

# **WISE COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005**

**Wise County, Texas  
Annual Financial Report  
For the Fiscal Year Ended September 30, 2005**

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**FINANCIAL SECTION**



# Snow, Garrett & Company

CERTIFIED PUBLIC ACCOUNTANTS

*A Partnership of Professional Corporations*

## INDEPENDENT AUDITOR'S REPORT

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

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, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2005, and the respective changes in financial position and the respective budgetary comparison for the general and 2005 capital project funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2005, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Page two

The management's discussion and analysis and the schedule of funding progress for the retirement plan are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wise County's basic financial statements. The accompanying 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 not a required part of the basic financial statements of Wise County. Also, the accompanying combining and budget statements and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Snow, Garrett & Company*

Snow, Garrett & Company, CPA's  
December 15, 2005

## 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, 2005. 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 2005 by \$28,711,100 (*net assets*). Of this amount, \$173,204 is restricted for specific purposes, \$12,744,068 is invested in capital assets net of related debt and \$15,793,828 represents unrestricted net assets.
- In contrast to the government-wide statements, the fund statements report a combined fund balance at year-end of \$16,492,715, an increase of \$767,272 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$6,879,877, or 41% of total general fund expenditures.
- The County's total debt increased by a net amount of \$1,323,338 during the current fiscal year as a result of the proceeds from the 2005 tax notes net against scheduled annual debt service payments.

### 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 three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. 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 of the County (excluding infrastructure purchased or donated in prior years) 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 assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year using the full accrual basis of accounting. All changes in net assets 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 13 and 14 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 funds 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 twenty-nine individual governmental funds (excluding fiduciary funds), twenty-four special revenue funds, three capital project funds, one debt service fund, 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, Jail Project Fund and the 2005 Capital Projects 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 County adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement (original versus final) has been provided for the General Fund, Jail Project Fund and the 2005 Capital Projects Fund to demonstrate compliance with budget.

The governmental fund financial statements can be found on pages 15 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 accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The fiduciary fund financial statements 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 36 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning pension benefits. The required supplementary information can be found on page 38 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$28,711,100 as of September 30, 2005.

**Wise County's Net Assets**

	Governmental Activities	
	2005	2004
Current and other assets	\$ 21,065,374	\$ 22,051,720
Capital assets, net of depreciation	21,861,986	17,145,394
Total assets	<u>42,927,360</u>	<u>39,197,114</u>
Long-term liabilities	11,641,430	10,318,092
Other liabilities	2,574,830	3,750,761
Total liabilities	<u>14,216,260</u>	<u>14,068,853</u>
Net assets:		
Invested in capital assets, net of related debt	12,744,068	9,813,510
Restricted	173,204	748,022
Unrestricted	15,793,828	14,566,729
Total Net Assets	<u>\$ 28,711,100</u>	<u>\$ 25,128,261</u>

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 is \$12,744,068. 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 \$173,204 of the County's net assets represents resources that are subject to external restrictions on how they may be used. All restricted assets of the County are being held for the purpose of debt service requirements on the County's outstanding debt.

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

The County's governmental activities increased net assets by \$3,582,839 during the current fiscal year. The total cost of all governmental activities this year was \$24,654,965. The amount that our taxpayers paid for these activities through property taxes was \$16,951,427 or 69%.

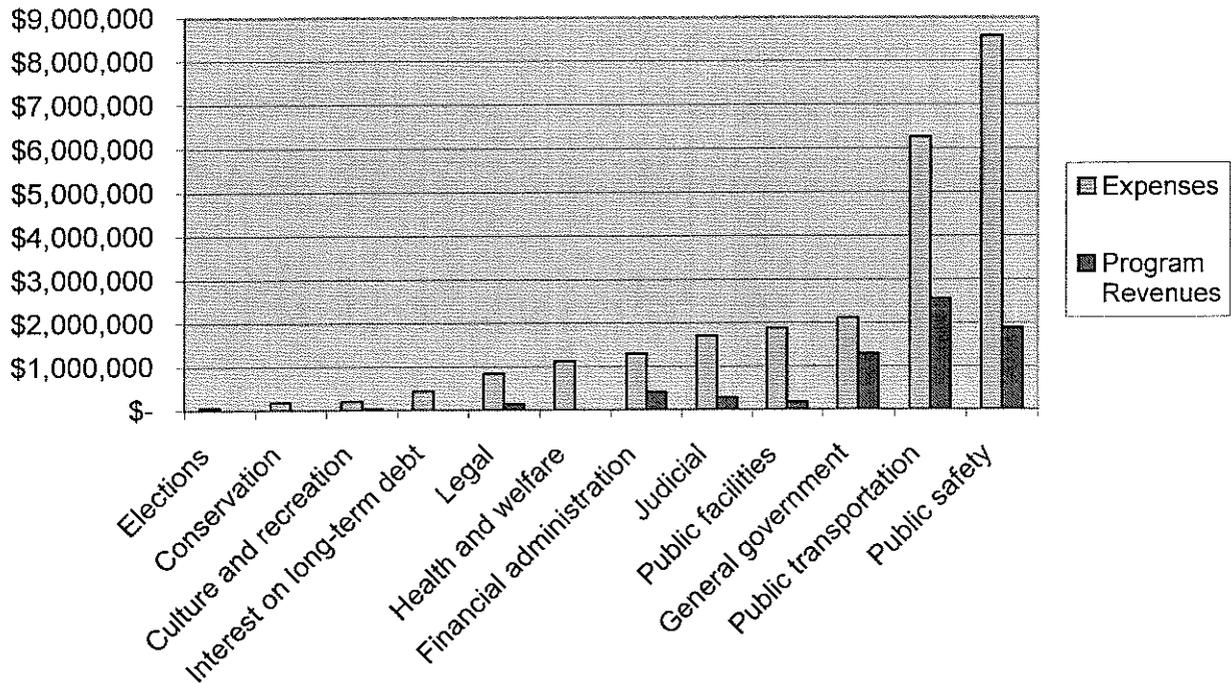
### Wise County's Changes in Net Assets

	Governmental Activities	
	2005	2004
Revenues:		
Program revenues:		
Charges for services	\$ 5,360,308	\$ 5,433,314
Operating grants and contributions	1,387,876	1,237,265
General revenues:		
Property taxes	16,951,427	15,602,819
Sales and other taxes	2,709,954	2,446,652
Other	1,828,239	1,235,485
Total revenues	<u>28,237,804</u>	<u>25,955,535</u>
Expenses:		
General government	2,120,658	2,089,410
Judicial	1,697,946	1,585,515
Legal	836,301	880,198
Elections	55,129	7,964
Financial administration	1,295,643	1,332,163
Public facilities	1,874,808	1,780,143
Public safety	8,571,273	8,165,857
Public transportation	6,262,440	5,534,285
Health and welfare	1,123,382	830,378
Culture and recreation	207,629	202,099
Conservation	180,023	164,142
Interest on long-term debt	429,733	486,422
Total expenses	<u>24,654,965</u>	<u>23,058,576</u>
Increase in net assets	3,582,839	2,896,959
Net assets, beginning	25,128,261	22,231,302
Net assets, ending	<u>\$ 28,711,100</u>	<u>\$ 25,128,261</u>

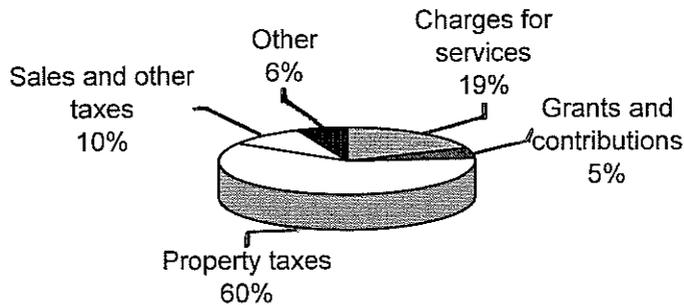
Key elements of the analysis of government-wide revenues and expenses reflect the following:

- Program revenues of \$6,748,184 equaled 27% of government expenses of \$24,654,965. As expected, general revenues (\$21,489,620) provided the required support and coverage for expenses;
- Over one-third of the expenses are public safety (\$8,571,273) while this category provided program revenues of about 7% of total revenues of \$28,237,804;
- The next largest category of expenses is public transportation \$6,262,440 at 21% of total expenses while public transportation program revenues provided about 9% of total revenues; and
- Grant revenues and contributions comprised about 5% of total revenues.

## Expenses and Program 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 Project 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, unreserved 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 \$16,492,715, an increase of \$767,272 in comparison with the prior year. Approximately \$13,812,162 or 84% of the fund balance represents unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service (\$173,204) and to fund capital projects (\$2,507,349).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$6,879,877, which is the total fund balance. As a measure of the general fund's liquidity, we compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 41%, or slightly more than 145 days of total fund expenditures.

The fund balance of the County's general fund increased by \$564,800 during the current fiscal year. Key factors in this growth are as follows:

- While the property tax rate for the general fund decreased, general fund property tax revenue increased due to higher assessed property values;
- Increase of \$262,047 in sales tax revenue received in current year compared to prior year; and
- Increase of \$145,183 in royalties and rentals received in current year compared to prior year.

The debt service fund has a total fund balance of \$173,204, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$300,289. Total debt principal, interest and fiscal charges in the debt service fund totaled \$1,161,088, approximately \$64,006 decrease from the prior year.

The three capital projects funds had combined ending fund balances of \$2,507,349, all of which is reserved for the jail construction project and various 2005 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 \$353,105 from the original to the final budget. Most of this difference resulted from an decrease in operating transfers out.

However, while the original to the final budget decreased in expenditures and other financing uses appropriations, the projected annual revenues and other financing sources included an \$84,895 upward revision. As stated earlier, healthy growth in sales tax revenue, together with increased property tax, fees of office, and royalties and rentals accounted for the majority of the upward revision. However, actual revenues exceeded amended budget projects by \$98,344 (less than 1%). Conversely, actual total expenditures for the year were \$39,455 (.24%) less than amended budget appropriations. Including small variances in other financing sources, the actual ending fund balances of \$6,879,877 was \$126,800 greater than anticipated.

## **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, 2005, net capital assets of the governmental activities totaled \$21,861,986. Depreciation on capital assets is recognized in the government-wide financial statements. Annual depreciation for buildings, improvements, infrastructure and machinery and equipment totaled \$1,323,467.

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

- Construction in progress additions to the jail project of \$4,332,991;
- Computer equipment additions in progress of \$177,639;
- Infrastructure (bridges and roads) additions of \$617,092;
- Purchase of two motor graders for Precinct 3 and one motor grader for Precinct 2; and
- Purchase of six Mack Trucks, one for Public Works, one for Precinct 2, one for Precinct 4 and three for Precinct 3.

**Wise County Capital Assets  
(net of depreciation)**

	Governmental Activities	
	2005	2004
Land	\$ 787,127	\$ 683,940
Buildings and improvements	4,833,544	4,791,257
Infrastructure	952,113	355,036
Construction in progress	10,108,974	5,655,511
Machinery and equipment	5,180,228	5,659,650
<b>Total</b>	<b>\$ 21,861,986</b>	<b>\$ 17,145,394</b>

Additional information on the County's capital assets can be found in Note H on pages 30 and 31 of this report.

**Long-term debt.** As of September 30, 2005, the County had certificates of obligation and tax notes outstanding of \$11,505,000. Certificates of obligation and tax notes retired in the current fiscal year totaled \$90,000 and \$695,000, respectively. The County issued \$3,000,000 in tax notes in 2005 to be used for the purchase of computer hardware and software, County vehicles, road maintenance, building equipment, and a records building. The County had total capital leases payable outstanding of \$136,430 at year end, which is a decrease of \$891,662 from the prior year.

**Wise County's Outstanding Debt**

	Governmental Activities	
	2005	2004
Certificates of obligation	\$ 8,285,000	\$ 8,375,000
Tax notes	3,220,000	915,000
Capital lease agreements	136,430	1,028,092
<b>Total</b>	<b>\$ 11,641,430</b>	<b>\$ 10,318,092</b>

Additional information on the County's long-term debt can be found in Notes I and J on pages 31 through 33 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The annual budget is 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 2006, the County Commissioners and management considered the following factors:

- The County, which is located near the Fort Worth/Dallas Metroplex, the DFW Airport and the Alliance Airport, expects increases in population and retail sales, therefore increasing the sales tax revenues for the County.
- Property tax revenues are budgeted to increase because of a rise in certified values and new single-family residential homes constructed during the past and current fiscal years.
- Industries in the County, which include the oil and gas industry, rock crusher industry, aerospace graphite products, sheet metal products, and an electric plant, are continuing to grow and increase the County's workforce and population.
- Tourist attractions, including the Caddo, LBJ Grasslands and Lake Bridgeport, within the County are promoting recreational pursuits for tourist income.

## **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 appropriate financial office (County Auditor or County Treasurer) at 207 North Church, Decatur, Texas 76234 or (Wise County Judge) at 100 Main Street, Courthouse, Decatur, Texas 76234.

## **Basic Financial Statements**

**WISE COUNTY, TEXAS**  
**Statement of Net Assets**  
**September 30, 2005**

	<u>Primary Government</u>
<b>Assets</b>	
Cash	\$ 1,252,420
Investments	17,029,214
Receivables (net of allowance for uncollectibles of \$245,064)	2,641,655
Due from other governments	68,036
Interfund balances	(6,418)
Deferred debt issuance costs	80,467
Capital assets	
Land and construction in progress	10,896,101
Other capital assets, net of depreciation	<u>10,965,885</u>
Total capital assets	<u>21,861,986</u>
Total assets	<u>42,927,360</u>
<b>Liabilities</b>	
Accounts payable	1,740,982
Due to other governments	278,686
Accrued interest payable	64,304
Deferred Revenue	32,352
Compensated absences payable	458,506
Noncurrent liabilities	
Due within one year	1,406,430
Due in more than one year	<u>10,235,000</u>
Total liabilities	<u>14,216,260</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	12,744,068
Restricted for:	
Debt service	173,204
Unrestricted	<u>15,793,828</u>
Total net assets	<u><u>\$ 28,711,100</u></u>

**WISE COUNTY, TEXAS**  
**Statement of Activities**  
**For the Fiscal Year Ended September 30, 2005**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
General government	\$ 2,120,658	\$ 1,245,998	\$ 36,565	\$ (838,095)
Judicial	1,697,946	169,340	110,188	(1,418,418)
Legal	836,301	114,431	25,425	(696,445)
Elections	55,129			(55,129)
Financial administration	1,295,643	406,119		(889,524)
Public facilities	1,874,808	177,897		(1,696,911)
Public safety	8,571,273	1,162,040	716,569	(6,692,664)
Public transportation	6,262,440	2,056,844	499,129	(3,706,467)
Health and welfare	1,123,382			(1,123,382)
Culture and recreation	207,629	27,639		(179,990)
Conservation	180,023			(180,023)
Interest on long-term debt	429,733			(429,733)
<b>Total primary government</b>	<b>\$ 24,654,965</b>	<b>\$ 5,360,308</b>	<b>\$ 1,387,876</b>	<b>(17,906,781)</b>

General revenues:	
Property taxes	16,951,427
Sales and other taxes	2,709,954
Investment earnings	613,268
Royalties	411,233
Gain on disposal of assets	537,675
Other	266,063
<b>Total general revenues</b>	<b>21,489,620</b>
Change in net assets	3,582,839
Net assets, October 1, 2004	25,128,261
Net assets, September 30, 2005	<b>\$ 28,711,100</b>

**WISE COUNTY, TEXAS**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2005**

	<u>General</u>	<u>Jail Project</u>	<u>2005 Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash	\$	\$	\$	\$	\$
Investments	8,483,386	200,539	8,822	1,557,030	1,766,391
Receivables:		17,093	2,413,674	6,115,061	17,029,214
Property taxes (net of allowances of \$192,075)	1,092,563			340,811	1,433,374
Accounts	78,861			122,620	201,481
Due from other funds	110,531	147,121	20,541	13,659	291,852
Due from other governments	20,832			47,204	68,036
<b>Total assets</b>	<b><u>\$ 9,786,173</u></b>	<b><u>\$ 364,753</u></b>	<b><u>\$ 2,443,037</u></b>	<b><u>\$ 8,196,385</u></b>	<b><u>\$ 20,790,348</u></b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Cash overdraft	\$ 513,971	\$	\$	\$	\$ 513,971
Accounts payable	753,797	279,900	20,541	686,742	1,740,980
Due to other funds	269,328			28,942	298,270
Due to other governments	276,637			2,049	278,686
Deferred revenue					
Property taxes	1,092,563			340,811	1,433,374
Other				32,352	32,352
<b>Total liabilities</b>	<b><u>2,906,296</u></b>	<b><u>279,900</u></b>	<b><u>20,541</u></b>	<b><u>1,090,896</u></b>	<b><u>4,297,633</u></b>
<b>Fund Balance</b>					
Reserved for:					
Debt service				173,204	173,204
Capital projects		84,853	2,422,496	-	2,507,349
Unreserved	6,879,877				6,879,877
Unreserved, reported in nonmajor:					
Special revenue funds				6,932,285	6,932,285
<b>Total fund balances</b>	<b><u>6,879,877</u></b>	<b><u>84,853</u></b>	<b><u>2,422,496</u></b>	<b><u>7,105,489</u></b>	<b><u>16,492,715</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 9,786,173</u></b>	<b><u>\$ 364,753</u></b>	<b><u>\$ 2,443,037</u></b>	<b><u>\$ 8,196,385</u></b>	
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.					
Other assets are not measurable and available in the current period and are not reported in the funds.					
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.					
Net assets of governmental activities - statement of net assets					
<b><u>\$ 28,711,102</u></b>					

**WISE COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Fiscal Year Ended September 30, 2005**

	General	Jail Project	2005 Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 12,453,445	\$	\$	\$ 4,564,711	\$ 17,018,156
Sales tax	2,687,713				2,687,713
Licenses and permits				1,311,124	1,311,124
Intergovernmental	245,251			976,802	1,222,053
Fees of office	2,611,387			380,579	2,991,966
Fines and forfeitures	447,746			745,720	1,193,466
Interest	338,650	46,950	22,745	204,923	613,268
Royalties and rentals	412,713				412,713
Solid waste fees	278,437				278,437
Miscellaneous revenues and donations	267,859	1,564		212,637	482,060
<b>Total revenues</b>	<b>19,743,201</b>	<b>48,514</b>	<b>22,745</b>	<b>8,396,496</b>	<b>28,210,956</b>
<b>Expenditures</b>					
Current:					
General government	1,974,513			56,544	2,031,057
Judicial	1,697,946				1,697,946
Legal	798,890			33,154	832,044
Elections	55,129				55,129
Financial administration	1,294,443				1,294,443
Public facilities	1,705,558				1,705,558
Public safety	7,860,166			670,610	8,530,776
Public transportation				5,474,645	5,474,645
Health and welfare	596,151			527,231	1,123,382
Culture and recreation	158,564				158,564
Conservation	173,525				173,525
Capital outlay	411,351	4,100,906	757,889	1,688,505	6,958,651
Debt and capitalized lease debt service:					
Principal retirement				1,676,662	1,676,662
Interest and fiscal charges				426,324	426,324
<b>Total expenditures</b>	<b>16,726,236</b>	<b>4,100,906</b>	<b>757,889</b>	<b>10,553,675</b>	<b>32,138,706</b>
<b>Excess of revenues over (under) expenditures</b>	<b>3,016,965</b>	<b>(4,052,392)</b>	<b>(735,144)</b>	<b>(2,157,179)</b>	<b>(3,927,750)</b>
<b>Other financing sources (uses)</b>					
Operating transfers in	882,665	1,158,120	177,640	1,497,215	3,715,640
Operating transfers out	(3,381,380)			(334,260)	(3,715,640)
Sales of assets	46,550			1,668,472	1,715,022
Proceeds from tax notes			3,000,000		3,000,000
Issuance costs			(20,000)		(20,000)
<b>Total other financing sources (uses)</b>	<b>(2,452,165)</b>	<b>1,158,120</b>	<b>3,157,640</b>	<b>2,831,427</b>	<b>4,695,022</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>564,800</b>	<b>(2,894,272)</b>	<b>2,422,496</b>	<b>674,248</b>	<b>767,272</b>
Fund balances, October 1, 2004	6,315,077	2,979,125	-	6,431,241	15,725,443
<b>Fund balances, September 30, 2005</b>	<b>\$ 6,879,877</b>	<b>\$ 84,853</b>	<b>\$ 2,422,496</b>	<b>\$ 7,105,489</b>	<b>\$ 16,492,715</b>

**WISE COUNTY, TEXAS**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities**  
**For the Fiscal Year Ended September 30, 2005**

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

Net change in fund balances - total governmental funds	\$ 767,272
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Governmental funds report all capital outlays as expenditures. However, in the statement of activities the cost of some of the assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays for County owned assets exceeded depreciation in the current year.	5,899,239
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The net effect of various miscellaneous transactions involving capital assets.	(1,182,647)
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Decrease in revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(498,016)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.	(99,671)
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The issuance of long-term debt (e.g. certificates of obligation, tax notes, and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>(1,303,338)</u>
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Change in net assets of governmental activities - statement of activities	<u>\$ 3,582,839</u>
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**WISE COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**- Budget and Actual -**  
**General Fund**  
**For the Fiscal Year Ended September 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 12,006,000	\$ 12,453,447	\$ 12,453,445	\$ (2)
Sales tax	2,250,000	2,687,714	2,687,713	(1)
Intergovernmental	152,534	230,413	245,251	14,838
Fees of office	2,361,750	2,622,113	2,611,387	(10,726)
Fines and forfeitures	347,500	447,748	447,746	(2)
Interest	95,000	323,265	338,650	15,385
Royalties and rentals	131,000	333,853	412,713	78,860
Solid waste fees	213,000	278,440	278,437	(3)
Miscellaneous revenues and donations	270,419	267,864	267,859	(5)
<b>Total revenues</b>	<u>17,827,203</u>	<u>19,644,857</u>	<u>19,743,201</u>	<u>98,344</u>
<b>Expenditures</b>				
Current:				
General government	2,034,850	1,959,090	1,974,513	(15,423)
Judicial	1,746,498	1,701,920	1,697,946	3,974
Legal	836,177	798,892	798,890	2
Elections	64,182	55,130	55,129	1
Financial administration	1,424,439	1,294,451	1,294,443	8
Public facilities	1,825,659	1,758,119	1,705,558	52,561
Public safety	7,728,458	7,852,404	7,860,166	(7,762)
Health and welfare	579,861	602,405	596,151	6,254
Culture and recreation	181,197	158,566	158,564	2
Conservation	190,714	173,531	173,525	6
Capital outlay	190,000	411,183	411,351	(168)
<b>Total expenditures</b>	<u>16,802,035</u>	<u>16,765,691</u>	<u>16,726,236</u>	<u>39,455</u>
<b>Excess of revenues over (under) expenditures</b>	<u>1,025,168</u>	<u>2,879,166</u>	<u>3,016,965</u>	<u>137,799</u>
<b>Other financing sources (uses)</b>				
Operating transfers in	2,654,474	882,665	882,665	-
Operating transfers out	(3,687,142)	(3,370,381)	(3,381,380)	(10,999)
Sales of assets	7,500	46,550	46,550	-
<b>Total other financing sources (uses)</b>	<u>(1,025,168)</u>	<u>(2,441,166)</u>	<u>(2,452,165)</u>	<u>(10,999)</u>
<b>Excess of revenues and other sources (uses) over (under) expenditures and other uses</b>	-	438,000	564,800	126,800
<b>Fund balances, October 1, 2004</b>	<u>6,315,077</u>	<u>6,315,077</u>	<u>6,315,077</u>	<u>-</u>
<b>Fund balances, September 30, 2005</b>	<u>\$ 6,315,077</u>	<u>\$ 6,753,077</u>	<u>\$ 6,879,877</u>	<u>\$ 126,800</u>

**WISE COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**- Budget and Actual -**  
**Jail Project**  
**For the Fiscal Year Ended September 30, 2005**

	<u>Budgeted Amounts</u>		<b>2005 Actual Amounts</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest	\$ 15,000	\$ 39,185	\$ 46,950	7,765
Miscellaneous revenues	-	1,565	1,564	(1)
Total revenues	<u>15,000</u>	<u>40,750</u>	<u>48,514</u>	<u>7,764</u>
<b>Expenditures</b>				
Capital outlay	<u>5,665,000</u>	<u>4,095,465</u>	<u>4,100,906</u>	<u>(5,441)</u>
Total expenditures	<u>5,665,000</u>	<u>4,095,465</u>	<u>4,100,906</u>	<u>(5,441)</u>
Excess of revenues over (under) expenditures	(5,650,000)	(4,054,715)	(4,052,392)	13,205
Other financing sources (uses)				
Operating transfers in	<u>1,700,000</u>	<u>1,158,121</u>	<u>1,158,120</u>	<u>(1)</u>
Excess of revenues and other sources (uses) over (under) expenditures and other uses	(3,950,000)	(2,896,594)	(2,894,272)	13,204
Carryover from prior year fund balance	3,950,000	2,896,594	-	(2,896,594)
Fund balance, October 1, 2004	<u>-</u>	<u>2,979,125</u>	<u>2,979,125</u>	<u>-</u>
Fund balance, September 30, 2005	<u>\$ -</u>	<u>\$ 2,979,125</u>	<u>\$ 84,853</u>	<u>\$ (2,883,390)</u>

**WISE COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**- Budget and Actual -**  
**2005 Capital Projects Fund**  
**For the Fiscal Year Ended September 30, 2005**

	<u>Budgeted Amounts</u>		<u>2005 Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest	\$	\$ 22,745	\$ 22,745	\$ -
Total revenues	-	22,745	22,745	-
<b>Expenditures</b>				
Capital outlay		3,180,385	757,889	2,422,496
Total expenditures	-	3,180,385	757,889	2,422,496
Excess of revenues over (under) expenditures	-	(3,157,640)	(735,144)	2,422,496
Other financing sources (uses)				
Operating transfers in		177,640	177,640	-
Proceeds from tax notes		3,000,000	3,000,000	-
Issuance costs		(20,000)	(20,000)	-
Total other financing sources (uses)	-	3,157,640	3,157,640	-
Excess of revenues and other sources (uses) over (under) expenditures and other uses	-	-	2,422,496	2,422,496
Fund balance, October 1, 2004	-	-	-	-
Fund balance, September 30, 2005	\$ -	\$ -	\$ 2,422,496	\$ 2,422,496

**WISE COUNTY, TEXAS**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**September 30, 2005**

<b>Assets</b>	
Cash	\$ 2,362,287
Investments	560,180
Receivables:	
Property taxes - for other governments	296,436
Other	452
Due from other funds	<u>7,907</u>
Total assets	<u><u>\$ 3,227,262</u></u>
<b>Liabilities</b>	
Deposits held and due to others	\$ 2,929,337
Due to other funds	1,489
Property taxes to be collected - due to other governments	<u>296,436</u>
Total liabilities	<u><u>\$ 3,227,262</u></u>

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2005**

**Note A - 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 accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. 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, 2005.

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.

In fiscal year 2005, the County adopted a new reporting standard in order to conform to Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*. There were no effects on the accompanying basic financial statements as a result of the above Statement.

**Note B - Summary of Significant Accounting Policies**

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

**Government-wide and fund financial statements**

The government-wide financial statements include the statement of net assets and the statement of activities. Government-wide statements report, except for County fiduciary activity, information on all of the 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 and intergovernmental revenues.

Separate fund 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, the Jail Projects Fund, and the 2005 Capital Projects Fund meet 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, Capital Projects and Debt Service 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. Detailed statements for nonmajor funds are presented within Combining and Budget Statements.

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2005**

**Note B - Summary of Significant Accounting Policies (Continued)**

**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 revenue.

**Governmental fund financial statements** are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Property taxes which were levied prior to September 30, 2005, and became due October 1, 2005 have been assessed to finance the budget of the fiscal year beginning October 1, 2005 and, accordingly, have been reflected as deferred revenue and taxes receivable in the fund financial statements at September 30, 2005. 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 general operating fund of the County and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**The Jail Project Fund** is used to account for the acquisition and construction of a new County jail.

**The 2005 Capital Project Fund** is used to account for the purchase of computer hardware and software, County vehicles, road maintenance, building equipment and a records building for the County.

**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 three percent or less, no public hearing is required. If the Court increases taxes more than three but less than eight percent, then a public hearing is required prior to final adoption. If the Court increases taxes more than eight percent, a public hearing is required and taxes are subject to a rollback petition and election. Beginning with the 1999 tax levy, any increase in property taxes will require a public hearing.

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2005**

**Note B - Summary of Significant Accounting Policies (Continued)**

- (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, 2005.

**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 of \$5,000 or more. Capital assets are recorded at historical costs 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 asset lives 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

GASB Statement No. 34 requires the County to record and depreciate new infrastructure assets effective for the fiscal year beginning October 1, 2002. Infrastructure acquired prior to October 1, 2002 has not been recorded. Infrastructure assets include roads, bridges and culverts. These infrastructure assets are likely to be the largest asset class of the County. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for the fiscal year ending September 30, 2007.

**Use of Estimates**

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

**Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. On new certificates of obligations or tax notes, premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt. Certificates of obligation and tax notes payable are reported net of the applicable premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2005**

**Note B - Summary of Significant Accounting Policies (Continued)**

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

**Note C – Reconciliation of Government-wide and Fund financial statements**

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between fund balance for total governmental funds and net assets as reported in the government-wide statement of net assets. One element of that reconciliation explains "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds." The details of this \$12,083,773 difference are as follows:

Certificate of obligation and tax notes payable:	\$ 11,505,000
Less: deferred charge for issuance costs (to be amortized over life of debt)	(80,467)
Accrued interest payable	64,304
Capital leases payable	136,430
Compensated absences	<u>458,506</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 12,083,773</u>

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation indicates that "governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of capital assets is allocated over their estimate useful lives and reported as depreciation expense" on capital outlays for County owned assets only. The details of this \$5,899,239 difference are as follows:

Capital outlay and other reclassifications	\$ 7,222,706
Depreciation expense	<u>(1,323,467)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 5,899,239</u>

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2005**

**Note C – Reconciliation of Government-wide and Fund financial statements (Continued)**

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets" (i.e., sales and trade-ins) is to decrease net assets. The details of this \$1,182,647 difference are as follows:

The statement of activities reports a gain arising from the sale of existing capital assets to acquire new capital assets. Conversely, governmental funds only report the proceeds received from the sale.	<u>\$ (1,182,647)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (1,182,647)</u>

Another element of the reconciliation states "the issuance of long-term debt (e.g., certificate of obligation, tax notes, and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$1,303,338 difference are as follows:

Debt issued or incurred:	
Tax notes less issuance costs	\$ (2,980,000)
Principal repayments	
Tax notes	785,000
Capital leases	<u>891,662</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (1,303,338)</u>

Another element of the reconciliation states "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds." The details of this \$99,671 difference are as follows:

Compensated absences	\$ (88,751)
Accrued interest	(2,903)
Amortization of issuance costs	<u>(8,017)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (99,671)</u>

**Note D - 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, availability of cash to meet the County's obligations and maximization of interest earnings. 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.

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2005**

**Note D - Deposits, Securities and Investments (Continued)**

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

1. Time Deposits
2. Certificates of Deposits
3. Security repurchase agreements
4. Money Market investment accounts
5. Negotiable Order of Withdrawal (NOW) accounts
6. United States Treasury Bills
7. United States Government
8. Investment Pools
9. Commercial Paper

The County participates in 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 oversees TexPool, with Lehman Brothers and Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poors and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses the amortized cost, which seeks to maintain a constant net asset value of \$1.00 per unit, rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

As of September 30, 2005, the County had the following investments:

	<u>Market Value</u>	<u>% of Total</u>
<b>Government Funds</b>		
Certificates of Deposit	\$ 7,119,000	40.47%
TexPool	9,910,214	56.35%
<b>Total Government Funds</b>	<b>\$ 17,029,214</b>	<b>96.82%</b>
<b>Agency Funds</b>		
Certificates of Deposit	\$ 313,133	1.78%
TexPool	247,047	1.40%
<b>Total Agency Funds</b>	<b>\$ 560,180</b>	<b>3.18%</b>
<b>Total Investments</b>	<b>\$ 17,589,394</b>	<b>100.00%</b>

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2005**

**Note D - Deposits, Securities and Investments (Continued)**

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, 2005, the County's investments included certificates of deposit and investment pools 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, 2005, 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, 2005, 42.25% of the County's investments were included in certificates of deposit and 57.75% were included in investment pools.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name. At September 30, 2005, the County's certificates of deposit were 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 E - 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 rates for the year ended September 30, 2005 to finance maintenance and operations of the County was \$.44153 per \$100 valuation.

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2005**

**Note F - Property Taxes Receivable**

At the individual fund level of financial statement reporting, taxes are recognized as revenue when received and the remaining balance is recorded as fully deferred income at year end.

The following schedule details property taxes receivable by fund:

Fund	Property Taxes Receivable (Net)
General	\$ 1,092,563
Indigent Health	33,976
Lateral Road	306,835
Total	\$ 1,433,374

**Note G – Interfund Balances**

During the course of the fiscal year, interfund payables and receivables arise. The following were outstanding as of September 30, 2005.

From	To	Amount
General fund	General fund	\$ 81,550
	Jail Project	147,121
	2005 Capital Projects fund	20,541
	Other governmental funds	12,209
	Agency funds	7,907
Other governmental funds	General fund	28,942
Agency funds	General fund	39
	Other governmental funds	1,450
Total		\$ 299,759

Interfund balances resulted from the timing difference between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2005**

**Note H – Capital Assets**

Capital asset activity for the year ended September 30, 2005 was as follows:

	Balance 10/1/04	Additions	Deletions	Balance 9/30/05
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 683,940	\$ 103,187	\$ -	\$ 787,127
Construction in progress	5,655,511	4,510,630	57,167	10,108,974
Total capital assets not being depreciated	6,339,451	4,613,817	57,167	10,896,101
Other capital assets				
Buildings and improvements	10,996,485	212,927	-	11,209,412
Infrastructure	364,848	617,092	-	981,940
Machinery and equipment	10,784,348	1,836,037	2,195,486	10,424,899
Total other capital assets	22,145,681	2,666,056	2,195,486	22,616,251
Less accumulated depreciation for:				
Building and improvements	6,205,228	170,640	-	6,375,868
Infrastructure	9,812	20,015	-	29,827
Machinery and equipment	5,124,698	1,132,812	1,012,839	5,244,671
Total accumulated depreciation	11,339,738	1,323,467	1,012,839	11,650,366
Other capital assets, net	10,805,943	1,342,589	1,182,647	10,965,885
Governmental activities capital assets, net	<u>\$ 17,145,394</u>	<u>\$ 5,956,406</u>	<u>\$ 1,239,814</u>	<u>\$ 21,861,986</u>

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2005**

**Note H – Capital Assets (Continued)**

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

**Governmental activities:**

General government	\$	850
Legal		4,257
Financial administration		1,200
Public facilities		169,250
Public safety		304,552
Public transportation		787,795
Culture and recreation		49,065
Conservation		6,498
		6,498
Total depreciation for governmental activities	\$	1,323,467

**Note I - Long-Term Debt**

The principal long-term obligations of the County include general obligation bonds, tax notes, the accrued liability for compensated absences, and capital lease agreements.

Tax Notes – 2000 Series

- ◆ To purchase buildings (Juvenile Probation and Public Works), rehabilitation and improvements to the Jail Facility, and pay tax note issuance costs.
- ◆ \$1,150,000 notes originally issued.
- ◆ Payable in annual installments of \$165,000 to \$220,000 through August 15, 2006.
- ◆ Interest rate of 5.375%.
- ◆ Outstanding balance of \$220,000 at September 30, 2005.

Certificates of Obligation – 2003 Series

- ◆ To construct a jail facility.
- ◆ \$8,500,000 of certificates of obligation originally issued.
- ◆ Payable in annual installments of \$90,000 to \$1,155,000 through August 15, 2014.
- ◆ Interest rates ranging from 3.33% to 3.99%.
- ◆ Outstanding balance of \$8,285,000 at September 30, 2005.

Tax Notes – 2005 Series

- ◆ To purchase computer hardware and software, County vehicles, road maintenance, building equipment and a records building for the County.
- ◆ \$3,000,000 notes originally issued.
- ◆ Payable in annual installments of \$450,000 to \$550,000 through August 15, 2011.
- ◆ Interest rate of 3.699%.
- ◆ Outstanding balance of \$3,000,000 at September 30, 2005.

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2005**

**Note I - Long-Term Debt (Continued)**

The following are changes by type of debt:

	Balance 10/1/04	Increase	Decrease	Balance 09/30/05
Tax notes	\$ 915,000	\$ 3,000,000	\$ 695,000	\$ 3,220,000
Certificates of Obligation	8,375,000	-	90,000	8,285,000
Capital Lease Agreements	1,028,092	-	891,662	136,430
Compensated Absences	369,755	88,751	-	458,506
<b>Totals</b>	<b>\$ 10,687,847</b>	<b>\$ 3,088,751</b>	<b>\$ 1,676,662</b>	<b>\$ 12,099,936</b>

The following are the annual requirements needed to fund tax notes and the certificates of obligation:

Year	Tax Notes		Certificates of Obligation		Total
	Principal	Interest	Principal	Interest	
2006	\$ 670,000	\$ 145,914	\$ 600,000	\$ 326,282	\$ 1,742,196
2007	500,000	94,324	865,000	302,341	1,761,665
2008	500,000	75,830	910,000	267,828	1,753,658
2009	500,000	57,334	955,000	231,519	1,743,853
2010	500,000	38,840	1,000,000	193,415	1,732,255
2011-2015	550,000	20,344	3,955,000	354,508	4,879,852
<b>Totals</b>	<b>\$ 3,220,000</b>	<b>\$ 432,586</b>	<b>\$ 8,285,000</b>	<b>\$ 1,675,893</b>	<b>\$ 13,613,479</b>

The 2003 Certificates of Obligation require that a minimum of 2% of the original amount of the Certificates or \$170,000 be maintained by the County as an interest and sinking fund reserve. The County is in compliance with this reserve requirement.

**Note J - Capital Lease Agreements**

General information related to capital lease agreements is summarized below:

Bank One – 2003 Acquisition

- ◆ To purchase a chipspreader for Precinct #1, 2 1996 Mack Truck, and DuroPatcher for Precinct #3, and a track loader for Precinct #4.
- ◆ Total purchase price was \$408,486, with a \$108,386 down payment.
- ◆ Balance of \$400,000 payable in three annual installments of \$139,621, which includes interest at a rate of 2.34%.
- ◆ Outstanding balance of \$136,430 at September 30, 2005.

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2005**

**Note J - Capital Lease Agreements**

Future minimum lease payments for the above capital leases are as follows:

Scheduled future minimum lease payments	\$	139,622
Amount representing interest		3,192
Present value of future minimum capital # lease payments (principal payoff)	\$	136,430

The following is the future annual requirements for capitalized leases:

Year	Principal	Interest	Total
2006	\$ 136,430	\$ 3,192	\$ 139,622

**Note K - Accumulated Unpaid Vacation and Sick Leave**

County policy allows the accrual of vacation and sick pay benefit for all employees other than elected and appointed officials. The expense of the benefits is recognized when incurred. Vacation pay is paid upon termination if the employee gives two weeks' notice or is terminated by the County. Sick pay is not paid upon termination for any reason. At September 30, 2005 the value of accumulated vacation benefits was \$458,506 and the value of accumulated sick pay benefits was approximately \$229,903.

Due to the current portion of accrued vacation pay being immaterial, the entire liability has been classified as long-term. No liability has been recorded for sick pay since it is non-vesting.

**Note L - Interfund Transfers**

Interfund transfers during the year were as follows:

Transfers Out	
Fund	Amount
General fund	\$ 3,381,380
Other governmental funds	334,260
Total transfers out	\$ 3,715,640
Transfers In	
Fund	Amount
General fund	\$ 882,665
Jail Project fund	1,158,120
2005 Capital Projects fund	177,640
Other governmental funds	1,497,215
Total transfers in	\$ 3,715,640

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2005**

**Note L - Interfund Transfers (Continued)**

Transfers are generally used (1) to transfer funds from the General fund to fund various programs and supplement grants and (2) to move receipts collected for various fees in special revenue funds to the General fund to cover County expenditures.

**Note M - Retirement Pension Plan**

**Plan Description**

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 559 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the Commissioners' Court within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members, who withdraw their personal contributions in a lump sum, are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the Commissioners' Court within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the County's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

**Funding Policy**

The County has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 8.73% for the months of the accounting year in 2004, and 8.34% for the months of the accounting year in 2005.

The deposit rate payable by the employee members for calendar year 2005 is the rate of 7% as adopted by the Commissioners' Court. The employee deposit rate and the employer contribution rate may be changed by the Commissioners' Court within the options available in the TCDRS Act.

**Annual Pension Cost**

For the employer's accounting year ending September 30, 2005, the annual pension cost for the TCDRS plan for its employees was \$829,743, and the actual contributions were \$1,491,962.

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2005**

**Note M - Retirement Pension Plan (Continued)**

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2002 and December 31, 2003, the basis for determining the contribution rates for calendar years 2004 and 2005. The December 31, 2004 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial valuation date	12/31/2002	12/31/2003	12/31/2004
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, open	level percentage of payroll, open	level percentage of payroll, open
Amortization period (in years)	20	20	20
Asset valuation method	long-term appreciation with adjustment	long-term appreciation with adjustment	long-term appreciation with adjustment
Actuarial Assumptions:			
Investment return*	8.00%	8.00%	8.00%
Projected salary increases*	5.50%	5.50%	5.50%
Inflation	3.50%	3.50%	3.50%
Cost of living adjustments	0.00%	0.00%	0.00%

\* Includes inflation at the stated rate

Trend Information  
for the Retirement Plan for the Employees of  
Wise County

<u>Accounting</u> <u>Year Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
9/30/2003	\$ 743,783	100.00%	\$ -
9/30/2004	837,989	100.00%	-
9/30/2005	829,743	100.00%	-

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2005**

**Note N - 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.

**Note O - 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 P - Other Required Fund Disclosures**

Generally accepted accounting principles require disclosure as part of the Combined Statements - Overviews of certain information concerning individual funds including segment information for certain individual Enterprise Funds. The County does not maintain any Enterprise Funds requiring this disclosure.

**Required Supplementary  
Information**

**WISE COUNTY, TEXAS**  
**Schedule of Funding Progress for the Retirement Plan**  
**for the Employees of Wise County**  
**Last Three Fiscal Years**

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded AAL (UAAL) ( b-a )	Funded Ratio ( a/b )	Annual Covered Payroll ( c )	UUAL as a Percentage Covered of Payroll ( (b-a)/c )
12/31/2002	\$ 10,758,754	\$ 12,847,308	\$ 2,088,554	83.74%	\$ 8,201,202	25.46%
12/31/2003	12,707,535	14,450,438	1,742,903	87.94%	8,667,583	20.11%
12/31/2004	14,362,367	16,303,420	1,941,053	88.09%	9,135,144	21.25%

## **Combining and Budget Statements**

**Nonmajor Governmental Funds**

**WISE COUNTY, TEXAS**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**  
**September 30, 2005**

	Special Revenue Funds										Total Nonmajor Governmental Funds		
	Right of Way				Road & Bridge				Juvenile			Debt Service Fund	Capital Projects Fund
	Indigent Health Care	Precinct No. 1	Precinct No. 2	Precinct No. 3	Precinct No. 4	County Thoroughfare	TJPC 05-249	Other Special Revenue	Total Special Revenue	County Wide			
<b>Assets</b>													
Cash	\$ 1,050	\$ 5,555	\$ 58,023	\$ 6,633	\$ 306,059	\$ -	\$ 44,402	\$ 1,104,926	\$ 1,556,588	\$ 442	\$ -	\$ 1,557,030	
Investments	1,776,373	1,462,004	711,409	1,009,482	374,053	-	132,965	5,942,289	5,942,289	172,762	-	6,115,061	
Receivables:													
Property taxes (net of allowance)	33,976	69,035	101,372	57,866	64,616	-	340,811	340,811	340,811	-	-	340,811	
Miscellaneous	29,985	39,520	-	48,981	-	-	4,134	122,620	122,620	-	-	122,620	
Due from other funds	-	-	-	11,000	-	-	2,659	13,659	13,659	-	-	13,659	
Due from other governments	-	-	-	-	-	-	47,204	47,204	47,204	-	-	47,204	
<b>Total assets</b>	<b>\$ 1,811,399</b>	<b>\$ 1,536,594</b>	<b>\$ 910,324</b>	<b>\$ 1,084,991</b>	<b>\$ 793,709</b>	<b>\$ -</b>	<b>\$ 224,571</b>	<b>\$ 1,111,719</b>	<b>\$ 8,023,181</b>	<b>\$ 173,204</b>	<b>\$ -</b>	<b>\$ 8,196,385</b>	
<b>Liabilities and fund balances</b>													
<b>Liabilities:</b>													
Accounts payable	\$ 21,454	\$ 178,628	\$ 154,431	\$ 90,618	\$ 186,576	\$ -	\$ 15,445	\$ 7,771	\$ 686,742	\$ -	\$ -	\$ 686,742	
Due to other funds	-	145	151	154	127	-	140	28,225	28,942	-	-	28,942	
Due to other governments	-	15	1,083	52	149	-	-	750	2,049	-	-	2,049	
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-	
Property taxes	33,976	69,035	101,372	57,866	64,616	-	340,811	340,811	340,811	-	-	340,811	
Other	29,985	-	-	-	-	-	-	2,367	32,352	-	-	32,352	
<b>Total liabilities</b>	<b>55,440</b>	<b>247,823</b>	<b>257,037</b>	<b>148,690</b>	<b>251,468</b>	<b>-</b>	<b>15,585</b>	<b>39,113</b>	<b>1,090,896</b>	<b>-</b>	<b>-</b>	<b>1,090,896</b>	
<b>Fund balances</b>													
Reserved for debt service	-	-	-	-	-	-	-	-	-	173,204	-	173,204	
Reserved for capital projects	-	-	-	-	-	-	-	-	-	-	-	-	
Unreserved	1,755,959	1,288,771	653,287	936,301	542,241	-	208,986	1,072,606	6,932,285	-	-	6,932,285	
<b>Total fund balances</b>	<b>1,755,959</b>	<b>1,288,771</b>	<b>653,287</b>	<b>936,301</b>	<b>542,241</b>	<b>-</b>	<b>208,986</b>	<b>1,072,606</b>	<b>6,932,285</b>	<b>173,204</b>	<b>-</b>	<b>7,105,489</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 1,811,399</b>	<b>\$ 1,536,594</b>	<b>\$ 910,324</b>	<b>\$ 1,084,991</b>	<b>\$ 793,709</b>	<b>\$ -</b>	<b>\$ 224,571</b>	<b>\$ 1,111,719</b>	<b>\$ 8,023,181</b>	<b>\$ 173,204</b>	<b>\$ -</b>	<b>\$ 8,196,385</b>	

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, 2005**

	Special Revenue Funds										Total Nonmajor Governmental Funds	
	Right of Way and Fencing	Precinct No. 1	Precinct No. 2	Precinct No. 3	Precinct No. 4	County Thoroughfare	Juvenile Probation T/JPC 05-249	Other Special Revenue	Total Special Revenue	Debt Service Fund		Capital Projects Fund
<b>Revenues</b>												
Property taxes	\$ 387,474	\$ 939,803	\$ 1,380,084	\$ 787,790	\$ 879,688	\$ -	\$ -	\$ -	\$ 4,564,711	\$ -	\$ -	\$ 4,564,711
Licenses and permits		327,781	327,781	327,781	327,781				1,311,124			1,311,124
Intergovernmental		26,480	29,290	72,409	251,330		588,278	7,015	976,802			976,802
Fees of office								380,579	380,579			380,579
Fines and forfeitures		186,428	186,431	186,431	186,430			745,720	745,720			745,720
Interest	57,497	33,475	29,622	28,312	23,997		3,872	196,624	196,624	8,299		204,923
Miscellaneous revenues and donations	497	24,300	16,618	79,619	7,807		6,099	73,302	211,637		1,000	212,637
<b>Total revenues</b>	<b>445,469</b>	<b>1,540,267</b>	<b>1,969,826</b>	<b>1,482,342</b>	<b>1,677,033</b>	<b>-</b>	<b>598,249</b>	<b>460,896</b>	<b>8,357,197</b>	<b>8,299</b>	<b>1,000</b>	<b>8,396,496</b>
<b>Expenditures</b>												
Current:												
General government									56,544			56,544
Legal	22,149								33,154			33,154
Public safety							648,246		670,610			670,610
Public transportation									5,474,645			5,474,645
Health and welfare	527,231	1,264,528	1,587,598	1,088,790	1,413,566			23,988	527,231			527,231
Capital outlay		147,660	321,050	320,335	203,779	250,000			1,508,412		180,093	1,688,505
Debt and capitalized lease debt service:									891,662	765,000		1,656,662
Principal retirement		190,770	113,540	365,148	222,204				50,236	376,088		426,324
Interest and fiscal charges		10,087	5,877	23,122	11,150							
<b>Total expenditures</b>	<b>527,231</b>	<b>1,833,045</b>	<b>2,028,065</b>	<b>1,797,395</b>	<b>1,850,699</b>	<b>250,000</b>	<b>648,246</b>	<b>113,881</b>	<b>9,212,494</b>	<b>1,161,088</b>	<b>180,093</b>	<b>10,553,675</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(81,763)</b>	<b>(82,778)</b>	<b>(58,239)</b>	<b>(315,053)</b>	<b>(173,666)</b>	<b>(250,000)</b>	<b>(49,997)</b>	<b>347,015</b>	<b>(825,297)</b>	<b>(1,152,789)</b>	<b>(179,093)</b>	<b>(2,157,179)</b>
<b>Other financing sources (uses)</b>												
Operating transfers in		49,079	49,079	60,079	49,079	250,000	158,579	225	616,120	852,500	28,595	1,497,215
Operating transfers out								(334,260)	(334,260)			(334,260)
Sales of assets		605,100	171,900	638,436	253,036				1,668,472			1,668,472
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>654,179</b>	<b>220,979</b>	<b>698,515</b>	<b>302,115</b>	<b>250,000</b>	<b>158,579</b>	<b>(334,035)</b>	<b>1,950,332</b>	<b>852,500</b>	<b>28,595</b>	<b>2,891,427</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>(81,763)</b>	<b>(150,816)</b>	<b>162,740</b>	<b>383,462</b>	<b>128,449</b>	<b>-</b>	<b>108,582</b>	<b>12,980</b>	<b>1,125,035</b>	<b>(300,289)</b>	<b>(150,498)</b>	<b>674,248</b>
<b>Fund balances, October 1, 2004</b>	<b>1,837,722</b>	<b>624,950</b>	<b>727,370</b>	<b>490,547</b>	<b>552,839</b>	<b>-</b>	<b>100,404</b>	<b>1,059,626</b>	<b>5,807,250</b>	<b>473,493</b>	<b>150,498</b>	<b>6,431,241</b>
<b>Fund balances, September 30, 2005</b>	<b>\$ 1,755,959</b>	<b>\$ 474,134</b>	<b>\$ 653,287</b>	<b>\$ 936,301</b>	<b>\$ 542,241</b>	<b>\$ -</b>	<b>\$ 208,986</b>	<b>\$ 1,072,606</b>	<b>\$ 6,932,285</b>	<b>\$ 173,204</b>	<b>\$ -</b>	<b>\$ 7,105,489</b>

**WISE COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**- Budget and Actual -**  
**All Special Revenue Funds**  
**For the Fiscal Year Ended September 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	4,431,200	4,564,725	\$ 4,564,711	\$ (14)
Licenses and permits	1,400,000	1,311,124	1,311,124	-
Intergovernmental	129,525	387,360	976,802	589,442
Fees of office	347,500	380,584	380,579	(5)
Fines and forfeitures	1,101,758	1,277,087	745,720	(531,367)
Interest	48,500	185,923	196,624	10,701
Miscellaneous revenues and donations	54,000	186,328	211,637	25,309
<b>Total revenues</b>	<u>7,512,483</u>	<u>8,293,131</u>	<u>8,387,197</u>	<u>94,066</u>
<b>Expenditures</b>				
Current:				
General government	203,240	208,582	56,544	152,038
Legal	51,750	71,588	33,154	38,434
Public safety	752,173	723,539	670,610	52,929
Public transportation	5,175,739	5,707,261	5,474,645	232,616
Health and welfare	1,110,680	527,232	527,231	1
Capital outlay	1,307,036	2,428,607	1,508,412	920,195
Debt and capitalized lease debt service:				
Principal retirement	515,033	901,082	891,662	9,420
Interest and fiscal charges	41,741	40,817	50,236	(9,419)
<b>Total expenditures</b>	<u>9,157,392</u>	<u>10,608,708</u>	<u>9,212,494</u>	<u>1,396,214</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(1,644,909)</u>	<u>(2,315,577)</u>	<u>(825,297)</u>	<u>1,490,280</u>
<b>Other financing sources (uses)</b>				
Operating transfers in	1,173,344	615,356	616,120	764
Operating transfers out	(221,260)	(334,410)	(334,260)	150
Sales of assets	692,825	1,606,855	1,668,472	61,617
<b>Total other financing sources (uses)</b>	<u>1,644,909</u>	<u>1,887,801</u>	<u>1,950,332</u>	<u>62,531</u>
<b>Excess of revenues and other sources (uses) over (under) expenditures and other uses</b>	<u>-</u>	<u>(427,776)</u>	<u>1,125,035</u>	<u>1,552,811</u>
Carryover from prior year fund balance	-	427,998	-	(427,998)
<b>Fund balances, October 1, 2004</b>	<u>5,807,250</u>	<u>5,807,250</u>	<u>5,807,250</u>	<u>-</u>
<b>Fund balances, September 30, 2005</b>	<u>\$ 5,807,250</u>	<u>\$ 5,807,472</u>	<u>\$ 6,932,285</u>	<u>\$ 1,124,813</u>

**WISE COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**- Budget and Actual -**  
**County Wide Debt Service Fund**  
**For the Fiscal Year Ended September 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest	\$ 554	\$ 8,037	\$ 8,299	\$ 262
Total revenues	554	8,037	8,299	262
<b>Expenditures</b>				
Debt and capitalized lease debt service:				
Principal retirement	785,000	785,000	785,000	-
Interest and fiscal charges	376,054	376,088	376,088	-
Total expenditures	1,161,054	1,161,088	1,161,088	-
Excess of revenues over (under) expenditures	(1,160,500)	(1,153,051)	(1,152,789)	262
Other financing sources (uses)				
Operating transfers in	802,500	852,500	852,500	-
Total other financing sources (uses)	802,500	852,500	852,500	-
Excess of revenues and other sources (uses) over (under) expenditures and other uses	(358,000)	(300,551)	(300,289)	262
Carryover from prior year fund balance	358,000	300,551	-	(300,551)
Fund balances, October 1, 2004	473,493	473,493	473,493	-
Fund balances, September 30, 2005	<u>\$ 473,493</u>	<u>\$ 473,493</u>	<u>\$ 173,204</u>	<u>\$ (300,027)</u>

**WISE COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**- Budget and Actual -**  
**County Wide Capital Projects Fund**  
**For the Fiscal Year Ended September 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Miscellaneous	\$	\$ 1,000	\$ 1,000	\$ -
Total revenues	-	1,000	1,000	-
<b>Expenditures</b>				
Capital outlay	150,000	180,094	180,093	1
Total expenditures	150,000	180,094	180,093	1
Excess of revenues over (under) expenditures	(150,000)	(179,094)	(179,093)	1
Other financing sources (uses)				
Operating transfers in		28,595	28,595	-
Excess of revenues and other sources (uses) over (under) expenditures and other uses	(150,000)	(150,499)	(150,498)	1
Carryover from prior year fund balance	150,000	150,499	-	(150,499)
Fund balances, October 1, 2004	150,498	150,498	150,498	-
Fund balances, September 30, 2005	<u>\$ 150,498</u>	<u>\$ 150,498</u>	<u>\$ -</u>	<u>\$ (150,498)</u>

**Agency Funds**

**WISE COUNTY, TEXAS**  
**Combining Statement of Fiduciary Assets and Liabilities -**  
**All Agency Funds**  
**September 30, 2005**

	Jail Industries	County Attorney Trust		District Attorney Criminal Justice		District Attorney Special		County Attorney Special		County Clerk	Bond Holding	Juvenile Probation Fee
<b>Assets</b>												
Cash	\$ (1,464)	\$ 74,786	\$ 18,935	\$ 39,564	\$ 4,759	\$ 26,384	\$	\$ 160,223	\$ 22,080			
Investments	501											
Receivables:												
Property Taxes - for other governments												
Other	452											
Due from other funds	2,000											
Total assets	\$ 1,489	\$ 74,786	\$ 18,935	\$ 39,564	\$ 4,759	\$ 26,384	\$ 8,072	\$ 160,223	\$ 22,080			
<b>Liabilities</b>												
Deposits held and due to others	\$ -	\$ 74,786	\$ 18,935	\$ 39,564	\$ 4,759	\$ 26,384	\$ 8,072	\$ 160,223	\$ 22,080			
Due to other funds	1,489											
Property taxes to be collected - due to other governments												
Total liabilities	\$ 1,489	\$ 74,786	\$ 18,935	\$ 39,564	\$ 4,759	\$ 26,384	\$ 8,072	\$ 160,223	\$ 22,080			

**WISE COUNTY, TEXAS**  
**Combining Statement of Fiduciary Assets and Liabilities -**  
**All Agency Funds**  
**September 30, 2005**

	Jury Fund	Fireman Association	County Attorney Forfeiture	District Attorney Restitution	Sheriff's Department Bond and Fine	Tax A/C Special Inventory	Registry Funds	Special Inventory	Sheriff Emp Rec
<b>Assets</b>									
Cash	\$ 7,730	\$ 179	\$ 99	\$ 7,745	\$ 10,714	\$ 71,090	\$ 127,508	\$ 4,282	\$ 178
Investments		51,110						177,553	
Receivables:									
Property Taxes - for other governments									
Due from other funds	5,907								
<b>Total assets</b>	<b>\$ 13,637</b>	<b>\$ 51,289</b>	<b>\$ 99</b>	<b>\$ 7,745</b>	<b>\$ 10,714</b>	<b>\$ 71,090</b>	<b>\$ 127,508</b>	<b>\$ 181,835</b>	<b>\$ 178</b>
<b>Liabilities</b>									
Deposits held and due to others	\$ 13,637	\$ 51,289	\$ 99	\$ 7,745	\$ 10,714	\$ 71,090	\$ 127,508	\$ 181,835	\$ 178
Due to other funds									
Property taxes to be collected - due to other governments									
<b>Total liabilities</b>	<b>\$ 13,637</b>	<b>\$ 51,289</b>	<b>\$ 99</b>	<b>\$ 7,745</b>	<b>\$ 10,714</b>	<b>\$ 71,090</b>	<b>\$ 127,508</b>	<b>\$ 181,835</b>	<b>\$ 178</b>

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, 2005**

	Sheriff's Prisoner's Commissary	Tax A/C Auto Registration	District		Tax Office	Sheriff's Department Commissary	Constable Precinct #4	Property Taxes - Other Governments	Total Agency Funds
			District Clerk Trust	District Clerk Child Support					
<b>Assets</b>									
Cash	\$ 15,250	\$ 170,823	\$ 1,671,662	\$ 544	\$ 24,262	\$ 29,059	\$ 3,403	\$	\$ 2,362,287
Investments			195,436						560,180
Receivables:									
Property Taxes - for other governments								296,436	296,436
Due from other funds									452
									7,907
<b>Total assets</b>	<b>\$ 15,250</b>	<b>\$ 170,823</b>	<b>\$ 1,867,098</b>	<b>\$ 544</b>	<b>\$ 24,262</b>	<b>\$ 29,059</b>	<b>\$ 3,403</b>	<b>\$ 296,436</b>	<b>\$ 3,227,262</b>
<b>Liabilities</b>									
Deposits held and due to others	\$ 15,250	\$ 170,823	\$ 1,867,098	\$ 544	\$ 24,262	\$ 29,059	\$ 3,403	\$	\$ 2,929,337
Due to other funds									1,489
Property taxes to be collected - due to other governments								296,436	296,436
<b>Total liabilities</b>	<b>\$ 15,250</b>	<b>\$ 170,823</b>	<b>\$ 1,867,098</b>	<b>\$ 544</b>	<b>\$ 24,262</b>	<b>\$ 29,059</b>	<b>\$ 3,403</b>	<b>\$ 296,436</b>	<b>\$ 3,227,262</b>

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	Intergovernmental		Licenses and Permits	Fees of Office	Fines and Forfeitures	Interest	Royalties & Rentals	Solid Waste Fees	Miscellaneous	Total
	Non-Federal Funds	Federal Funds								
1996	\$ 7,574,008	\$ 109,932	\$ 1,160,640	\$ 1,668,210	\$ 375,594	\$ 163,027	\$ 81,152	\$ 173,732	\$ 173,732	\$ 12,104,150
1997	8,048,746	724,389	1,268,868	1,968,583	417,394	202,998	87,062	121,804	183,664	13,158,934
1998	9,129,835	812,808	1,225,612	2,260,484	726,539	277,985	53,208	184,028	495,614	15,301,904
1999	9,830,003	781,765	1,269,204	2,151,877	634,304	409,509	45,381	186,984	1,006,991	16,477,438
2000	10,714,054	956,132	1,318,120	2,376,876	830,863	530,756	32,240	184,258	357,654	17,520,939
2001	12,397,729	1,147,168	1,374,416	2,640,721	688,473	557,782	41,183	215,461	393,373	19,755,484
2002	15,067,095	1,370,470	1,433,556	2,893,323	829,883	319,883	127,402	247,774	516,667	23,299,932
2003	16,461,867	573,175	1,321,502	2,724,430	845,455	317,151	254,284	227,939	948,999	24,082,710
2004	17,880,238	389,915	1,294,780	2,937,459	1,106,535	536,512	267,530	234,079	721,841	25,898,063
2005	19,705,869	677,179	1,311,124	2,991,966	1,193,466	613,268	412,713	278,437	482,060	28,210,956

**WISE COUNTY, TEXAS**  
**General Governmental Expenditures by Function**  
**( Excluding Capital Outlay and Non-Fixed Assets )**  
**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
1996	\$ 900,454	\$ 817,883	\$ 421,871	\$ 12,792	\$ 728,652	\$ 790,313	\$ 3,728,505	\$ 2,126,092	\$ 568,488	\$ 85,119	\$ 101,547	\$ 740,681	\$ 11,022,397
1997	897,693	798,350	452,200	23,103	760,919	743,321	3,924,869	2,299,750	599,169	93,077	102,707	1,011,694	11,706,852
1998	1,038,479	848,448	527,775	14,623	791,639	842,554	4,158,615	2,550,593	661,164	80,420	104,638	820,879	12,439,827
1999	1,301,644	939,301	536,821	9,747	831,217	1,058,010	4,605,465	3,341,322	736,367	83,303	107,568	1,276,639	14,827,404
2000	1,502,349	1,078,421	672,319	14,282	905,935	1,059,562	5,325,841	3,266,032	630,038	110,312	122,719	1,319,030	16,006,840
2001	1,475,725	1,276,532	708,301	23,117	1,041,714	1,261,063	5,936,209	3,577,625	609,337	144,904	125,500	1,286,974	17,467,101
2002	1,765,566	1,442,158	783,909	29,532	1,183,081	1,547,691	7,236,687	4,246,085	854,868	149,347	157,607	1,883,416	21,279,947
2003	1,933,418	1,514,705	801,068	29,902	1,243,991	1,660,634	7,540,538	4,351,023	971,770	191,067	167,822	2,040,405	22,446,343
2004	2,069,896	1,585,515	875,941	7,964	1,330,963	1,611,969	7,846,942	4,830,894	830,378	162,079	157,644	1,944,158	23,244,343
2005	2,031,057	1,697,946	832,044	55,129	1,294,443	1,705,558	8,530,776	5,474,645	1,123,382	158,564	173,525	2,102,986	25,180,055

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

Fiscal Year	Total Tax Levy		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	
	Total Tax Levy	Current Tax Collections	Current Tax Collections	Current Tax Collections	Percent of Current Taxes Collected	Percent of Current Taxes Collected	Delinquent Tax Collections	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy	Ratio of Delinquent Taxes to Total Tax Levy
1996	\$6,348,462	\$6,142,933	\$6,142,933	\$6,397,857	96.76%	96.76%	\$254,924	\$254,924	\$6,397,857	\$6,397,857	100.78%	100.78%	\$1,014,640	\$1,014,640	15.98%	15.98%
1997	6,781,279	6,475,937	6,475,937	6,747,023	95.50%	95.50%	271,086	271,086	6,747,023	6,747,023	99.49%	99.49%	1,140,917	1,140,917	16.82%	16.82%
1998	7,594,426	7,165,780	7,165,780	7,497,058	94.36%	94.36%	331,278	331,278	7,497,058	7,497,058	98.72%	98.72%	1,082,809	1,082,809	14.26%	14.26%
1999	8,338,745	7,850,887	7,850,887	8,200,152	94.15%	94.15%	349,265	349,265	8,200,152	8,200,152	98.34%	98.34%	1,167,972	1,167,972	14.01%	14.01%
2000	8,991,454	8,334,588	8,334,588	8,740,334	92.69%	92.69%	405,746	405,746	8,740,334	8,740,334	97.21%	97.21%	996,985	996,985	11.09%	11.09%
2001	10,450,395	9,780,087	9,780,087	10,194,885	93.59%	93.59%	414,798	414,798	10,194,885	10,194,885	97.56%	97.56%	1,123,107	1,123,107	10.75%	10.75%
2002	12,938,371	12,228,312	12,228,312	12,643,572	94.51%	94.51%	415,260	415,260	12,643,572	12,643,572	97.72%	97.72%	1,327,546	1,327,546	10.26%	10.26%
2003	14,287,474	13,470,335	13,470,335	13,972,799	94.28%	94.28%	502,464	502,464	13,972,799	13,972,799	97.80%	97.80%	1,561,971	1,561,971	10.93%	10.93%
2004	15,233,019	14,665,061	14,665,061	15,142,032	96.27%	96.27%	476,971	476,971	15,142,032	15,142,032	99.40%	99.40%	1,692,179	1,692,179	11.11%	11.11%
2005	17,337,660	16,110,326	16,110,326	16,670,385	92.92%	92.92%	560,059	560,059	16,670,385	16,670,385	96.15%	96.15%	1,625,449	1,625,449	9.38%	9.38%

**WISE COUNTY, TEXAS**  
**Computation of Legal Debt Margin**  
**September 30, 2005**

Assessed valuations:		
Assessed Value		\$ 5,248,373,343
Add back: exempt real property		<u>194,023,627</u>
<b>Total Assessed value</b>		<b><u>\$ 5,442,396,970</u></b>
Legal debt margin:		
Debt Limit (25 Percent of Assessed Value)		1,360,599,243
Debt applicable to limitation:		
Total Bonded Debt		
Add: Tax Notes	3,220,000	
Certificates of Obligation	8,285,000	
Less: Special assessment bonds		
Revenue bonds		
Amount available for repayment of bonded debt	<u>173,204</u>	
Total debt applicable to limitation		<u>11,331,796</u>
<b>Legal Debt Margin</b>		<b><u>\$ 1,349,267,447</u></b>

**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
1996	40,000	\$ 1,715,745,612	\$ 1,575,000	\$ 133,899	\$ 1,441,101	0.084%	36.03
1997	40,000	1,716,575,662	1,215,000	200,664	1,014,336	0.059%	25.36
1998	40,000	2,062,982,223	3,335,000	368,930	2,966,070	0.144%	74.15
1999	41,400	2,093,131,566	2,805,000	347,023	2,457,977	0.117%	59.37
2000	45,950	2,249,460,802	3,380,000	380,640	2,999,360	0.133%	65.27
2001	48,793	3,374,267,689	3,205,000	488,453	2,716,547	0.081%	55.67
2002	51,233	3,607,202,892	2,530,000	459,918	2,070,082	0.057%	40.41
2003	54,334	3,627,626,362	10,075,000	414,069	9,660,931	0.266%	177.81
2004	57,051	4,246,993,922	9,290,000	473,493	8,816,507	0.208%	154.54
2005	59,904	5,248,373,343	11,505,000	173,204	11,331,796	0.216%	189.17

**WISE COUNTY, TEXAS**  
**Schedule of Insurance in Force**  
**September 30, 2005**

Type of Coverage, Name of Company and Policy Number and Period	Department/ Building	Details of Coverage	Liability Limits	Annual Premium
<u>Buildings, Contents &amp; Equipment</u> Texas Association of Counties From 10/1/04 to 10/1/05 Policy #2490	Courthouse	Three Story, Slate Roof, Granite Bldg., Fire & Lightning, Extended Coverage, \$1,000 Deductible Insured at Replacement Cost.	\$10,036,682	\$141,954
	Courthouse Annex	One Story, Approved Roof, Building & Contents, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$450,000	
	Records Building	One & Two Story Sfr-HC Bldg. & Contents, Antenna Masx & Antennas; Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$2,700,525	
	Emergency Services Offices	Brick Bldg. & Contents, Decatur, TX. Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$110,000	
	Jail & Sheriff's Office	One Story, SFR/SWR Bldg. & Contents, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$4,500,000	
	Public Works	Metal NC-ICM Bldg. & Contents, Decatur, TX. Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$60,000	
	J.P. #2	Contents only, \$1,000 Deductible. Insured at Replacement Cost.	\$15,000	
	J.P. #4 Bridgeport	One Story, Comp. Roof, Brick Veneer Bldg. & Contents, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$157,942	
	Precinct #1	Metal ICM Bldg., & Contents & Barn, Decatur, TX, One Story Frame, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$100,000	
	Precinct #2	Metal NC-ICM Bldg. & Contents, Alvord, TX. One story frame, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$100,000	
	Precinct #3	Metal Bldg. & Contents, Boyd, TX. One story frame, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$100,000	
	Precinct #4	One Story NC-ICM Bldg. & Contents, Hwy 380 One Story Frame, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$100,000	
	Precincts & Department Const Equip	Contractors Equipment + All Risk Policy, \$1,000 Deductible. Insured at Replacement Cost.	\$6,454,666	
	Office Building S. State Street	Brick Bldg. & Contents, Decatur, TX, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$242,000	
	Office Building FM 515	One Story metal Building & Contents, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at replacement cost.	\$60,000	
	Portable Building FM 51	Two Portable Buildings, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at replacement cost.	\$20,000	
	Jail Expansion	Builder's Risk Coverage for Construction of Jail.	\$9,000,000	

**WISE COUNTY, TEXAS**  
**Schedule of Insurance in Force**  
**September 30, 2005**

Type of Coverage, Name of Company and Policy Number and Period	Department/ Building	Details of Coverage	Liability Limits	Annual Premium
<u>(Continued)</u> <u>Buildings, Contents &amp; Equipment</u> Texas Association of Counties From 10/1/04 to 10/1/05 Policy #2490	County	Electronic Data Processing, Fire, Extended Coverage Vandalism, Malicious Mischief, All Risk, \$1,000 Deductible. Insured at Replacement Cost.	\$1,025,284	
	Animal Control	One Story ICM Bldg. & Contents, one story metal structure, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Costs.	\$50,000	
	Old County Tax Building	Brick Bldg.; Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$2,360,000	
	Maintenance Shop Bldg.	One Story ICM Bldg. & Contents, Fire & Lightning, Extended Coverage; \$1,000 Deductible. Insured at Replacement Cost.	\$122,500	
	Boyd Emergency Services	One Story CD Bldg. & Contents, Fire & Lightning, Extended Coverage; \$1,000 Deductible. Insured at Replacement Cost.	\$77,000	
	Bridgeport Emergency Services	One Story metal sided Building & Contents, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$45,000	
	Emergency Services Storage	Metal Bldg. & Contents, Decatur, TX. One story frame, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$57,000	
	Auditor & Treasurer Office	One Story , Composition Roof, Stone Building Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$2,356,958	
	Lake Bridgeport Public Works	Metal Bldg. & Contents, Bridgeport, TX. One story frame, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$40,000	
	County	Valuable Papers. \$1,000 Deductible. Insured at Replacement Cost.	\$200,000	
	County Tax Building	Brick Bldg. & Contents, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$2,162,325	
	Adult Probation	Three Story Brick Bldg. & Contents, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost	\$2,490,000	
	Ambulance Training Building	One Story Metal Bldg. & Contents, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$1,000,000	
	Boyd Sub-Courthouse	Masonry Bldg. & Contents, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$675,000	
	Juvenile Probation	Brick Bldg. & Contents, Decatur, TX. Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$423,000	
	Park	3 Pavillions, Metal Structure, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$45,000	
	Bridgeport Storage Building	Metal 60x40 Building, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$70,000	
	Park	One Story Building & Contents, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$22,834	

**WISE COUNTY, TEXAS**  
**Schedule of Insurance in Force**  
**September 30, 2005**

Type of Coverage, Name of Company and Policy Number and Period	Department/ Building	Details of Coverage	Liability Limits	Annual Premium
<u>Automobiles</u> Texas Association of Counties From 10/1/04 to 10/1/05 Policy #2490	All Depts. & Precincts	Automobile Physical Damage Comprehensive and Collision Automobile Insurance, \$1,000 Deductible.		\$84,243
		Automobile Liability Insurance. Bodily Injury \$100,000/\$300,000. Property Damage \$100,000. Uninsured Motorists 20/40/15.		\$57,534
<u>General Liability</u> Texas Association of Counties From 10/1/04 to 10/01/05 Policy #2490		Comprehensive General Liability Insurance Bodily Injury 100,000/300,000 Property Damage 100,000/100,000 Employee Benefits 100,000/100,000 No Deductible.		\$47,928
<u>Public Official &amp; Employees</u> Texas Association of Counties From 10/1/04 to 10/1/05 Policy #2490		Public Officials & Employees Liability Insurance; \$5,000 Deductible.	\$2,000,000	\$79,429
Meyers Agency Various Periods		Public Officials' Bonds. Bond amounts range from \$1,000 to \$250,000.		\$9,776
<u>Law Enforcement Officials</u> Texas Association of Counties From 10/1/04 to 10/1/05 Policy #2490		Law Enforcement Officials Professional Liability Insurance. \$20,000 Deductible.	\$2,000,000	\$83,969
<u>Worker's Compensation</u> Texas Association of Counties From 1/1/05 to 1/1/06 Policy #2490		Statutory-\$100,000 Per Occurrence.		\$282,921
<u>Unemployment Compensation</u> Texas Association of Counties From 10/1/04 to 10/1/05 Policy #2490		Statutory.		
<u>Bailees Coverage</u> William Rigg Company From 10/1/04 to 10/1/05 Policy #3AT 628592 05	Sheriff's Dept.	Property of others impounded by the named, insured while stored at 400 Rock Ramsey Road. \$1,000 Deductible.	\$500,000	\$3,500

Note: This Statement is presented for information purposes only and is not intended as an expression as to adequacy of coverage.

**OVERALL COMPLIANCE AND  
INTERNAL CONTROLS SECTION**



# Snow, Garrett & Company

## CERTIFIED PUBLIC ACCOUNTANTS

*A Partnership of Professional Corporations*

### 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

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

We have audited 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, 2005, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 15, 2005. 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.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wise County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wise County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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*.

However, we noted certain matters that we reported to management of Wise County, Texas, in a separate letter dated December 15, 2005.

This report is intended solely for the information and use of the 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.

*Snow, Garrett & Company*

Snow, Garrett & Company  
December 15, 2005

**WISE COUNTY, TEXAS**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended September 30, 2005**

<u>Program/Grant</u>	<u>Finding/Noncompliance</u>	<u>Questioned Costs</u>
None	None	None

**WISE COUNTY, TEXAS**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2005**

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	_____ <u>X</u> no	
Reportable condition(s) identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> none reported	
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no	

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ yes	_____ <u>X</u> no	
Reportable condition(s) identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> none reported	

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

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:

U.S. Department of Agriculture	
CFDA # 14.228	Community Development Block Grant - Disaster Relief

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

**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**

Findings/Noncompliance	Program	Questioned Costs
None Reported.		\$0

**WISE COUNTY, TEXAS  
Corrective Action Plan  
For the Year Ended September 30, 2005**

**Financial Statement Findings:**

There are no current year financial statement findings.

**Federal Award Findings:**

There are no current year federal award findings.

**FEDERAL AWARDS SECTION**



# Snow, Garrett & Company

CERTIFIED PUBLIC ACCOUNTANTS

*A Partnership of Professional Corporations*

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

### Compliance

We have audited the compliance of Wise County, Texas, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2005. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Wise County's management. Our responsibility is to express an opinion on Wise County's compliance based on our audit.

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. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Wise County's compliance with those requirements.

In our opinion, Wise County, Texas, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2005.

### Internal Control Over Compliance

The management of Wise County, Texas, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Wise County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the 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.

*Snow, Garrett & Company*

Snow, Garrett & Company, CPA's  
December 15, 2005

**WISE COUNTY, TEXAS**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2005**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Pass-Through Disbursements and Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Direct Programs			
Schools and Roads - Grants to Counties	10.666		\$ 122,366
<u>U.S. Department of Agriculture - Natural Resources Conservation Service</u>			
Direct Program			
Watershed Protection and Flood Prevention - Emergency Watershed Protection	10.904		56,536
<u>U.S. Department of Housing and Urban Development</u>			
Passed Through Office of Rural Community Affairs			
Community Development Block Grant	14.228	724087	234,553
<u>U.S. Department of Justice</u>			
Direct Programs			
Local Law Enforcement Block Grants Program	16.592		1,169
Bullet Proof Vest Partnership Program	16.607		225
			<u>1,394</u>
Total U.S. Department of Justice			
<u>Election Assistance Commission</u>			
Passed Through the State of Texas, Secretary of State			
Help America Vote Act - County Education Fund	90.401		6,803
<u>U.S. Department of Health and Human Services</u>			
Passed Through Texas Juvenile Probation Commission			
Title IV-E Foster Care	93.658	TJPC-E-2004-249	16,343
Title IV-E Foster Care	93.658	TJPC-E-2005-249	100,975
Total CFDA # 93.658			<u>117,318</u>
<u>U.S. Department of Homeland Security</u>			
Passed Through Office of the Governor - Governor's Division of Emergency Mangement			
Emergency Management Performance Grants	97.042	EMT-2004-GR-0105	5,904
Total Expenditures of Federal Awards			
			<u>\$ 544,874</u>

See Notes to Schedule on following page.

**WISE COUNTY, TEXAS**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2005**

Note 1: Significant Accounting Policies used in Preparing the Schedule.

The accompanying schedule of expenditures of Federal awards includes the federal grant activity of Wise County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: Amounts passed through by Wise County

The following amounts were passed-through to the listed subrecipients by Wise County.

CFDA No. 10.666, Schools and Roads - Grants to Counties grant expenditures includes \$59,183 passed through to:

Alvord Independent School District	\$ 39,534
Decatur Independent School District	13,020
Slidell Independent School District	5,031
Chico Independent School District	<u>1,598</u>
Total passed through by Wise County	<u>\$ 59,183</u>