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SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

Management Letter

March 28, 2016

Members of the Commissioners' Court
Wise County, Texas

In connection with our audit of the financial statements of Wise County, Texas as of September 30, 2015, we have made a review of accounting procedures and internal control. While the primary objective of such a review is to afford us a basis of determining the scope of our audit procedures, it nevertheless presents us with an opportunity to submit, for management's consideration, suggestions for changes in procedures, which, in our opinion, could strengthen internal control or contribute to the improvement of operating efficiency.

The comments in this letter are based upon observations made in the course of such a review. The review was not designed for the purpose of expressing an opinion on internal control, and it would not necessarily disclose all weaknesses in the system. The matters discussed herein were considered during our audit of the above-mentioned financial statements, and they did not modify the opinion expressed in our report on those financial statements. However, we offer for your review, recommendations as noted on the following pages and our proposed solutions thereto.

We have discussed the following comments in detail with the appropriate staff of the County to insure understanding of the comments and implementation of recommendations. If you have any questions regarding these or any other matters, please feel free to contact us.

This letter is intended solely for the information and use of Commissioners' Court, management, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Finally, we take this opportunity to thank you and your staff for your courtesy and cooperation during our audit. Thank you for your business.

Sincerely,

Snow Garrett Williams

Snow Garrett Williams

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CURRENT YEAR COMMENTS

Adjusting Journal Entries

Comment: As a result of our audit procedures and testing, we proposed audit adjustments and entries to the County's funds that were necessary to correctly report financial statement amounts.

Recommendation: We encourage the County to continue reviewing the content of the audit adjustments in order to understand the purpose of the adjustments, reclassifications or corrections and incorporate these entries into the County's monthly and year-end accounting transactions. We suggest that the County continue analyzing transactions and accounts throughout the year in order to record transactions as they occur and that any resulting adjustments be reviewed by the County Auditor prior to commencement of the outside audit.

Fund Balance Reporting

Comment: As a result of audit procedures related to fund balance reporting, we noted that the County did not meet the minimum fund balance goal as set forth in its Amended Fund Balance Policy that was approved by Commissioners' Court Order on July 14, 2014. The Policy establishes a goal to achieve and maintain an unassigned general fund balance equal to 20% of budgeted expenditures. At the end of fiscal year 2015, the County had an unassigned general fund balance of 12% of the general fund 2015 budgeted expenditures, which was a decrease of 5% from the prior fiscal year. Additionally, we noted that Section 3.0 of the County's Fund Balance Policy states that, "the County shall plan to adjust budget resources in subsequent fiscal years to restore the balance."

Recommendation: We therefore recommend that the County continue striving to reduce expenditures and transfers in subsequent years' budgets to meet its minimum fund balance policy goal.

Budget Variances

Comment: In our review and analysis of the County's financial statements, we noticed that there were negative budget variances in various funds.

Recommendation: Many of these variances were related to capital outlay expenditures and adjustments made during our audit in order to comply with reporting standards and reclassify expenditures at year-end. However, we recommend that the County continue to monitor its budget carefully throughout the year and amend it as necessary.

OBJECTIVE OF INTERNAL CONTROL

The objective of internal control is to provide reasonable, but not absolute, assurance that the County's assets will be safeguarded against loss from unauthorized use or disposition, and that the reliability of financial records for preparing financial statements and maintaining accountability for assets will be preserved. The concept of reasonable assurance recognizes that the cost of a system of internal control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

Because of inherent limitations in any internal control, misstatements due to error or fraud may occur and not be detected. Control procedures whose effectiveness depends upon the segregation of duties can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projections of any evaluation of the internal control over financial reporting to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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WISE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2015

Wise County, Texas
Annual Financial Report
For the Fiscal Year Ended September 30, 2015

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Wise County, Texas
Annual Financial Report
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Financial Section

SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of the Commissioner's Court
Wise County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wise County, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wise County, Texas, as of September 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note N to the financial statements, in 2015 the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, and the schedule of employer contributions and related ratios 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 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 supplementary 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 Wise County's basic financial statements. The combining and budget statements and statistical section are presented for purposes of additional

analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and budget statements and the schedule of expenditures of federal 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 and budget statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2016, on our consideration of Wise County'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 Wise County's internal control over financial reporting and compliance.

Snow Garrett Williams

Snow Garrett Williams
March 28, 2016

WISE COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) of Wise County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2015. The MD&A should be read in conjunction with the accompanying financial statements and the notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded liabilities at the close of fiscal year 2015 by $63,345,329 (net position). Of this amount, $10,634,283 is restricted for specific purposes, $45,804,702 is net investment in capital assets and $6,906,344 represents unrestricted net position.
- In contrast to the government-wide statements, the fund statements report a combined fund balance at year-end of $27,317,354, a decrease of $3,855,437 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $4,082,777, or 12% of total general fund expenditures.
- The County's total long-term debt decreased by a net amount of $2,740,287 during the current fiscal year primarily as a result of scheduled annual debt service payments and amortization of bond premiums.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's financial statements. The County's financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) other required supplementary information. This report also contains other supplementary information in addition to the basic financial statements.

The Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to private-sector business. They present the financial picture of the County from an economic resource measurement focus using the accrual basis of accounting. These statements include all assets and deferred resources of outflows of the County as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 in regards to interfund activity, payables, and receivables.

The statement of net position presents information on all of the County's assets, deferred outflows of resources, and liabilities, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how net position changed during the most recent fiscal year using the full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs,

regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other business functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the County include general government, public safety, public transportation, public facilities, health and welfare, judicial, legal, elections, financial administration, culture and recreation and conservation.

The government-wide financial statements can be found on pages 16 and 17 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The County maintains thirty-three individual governmental funds – twenty-seven special revenue funds, three capital projects funds, two debt service funds, and the general fund. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Lateral Road Funds, Capital Projects Fund and Debt Service Fund, which are classified as major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The governmental fund financial statements can be found on pages 18 through 20 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. These activities are excluded from the County's other financial statements since the County cannot use these assets to finance its operations. The fiduciary funds use the economic resources measurement focus and the accrual basis of accounting. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The fiduciary fund financial statement can be found on page 21 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 43 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including budgetary comparison statements for the General Fund and Lateral Road Funds, the schedule of changes in net pension liability and related ratios, and the schedule of employer contributions and related ratios. The required supplementary information can be found on pages 45 through 48 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities by $63,345,329 as of September 30, 2015.

A significant portion (72%) of the County's net position reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, and construction in progress) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional 17% of the County's net position represents resources that are subject to external restrictions on how they may be used.

Wise County's Net Position

	Governmental Activities	
	2015	2014
Current and other assets	$ 35,098,692	$ 38,747,008
Capital assets, net of depreciation	76,614,769	77,823,450
Total assets	111,713,461	116,570,458
Deferred outflows of resources	2,014,415	-
Long-term liabilities	46,133,501	45,343,719
Other liabilities	4,249,046	4,233,225
Total liabilities	50,382,547	49,576,944
Net position:		
Net investment in capital assets	45,804,702	47,940,724
Restricted	10,634,283	8,017,266
Unrestricted	6,906,344	11,035,524
Total net position	$ 63,345,329	$ 66,993,514

At the end of the current and prior fiscal year, the County reported positive balances in all three categories of net position.

Governmental Activities

The County's governmental activities decreased net position by $1,683,844 during the current fiscal year. The total cost of all governmental activities this year was $52,651,777. The amount that our taxpayers paid for these activities through property taxes was $32,464,395 or 62% of total governmental expenses.

Changes in Net Position

	Governmental Activities	
	2015	2014
Revenues:		
Program revenues:		
Charges for services	$ 7,928,770	$ 8,651,935
Operating grants and contributions	2,881,461	1,811,752
Capital grants and contributions	52,741	31,610
General revenues:		
Property taxes	32,464,395	31,120,507
Sales and other taxes	4,138,510	5,096,422
Investment earnings	27,989	50,688
Royalties and rentals	2,747,878	2,833,322
Other	726,189	1,313,982
Total revenues	50,967,933	50,910,218
Expenses:		
General government	7,712,403	7,002,673
Judicial	3,721,511	3,447,389
Legal	2,087,368	2,037,309
Elections	309,064	362,972
Financial administration	2,153,904	1,943,424
Public facilities	4,395,424	4,383,593
Public safety	17,736,361	17,090,483
Public transportation	10,439,502	10,357,673
Health and welfare	1,182,392	1,416,045
Culture and recreation	390,357	448,422
Conservation	309,158	291,689
Interest and other costs	2,214,333	2,746,405
Special item	-	512,048
Total expenses	52,651,777	52,040,125
Change in net position	(1,683,844)	(1,129,907)
Net position-beginning	66,993,514	68,123,421
Prior period adjustment (Note N)	(1,964,341)	-
Net position-beginning, restated	65,029,173	68,123,421
Net position-ending	$ 63,345,329	$ 66,993,514

Key elements of the analysis of government-wide revenues and expenses reflect the following:

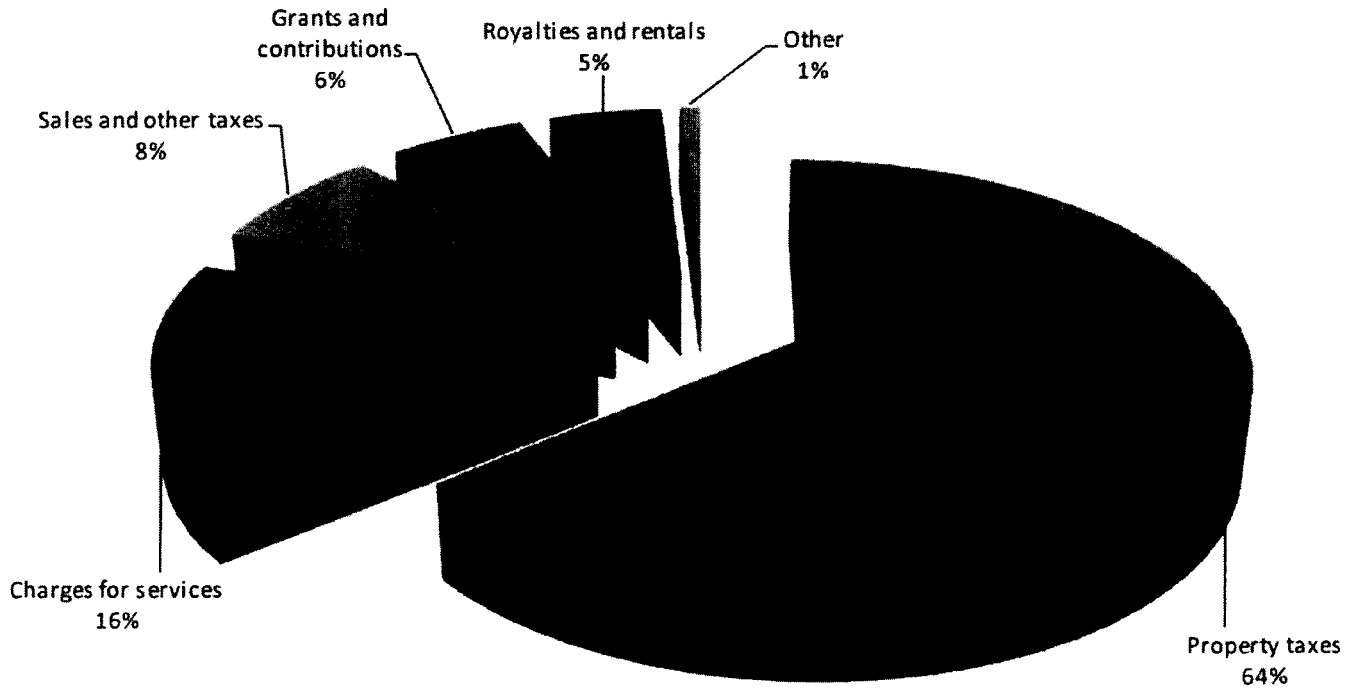
- Program revenues of $10,862,972 equaled 21% of government expenses. As expected, general revenues ($40,104,961) provided most of the required support and coverage for expenses;

- Public safety expenses increased $645,878 from the previous year. 34% of total expenses are related to public safety. This category provided program revenues of about 6% of total revenues;

- The next largest category of expenses is public transportation at 20% of total expenses while public transportation program revenues provided about 6% of total revenues. Public transportation expenses increased $81,829 from the previous year; and

- Grant revenues and contributions comprised about 6% of total revenues.

Revenues by Source



FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The general government functions are reported in the General, Special Revenue, Debt Service, and Capital Projects Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's annual financing and budgeting requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $27,317,354, a decrease of $3,855,437 in comparison with the prior year. Approximately $20,679,179 or 76% is restricted by external resources. Approximately $4,082,777 or 15% of the total fund balance represents unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is committed or assigned to indicate that it is not available for new spending because it has already been set aside to fund public safety needs ($150,051), to fund special road projects ($475,928), to fund other state and local programs ($686,581), to fund grant road projects, ($514,608), to fund debt service ($364,867) and to fund indigent care ($363,363).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was $4,082,777, which is 81% of the total general fund balance. As a measure of the general fund's liquidity, we compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 12%, or slightly more than 43 days of total fund expenditures. It is the County's goal to achieve and maintain an unassigned general fund balance equal to 20% of budgeted expenditures. At September 30, 2015 the unassigned general fund balance represented 12% of general fund budgeted expenditures primarily due to the unusual circumstances related to funding of the 2011 Lease Revenue Bonds, which required that $2.5 million of the bond proceeds be set aside for 25 years in a separate restricted account to be used for debt service (on the Lease Revenue Bonds) instead of repaying the County for its contribution to the Weatherford College project.

The fund balance of the County's general fund decreased $1,820,845 during the current fiscal year. This decrease is primarily due to a decrease in sales tax revenues, a decrease in insurance recoveries reported in miscellaneous revenues, and a decrease in transfers in for the fiscal year.

The debt service fund has a total fund balance of $2,864,867, all of which is restricted or assigned for the payment of debt service and reserve requirements. The net increase in fund balance during the current year in the debt service fund was $3,252, which is attributable to an increase in transfers in from other funds. Expenditures for debt principal, interest and fiscal charges in the debt service fund totaled $5,561,794.

The capital projects fund had an ending fund balance of $10,044,896, which is restricted for various capital projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

In total, the original general fund budget and the final general fund amended budget for expenditures and other financing uses was decreased by $477,703 from the original to the final budget. Most of this difference resulted from a decrease in operating transfers out included in other financing uses.

The projected annual revenues and other financing sources decreased by $133,907 from the original to the final budget. This was primarily due to decreases in property and sales taxes, fines and forfeitures, and royalties and rentals, netted against an increase in intergovernmental and miscellaneous revenues and donations in the current year.

Actual revenues were $610,072 less than amended budget amounts mainly due to the reclass of intergovernmental revenues related to the pass-through federal grasslands revenue. Actual total expenditures for the year were $518,322 less than amended budget appropriations due to the reclass of pass-through federal grassland expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The capital assets of the County are those assets (land, buildings, improvements, roads, bridges and machinery and equipment), which are used in the performance of the County's functions including current year expenditures for infrastructure assets. At September 30, 2015, net capital assets of the governmental activities totaled $76,614,769. Depreciation on capital assets is recognized in the government-wide financial statements. Annual depreciation for buildings, improvements, infrastructure and machinery and equipment totaled $5,662,955.

Major capital asset events during the current fiscal year included the following:

- Purchase of two ambulances, a rescue truck, and nineteen vehicles;
- Purchase of a chipspreader, tractor truck, tractor, and rotary mower;
- Purchase of portable livestock pens and bleachers at the Fairgrounds;
- Purchase of the Elections land and building; and
- Construction in progress on the roof of the County Jail.

Wise County Capital Assets
(net of depreciation)

	Governmental Activities	
	2015	2014
Land	$ 3,850,605	$ 3,826,235
Construction in progress	3,002,854	1,715,175
Buildings and improvements	36,999,927	37,498,456
Infrastructure	25,129,160	27,647,120
Machinery and equipment	7,632,223	7,136,464
Total	$ 76,614,769	$ 77,823,450

Additional information on the County's capital assets can be found in Note F on page 31 of this report.

Long-term debt. As of September 30, 2015, the County had tax notes and lease revenue bonds outstanding of $40,395,000. Tax notes and lease revenue bonds retired in the current fiscal year totaled $2,565,000 and $210,000, respectively. Also included in the County's long-term debt are unamortized bond premiums of $459,963, overpayment of sales tax payable of $486,642, net pension liability of $3,632,782, and compensated absences payable of $1,159,114.

Wise County's Outstanding Debt

	Governmental Activities	
	2015	2014
Tax notes	$ 11,770,000	$ 14,335,000
Lease revenue bonds	28,625,000	28,835,000
Unamortized premium	459,963	684,744
Overpayment of sales tax	486,642	512,048
Net pension liability	3,632,782	-
Compensated absences	1,159,114	976,927
Total	$ 46,133,501	$ 45,343,719

The County's issuer credit rating of AA was maintained on all of its obligations from Standard & Poor's.

Additional information on the County's long-term debt can be found in Note G on pages 32 through 33 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The annual budgets and tax rates are developed to provide efficient, effective and economic uses of the County's resources, as well as, a means to accomplish the highest priority objectives. Through the budget, the County Commissioners set the direction of the County, allocate its resources and establish its priorities.

In considering the County budget for fiscal year 2016, the County Commissioners and management considered the following factors:

- With the general decline in the economy, primarily related to the oil and gas industry, the County is anticipating decreases in sales and other taxes.
- Property values for all property except residential, which includes mineral values, business personal property and industrial property, decreased from the prior year.
- County tourist attractions, including the Caddo/LBJ Grasslands, the Wise County Park and Lake Bridgeport are promoting recreational pursuits for tourist income.
- The County will manage the fairgrounds and continue to improve and market facilities as a revenue generating venue.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and investors 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 any additional financial information, contact the County Auditor or County Treasurer at 207 North Church, Decatur, Texas 76234.

BASIC FINANCIAL STATEMENTS

WISE COUNTY, TEXAS
Statement of Net Position
September 30, 2015

	Primary Government
Assets	
Current assets	
Cash	$ 4,657,952
Investments	22,842,500
Receivables, taxes (net of allowance for uncollectible of $500,488)	1,121,963
Receivables, accounts (net of allowance of $300,558)	3,272,179
Due from other governments	704,098
Non-current assets	
Restricted cash and investments	2,500,000
Capital assets	
Land and construction in progress	6,853,459
Other capital assets, net of depreciation	69,761,310
Total capital assets	76,614,769
Total assets	111,713,461
Deferred Outflows of Resources	
Deferred outflows of resources - pension	2,014,415
Liabilities	
Current liabilities	
Accounts payable	1,558,179
Accrued salaries and benefits	1,887,887
Due to other governments	252,622
Deposits held and due to others	232,339
Accrued interest payable	318,019
Noncurrent liabilities	
Due within one year	3,898,006
Due in more than one year	42,235,495
Total liabilities	50,382,547
Net Position	
Net investment in capital assets	45,804,702
Restricted for	
Debt service	2,500,000
State and federal programs	383,057
Records management	779,275
General government	44,426
Legal	554,572
Public safety	547,322
Roads and bridges	5,530,635
Justice courts technology	294,996
Unrestricted	6,906,344
Total net position	$ 63,345,329

The accompanying notes are an integral part of these financial statements.

WISE COUNTY, TEXAS
Statement of Activities
For the Fiscal Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities					
General government	$ 7,712,403	$ 1,175,713	$ 663,989	$ -	$ (5,872,701)
Judicial	3,721,511	782,665	212,510	-	(2,726,336)
Legal	2,087,368	282,744	35,000	-	(1,769,624)
Elections	309,064	11,389	-	-	(297,675)
Financial administration	2,153,904	1,196,733	-	-	(957,171)
Public facilities	4,395,424	143,200	-	-	(4,252,224)
Public safety	17,736,361	2,358,860	863,128	52,741	(14,461,632)
Public transportation	10,439,502	1,895,294	1,093,071	-	(7,451,137)
Health and welfare	1,182,392	27,666	-	-	(1,154,726)
Culture and recreation	390,357	54,506	7,205	-	(328,646)
Conservation	309,158	-	6,558	-	(302,600)
Interest/fees on long-term debt	2,214,333	-	-	-	(2,214,333)
Total primary government	$ 52,651,777	$ 7,928,770	$ 2,881,461	$ 52,741	(41,788,805)

General revenues:	
Property taxes	32,464,395
Sales and other taxes	4,138,510
Investment earnings	27,989
Royalties and rentals	2,747,878
Gain on disposal of assets	63,957
Other	662,232
Total general revenues	40,104,961
Change in net position	(1,683,844)
Net position, beginning of year	66,993,514
Prior period adjustment (Note N)	(1,964,341)
Net position, beginning of year, restated	65,029,173
Net position, end of year	$ 63,345,329

The accompanying notes are an integral part of these financial statements.

WISE COUNTY, TEXAS
Balance Sheet
Governmental Funds
September 30, 2015

	General	Lateral Road Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash	$ 44,814	$ 1,360,024	$ 461,503	$ 119,850	$ 2,671,761	$ 4,657,952
Investments	6,747,500	5,650,000	10,000,000	245,000	200,000	22,842,500
Receivables						
Property taxes (net of allowances of $500,488)	776,692	228,271	-	-	117,000	1,121,963
Accounts	486,319	26,944	747	17	53,135	567,162
Due from other governments	248,614	455,484	-	-	-	704,098
Restricted cash and investments	-	-	-	2,500,000	-	2,500,000
Total assets	$ 8,303,939	$ 7,720,723	$ 10,462,250	$ 2,864,867	$ 3,041,896	$ 32,393,675
Liabilities and fund balances						
Liabilities						
Accounts payable	$ 345,408	$ 767,269	$ 417,354	$ -	$ 28,148	$ 1,558,179
Accrued salaries and benefits	1,683,335	180,681	-	-	23,871	1,887,887
Due to other governments	252,622	-	-	-	-	252,622
Unearned revenue						
Property taxes	776,692	228,271	-	-	117,000	1,121,963
Other	-	23,331	-	-	-	23,331
Deposits held and due to others	232,339	-	-	-	-	232,339
Total liabilities	3,290,396	1,199,552	417,354	-	169,019	5,076,321
Fund balances						
Restricted for						
Debt service	-	-	-	2,500,000	-	2,500,000
Capital projects	-	-	10,044,896	-	-	10,044,896
State and federal programs	-	-	-	-	383,057	383,057
Records management	-	-	-	-	779,275	779,275
General government	-	-	-	-	44,426	44,426
Legal	-	-	-	-	554,572	554,572
Public safety	-	-	-	-	547,322	547,322
Roads and bridges	-	5,530,635	-	-	-	5,530,635
Justice courts technology	294,996	-	-	-	-	294,996
Committed to						
Special road projects	-	475,928	-	-	-	475,928
General government	-	-	-	-	371,459	371,459
Public safety	150,051	-	-	-	-	150,051
Public transportation	-	-	-	-	46,198	46,198
Judicial	49,150	-	-	-	-	49,150
Elections	-	-	-	-	80,934	80,934
Legal	-	-	-	-	65,634	65,634
Parks and recreation	37,198	-	-	-	-	37,198
Fairgrounds	36,008	-	-	-	-	36,008
Assigned to						
Indigent care	363,363	-	-	-	-	363,363
Debt service	-	-	-	364,867	-	364,867
Grant road projects	-	514,608	-	-	-	514,608
Unassigned	4,082,777	-	-	-	-	4,082,777
Total fund balances	5,013,543	6,521,171	10,044,896	2,864,867	2,872,877	27,317,354
Total liabilities and fund balances	$ 8,303,939	$ 7,720,723	$ 10,462,250	$ 2,864,867	$ 3,041,896	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	76,614,769
Property taxes receivable and other receivables from citizens, net of allowance are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,145,294
Additional receivables for ambulance services, county clerk, district clerk, and justices of the peace, net of allowance, are not measurable and available in the current period and are not reported in the funds.	2,705,017
Deferred outflows of resources are not financial resources and, therefore, are not reported in the funds.	2,014,415
Some liabilities, including tax notes, bonds, overpayment of sales tax payable, bond premiums, net pension liability, compensated absences and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	(46,451,520)
Net position of governmental activities - statement of net position	$ 63,345,329

The accompanying notes are an integral part of these financial statements.

WISE COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
September 30, 2015

	General	Lateral Road Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	$22,767,483	$ 6,102,130	$ -	$ -	$ 3,522,304	$ 32,391,917
Sales and other taxes	4,138,510	-	-	-	-	4,138,510
Licenses and permits	-	1,265,346	-	-	-	1,265,346
Intergovernmental	1,241,741	1,092,071	-	-	519,913	2,853,725
Fees of office	4,665,182	-	-	-	510,564	5,175,746
Fines and forfeitures	427,267	572,543	-	-	-	999,810
Interest	11,089	5,319	7,076	4,052	453	27,989
Royalties and rentals	318,659	-	-	2,429,219	-	2,747,878
Solid waste fees	541,390	-	-	-	-	541,390
Miscellaneous revenues and donations	728,782	17,447	-	-	189,032	935,261
Total revenues	34,840,103	9,054,856	7,076	2,433,271	4,742,266	51,077,572
Expenditures						
Current:						
General government	4,002,167	-	11,843	-	3,713,582	7,727,592
Judicial	3,709,655	-	-	-	-	3,709,655
Legal	2,021,255	-	-	-	52,714	2,073,969
Elections	304,737	-	-	-	2,900	307,637
Financial administration	2,151,697	-	-	-	-	2,151,697
Public facilities	3,119,103	-	-	-	-	3,119,103
Public safety	15,846,945	-	140,684	-	906,265	16,893,894
Public transportation	-	7,048,837	-	-	79,628	7,128,465
Health and welfare	1,183,587	-	-	-	-	1,183,587
Culture and recreation	296,809	-	-	-	-	296,809
Conservation	298,600	-	-	-	-	298,600
Capital outlay	433,979	185,078	3,789,671	-	136,249	4,544,977
Debt service						
Principal retirement	25,406	-	-	2,775,000	-	2,800,406
Interest, issuance costs and fiscal charges	17,216	-	-	2,786,794	-	2,804,010
Total expenditures	33,411,156	7,233,915	3,942,198	5,561,794	4,891,338	55,040,401
Excess (deficiency) of revenues over (under) expenditures	1,428,947	1,820,941	(3,935,122)	(3,128,523)	(149,072)	(3,962,829)
Other financing sources (uses)						
Operating transfers in	137,000	-	-	3,131,775	309,027	3,577,802
Operating transfers out	(3,410,802)	-	-	-	(167,000)	(3,577,802)
Sale of assets	24,010	38,470	8,000	-	36,912	107,392
Total other financing sources (uses)	(3,249,792)	38,470	8,000	3,131,775	178,939	107,392
Net change in fund balances	(1,820,845)	1,859,411	(3,927,122)	3,252	29,867	(3,855,437)
Fund balances, beginning of year	6,834,388	4,661,760	13,972,018	2,861,615	2,843,010	31,172,791
Fund balances, end of year	$ 5,013,543	$ 6,521,171	$10,044,896	$ 2,864,867	$ 2,872,877	$ 27,317,354

The accompanying notes are an integral part of these financial statements.

WISE COUNTY, TEXAS
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
September 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	$ (3,855,437)
Governmental funds report all capital outlays as expenditures. However, in the statement of activities the cost of the assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year.	
Capital outlay $ 4,544,977 Depreciation (5,662,955)	(1,117,978)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, disposals, donations) decreases net position.	(90,703)
The change in property tax and fee receivables, net of allowance, is reported as revenue in the statement of activities, however this change does not provide current financial resource and is therefore not reported as revenue in the governmental funds.	(173,596)
Some items reported in the statement of activities do not involve current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Amortization of premium from debt issuances $ 224,781 Change in accrued interest payable 364,896 Change in compensated absences payable (182,187)	407,490
Pension expense in the funds is recorded as contributions when made to the retirement plan. Pension expense in governmental activites is recorded as the retirement plan's pension expense for the measurement period. This is the difference between how pension expense is recorded in the two statements.	345,974
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	2,800,406
Change in net position of governmental activities - statement of activities	$ (1,683,844)

The accompanying notes are an integral part of these financial statements.

WISE COUNTY, TEXAS
Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2015

Assets	
Cash	$ 3,688,629
Investments	799,800
Receivables:	
Property taxes - for other governments	60,342
Total assets	$ 4,548,771
Liabilities	
Deposits held and due to others	$ 4,488,429
Property taxes to be collected - due to other governments	60,342
Total liabilities	$ 4,548,771

The accompanying notes are an integral part of these financial statements.

Note A – Summary of Significant Accounting Policies

The accounting policies of Wise County, Texas conform to generally accepted accounting principles as applicable to governments. The following are the more significant policies.

Financial Reporting Entity

The financial statements of Wise County (the County) are prepared in accordance with accounting principles generally accepted in the United States of America. The County's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The County is a body corporate and political which performs all local government functions within its jurisdiction. The County is governed by an elected County Judge and four County Commissioners elected from individual precincts. The Judge and four Commissioners form the governing body, the Commissioners' Court. Various branches of the County government are led by duly elected officials who serve in their positions. These other elected officials are responsible only to the voters for their performance and for the operations of their individual offices, but must seek budget approval from the Commissioners' Court.

There are no component units (other governmental entities) over which the County exercises significant controls or has oversight responsibility. Consequently, these financial statements include only the financial data of the County.

The accounting and reporting framework and the more significant accounting principles and practices are discussed below. The remainder of the Notes is organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended September 30, 2015.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the County. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes, fees, and intergovernmental revenues.

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund, Lateral Road Fund, Debt Service Fund, and Capital Projects Fund meet the criteria as *major governmental funds.* Each major fund is reported in a separate column in the fund financial statements. Non-major funds include other Special Revenue funds. The combined amounts for these funds are reflected in a single column in the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Note A - Summary of Significant Accounting Policies (Continued)

Detailed statements for nonmajor funds are presented within Combining and Budget Statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using 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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are district clerk and county clerk fees, justice of the peace fees, revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as program revenues and general revenues. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, investment earnings and various other revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Property taxes not collected within 60 days after year-end are reported as deferred revenues. Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The County reports the following major governmental funds:

The General Fund is the primary operating fund of the County and is always classified as a major fund. It is used to account for all financial transactions and resources except those required to be accounted for in another fund.

The Lateral Road Fund is a special revenue fund, used to account for the maintenance and construction of County roads and bridges. Financing is provided primarily by an annual property tax levy. Additional revenue is provided by a charge on each auto registration and from fines levied by the County.

The Capital Projects Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for the acquisition, repair or construction of various projects and acquisition of land, buildings, and equipment.

Note A - Summary of Significant Accounting Policies (Continued)

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Fiduciary fund level financial statements include fiduciary funds which are classified into private purpose trust and agency funds and use the economic resources measurement focus and the accrual basis of accounting. The County has only agency funds which are used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Budgets and Budgetary Accounting

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

(A) In the event the Commissioners' Court increases property taxes, a public hearing is required. If the Court increases taxes more than eight percent, taxes are subject to a rollback petition and election.

(B) Public hearings are conducted at the Wise County Courthouse to obtain taxpayer comments.

(C) Prior to October 1, the budget is legally enacted through adoption of an order by the Commissioners' Court.

(D) Any amendments, which alter total expenditures of any department, must be approved by the Commissioners' Court.

(E) Budgets for the various funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), with the exception of tax revenues being reported on the cash basis. Budget and actual amounts are recorded on the same basis.

(F) Expenditures in excess of appropriations are required by state statutes to be reported down to the departmental classification.

(G) The budgeted amounts presented in these statements are as originally adopted, or as amended by, the Commissioners' Court during the year ended September 30, 2015.

Note A - Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g. roads and bridges), are reported in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost exceeding $5,000. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Capital assets are depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	20 - 40 years
Infrastructure	20 - 45 years
Machinery and equipment	3 - 10 years

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on certificates of obligations, tax notes or revenue bonds are deferred and amortized over the life of the debt. Certificates of obligation, tax notes, and revenue bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognized debt premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes 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 currently has deferred outflows of resources related to the pension plan. See additional information in Note J.

In addition to liabilities, the statement of financial position includes 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 does not have any of this type of item.

Note A - Summary of Significant Accounting Policies (Continued)

Fund Balances

The County implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The County has evaluated the use of its Debt Service Funds, Special Revenue Funds and Capital Projects Funds under the criteria set forth in GASB Statement No. 54 and has determined there are no changes needed.

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable Fund Balance includes amounts that are not in spendable form, or legally or contractually required to be maintained intact.

Restricted Fund Balance includes amounts that are restricted for specific purposes stipulated by law or external resources providers. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance includes amounts that can only be used for the specific purposes determined by a formal action, Order of the Commissioner's Court, which is the County's highest level of decision-making authority, and, conjunctively, require the same formal action, Order of the Commissioner's Court to remove or revise the enacted constraint limitations.

Assigned Fund Balance includes amounts intended to be used for specific purposes that are neither restricted nor committed. Intent is expressed by the Commissioner's Court of Wise County to which the assigned amounts are to be used for specific purposes. Amounts may be assigned by the County Auditor as communicated by the Commissioner's Court.

Unassigned Fund Balance represents the residual classification of all spendable amounts not contained within the other classifications and is used for all negative fund balances.

When multiple categories of fund balance are available for expenditure, the County will first spend the most restricted funds before moving down to the next most restrictive category with available funds.

It is the County's goal to achieve and maintain an unassigned General Fund balance equal to 20% of budgeted expenditures. At the end of fiscal year 2015, the unassigned General Fund balance was 12% of budgeted expenditures.

Note A - Summary of Significant Accounting Policies (Continued)

Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets consists of all capital assets net of accumulated depreciation and reduced by outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets.

Restricted net position consists of external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments, enabling legislation, and constitutional provisions.

Unrestricted net position represents net position, not restricted for any project or other purpose.

When both restricted and unrestricted net position is available for use, it is the County's policy to use restricted resources first, then unrestricted resources as needed.

The statement of net position includes $2,153,388 of net position restricted by enabling legislation.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the 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 by 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.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note B - Deposits, Securities and Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the County to invest its funds under a written investment policy (the "Investment Policy") that primarily emphasizes safety of principal, maintenance of adequate liquidity, diversification, maximization of interest earnings, and maturity. The investment policy defines what constitutes the legal list of investments allowed under the policy, which excludes certain investment instruments allowed under Chapter 2256 of the Texas Government Code. The County's deposits and investments are invested pursuant to the Investment Policy, which is approved annually by Commissioners' Court. The Investment Policy includes a list of authorized investments and a maximum allowable maturity of any individual investment. In addition it includes an "Investments Strategy" that specifically addresses each fund's investment options and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification, yield, and maturity restrictions.

The County is authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

(A) United States government or the State of Texas government obligations
(B) Secured certificates of deposits
(C) Fully collateralized repurchase agreements
(D) Bankers' acceptance
(E) Commercial paper
(F) Mutual funds and money market mutual funds
(G) Investment pools

The County participates in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool, established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of the TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAm by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average $1.00 per unit net asset value; however, the $1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Treasury Safekeeping Trust Company website at www.ttstc.org.

Note B - Deposits, Securities and Investments (Continued)

As of September 30, 2015, the County had the following investments:

	Market Value	% of Total	Weighted Average Maturities
Certificates of Deposit- Agency Funds	$ 799,800	3.38%	6 months
TexPool - Governmental Funds	22,842,500	96.62%	41 days
Total Investments	$ 23,642,300	100.00%	

Interest Rate Risk – Investments are exposed to interest rate risk if changes in market interest rates will adversely affect the fair value of an investment. As of September 30, 2015, the County's investments included local government investment pools and certificates of deposit, and therefore, were not exposed to interest rate risk.

Credit Risk – State statute requires that investments in Local Government Investment Pools be rated AAA or the equivalent by a nationally recognized credit rating agency. As of September 30, 2015, the TexPool investment pool was rated AAAm by Standard & Poor's.

Concentration of Credit Risk - The County does not place a limit on the amount that may be invested. As of September 30, 2015, 96.62% of the County's investments was included in local government investment pools and 3.38% was included in certificates of deposit. External investment pools are exempt from concentration of credit risk disclosures.

Custodial Credit Risk – With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the government's deposits may not be returned to it. As of September 30, 2015, the County's cash was insured or collateralized with securities held by the County or by its agent in the County's name.

The County does not involuntarily participate in an external investment pool. All investment income is recorded and reported in the same fund as the investment.

Note C - Property Tax

Taxes are levied on October 1 and are past due on February 1. Property taxes attach as an enforceable lien on property as of January 1. Wise County Appraisal District appraises property values in the County. The Wise County Tax Assessor-Collector assesses and collects the County's property taxes. The County is permitted by the Municipal Finance Law of the State to levy taxes up to $1.10 per $100 of appraised valuation for general services, permanent improvements, lateral road, and jury fund purposes other than the payment of principal and interest on long-term debt and unlimited amounts for the payment of principal and interest on long-term debt. There are however stringent restrictions on the issuance of such long-term debt. The tax rate for the year ended September 30, 2015, to finance maintenance and operations (M&O) of the County was $.378900 per $100 valuation. During the fiscal year, the County levied $.046148 per $100 of appraised valuation for the Weatherford College Branch Campus Maintenance Tax (WCBCMT) to be used for the operations of the Wise County Branch Campus.

Note D - Property Taxes Receivable

In the governmental funds, taxes are recognized as revenue when received and the remaining balance is recorded as unearned revenue at year end. The following schedule details property taxes receivable by fund at September 30, 2015:

Fund	Property Taxes Receivable (Net)
General- (M&O)	$ 776,692
Special Revenue- (WCBCMT)	117,000
Lateral Road	228,271
Total	$ 1,121,963

Note E - Restricted Assets

Some of the County's assets have certain constraints that have been placed on how they can be used. By definition, restricted assets are non-current cash or other assets whose use in whole or in part is restricted for specific purposes bound by virtue of contractual agreements, legal requirements or enabling legislation. Restricted cash and investments of $2,500,000 are restricted for debt service requirements.

Note F – Capital Assets

Capital asset activity for the year ended September 30, 2015 was as follows:

	Balance 10/1/2014	Adjustments/ Additions	Adjustments/ Deletions	Balance 9/30/2015
Governmental activities				
Capital assets not being depreciated				
Land	$ 3,826,235	$ 24,370	$ -	$ 3,850,605
Construction in progress	1,715,175	1,526,675	238,996	3,002,854
Total capital assets not being depreciated	5,541,410	1,551,045	238,996	6,853,459
Other capital assets				
Buildings and improvements	51,853,581	694,773	16,852	52,531,502
Infrastructure	75,513,455	-	-	75,513,455
Machinery and equipment	24,686,230	2,490,887	567,528	26,609,589
Total other capital assets	152,053,266	3,185,660	584,380	154,654,546
Less accumulated depreciation				
Building and improvements	14,355,125	1,186,450	10,000	15,531,575
Infrastructure	47,866,335	2,517,960	-	50,384,295
Machinery and equipment	17,549,766	1,958,545	530,945	18,977,366
Total accumulated depreciation	79,771,226	5,662,955	540,945	84,893,236
Other capital assets, net	72,282,040	(2,477,295)	43,435	69,761,310
Governmental activities capital assets, net	$ 77,823,450	$ (926,250)	$ 282,431	$ 76,614,769

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 800
Judicial	44,525
Legal	20,859
Elections	5,134
Financial administration	21,866
Public facilities	1,302,891
Public safety	818,831
Public transportation	3,340,776
Culture and recreation	93,797
Conservation	13,476
Total depreciation for governmental activities	$ 5,662,955

Note G - Long-Term Debt

The principal long-term obligations of the County include tax notes, lease revenue bonds, overpayment of sale taxes liability, and the accrued liability for compensated absences.

Lease Revenue Bonds – 2011 Series

- Secured by a lien on pledged revenues, including lease payments subject to annual appropriations, payable to the County under the intergovernmental agreement with the Parker County Junior College District.
- To construct and equip buildings for lease to the District for use as a branch campus and to fund a debt service reserve fund requirement of $2,500,000.
- $29,000,000 originally issued.
- Payable in annual installments of $45,000 to $3,265,000 through August 15, 2034.
- Interest rate ranges from 4.50% to 8.00%.
- Outstanding principal balance of $28,625,000 at September 30, 2015.

Tax Notes – 2014 Series

- For the remodeling of existing buildings and the purchase of land and equipment.
- $14,335,000 originally issued.
- Payable in annual installments of $2,565,000 to $3,075,000 through February 15, 2019.
- Interest rate ranges from 2.00% to 4.00%.
- Outstanding principal balance of $11,770,000 at September 30, 2015.

Overpayment of Sales Tax

- The County was overpaid sales tax during the years 2005 – 2008. The overpayment was the result of a business that filed a refund claim for taxes it paid in error and the State Comptroller's office performed an audit assessment and determined that the taxpayer was due a refund. The State refunded the taxpayer, which resulted in a liability of $639,190 from Wise County to the State.
- The County and the State agreed to a payment plan, in which the State will reduce the County's monthly Sales and Use Tax payment by $3,551 a month for 15 years beginning October 1, 2014.
- Interest was imputed at a rate of 3%, creating a liability with a present value of $512,048.
- The expense is recorded as a special item on the statement of activities.
- Outstanding liability balance of $486,642 at September 30, 2015.

Note G - Long-Term Debt (Continued)

The following are changes by type of debt for the year ended September 30, 2015:

	Balance 10/1/2014 Restated	Increase	Decrease	Balance 9/30/2015	Amounts Due Within One Year
Tax notes	$14,335,000	$ -	$2,565,000	$11,770,000	$2,835,000
Lease revenue bonds	28,835,000	-	210,000	28,625,000	305,000
Unamortized bond premium	684,744	-	224,781	459,963	184,118
Overpayment of sales tax	512,048	-	25,406	486,642	28,401
Net Pension Liability (Note N)	3,530,069	2,199,100	2,096,387	3,632,782	-
Compensated absences	976,927	812,528	630,341	1,159,114	545,487
Totals	$48,873,788	$3,011,628	$5,751,915	$46,133,501	$3,898,006

The annual requirements to amortize long-term debt as of September 30, 2015 are as follows:

	Lease Revenue Bonds		Tax Notes		Overpayment of Sales Tax		
Year	Principal	Interest	Principal	Interest	Principal	Interest	Total
2016	$ 305,000	$ 2,208,194	$ 2,835,000	$298,200	$ 28,401	$ 14,211	$ 5,689,006
2017	385,000	2,191,038	2,895,000	240,900	29,265	13,347	5,754,550
2018	480,000	2,167,938	2,965,000	167,475	30,155	12,457	5,823,025
2019	580,000	2,137,338	3,075,000	61,500	31,072	11,540	5,896,450
2020	690,000	2,098,912	-	-	32,018	10,595	2,831,525
2021-2025	5,330,000	9,574,575	-	-	175,301	37,759	15,117,635
2026-2030	9,375,000	6,967,476	-	-	160,430	10,018	16,512,924
2031-2035	11,480,000	2,398,800	-	-	-	-	13,878,800
Totals	$28,625,000	$29,744,271	$11,770,000	$768,075	$486,642	$ 109,927	$71,503,915

The 2011 Lease Revenue Bonds required that $2,500,000 be set aside in a debt reserve fund for the life of the bonds. The County is in compliance with this reserve requirement.

Note H – Compensated Absences

County policy allows the accrual of vacation, overtime compensation, and sick pay benefits for all employees other than elected and appointed officials. Vacation and overtime compensation are paid upon termination if employees give two weeks' notice or are terminated by the County. Sick pay is not paid upon termination for any reason. At September 30, 2015, the value of the liability for compensated absences was $1,159,114 and the value of accumulated sick pay benefits was approximately $564,181. No liability has been recorded for sick pay since it is non-vesting. General fund revenues are used to liquidate the compensated absences liability.

Note I – Interfund Activity

Interfund transfers during the fiscal year were as follows:

Fund	Transfer In	Transfer Out
General fund	$ 137,000	$ (3,410,802)
Debt service fund	3,131,775	-
Other governmental funds	309,027	(167,000)
Total transfers	$ 3,577,802	$ (3,577,802)

Transfers are generally used (1) to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) to transfer funds from the General Fund to fund various programs and supplement grants and construction projects, and (3) to transfer funds from receipts collected for various fees in special revenue funds to the General Fund to cover County expenditures.

Note J – Defined Benefit Pension Plans

Plan Description

The County participates as one of 677 plans in the nontraditional defined benefit pension plan administered by the Texas County and District Retirement System (TCDRS). TCDRS was created by the Texas Legislature and is overseen by an independent Board of Trustees, which is responsible for the administration of the System. TCDRS is a statewide, agent multiple-employer, public employee retirement system for county and district employees in the State of Texas. The TCDRS Act places the general administration and management of the System with a nine-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TCDRS is not fiscally dependent on the State of Texas. TCDRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code.

All employees (except temporary staff) of the County are required to participate in TCDRS.

TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available at www.tcdrs.org.

Benefits Provided

TCDRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the Board of Directors, within the options available in the state statutes governing TCDRS. Plan provisions for the County are as follows:

Note J – Defined Benefit Pension Plans (Continued)

Employee deposit rate	7.0%
Employer Matching	225%
Prior Service Credit	165%
Years required for vesting	8
Service retirement eligibility (expressed as age/years of service)	60/8, 0/20, 75 total age plus service

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the employer-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payment options. The County has also opted to provide prior service which gives employees monetary credit for time worked for an organization before it joined the System.

Employees covered by benefit terms.

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	123
Inactive employees entitled to but not yet receiving benefits	215
Active employees	419
Total	757

Contributions

The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee compensation, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees. Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the County was 10.57% and 10.69% in calendar years 2015 and 2014, respectively. The County's contributions to TCDRS for the fiscal year ended September 30, 2015 were $2,158,059, and were equal to the required contributions.

Note J – Defined Benefit Pension Plans (Continued)

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2014 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

TCDRS has adopted the replacement life entry age cost method, a conservative cost method and an industry standard. The goal of this cost method is to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin. Under this approach, benefits are funded in advance as a level percentage of pay. This portion of the contribution rate is called the normal cost rate and generally remains stable from year to year.

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following TCDRS system-wide and employer specific economic assumptions:

Real rate of return	5.0% per year
Inflation	3.0% per year
Long-term investment return	8.0%, net of investment expenses
Growth in memberships	0.0% per year
Payroll growth	3.5% per year

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee with a range of 0.40% to 5.25%.

The TCDRS system-wide demographic assumptions include replacement of terminated members in which new employees are assumed to replace any terminated members and have similar entry ages. The rates of disability used range from 0.000% to 0.024% depending on age for work related causes and 0.000% to 0.337% depending on age for all other causes. Mortality rates for depositing members were based on the gender-district RP-2000 Active Employee Mortality Table, with a two year set-forward for males and a four-year setback for females, both with the projection scale AA. Mortality rates for retirees, beneficiaries, and non-depositing members were based on the gender-distinct RP-2000 Combined Mortality Table with the projection scale AA, with a one year set-forward for males and no age adjustments for females. Mortality rates for disabled retirees were based on the gender-distinct RP-2000 Disabled Mortality Table, with no age adjustment for males and a two-year set forward for females, both with the projection scale AA. For current retirees, beneficiary information is supplied by TCDRS. For purposes of calculating the Survivor Benefit for current depositing and non-depositing members, male members are

Note J – Defined Benefit Pension Plans (Continued)

assumed to have a female beneficiary who is three years younger. Female members are assumed to have a male beneficiary who is three years older. Members eligible for service retirement are assumed to retire at rates ranging from 4.5% to 30%. The rates vary by age and sex.

The employer-specific demographic assumptions include a range of rates of assumed future termination from active participation in the plan for reasons other than death, disability, or retirement of 0.0% to 39.5%. The rate can vary by length of service, entry-age group and sex. No termination after eligibility for retirement is assumed. Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. Rates applied to the County's plan decreased from 100% to 0% based on years of service. For non-depositing members who are not vested, 100% are assumed to elect a withdrawal.

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. The experience investigation of TCDRS was over the years 2009-2012, first used in the December 31, 2013 valuation. The termination group assignments for each employer were based primarily upon the termination characteristics of the members of the employer's plan during the years 2009-2012 compared to the termination characteristics of all members of TCDRS during the same period. Assumptions are reviewed periodically. Every four years, the TCDRS consulting actuary conducts an investigation of experience. No additional changes were made for the 2014 valuation. There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period. There were no changes between the measurement date of the net pension liability and the County's reporting date that are expected to have a significant effect on the net pension liability.

The long-term expected rate of return on pension plan investments, net of investment expense, is 8.10%. The long-term expected rate of return on TCDRS assets was determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumption and information shown below are provided by TCDRS' investment consultant. The numbers shown are based on January 2015 information for a 7 – 10 year time horizon.

The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013.

Note J – Defined Benefit Pension Plans (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equities	16.50%	5.35%
Private Equity	12.00%	8.35%
Global Equities	1.50%	5.65%
International Equities - Developed	11.00%	5.35%
International Equities - Emerging	9.00%	6.35%
Investment-Grade Bonds	3.00%	0.55%
High-Yield Bonds	3.00%	3.75%
Opportunistic Credit	5.00%	5.54%
Direct Lending	2.00%	5.80%
Distressed Debt	3.00%	6.75%
REIT Equities	2.00%	4.00%
Commodities	2.00%	-0.20%
Master Limited Partnerships (MLPs)	2.00%	5.30%
Private Real Estate Partnerships	3.00%	7.20%
Hedge Funds	25.00%	5.15%
Total	100.00%	

Discount Rate

In order to determine the discount rate to be used by each employer, TCDRS has used an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act:

1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.

2) Under the TCDRS Act, the employer is legally required to make contributions specified in the funding policy.

3) The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.

4) Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Note J – Defined Benefit Pension Plans (Continued)

Since the projected fiduciary net position was projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, the discount rate used to measure the total pension liability is 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

The schedule below includes changes in the net pension liability and ending balances as of the measurement date, December 31, 2014, that are included in the long-term liability in the Statement of Net Position and are due after one year.

	Increase (Decrease)		
Changes in the NPL	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2013	$56,210,058	$52,679,989	$3,530,069
Changes for the year:			
Service cost	2,824,612	-	2,824,612
Interest on total pension liabilitly	4,589,585	-	4,589,585
Effect of plan changes	-	-	-
Effect of economic/demographic gains or los	(353,387)	-	(353,387)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(530,120)	(530,120)	-
Benefit payments, including refunds of employee contributions	(1,373,587)	(1,373,587)	-
Adminsitrative expenses	-	(42,610)	42,610
Member contributions	-	1,372,754	(1,372,754)
Net investment income	-	3,532,953	(3,532,953)
Employer contributions	-	2,096,387	(2,096,387)
Other	-	(1,387)	1,387
Balance at 12/31/2014	$61,367,161	$57,734,379	$3,632,782

Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 8.10%, as well as what Wise County 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:

Note J – Defined Benefit Pension Plans (Continued)

	1% Decrease in Discount Rate (7.10%)	Current Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Total pension liability	$ 69,851,851	$ 61,367,161	$ 54,377,699
Fiduciary net pension	57,734,379	57,734,379	57,734,379
Net pension liability / (asset)	$ 12,117,472	$ 3,632,782	$ (3,356,680)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TCDRS financial report. That report may be obtained on the Internet at *www.tcdrs.com*. The County's plan's fiduciary net position has been determined on the same basis as that used by TCDRS. The TCDRS plan is reported on the accrual basis of accounting. Benefits payments are recognized when due and payable in accordance with TCDRS's plan terms. Investments are reported at fair value.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the County recognized pension expense of $1,812,086. Details of the County's pension expense are as follows:

Pension Expense

Pension Expense	January 1, 2014 to December 31, 2014
Service cost	$ 2,824,612
Interest on total pension liability	4,589,585
Effect of plan changes	-
Administrative expenses	42,610
Member contributions	(1,372,754)
Expected investment return net of investment expenses	(4,370,108)
Recognition of deferred inflows/outflows of resourced	
Recognition of economic/demographic gains or losses	(70,677)
Recognition of assumption changes or inputs	-
Recognition of investment gains or losses	167,431
Other	1,387
Total Pension Expense	$ 1,812,086

Note J – Defined Benefit Pension Plans (Continued)

At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ (282,709)	$ -
Changes of assumptions	-	-
Net difference between project and actual earnings	669,724	-
Contributions made subsequent to measurement date	1,627,400	-
Total	$2,014,415	$ -

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2016	$ 1,724,154
2017	96,754
2018	96,754
2019	96,753
2020	-
Thereafter	-
Total	$ 2,014,415

Note K - Postemployment Benefits Other Than Pensions

Plan Description

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 (TCDRS.) 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 employers, to retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB). Retired employees are insured for $5,000.

Note K - Postemployment Benefits Other Than Pensions (Continued)

The GTLF is a separate trust administered by TCDRS Board of Trustees. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GTLF. This report is available at www.tcdrs.org. TCDRS' CAFR may also be obtained by writing to the Texas County and District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782.

Funding Policy

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.

Note L - Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. To reduce its risk of exposure in these areas, the County is a member of the Texas Association of Counties Risk Pool for liability, property, and workers' compensation. The pool is a public entity risk pool and was created based on the general objectives of formulating, developing and administering a program of self-insurance for the membership and obtaining lower costs for coverages. The pool coverage is offered through interlocal agreements between the Pool and counties. The Pool has the power to establish fees, contributions and methods for establishing rates. Under contract with the Pool, the Association provides for such services as claims administration and management, underwriting, loss control services and training, and financial reporting for its members. The Association submits sealed bids to counties during the bid process. The Pool is governed by a Board of Directors made up of employees or officials of counties which are members of the Pool. Member counties make contributions to the Pool, and the Pool provides insurance coverage and applicable reinsurance or stop loss coverage. The insurance policies carry various deductibles and aggregate maximum loss totals. The by-laws of the Pool are detailed in a separate document which can be obtained from the Texas Association of Counties, 1210 San Antonio Street, Austin, TX 78701.

There have been no significant reductions in coverage from the coverage in the past fiscal year, and there have been no settlements exceeding insurance coverage in the current or past three fiscal years.

Note M –Contingencies

Litigation

The County has been named as a defendant in pending lawsuits. Legal counsel estimates that the potential claim against the County resulting from such litigation would not materially affect the financial statements for the County.

Grants

The County received grant funds, principally from the state and federal government for various programs. Expenditures from these grants are subject to audit by the grantor, and the County is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of management, any refunds that may be required as a result of expenditures disallowed by the grantors will not be material to the financial statements.

Note N – Prior Period Adjustment

In the year of implementation of GASB Statement No. 68, as amended by GASB Statement No. 71, a restatement to beginning net position will be required for the recording of the beginning net pension liability and for the recording of deferred outflows of resources for contributions made after the measurement date of the beginning net pension liability and the beginning of the reporting entity's fiscal year.

Beginning net position as of December 31, 2014 has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.*

	Governmental Activities
Beginning net position	$ 66,993,514
Prior period adjustment - implementation of GASB No. 68:	
Net pension liability (measurement date as of December 31, 2014)	(3,530,069)
Deferred outflows - District's contributions made during fiscal year 2014	1,565,728
Total prior period adjustment	(1,964,341)
Beginning net position, as restated	$ 65,029,173

REQUIRED SUPPLEMENTARY INFORMATION

WISE COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual -
General Fund
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	$ 23,135,500	$ 22,767,485	$ 22,767,483	$ (2)
Sales and other taxes	4,938,000	4,129,312	4,138,510	9,198
Intergovernmental	870,612	1,852,590	1,241,741	(610,849)
Fees of office	4,597,388	4,665,196	4,665,182	(14)
Fines and forfeitures	592,000	427,268	427,267	(1)
Interest	11,900	11,093	11,089	(4)
Royalties and rentals	550,000	318,660	318,659	(1)
Solid waste fees	514,000	541,390	541,390	-
Miscellaneous revenues and donations	392,003	737,181	728,782	(8,399)
Total revenues	35,601,403	35,450,175	34,840,103	(610,072)
Expenditures				
Current:				
General government	3,794,853	4,660,805	4,002,167	658,638
Judicial	3,696,541	3,705,934	3,709,655	(3,721)
Legal	2,085,772	2,014,943	2,021,255	(6,312)
Elections	332,832	303,975	304,737	(762)
Financial administration	2,091,113	2,146,186	2,151,697	(5,511)
Public facilities	3,277,062	3,257,304	3,119,103	138,201
Public safety	16,244,745	15,877,858	15,846,945	30,913
Health and welfare	1,337,087	1,183,089	1,183,587	(498)
Culture and recreation	328,664	294,916	296,809	(1,893)
Conservation	303,325	297,612	298,600	(988)
Capital outlay	5,000	144,234	433,979	(289,745)
Debt service				
Principal retirement	-	25,406	25,406	-
Interest, issuance costs and fiscal charges	-	17,216	17,216	-
Total expenditures	33,496,994	33,929,478	33,411,156	518,322
Excess of revenues over expenditures	2,104,409	1,520,697	1,428,947	(91,750)
Other financing sources (uses)				
Operating transfers in	111,488	137,000	137,000	-
Operating transfers out	(4,321,397)	(3,411,210)	(3,410,802)	408
Sale of assets	10,000	1,809	24,010	22,201
Total other financing sources (uses)	(4,199,909)	(3,272,401)	(3,249,792)	22,609
Net change in fund balances	(2,095,500)	(1,751,704)	(1,820,845)	$ (69,141)
Fund balances, beginning of year	6,834,388	6,834,388	6,834,388	
Fund balances, end of year	$ 4,738,888	$ 5,082,684	$ 5,013,543	

The accompanying notes are an integral part of these financial statements.

WISE COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual -
Lateral Road Fund
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	$ 6,177,400	$ 6,102,142	$ 6,102,130	$ (12)
License and permits	1,300,000	1,265,346	1,265,346	-
Intergovernmental	1,757,121	1,090,686	1,092,071	1,385
Fines and forfeitures	736,000	572,549	572,543	(6)
Interest	5,500	5,322	5,319	(3)
Miscellaneous revenues and donations	9,000	17,431	17,447	16
Total revenues	9,985,021	9,053,476	9,054,856	1,380
Expenditures				
Current:				
Public transportation	11,413,618	9,654,975	7,048,837	2,606,138
Capital outlay	206,459	187,630	185,078	2,552
Total expenditures	11,620,077	9,842,605	7,233,915	2,608,690
Excess (deficiency) of revenues over (under) expenditures	(1,635,056)	(789,129)	1,820,941	2,610,070
Other financing sources				
Operating transfers in	300,000	-	-	-
Sale of assets	-	38,488	38,470	(18)
Total other financing sources	300,000	38,488	38,470	(18)
Net change in fund balances	(1,335,056)	(750,641)	1,859,411	$ 2,610,052
Fund balances, beginning of year	4,661,760	4,661,760	4,661,760	
Fund balances, end of year	$ 3,326,704	$ 3,911,119	$ 6,521,171	

The accompanying notes are an integral part of these financial statements.

WISE COUNTY, TEXAS
Schedule of Changes in the Net Pension Liability and Related Ratios

	Year Ended December 31 2014
Total Pension Liability	
Service cost	$ 2,824,612
Interest on total pension liability	4,589,585
Effect of plan changes	-
Effect of assumption changes or inputs	-
Effect of economic/demographic (gains) or losses	(353,387)
Benefit payments/refunds of contributions	(1,903,707)
Net change in total pension liability	5,157,103
Total pension liability, beginning	56,210,058
Total pension liability, ending (a)	$ 61,367,161
Plan Fiduciary Net Position	
Employer contributions	$ 2,096,387
Member contributions	1,372,754
Investment income net of investment expenses	3,532,953
Benefit payments/refunds of contributions	(1,903,707)
Administrative expenses	(42,610)
other	(1,387)
Net change in plan fiduciary net position	5,054,390
Plan fiduciary net position, beginning	52,679,989
Plan fiduciary net position, ending (b)	$ 57,734,379
Net Pension Liability, ending (a) - (b)	$ 3,632,782
Plan's fiduciary net position as a percentage of total pension liability	94.08%
Covered - employee payroll	$ 19,610,771
Net pension liability as a percentage of covered - employee payroll	18.52%

* The amounts presented above are as of the measurement date of the collective net pension liability.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

WISE COUNTY, TEXAS
Schedule of Employer Contributions and Related Ratios

Year Ended December 31st:	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	$ 2,158,059	$ 2,096,387	$ 1,950,893	$ 1,718,234	$ 1,602,347	$ 1,548,349	$ 1,501,483	$ 1,228,386	$ 1,108,539	$ 894,954
Contributions in relation to the actuarially determined amount	2,158,059	2,096,387	1,950,893	1,718,234	1,602,347	1,548,349	1,501,483	1,228,386	1,108,539	894,954
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 20,360,478	$ 19,610,771	$ 18,758,595	$ 17,216,787	$ 16,587,443	$ 16,419,397	$ 16,776,350	$ 14,383,915	$ 12,262,595	$ 10,861,095
Contributions as a percentage of covered-employee payroll	10.6%	10.7%	10.4%	10.0%	9.7%	9.4%	8.9%	8.5%	9.0%	8.2%

Notes to Schedule of Contributions

Valuation Date:

1) Actuarially determined contribution rates are calcualted as of December 31 and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contributions

2) See Note J. Defined Benefit Pension Plans to the financial statements.

Other Information:

3) There were no benefit changes during the year.

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

COMBINING AND BUDGET STATEMENTS

MAJOR GOVERNMENTAL FUNDS COMBINING AND BUDGETARY COMPARISON STATEMENTS

WISE COUNTY, TEXAS
Combining Balance Sheet
Lateral Road Fund
September 30, 2015

Assets	Right of Way and Fencing	Precinct No. 1	Precinct No. 2	Precinct No. 3	Precinct No. 4	County Thoroughfare	Grants	Total Lateral Road Fund
Cash	$ 43,966	$ 298,849	$ 251,644	$ 97,864	$ 146,743	$ 49,658	$471,300	$1,360,024
Investments	750,000	1,200,000	1,300,000	700,000	1,600,000	100,000	-	5,650,000
Receivables								
Property taxes (net of allowance of $109,472)	12,702	52,435	75,441	39,673	48,020	-	-	228,271
Accounts	23,383	771	716	1,018	1,056	-	-	26,944
Due from other governments	-	20,972	20,972	20,972	20,972	328,288	43,308	455,484
Total assets	$830,051	$1,573,027	$1,648,773	$859,527	$1,816,791	$ 477,946	$514,608	$7,720,723
Liabilities, deferred inflows of resources and fund balances								
Liabilities								
Accounts payable	$ 18,796	$ 290,171	$ 236,314	$178,512	$ 41,458	$ 2,018	$ -	$ 767,269
Accrued salaries and benefits	-	45,285	52,928	43,959	38,509	-	-	180,681
Unearned revenue								
Property taxes	12,702	52,435	75,441	39,673	48,020	-	-	228,271
Other	23,331	-	-	-	-	-	-	23,331
Total liabilities	54,829	387,891	364,683	262,144	127,987	2,018	-	1,199,552
Fund balances								
Restricted for								
Roads and bridges	775,222	1,185,136	1,284,090	597,383	1,688,804	-	-	5,530,635
Committed to								
Special road projects	-	-	-	-	-	475,928	-	475,928
Assigned to								
Grant road projects	-	-	-	-	-	-	514,608	514,608
Total fund balances	775,222	1,185,136	1,284,090	597,383	1,688,804	475,928	514,608	6,521,171
Total liabilities and fund balances	$830,051	$1,573,027	$1,648,773	$859,527	$1,816,791	$ 477,946	$514,608	$7,720,723

The accompanying notes are an integral part of these financial statements.

WISE COUNTY, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Lateral Road Fund
For the Fiscal Year Ended September 30, 2015

	Right of Way and Fencing	Precinct No. 1	Precinct No. 2	Precinct No. 3	Precinct No. 4	County Thoroughfare	Grants	Inter-Fund Eliminations	Total Lateral Road Fund
Revenues									
Property taxes	$380,773	$1,398,608	$1,991,735	$1,051,397	$1,279,617	$ -	$ -	$ -	$6,102,130
Licenses and permits	-	316,336	316,336	316,337	316,337	-	-	-	1,265,346
Intergovernmental	-	179,774	181,163	179,774	179,774	328,278	43,308	-	1,092,071
Fines and forfeitures	-	143,131	143,161	143,126	143,125	-	-	-	572,543
Interest	647	1,042	1,095	850	1,141	544	-	-	5,319
Miscellaneous revenues and donations	243	1,174	1,708	12,683	1,639	-	-	-	17,447
Total revenues	381,663	2,040,065	2,635,198	1,704,167	1,921,633	328,822	43,308	-	9,054,856
Expenditures									
Current:									
Public transportation	173,518	1,670,531	1,893,429	1,754,446	1,040,604	462,174	54,135	-	7,048,837
Capital outlay	-	-	92,211	19,945	16,463	-	56,459	-	185,078
Total expenditures	173,518	1,670,531	1,985,640	1,774,391	1,057,067	462,174	110,594	-	7,233,915
Excess (deficiency) of revenues over (under) expenditures	208,145	369,534	649,558	(70,224)	864,566	(133,352)	(67,286)	-	1,820,941
Other financing sources (uses)									
Operating transfers in	-	225,000	225,000	375,000	225,000	500,000	-	(1,550,000)	-
Operating transfers out	-	-	-	-	(500,000)	(1,050,000)	-	1,550,000	-
Sale of assets	-	-	18,970	6,000	13,500	-	-	-	38,470
Total other financing sources (uses)	-	225,000	243,970	381,000	(261,500)	(550,000)	-	-	38,470
Net change in fund balances	208,145	594,534	893,528	310,776	603,066	(683,352)	(67,286)	-	1,859,411
Fund balances, beginning of year	567,077	590,602	390,562	286,607	1,085,738	1,159,280	581,894	-	4,661,760
Fund balances, end of year	$775,222	$1,185,136	$1,284,090	$ 597,383	$1,688,804	$ 475,928	$514,608	$ -	$6,521,171

The accompanying notes are an integral part of these financial statements.

WISE COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual -
Capital Projects Fund
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	$ 2,500	$ 7,077	$ 7,076	$ (1)
Total revenues	2,500	7,077	7,076	(1)
Expenditures				
General government	60,000	12,380	11,843	537
Public safety	100,000	22,192	140,684	(118,492)
Capital outlay	4,836,000	3,907,631	3,789,671	117,960
Total expenditures	4,996,000	3,942,203	3,942,198	5
Deficiency of revenues under expenditures	(4,993,500)	(3,935,126)	(3,935,122)	4
Other financing sources				
Operating transfers in	820,000	-	-	-
Sale of assets	-	8,000	8,000	-
Total other financing sources	820,000	8,000	8,000	-
Net change in fund balances	(4,173,500)	(3,927,126)	(3,927,122)	$ 4
Fund balances, beginning of year	13,972,018	13,972,018	13,972,018	
Fund balances, end of year	$ 9,798,518	$ 10,044,892	$ 10,044,896	

The accompanying notes are an integral part of these financial statements.

WISE COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual -
Debt Service Fund
September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	$ 6,000	$ 4,054	$ 4,052	$ (2)
Rentals	2,424,519	2,429,219	2,429,219	-
Total revenues	2,430,519	2,433,273	2,433,271	(2)
Expenditures				
Debt service:				
Principal retirement	2,775,000	2,775,000	2,775,000	-
Interest and fiscal charges	2,787,294	2,790,048	2,786,794	3,254
Total expenditures	5,562,294	5,565,048	5,561,794	3,254
Deficiency of revenues under expenditures	(3,131,775)	(3,131,775)	(3,128,523)	3,252
Other financing sources				
Operating transfers in	3,131,775	3,131,775	3,131,775	-
Total other financing sources	3,131,775	3,131,775	3,131,775	-
Net change in fund balance	-	-	3,252	$ 3,252
Fund balance, beginning of year	2,861,615	2,861,615	2,861,615	
Fund balance, end of year	$ 2,861,615	$ 2,861,615	$ 2,864,867	

The accompanying notes are an integral part of these financial statements.

NONMAJOR GOVERNMENTAL FUNDS COMBINING AND BUDGETARY COMPARISON STATEMENTS

WISE COUNTY, TEXAS
Combining Balance Sheet -
Nonmajor Governmental Funds
September 30, 2015

	Special Revenue Funds					
	County Grants	County Clerk Record Management	Juvenile Probation TJPC 10-249	WCWC Branch Maintenance Tax	Other Special Revenue	**Total Nonmajor Governmental Funds**
Assets						
Cash	$44,523	$ 697,617	$ 152,497	$ -	$1,777,124	$ 2,671,761
Investments	-	-	200,000	-	-	200,000
Receivables						
Property tax	-	-	-	117,000	-	117,000
Accounts	18,952	1,426	-	-	32,757	53,135
Total assets	$63,475	$ 699,043	$ 352,497	$ 117,000	$1,809,881	$ 3,041,896
Liabilities and fund balances						
Liabilities						
Accounts payable	$ 8	$ 4,355	$ 9,036	$ -	$ 14,749	$ 28,148
Accrued salaries and benefits	3,152	-	20,719	-	-	23,871
Unearned Revenue						
Property Taxes	-	-	-	117,000	-	117,000
Total liabilities	3,160	4,355	29,755	117,000	14,749	169,019
Fund balances						
Restricted for						
State and federal programs	60,315	-	322,742	-	-	383,057
Records management	-	694,688	-	-	84,587	779,275
General government	-	-	-	-	44,426	44,426
Legal	-	-	-	-	554,572	554,572
Public safety	-	-	-	-	547,322	547,322
Committed to						
General government	-	-	-	-	371,459	371,459
Public transportation	-	-	-	-	46,198	46,198
Elections	-	-	-	-	80,934	80,934
Legal	-	-	-	-	65,634	65,634
Total fund balances	60,315	694,688	322,742	-	1,795,132	2,872,877
Total liabilities and fund balances	$ 63,475	$ 699,043	$ 352,497	$ 117,000	$ 1,809,881	$ 3,041,896

The accompanying notes are an integral part of these financial statements.

WISE COUNTY, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2015

	Special Revenue Funds					
	County Grants	County Clerk Record Management	Juvenile Probation TJPC 11-249	WCWC Branch Maintenance Tax	Other Special Revenue	**Total Nonmajor Governmental Funds**
Revenues						
Property taxes	$ -	$ -	$ -	$ 3,522,304	$ -	$ 3,522,304
Intergovernmental	65,551	-	406,096	-	48,266	519,913
Fees of office	-	282,744	-	-	227,820	510,564
Interest	-	-	332	-	121	453
Miscellaneous revenues and donations	-	-	-	-	189,032	189,032
Total revenues	65,551	282,744	406,428	3,522,304	465,239	4,742,266
Expenditures						
Current:						
General government	-	125,476	-	3,522,304	65,802	3,713,582
Legal	-	-	-	-	52,714	52,714
Elections	-	-	-	-	2,900	2,900
Public safety	75,722	-	758,844	-	71,699	906,265
Public transportation	-	-	-	-	79,628	79,628
Capital outlay	18,952	-	-	-	117,297	136,249
Total expenditures	94,674	125,476	758,844	3,522,304	390,040	4,891,338
Excess (deficiency) of revenues over (under) expenditures	(29,123)	157,268	(352,416)	-	75,199	(149,072)
Other financing sources (uses)						
Operating transfers in	29,027	-	250,000	-	30,000	309,027
Operating transfers out	-	-	-	-	(167,000)	(167,000)
Sale of assets	-	-	-	-	36,912	36,912
Total other financing sources (uses)	29,027	-	250,000	-	(100,088)	178,939
Net change in fund balances	(96)	157,268	(102,416)	-	(24,889)	29,867
Fund balances, beginning of year	60,411	537,420	425,158	-	1,820,021	2,843,010
Fund balances, end of year	$ 60,315	$ 694,688	$ 322,742	$ -	$ 1,795,132	$ 2,872,877

The accompanying notes are an integral part of these financial statements.

WISE COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual -
Non Major - Special Revenue Funds
September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	$ 3,450,400	$ 3,522,304	$ 3,522,304	$ -
Intergovernmental	552,850	568,353	519,913	(48,440)
Fees of office	478,800	510,572	510,564	(8)
Interest	700	621	453	(168)
Miscellaneous revenues and donations	142,200	189,435	189,032	(403)
Total revenues	4,624,950	4,791,285	4,742,266	(49,019)
Expenditures				
Current:				
General government	3,987,100	3,878,128	3,713,582	164,546
Judicial	10,400	-	-	-
Legal	76,400	83,016	52,714	30,302
Elections	37,900	15,056	2,900	12,156
Public safety	990,412	1,006,025	906,265	99,760
Public transportation	59,000	127,236	79,628	47,608
Capital outlay	175,800	103,807	136,249	(32,442)
Total expenditures	5,337,012	5,213,268	4,891,338	321,930
Deficiency of revenues under expenditures	(712,062)	(421,983)	(149,072)	272,911
Other financing sources (uses)				
Operating transfers in	30,581	59,027	309,027	250,000
Operating transfers out	(110,000)	(167,000)	(167,000)	-
Sale of assets	7,200	36,514	36,912	398
Total other financing sources (uses)	(72,219)	(71,459)	178,939	250,398
Net change in fund balances	(784,281)	(493,442)	29,867	$ 523,309
Fund balances, beginning of year	2,843,010	2,843,010	2,843,010	
Fund balances, end of year	$ 2,058,729	$ 2,349,568	$ 2,872,877	

The accompanying notes are an integral part of these financial statements.

AGENCY FUNDS

WISE COUNTY, TEXAS
Combining Statement of Fiduciary Assets and Liabilities -
All Agency Funds
September 30, 2015

	District Attorney Criminal Justice	District Attorney Hot Check	District Attorney Fee	County Attorney Fee	Bond Holding	Juvenile Probation Fee	Jury Fund	Estray Animal	Jack and Wise County Adult Probation
Assets									
Cash	$ 139,279	$ 12	$ 13,053	$15,753	$ 81,331	$ 29,192	$ 20,532	$ 3,262	$ 814,934
Investments	-	-	-	-	-	-	-	-	-
Receivables:									
Property Taxes - for other governments	-	-	-	-	-	-	-	-	-
Total assets	$ 139,279	$ 12	$ 13,053	$15,753	$ 81,331	$ 29,192	$ 20,532	$ 3,262	$ 814,934
Liabilities									
Deposits held and due to others	$ 139,279	$ 12	$ 13,053	$15,753	$ 81,331	$ 29,192	$ 20,532	$ 3,262	$ 814,934
Property taxes to be collected - due to other governments	-	-	-	-	-	-	-	-	-
Total liabilities	$ 139,279	$ 12	$ 13,053	$15,753	$ 81,331	$ 29,192	$ 20,532	$ 3,262	$ 814,934

The accompanying notes are an integral part of these financial statements.

WISE COUNTY, TEXAS
Combining Statement of Fiduciary Assets and Liabilities -
All Agency Funds
September 30, 2015

	District Attorney Restitution	Sherriff's Department Bond and Fine	Tax A/C Special Inventory	Special Inventory	Inmate Trust Fund	Justice of Peace #4	Tax A/C Auto Registration	County Attorney Forfeiture	District Clerk Trust	County Clerk Trust
Assets										
Cash	$ 1,067	$ 69	$ 320,083	$ 2,909	$ 22,865	$ 2	$ 1,129,132	$ 1,727	$ 347,348	$ 37,264
Investments	-	-	-	-	-	-	-	-	455,503	328,514
Receivables:										
Property Taxes - for other governments	-	-	-	-	-	-	-	-	-	-
Total assets	$ 1,067	$ 69	$ 320,083	$ 2,909	$ 22,865	$ 2	$ 1,129,132	$ 1,727	$ 802,851	$ 365,778
Liabilities										
Deposits held and due to others	$ 1,067	$ 69	$ 320,083	$ 2,909	$ 22,865	$ 2	$ 1,129,132	$ 1,727	$ 802,851	$ 365,778
Property taxes to be collected - due to other governments	-	-	-	-	-	-	-	-	-	-
Total liabilities	$ 1,067	$ 69	$ 320,083	$ 2,909	$ 22,865	$ 2	$ 1,129,132	$ 1,727	$ 802,851	$ 365,778

The accompanying notes are an integral part of these financial statements.

WISE COUNTY, TEXAS
Combining Statement of Fiduciary Assets and Liabilities -
All Agency Funds
September 30, 2015

	County Credit Card	Tax Office	Sheriff's Department Commissary	Register Fund Excess Tax Fund	EFTPS	Bail Bond	County Attorney Restitution	Mobile Home Escrow	Property Taxes - Other Governments	Total Agency Funds
Assets										
Cash	$ 664	$ 19,151	$ 256,360	$ 361,701	$ 46,063	$ 13,399	$ 4,549	$ 6,928	$ -	$ 3,688,629
Investments	-	15,783	-	-	-	-	-	-	-	799,800
Receivables:										
Property Taxes - for other governments	-	-	-	-	-	-	-	-	60,342	60,342
Total assets	$ 664	$ 34,934	$ 256,360	$ 361,701	$ 46,063	$ 13,399	$ 4,549	$ 6,928	$ 60,342	$ 4,548,771
Liabilities										
Deposits held and due to others	$ 664	$ 34,934	$ 256,360	$ 361,701	$ 46,063	$ 13,399	$ 4,549	$ 6,928	$ -	$ 4,488,429
Property taxes to be collected - due to other governments	-	-	-	-	-	-	-	-	60,342	60,342
Total liabilities	$ 664	$ 34,934	$ 256,360	$ 361,701	$ 46,063	$ 13,399	$ 4,549	$ 6,928	$ 60,342	$ 4,548,771

The accompanying notes are an integral part of these financial statements.

STATISTICAL SECTION

WISE COUNTY, TEXAS
General Governmental Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Taxes	Intergovernmental		Licenses and Permits	Fees of Office	Fines and Forfeitures	Interest	Royalties and Rentals	Solid Waste Fees	Miscellaneous	Total
		Non-Federal Funds	Federal Funds								
2006	$ 22,878,285	$ 618,487	$ 731,800	$ 1,357,264	$ 3,634,041	$ 1,421,713	$ 974,913	$ 530,100	$ 360,521	$ 682,518	$ 33,189,642
2007	26,428,292	618,168	998,239	1,567,496	4,520,330	1,605,113	1,254,926	1,177,743	355,922	710,574	39,236,803
2008	29,236,626	899,981	546,451	1,508,784	4,463,724	1,477,670	863,348	1,132,259	460,770	1,174,551	41,764,164
2009	31,502,288	1,156,235	177,098	1,415,776	4,459,122	1,334,617	248,836	373,935	467,713	696,222	41,831,842
2010	35,121,296	862,613	793,832	1,372,604	4,336,133	1,391,440	60,215	628,501	442,673	555,223	45,564,530
2011	36,019,577	727,971	379,349	1,269,878	4,512,768	1,452,419	201,185	1,542,103	504,703	630,464	47,240,417
2012	35,969,352	1,531,973	630,952	1,369,904	4,779,734	1,388,086	56,180	1,980,358	482,216	662,382	48,851,137
2013	36,780,452	1,065,734	1,139,551	1,347,172	4,681,598	1,320,313	40,975	2,794,272	511,651	751,678	50,433,396
2014	36,189,644	1,271,291	529,232	1,347,584	5,316,557	1,207,098	50,688	2,833,322	506,284	1,446,831	50,698,531
2015	36,530,427	1,135,770	1,717,955	1,265,346	5,175,746	999,810	27,989	2,747,878	541,390	935,261	51,077,572

WISE COUNTY, TEXAS
General Governmental Expenditures by Function
(Excluding Capital Outlay)
Last Ten Fiscal Years

Fiscal Year	General Government	Judicial	Legal	Elections	Financial Administration	Public Facilities	Public Safety	Public Transportation	Health and Welfare	Culture and Recreation	Conservation	Debt Service	Total
2006	$2,136,829	$1,980,199	$1,002,456	$ 37,901	$1,498,048	$2,247,724	$ 9,803,387	$ 7,654,339	$ 1,075,537	$184,896	$ 183,376	$1,883,473	$ 29,688,165
2007	2,406,843	2,096,133	1,162,857	43,519	1,654,423	2,406,614	10,862,739	7,074,598	1,893,450	213,857	197,250	1,762,389	31,774,672
2008	2,571,222	2,248,356	1,252,861	218,701	1,440,154	2,832,750	12,883,805	7,404,404	1,725,757	234,027	211,024	1,754,381	34,777,442
2009	3,011,867	2,503,556	1,486,646	248,492	1,665,163	2,844,331	13,956,642	5,968,841	1,394,676	284,021	249,570	2,950,453	36,564,258
2010	7,052,060	2,581,025	1,680,625	282,124	1,731,874	2,787,673	14,563,483	6,133,246	1,132,768	279,076	244,480	2,966,762	41,435,196
2011	6,592,666	2,789,808	1,845,103	296,174	1,786,841	3,009,134	15,190,749	9,756,738	1,115,367	302,629	254,054	3,921,362	46,860,625
2012	6,855,686	3,086,855	1,866,922	373,741	1,808,081	2,955,195	14,949,596	9,603,525	1,203,003	274,898	306,977	6,100,029	49,384,508
2013	6,990,431	3,303,957	1,913,257	298,524	1,831,194	2,920,447	15,432,684	8,602,423	1,252,779	261,641	276,137	5,581,035	48,664,509
2014	7,000,061	3,422,964	2,029,334	355,081	1,921,293	2,997,257	16,261,813	7,104,993	1,415,999	351,971	286,942	5,827,183	48,974,891
2015	7,727,592	3,709,655	2,073,969	307,637	2,151,697	3,119,103	16,893,894	7,128,465	1,183,587	296,809	298,600	5,604,416	50,495,424

WISE COUNTY, TEXAS
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (Including Supplements)	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2006	$ 19,261,710	$18,739,469	97.29%	$ 509,337	$ 19,248,806	99.93%	$ 1,677,164	8.71%
2007	21,649,530	21,317,917	98.47%	618,934	21,936,851	101.33%	1,379,477	6.37%
2008	23,579,843	23,386,381	99.18%	436,392	23,822,773	101.03%	1,324,336	5.62%
2009	26,817,785	26,168,136	97.58%	430,189	26,598,325	99.18%	1,358,915	5.07%
2010	31,631,104	30,901,649	97.69%	384,090	31,285,739	98.91%	1,474,240	4.66%
2011	32,528,854	30,523,119	93.83%	503,928	31,027,047	95.38%	1,510,093	4.64%
2012	32,002,034	30,305,093	94.70%	541,322	30,846,415	96.39%	1,454,133	4.54%
2013	31,293,318	30,997,207	99.05%	615,601	31,612,808	101.02%	1,520,154	4.86%
2014	30,741,854	30,395,131	98.87%	374,678	30,769,809	100.09%	1,552,750	5.05%
2015	32,251,426	31,797,095	98.59%	300,868	32,097,963	99.52%	1,622,451	5.03%

WISE COUNTY, TEXAS

Computation of Legal Debt Margin

September 30, 2015

Assessed valuation:		
Assessed valuation of property		$ 9,824,233,209
Less: Exemptions		(2,195,171,120)
Taxable assessed value		$ 7,629,062,089
Legal debt margin:		
Debt limit (25% of taxable assessed value)		$ 1,907,265,522
Debt applicable to limitation:		
Total bonded debt		
Add: Tax notes	$ 11,770,000	
Less: Amount available for repayment of bonded debt	249,649	
Total debt applicable to limitation		11,520,351
Legal debt margin		$ 1,895,745,171

Note: Debt limit 25% of assessed value of real property, Article 3, Section 52, of the Texas Constitution.

WISE COUNTY, TEXAS
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2006	61,450	$ 5,789,396,532	$ 10,235,000	$ 174,036	$ 10,060,964	0.174%	$ 163.73
2007	63,000	7,447,907,327	8,870,000	192,530	8,677,470	0.117%	137.74
2008	64,500	8,270,290,118	16,210,000	213,581	15,996,419	0.193%	248.01
2009	66,100	6,645,204,398	14,080,000	206,802	13,873,198	0.209%	209.88
2010	66,950	7,048,173,424	11,675,000	200,889	11,474,111	0.163%	171.38
2011	59,127	7,317,988,569	9,010,000	354,431	8,655,569	0.118%	146.39
2012	59,833	7,133,846,711	6,240,000	208,420	6,031,580	0.085%	100.81
2013	60,432	7,239,223,655	3,180,000	712,959	2,467,041	0.034%	40.82
2014	60,939	7,271,856,212	14,335,000	249,221	14,085,779	0.194%	231.15
2015	61,638	7,629,062,089	11,770,000	249,649	11,520,351	0.151%	186.90

OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION

SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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*

To the Members of the Commissioners' Court
Wise 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 Wise County, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 28, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wise 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 Wise County's internal control. Accordingly, we do not express an opinion on the effectiveness of Wise County's internal control.

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 entity'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.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wise 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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Snow Garrett Williams

Snow Garrett Williams
March 28, 2016

WISE COUNTY, TEXAS
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended September 30, 2015

Program/Grant	Finding/Noncompliance	Questioned Costs
None	None	None

WISE COUNTY, TEXAS
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?	_____	yes	X	no
Significant deficiencies identified that are not considered to be material weaknesses?	_____	yes	X	none reported
Noncompliance material to financial statements noted?	_____	yes	X	no

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	_____	yes	X	no
Significant deficiencies identified that are not considered to be material weaknesses?	_____	yes	X	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____	yes	X	no

Identification of Major Programs:

10.666 Schools and Roads - Grants to Counties

97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B federal programs:	$300,000			
Auditee qualified as a low-risk auditee?	X	yes	_____	no

WISE COUNTY, TEXAS
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2015

Section II – Financial Statement Findings

Findings required to be reported in accordance with *Government Auditing Standards:*

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

WISE COUNTY, TEXAS
Corrective Action Plan
For the Fiscal Year Ended September 30, 2015

Financial Statement Audit Findings:

There are no current year financial statement audit findings.

Federal Award Findings:

There are no current year federal award findings.

FEDERAL AWARDS SECTION

SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Members of the Commissioners' Court
Wise County, Texas

Report on Compliance for Each Major Federal Program

We have audited Wise County, Texas's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Wise County's major federal programs for the year ended September 30, 2015. Wise County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Wise County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wise County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Wise County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control Over Compliance

Management of Wise County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Wise County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Wise County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Snow Garrett Williams

Snow Garrett Williams
March 28, 2016

WISE COUNTY, TEXAS
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Direct Programs			
Forest Service Schools and Roads Cluster			
Schools and Roads - Grants to Counties (Note 3)	10.666		$ 1,327,174
U.S. Department of Homeland Security			
Direct Programs			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		328,278
U.S. Department of Justice			
Direct Programs			
State Criminal Alien Assistance Program	16.606		11,470
Passed Through Office of Attorney General			
Statewide Automated Victim Information Notification Program	16.740	1555747	11,616
Total U.S. Department of Justice			23,086
General Services Administration			
Passed through Texas Facilities Commission Surplus Property Program			
Donation of Federal Surplus Personal Property (Note 4)	39.003	25880	3,467
U.S. Department of Health and Human Services			
Passed Through Texas Department of State Health Services			
Public Health Emergency Preparedness	93.069	2015-001108-01	29,747
	93.069	2016-001108-01	5,236
			34,983
Passed Through Office of Attorney General			
Child Support Enforcement	93.563		967
Total U.S. Department of Health and Human Services			35,950
Total Expenditures of Federal Awards			$ 1,717,955

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Wise County, Texas under programs of the federal government for the fiscal year ended September 30, 2015. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Because the schedule presents only a selected portion of the operations of Wise County, it is not intended to and does not present the financial position or changes in net position of Wise County, Texas.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting, Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3: Subrecipients

Of the federal expenditures presented in the schedule, Wise County provided federal awards to subrecipients as follows:

CFDA No. 10.666, Schools and Roads - Grants to Counties grant expenditures includes $663,587 passed through to:

Alvord Independent School District	$ 443,275
Chico Independent School District	17,917
Decatur Independent School District	145,989
Slidell Independent School District	56,406
Total passed through by Wise County	$ 663,587

Note 4: Reconciliation of Federal Surplus Property

The following amounts were acquired from the Federal government at fair market value less applicable shipping and handling fees:

Property (Non-cash)	$ 1,389
Handling Fees Paid	2,078
Total for CFDA# 39.003	$ 3,467