
Changes of Benefit Terms	-	-
Difference between Expected and Actual Experience	-	-
Changes of Assumptions	1,610,512	(1,352,715)
Benefit Payments*	(389,041)	(389,269)
Net Change in Total OPEB Liability	2,448,378	(493,157)
Total OPEB Liability - Beginning	12,578,222	13,071,379
Total OPEB Liability - Ending	\$ 15,026,600	\$ 12,578,222
Covered Payroll	\$ 7,596,040	\$ 7,374,796
Total OPEB Liability as a Percentage of Covered Payroll	197.82%	170.56%

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

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

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

Notes to the Schedule of Contributions

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Entry Age
Amortization Method:	Level percentage of payroll, closed.
Remaining Amortization Period:	12.7 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method:	5-year smoothed market
Inflation:	2.75%
Salary Increases:	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return:	8.00%, net of administrative and investment expenses, including inflation
Retirement Age:	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality:	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	<p>2015: New inflation, mortality and other assumptions were reflected.</p> <p>2017: New mortality assumptions were reflected.</p>
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	<p>2015: No changes in plan provisions were reflected in the Schedule.</p> <p>2016: No changes in plan provisions were reflected in the Schedule.</p> <p>2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.</p> <p>2018: Employer contributions reflect that a 50% CPI COLA was adopted.</p>

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

COMBINING STATEMENTS OF NON-MAJOR
GOVERNMENTAL FUNDS

WARD COUNTY, TX
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2019

Data Control Codes	200 Title XX Delivered Meals	201 STAR Fund	202 LEOSE Training Funds
ASSETS			
1010 Cash and Cash Equivalents	\$ -	\$ -	\$ 12,879
1260 Due from Other Governments	-	-	-
1300 Due from Fiduciary Funds	-	-	-
1000 Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,879</u>
LIABILITIES			
2010 Accounts Payable	\$ -	\$ -	\$ 50
2020 Wages and Salaries Payable	-	-	-
2080 Due to Other Funds	-	-	-
2000 Total Liabilities	<u>-</u>	<u>-</u>	<u>50</u>
FUND BALANCES			
3260 Restricted for Commissary	-	-	-
3290 Other Restricted Fund Balance	-	-	12,829
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>12,829</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,879</u>

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

216 Lateral Road Fund	217 Farm to Market Road Fund	219 Border Prosecution Grant Fund	221 Holman House Fund	222 Check Fees Fund	224 Sheriff's State Forf Fund	229 Records & Preservation Fund	230 Courthouse Security Fund
\$ 33,683	\$ 1,533,489	\$ -	\$ 23,996	\$ 289	\$ 132,438	\$ 33,218	\$ 106,444
-	-	-	-	-	-	-	-
-	1,656	-	-	45	-	599	1,716
<u>\$ 33,683</u>	<u>\$ 1,535,145</u>	<u>\$ -</u>	<u>\$ 23,996</u>	<u>\$ 334</u>	<u>\$ 132,438</u>	<u>\$ 33,817</u>	<u>\$ 108,160</u>
\$ -	\$ 6,082	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	6,082	-	-	-	-	-	-
-	-	-	-	-	-	-	-
33,683	1,529,063	-	23,996	334	132,438	33,817	108,160
<u>33,683</u>	<u>1,529,063</u>	<u>-</u>	<u>23,996</u>	<u>334</u>	<u>132,438</u>	<u>33,817</u>	<u>108,160</u>
<u>\$ 33,683</u>	<u>\$ 1,535,145</u>	<u>\$ -</u>	<u>\$ 23,996</u>	<u>\$ 334</u>	<u>\$ 132,438</u>	<u>\$ 33,817</u>	<u>\$ 108,160</u>

WARD COUNTY, TX
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2019

Data Control Codes	232 Juvenile Probation Fund	234 County Clerk Records M&P Fund	235 Court Reporter Service Fund	237 County Attorney Pretrial Fund
ASSETS				
1010 Cash and Cash Equivalents	\$ 71,116	\$ 100,009	\$ 5,339	\$ 35,279
1260 Due from Other Governments	-	-	-	-
1300 Due from Fiduciary Funds	-	6,325	315	4,120
1000 Total Assets	<u>\$ 71,116</u>	<u>\$ 106,334</u>	<u>\$ 5,654</u>	<u>\$ 39,399</u>
LIABILITIES				
2010 Accounts Payable	\$ 214	\$ -	\$ -	\$ 602
2020 Wages and Salaries Payable	-	-	-	144
2080 Due to Other Funds	-	-	-	-
2000 Total Liabilities	<u>214</u>	<u>-</u>	<u>-</u>	<u>746</u>
FUND BALANCES				
3260 Restricted for Commissary	-	-	-	-
3290 Other Restricted Fund Balance	70,902	106,334	5,654	38,653
3000 Total Fund Balances	<u>\$ 70,902</u>	<u>\$ 106,334</u>	<u>\$ 5,654</u>	<u>\$ 38,653</u>
4000 Total Liabilities and Fund Balances	<u>\$ 71,116</u>	<u>\$ 106,334</u>	<u>\$ 5,654</u>	<u>\$ 39,399</u>

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

239 JP Court Technology Fund	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
\$ 40,714	\$ 30,646	\$ -	\$ 488,838	\$ 6,977	\$ 9,576	\$ 38,486	\$ 217
-	-	-	-	-	4,974	-	-
1,251	-	-	6,310	110	-	305	-
<u>\$ 41,965</u>	<u>\$ 30,646</u>	<u>\$ -</u>	<u>\$ 495,148</u>	<u>\$ 7,087</u>	<u>\$ 14,550</u>	<u>\$ 38,791</u>	<u>\$ 217</u>
\$ 137	\$ -	\$ -	\$ -	\$ -	\$ 154	\$ -	\$ -
-	1,919	-	-	-	1,419	-	-
-	-	-	-	-	-	-	-
<u>137</u>	<u>1,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,573</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
41,828	28,727	-	495,148	7,087	12,977	38,791	217
<u>41,828</u>	<u>28,727</u>	<u>-</u>	<u>495,148</u>	<u>7,087</u>	<u>12,977</u>	<u>38,791</u>	<u>217</u>
<u>\$ 41,965</u>	<u>\$ 30,646</u>	<u>\$ -</u>	<u>\$ 495,148</u>	<u>\$ 7,087</u>	<u>\$ 14,550</u>	<u>\$ 38,791</u>	<u>\$ 217</u>

WARD COUNTY, TX
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2019

Data Control Codes	248 Co/Dist Court Technology Fund	249 Co/Dist Disaster Preserv Fund	250 Hotel/Motel Tax Fund	251 Truancy Court Fund
ASSETS				
1010 Cash and Cash Equivalents	\$ 4,425	\$ 7,798	\$ 384,264	\$ 3,551
1260 Due from Other Governments	-	-	-	-
1300 Due from Fiduciary Funds	15	20	-	-
1000 Total Assets	<u>\$ 4,440</u>	<u>\$ 7,818</u>	<u>\$ 384,264</u>	<u>\$ 3,551</u>
LIABILITIES				
2010 Accounts Payable	\$ -	\$ -	\$ -	\$ -
2020 Wages and Salaries Payable	-	-	9,669	-
2080 Due to Other Funds	-	-	-	-
2000 Total Liabilities	<u>-</u>	<u>-</u>	<u>9,669</u>	<u>-</u>
FUND BALANCES				
3260 Restricted for Commissary	-	-	-	-
3290 Other Restricted Fund Balance	4,440	7,818	374,595	3,551
3000 Total Fund Balances	<u>4,440</u>	<u>7,818</u>	<u>374,595</u>	<u>3,551</u>
4000 Total Liabilities and Fund Balances	<u>\$ 4,440</u>	<u>\$ 7,818</u>	<u>\$ 384,264</u>	<u>\$ 3,551</u>

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

255 Stonegarden Grant Fund	260 Arena Fund	267 Sheriff's Commissary Fund	282 Archives Donations Fund	291 PCT 1 Road Funds	292 PCT 2 Road Funds	293 PCT 3 Road Funds	294 PCT 4 Road Funds
\$ -	\$ 94,891	\$ 1,395	\$ 1,528	\$ 194,235	\$ 35,610	\$ 178,983	\$ 8,396
5,731	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 5,731</u>	<u>\$ 94,891</u>	<u>\$ 1,395</u>	<u>\$ 1,528</u>	<u>\$ 194,235</u>	<u>\$ 35,610</u>	<u>\$ 178,983</u>	<u>\$ 8,396</u>
\$ -	\$ 2,634	\$ -	\$ -	\$ 14,210	\$ -	\$ 2,485	\$ -
486	-	-	-	-	-	-	-
5,245	-	-	-	-	-	-	-
<u>5,731</u>	<u>2,634</u>	<u>-</u>	<u>-</u>	<u>14,210</u>	<u>-</u>	<u>2,485</u>	<u>-</u>
-	-	1,395	-	-	-	-	-
-	92,257	-	1,528	180,025	35,610	176,498	8,396
-	92,257	1,395	1,528	180,025	35,610	176,498	8,396
<u>\$ 5,731</u>	<u>\$ 94,891</u>	<u>\$ 1,395</u>	<u>\$ 1,528</u>	<u>\$ 194,235</u>	<u>\$ 35,610</u>	<u>\$ 178,983</u>	<u>\$ 8,396</u>

WARD COUNTY, TX
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2019

Data Control Codes	299 Title III Part C Fund	Total Nonmajor Governmental Funds
ASSETS		
1010 Cash and Cash Equivalents	\$ -	\$ 3,618,709
1260 Due from Other Governments	-	10,705
1300 Due from Fiduciary Funds	-	22,787
1000 Total Assets	<u>\$ -</u>	<u>\$ 3,652,201</u>
LIABILITIES		
2010 Accounts Payable	\$ -	\$ 26,568
2020 Wages and Salaries Payable	-	13,637
2080 Due to Other Funds	-	5,245
2000 Total Liabilities	<u>-</u>	<u>45,450</u>
FUND BALANCES		
3260 Restricted for Commissary	-	1,395
3290 Other Restricted Fund Balance	-	3,605,356
3000 Total Fund Balances	<u>-</u>	<u>3,606,751</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 3,652,201</u>

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

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, 2019

	BALANCE JANUARY 1 2018	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2019
SHERIFF'S TRUST ACCOUNT				
Assets:				
Cash and Cash Equivalents	\$ 6,930	\$ 29,399	\$ 35,144	\$ 1,185
Liabilities:				
Due to Other Funds	\$ -	\$ 1,185	\$ -	\$ 1,185
Due to Other Governments	930	3,945	4,875	-
Due to Others	6,000	24,269	30,269	-
Total Liabilities	<u>\$ 6,930</u>	<u>\$ 29,399</u>	<u>\$ 35,144</u>	<u>\$ 1,185</u>
SHERIFF'S INMATE ACCOUNT				
Assets:				
Cash and Cash Equivalents	\$ 15,463	\$ 88,532	\$ 84,969	\$ 19,026
Liabilities:				
Due to Others	\$ 15,463	\$ 88,532	\$ 84,969	\$ 19,026
TAX COLLECTOR'S				
Assets:				
Cash and Cash Equivalents	\$ 795,816	\$ 61,690,711	\$ 61,520,163	\$ 966,364
Liabilities:				
Due to Other Funds	\$ 700,546	\$ 54,305,494	\$ 54,492,659	\$ 513,381
Due to Others	95,270	7,385,217	7,027,504	452,983
Total Liabilities	<u>\$ 795,816</u>	<u>\$ 61,690,711</u>	<u>\$ 61,520,163</u>	<u>\$ 966,364</u>
COUNTY CLERK ACCOUNTS				
Assets:				
Cash and Cash Equivalents	\$ 113,309	\$ 778,128	\$ 762,721	\$ 128,716
Due From Other Funds	-	4,554	-	4,554
Total Assets	<u>\$ 113,309</u>	<u>\$ 782,682</u>	<u>\$ 762,721</u>	<u>\$ 133,270</u>
Liabilities:				
Due to Other Funds	\$ 51,002	\$ 350,247	\$ 352,932	\$ 48,317
Due to Others	62,307	432,435	409,789	84,953
Total Liabilities	<u>\$ 113,309</u>	<u>\$ 782,682</u>	<u>\$ 762,721</u>	<u>\$ 133,270</u>
DISTRICT CLERK ACCOUNTS				
Assets:				
Cash and Cash Equivalents	\$ 3,142,204	\$ 3,743,943	\$ 6,222,770	\$ 663,377
Due From Other Funds	-	330	-	330
Total Assets	<u>\$ 3,142,204</u>	<u>\$ 3,744,273</u>	<u>\$ 6,222,770</u>	<u>\$ 663,707</u>
Liabilities:				
Due to Other Funds	\$ 10,571	\$ 12,596	\$ 13,945	\$ 9,222
Due to Others	3,131,633	3,731,677	6,208,825	654,485
Total Liabilities	<u>\$ 3,142,204</u>	<u>\$ 3,744,273</u>	<u>\$ 6,222,770</u>	<u>\$ 663,707</u>

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, 2019

	BALANCE JANUARY 1 2018	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2019
COMMUNITY SUPERVISION CORRECTIONS				
Assets:				
Cash and Cash Equivalents	\$ 71,550	\$ 781,182	\$ 780,035	\$ 72,697
Liabilities:				
Due to Other Funds	\$ 30,422	\$ 332,147	\$ 331,048	\$ 31,521
Due to Others	41,128	449,035	448,987	41,176
Total Liabilities	\$ 71,550	\$ 781,182	\$ 780,035	\$ 72,697
CSCD/PRETRIAL FUND				
Assets:				
Cash and Cash Equivalents	\$ 71,469	\$ 77,250	\$ 94,572	\$ 54,147
Liabilities:				
Due to Others	\$ 71,469	\$ 77,250	\$ 94,572	\$ 54,147
ADULT PROBATION FUND				
Assets:				
Cash and Cash Equivalents	\$ 313,389	\$ 1,434,035	\$ 1,415,202	\$ 332,222
Due From Other Funds	26,618	24,556	26,618	24,556
Total Assets	\$ 340,007	\$ 1,458,591	\$ 1,441,820	\$ 356,778
Liabilities:				
Due to Others	\$ 340,007	\$ 1,458,591	\$ 1,441,820	\$ 356,778
TAX ACCOUNT				
Assets:				
Cash and Cash Equivalents	\$ 31,257	\$ 30,170	\$ 32,907	\$ 28,520
Liabilities:				
Due to Others	\$ 31,257	\$ 30,170	\$ 32,907	\$ 28,520
EVENT CENTER				
Assets:				
Cash and Cash Equivalents	\$ -	\$ 6,250	\$ 3,600	\$ 2,650
Liabilities:				
Due to Other Funds	\$ -	\$ 6,250	\$ 3,600	\$ 2,650
DA FORFEITURE FUND				
Assets:				
Cash and Cash Equivalents	\$ 28,674	\$ 234,941	\$ 74,369	\$ 189,246
Liabilities:				
Accounts Payable	\$ -	\$ 1,888	\$ -	\$ 1,888
Due to Others	28,674	233,053	74,369	187,358
Total Liabilities	\$ 28,674	\$ 234,941	\$ 74,369	\$ 189,246

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, 2019

	BALANCE JANUARY 1 2018	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2019
DA PRETRIAL FUND				
Assets:				
Cash and Cash Equivalents	\$ 17,551	\$ 16,300	\$ 8,562	\$ 25,289
Liabilities:				
Due to Others	\$ 17,551	\$ 16,300	\$ 8,562	\$ 25,289
JUVENILE PROBATION FEES				
Assets:				
Cash and Cash Equivalents	\$ 240	\$ 16,779	\$ 16,794	\$ 225
Liabilities:				
Due to Other Funds	\$ 220	\$ -	\$ 220	\$ -
Due to Others	20	16,779	16,574	225
Total Liabilities	\$ 240	\$ 16,779	\$ 16,794	\$ 225
FLEXIBLE SPENDING FUND				
Assets:				
Cash and Cash Equivalents	\$ 14,389	\$ 7,131	\$ 10,838	\$ 10,682
Liabilities:				
Due to Others	\$ 14,389	\$ 7,131	\$ 10,838	\$ 10,682
STATE COURT COSTS				
Assets:				
Cash and Cash Equivalents	\$ 117,663	\$ 509,122	\$ 509,671	\$ 117,114
Due From Other Funds	26,263	38,372	26,263	38,372
Total Assets	\$ 143,926	\$ 547,494	\$ 535,934	\$ 155,486
Liabilities:				
Accounts Payable	\$ -	\$ 248	\$ -	\$ 248
Due to Other Funds	9,561	32,626	9,561	32,626
Due to Others	134,365	514,868	526,621	122,612
Total Liabilities	\$ 143,926	\$ 547,742	\$ 536,182	\$ 155,486
JP FEE FUND				
Assets:				
Cash and Cash Equivalents	\$ 57,957	\$ 1,171,272	\$ 1,147,802	\$ 81,427
Liabilities:				
Due to Other Funds	\$ 57,889	\$ 1,168,372	\$ 1,147,734	\$ 78,527
Due to Others	68	2,900	68	2,900
Total Liabilities	\$ 57,957	\$ 1,171,272	\$ 1,147,802	\$ 81,427
COUNTY ATTORNEY'S TRUST				
Assets:				
Cash and Cash Equivalents	\$ 11,257	\$ 24,538	\$ 20,213	\$ 15,582
Due From Other Funds	-	370	-	370

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, 2019

	BALANCE JANUARY 1 2018	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2019
Total Assets	\$ 11,257	\$ 24,908	\$ 20,213	\$ 15,952
Liabilities:				
Due to Other Funds	\$ 4,250	\$ 9,264	\$ 9,349	\$ 4,165
Due to Others	7,007	15,274	10,494	11,787
Total Liabilities	\$ 11,257	\$ 24,538	\$ 19,843	\$ 15,952
WARD COUNTY SENIOR CITIZENS				
Assets:				
Cash and Cash Equivalents	\$ 6,643	\$ 196,859	\$ 168,376	\$ 35,126
Liabilities:				
Due to Others	\$ 6,643	\$ 196,859	\$ 168,376	\$ 35,126
VICTIM'S ASSISTANCE FUND				
Assets:				
Cash and Cash Equivalents	\$ 41,376	\$ 14,932	\$ 24,595	\$ 31,713
Due From Other Funds	161	30	161	30
Total Assets	\$ 41,537	\$ 14,962	\$ 24,756	\$ 31,743
Liabilities:				
Due to Others	\$ 41,537	\$ 14,962	\$ 24,756	\$ 31,743
TOTAL AGENCY FUNDS				
Assets:				
Cash and Cash Equivalents	\$ 4,857,137	\$ 70,851,474	\$ 72,933,303	\$ 2,775,308
Due From Other Funds	53,042	68,212	53,042	68,212
Total Assets	\$ 4,910,179	\$ 70,919,686	\$ 72,986,345	\$ 2,843,520
Liabilities:				
Accounts Payable	\$ -	\$ 2,136	\$ -	\$ 2,136
Due to Other Funds	864,461	56,218,181	56,361,048	721,594
Due to Other Governments	930	3,945	4,875	-
Due to Others	4,044,788	14,695,302	16,620,300	2,119,790
Total Liabilities	\$ 4,910,179	\$ 70,919,564	\$ 72,986,223	\$ 2,843,520

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, 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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 30, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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
June 30, 2020

WARD COUNTY, TEXAS
SCHEDULE OF STATUS OF PRIOR FINDINGS
YEAR ENDED DECEMBER 31, 2019

A. Auditor's Review of Prior Year Findings

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

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

This appears to have been corrected in 2019.

WARD COUNTY, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2019

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

No findings.