



Wise Co

(General Obligation Debt)

Wise County

Texas Municipal Reports

Last Revised: 11/29/2016

TMR # 0249

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FINANCIAL STATEMENT

SEE TEXAS MUNICIPAL REPORT #0408 FOR LEASE REVENUE BONDS OF THE COUNTY.

FINANCIAL STATEMENT (As of September 30, 2015)

Table with 2 columns: Description and Amount. Rows include Net Taxable Assessed Valuation, Total General Obligation Debt, Less: Self-Supporting (a) Service Center, GO Debt payable from Ad Valorem Taxes, Less: I&S Fund, and Net Debt.

(a) The September 30, 2015 Audit reports the following General Obligation Debt being paid from revenues other than ad valorem taxes; thus considered self-supporting.

Net Debt Per Net Taxable Assessed Valuation - 0.00%
Net Debt Per Sq mile - \$0.00
Net Debt Per Capita - \$0.00

Net Taxable Assessed Valuation Per Capita - \$101,352.66

Bureau of Census Pop: 2000 - 48,793
Bureau of Census Pop: 2010 - 59,127
2015 Estimated Population - 61,638
Area: 922.00 Sq mile

PAYMENT RECORD: The County temporarily defaulted on Road and Bridge Obligations in 1933 but corrected it without refunding.

WISE COUNTY LEASE REVENUE DEBT (As of September 30, 2015)
Lease Revenue Bonds \$28,625,000

MATERIAL INFORMATION:

MATERIAL EVENT NOTICE (As of February 3, 2014) Standard & Poor's Ratings Services (S&P) raised its issuer credit rating on the County one notch to AA from AA- based on S&P's local general obligation criteria. The outlook is stable. The rating reflects S&P's opinion of the following factors for the County...

TAX DATA

Table with 7 columns: Tax Year, A.V.\*, Tax Rate, Adjusted Levy, % Collections Current, % Collections Total, Year Ended. Rows show data from 2010 to 2016.

\* Fluctuations in the assessed valuation has been largely attributed to changes in mineral values and related changes in drilling activity, the amount of oil

and natural gas produced from new and existing wells and levels of economic activity associated with such drilling and mineral production.

Table with 5 columns: Tax Rate Distribution, 2016, 2015, 2014, 2013. Rows include Operations and F/M Road.

Tax Rate Limitation:

Limited Tax Bonds. Texas Constitution (Art. VIII, Sec. 9) imposes limit of \$0.80 per \$100 assessed valuation for all purposes of General Fund, Permanent Improvement Fund, Road & Bridge Fund and Jury Fund...

Road Maintenance. Imposed by County Road and Bridge Act, \$0.15 per \$100 assessed valuation, no part of which may be used for debt service.

Farm-to-Market and/or Flood Control. Imposed by County Road and Bridge Act, \$0.30 per \$100 assessed valuation after exemption of homesteads up to \$3,000; by local referendum. No allocation prescribed by statute between debt service and maintenance.

The County participates in two separate Tax Increment Financing Districts with a combined captured appraised value of \$18,522,426 for the 2016 Tax Year.

SALES TAX

Optional Sales Tax. Texas Counties have the option of assessing a 1/2 cent sales tax if approved by the voters in a local option election. If the tax is approved, then the County must reduce its property tax rate accordingly.

Table with 5 columns: Calendar Year, Rate, Total Collected, % of Ad Val Tax Levy, Equiv of Ad Val Tax Rate. Rows show data for 2012, 2013, 2014, and 2015.

DETAILS OF OUTSTANDING DEBT

Details of Limited Tax Debt (Outstanding 9/30/2015)

Tax Notes Ser 2014

Tax Treatment: Tax Exempt
Original Issue Amount: \$14,335,000.00
Dated Date: 02/15/2014
Sale Date: 02/10/2014
Delivery Date: 03/11/2014
Sale Type: Negotiated
Record Date: MSRB
Bond Form: BE
Denomination: \$5,000
Interest pays: Semi-Annually: 08/15, 02/15
1st Coupon Date: 02/15/2015

Paying Agent: US Bank N.A., Dallas, TX
Bond Counsel: McCall Parkhurst & Horton L.L.P.
Financial Advisor: Southwest Securities, Dallas, TX
Lead Manager: Duncan-Williams, Inc.
Co-Manager: Stephens Inc.
Underwriter's Counsel: Kelly Hart & Hallman LLP

Service Center 100.00%

Use of Proceeds: County Improvements

Wise County Municipal Report #0249 was prepared by employees of the Municipal Advisory Council of Texas ("MACOT") for the information of the public. This report was prepared for the use of the public and is not intended to be used as a basis for any legal action. The MACOT was not independently verified with respect to the accuracy of the information contained herein. The MACOT is not responsible for any errors or omissions in this report. The MACOT is not responsible for any actions taken by the public based on the information contained herein. The MACOT is not responsible for any actions taken by the public based on the information contained herein. The MACOT is not responsible for any actions taken by the public based on the information contained herein.



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Maturity	Amount	Coupon	Orig Reoffering Price/Yield
02/15/2016	2,835,000.00	2.0000%	0.500%
02/15/2017	2,895,000.00	2.0000%	0.750%
02/15/2018	2,965,000.00	3.0000%	1.100%
02/15/2019	3,075,000.00	4.0000%	1.400%
-----\$11,770,000.00			

Call Option: Non Callable

**Grand Total =====> \$11,770,000.00**

**Bond Debt Service**

Period Ending	Principal	Interest	Debt Service
09/30/16	2,835,000.00	298,200.00	3,133,200.00
09/30/17	2,895,000.00	240,900.00	3,135,900.00
09/30/18	2,965,000.00	167,475.00	3,132,475.00
09/30/19	3,075,000.00	61,500.00	3,136,500.00
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	11,770,000.00	768,075.00	12,538,075.00
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**Debt Amortization Rates**

Period Ending	Principal	% of Principal	
		Retired	
09/30/2016	2,835,000.00	24.09%	
09/30/2017	2,895,000.00	48.68%	
09/30/2018	2,965,000.00	73.87%	
09/30/2019	3,075,000.00	100.00%	

**DEBT SERVICE FUND MANAGEMENT INDEX**

G.O. Debt Service Requirements for fiscal year-ending 09/30/2016	\$3,133,200
I&S Fds all G.O. issues 09/30/2015	\$0
2015 I&S Fund Tax Levy @ 90%	0
Service Center	3,133,200

**AUTHORIZED BUT UNISSUED**

GENERAL OBLIGATION BONDS AUTHORIZED BUT UNISSUED None

**PENSION FUND LIABILITY**

All qualified employees of the County are members of the Texas County and District Retirement System. The County employees also participate in the U.S. Social Security program.

Changes in Texas Municipal Retirement System (TMRS) Actuarial Method and Plan Assumptions

In early 2007, TMRS informed each of the member cities that the current actuarial assumptions did not take into account updated service credits or cost of living increases which are granted to retirees. These benefits, which some cities adopted, have been historically funded on a pay-as-you-go basis. This has led to regular increases in member cities' rates and a decrease in the overall funding of the retirement system. TMRS announced that it intended to study the impact of these benefit components and make potential changes in the way

benefits are being funded.

After careful deliberation, the TMRS board approved several changes at its November and December meetings to the actuarial methods and plan assumptions. The board changed the actuarial method from unit credit to projected unit credit. Projected unit credit will allow the actuaries to consider the future financial impact of updated service credits and cost of living increases, and these benefits will begin to be pre-funded instead of funded on a pay-as-you-go basis. To mitigate the impact of this change, the board approved an eight year transition period. During this time, cities will be able to phase in the higher contribution rates instead of being required to fund these new rates immediately. Also, the board changed the amortization period from a 25-year open period to a 30-year closed period. Under a closed amortization period, contribution rates are higher, but a greater percentage of the unfunded balance is paid off each year. Finally, the board approved changes to the investment policy. TMRS has historically invested solely in fixed income investments. The board authorized the selection of an investment advisor to begin shifting a portion of investments into equity securities as a way to diversify the portfolio's holdings and earn higher returns than could be obtained with fixed income investments.

**Required Contribution Rates (Percentage of gross covered salary)**

	2017	2016
Employee:	7.00%	7.00%
County:	10.75%	10.28%

Actuarial Valuation as of	12/31/2015	12/31/2014
Assets	\$51,427,507	\$46,011,719
Accrued Liabilities	\$59,904,695	\$51,976,581

(Unfunded)/Overfunded Liab. (\$8,477,188) (\$5,964,862)

Funded Ratio	85.85%	88.52%
Annual Covered Payroll	N/A	\$19,610,771
(Unfunded)/Overfunded Liability as a % of Covered Payroll	N/A	(30.42)%

2015 Source: Texas Municipal Retirement System 12/31/2015 CAFR  
2014 Source: Wise Co 09/30/2015 Audit

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	12-31-2014
Pension Liability - Beginning	\$56,210,058
Pension Liability -Ending (a)	\$61,367,161
Contributions Employer	\$ 2,096,387
Contributions Employee	\$ 1,372,754
Plan Fiduciary Net Position - Beg	\$52,679,989
Plan Fiduciary Net Position - End (b)	\$57,734,379
Net Pension Liability (a) - (b)	
(Pension Liab - Fiduciary Position)	\$ 3,632,782

Plan Fiduciary Net Position as a % of Total Pension Liability 94.08%

Covered Employee Payroll \$19,610,771

Net Pension Liability as a % of Covered Payroll 18.52%

Membership data for the pension plans are as follows.

Inactive employees or beneficiaries currently receiving benefits	123
Inactive employees entitled to but not yet receiving benefits	215

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Active employees	419
Total	757

OTHER POST EMPLOYMENT BENEFITS The County participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the Texas County and District Retirement System (TCORS.) This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employees, to retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPES). Retired employees are insured for \$5,000.

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The County contributions to the GTLF for the years ended September 30, 2015, 2014, and 2013 were \$59,045, \$59,111, and \$48,674, respectively, which equaled the contractually required contributions each year.

Source: Wise County 9-30-2015 Audit.

## NON FUNDED DEBT

NON-FUNDED DEBT PAYABLE (As of September 30, 2015)

The County reports additional debt in the principal amount of \$1,645,756 under Govt Activities as follows:

	Amount Outstanding	Int Rate	Next Year's Requirements	Reported Under
Compensated Absences	\$1,159,114	N/A	N/A	Govt Activities
Sales Tax Overpayment	\$486,642	3.0%	\$42,612	Govt Activities

## OVERLAPPING DEBT

### ESTIMATED OVERLAPPING DEBT STATEMENT

Taxing Body	Debt Amount	As Of	%Ovlp	Ovlp Amt
Alvord ISD	\$9,225,000	* 10/31/16	94.66	\$8,732,385
Alvord, City of	666,000	* 10/31/16	100.00	666,000
Azle ISD	31,199,229	08/31/15	1.19	371,271
Boyd ISD	24,191,276	08/31/15	100.00	24,191,276
Boyd, City of	1,137,296	09/30/14	100.00	1,137,296
Bridgeport ISD	27,195,000	* 10/31/16	100.00	27,195,000
Bridgeport, City of	11,774,496	04/30/16	100.00	11,774,496
Chico ISD	16,590,000	* 10/31/16	100.00	16,590,000
Decatur ISD	66,022,612	* 10/31/16	100.00	66,022,612
Decatur, City of	8,020,625	09/30/15	100.00	8,020,625
Fort Worth, City of	579,119,244	04/01/15	0.01	57,912
Jacksboro ISD	36,510,000	* 10/31/16	1.33	485,583
Krum ISD	42,644,973	06/30/15	0.10	42,645
Newark, City of	775,000	* 10/31/16	100.00	775,000
Northwest ISD	724,613,760	06/30/15	8.89	64,418,163
Paradise ISD	12,814,998	* 10/31/16	100.00	12,814,998
Poolville ISD	3,850,000	* 10/31/16	40.99	1,578,115
Rhome, City of	1,655,000	* 10/31/16	100.00	1,655,000
Runaway Bay, City of	497,000	* 10/31/16	100.00	497,000
Slidell ISD	1,510,000	* 10/31/16	81.76	1,234,576
Springtown ISD	57,835,000	* 10/31/16	11.70	6,766,695
Wise Co WSD	5,415,000	* 10/31/16	100.00	5,415,000
Total Overlapping Debt:				\$260,441,648
Wise Co	09/30/15			\$0
Total Direct and Overlapping Debt:				\$260,441,648

Total Direct and Overlapping Debt % of A.V.:	4.17%
Total Direct and Overlapping Debt per Capita:	\$4,225

\* Gross Debt

## ECONOMIC BACKGROUND

Wise County is a north central Texas county. There were 203.8 billion cubic feet of gas recovered in 2008. The county ranks 5th largest gas producing county in 2013.

COUNTY SEAT: Decatur

2010 census: 59,127 increasing 21.2 % since 2000
2000 census: 48,793 increasing 40.7 % since 1990
1990 census: 34,679

ECONOMIC BASE

Mineral: sand, oil, gravel and gas.

Industry: sand, petroleum, gravel and agribusiness.

Agricultural: wheat, horses, hay, goats, dairy and beef cattle.

OIL AND GAS - 2015

The oil production for this county accounts for 0.03% of the total state production. The county ranks 136 out of all the counties in Texas for oil production. The gas production for this county accounts for 4.10% of the total state production. The county ranks 5 out of all the counties in Texas for gas production.

OIL PRODUCTION (Texas Railroad Commission)

Year	Description	Volume	% Change From Previous Year
2012	Oil	264,444 BBL	-6.32
2013	Oil	317,003 BBL	19.88
2014	Oil	383,782 BBL	21.07
2015	Oil	261,093 BBL	-31.97

CASINGHEAD (Texas Railroad Commission)

Year	Description	Volume	% Change From Previous Year
2012	Casinghead	3,627,731 MCF	-19.73
2013	Casinghead	4,851,715 MCF	33.74
2014	Casinghead	7,351,406 MCF	51.52
2015	Casinghead	5,609,184 MCF	-23.70

GAS WELL PRODUCTION (Texas Railroad Commission)

Year	Description	Volume	% Change From Previous Year
2012	GW Gas	244,683,801 MCF	0.76
2013	GW Gas	260,912,183 MCF	6.63
2014	GW Gas	260,021,154 MCF	-0.34
2015	GW Gas	220,438,285 MCF	-15.22

CONDENSATE (Texas Railroad Commission)

Year	Description	Volume	% Change From Previous Year
2012	Condensate	1,051,361 BBL	5.31
2013	Condensate	1,125,427 BBL	7.04
2014	Condensate	1,099,463 BBL	-2.31
2015	Condensate	772,880 BBL	-29.70

RETAIL SALES & EFFECTIVE BUYING INCOME (The Nielsen Company)

Year	2015	2014	2013
Retail Sales	\$991.3M	\$919.7M	\$897.0M
Effective Buying Income (EBI)	\$1.4B	\$1.4B	\$1.0B
County Median Household Income	\$50,999	\$50,921	\$40,835
State Median Household Income	\$53,037	\$50,464	\$48,646
% of Households with EBI below \$25K	9.2 %	9.1 %	11.0 %
% of Households with EBI above \$25K	72.5 %	72.5 %	71.3 %

EMPLOYMENT DATA (Texas Workforce Commission)

	2016	2015	2014
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