

# **WISE COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006**

**Wise County, Texas**  
**Annual Financial Report**  
**For the Fiscal Year Ended September 30, 2006**

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**FINANCIAL SECTION**



**Snow, Garrett & Company**  
CERTIFIED PUBLIC ACCOUNTANTS

**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, 2006, 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, 2006, 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 18, 2006, 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 assessing 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 18, 2006

## 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, 2006. 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 2006 by \$32,612,575 (*net assets*). Of this amount, \$174,036 is restricted for specific purposes, \$16,293,437 is invested in capital assets net of related debt and \$16,145,102 represents unrestricted net assets.
- In contrast to the government-wide statements, the fund statements report a combined fund balance at year-end of \$15,626,341, a decrease of \$866,374 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$7,901,652, or 40% of total general fund expenditures.
- The County's total debt decreased by \$1,406,430 during the current fiscal year as a result of the 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

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, which is classified as a major fund. 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 to demonstrate compliance with budget.

The governmental fund financial statements can be found on pages 15 through 18 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 19 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 20 through 32 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

**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 34 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 \$32,612,575 as of September 30, 2006.

#### Wise County's Net Assets

	Governmental Activities	
	2006	2005
Current and other assets	\$ 19,496,175	\$ 21,065,374
Capital assets, net of depreciation	25,169,184	21,861,986
Total assets	44,665,359	42,927,360
Long-term liabilities	10,235,000	11,641,430
Other liabilities	1,817,784	2,574,830
Total liabilities	12,052,784	14,216,260
Net assets:		
Invested in capital assets, net of related debt	16,293,437	12,744,068
Restricted	174,036	173,204
Unrestricted	16,145,102	15,793,828
Total Net Assets	\$ 32,612,575	\$ 28,711,100

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 \$16,293,437. 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 \$174,036 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

The County's governmental activities increased net assets by \$3,490,237 during the current fiscal year. The total cost of all governmental activities this year was \$29,906,947. The amount that our taxpayers paid for these activities through property taxes was \$19,627,454 or 66%.

### Wise County's Changes in Net Assets

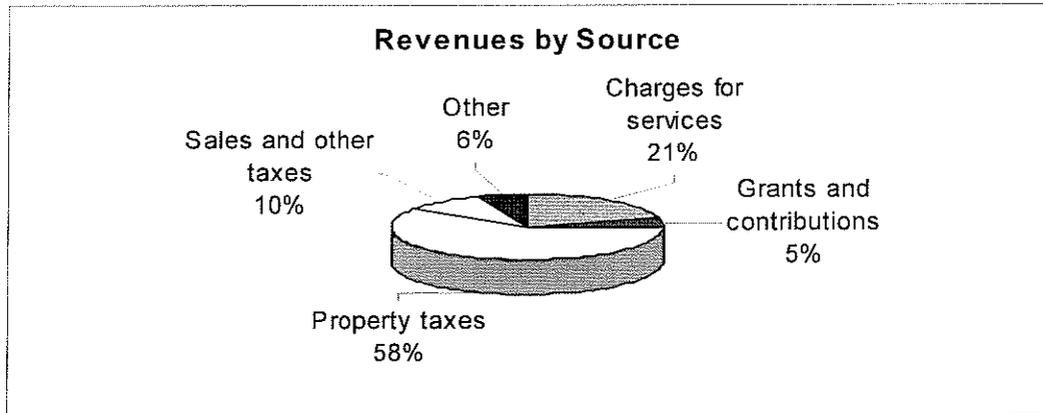
	Governmental Activities	
	2006	2005
Revenues:		
Program revenues:		
Charges for services	\$ 6,917,506	\$ 5,360,308
Operating grants and contributions	1,179,846	1,387,876
Capital grants and contributions	346,735	-
General revenues:		
Property taxes	19,627,454	16,951,427
Sales and other taxes	3,332,950	2,709,954
Other	1,992,693	1,828,239
Total revenues	33,397,184	28,237,804
Expenses:		
General government	2,230,719	2,120,658
Judicial	1,980,199	1,697,946
Legal	1,002,456	836,301
Elections	37,901	55,129
Financial administration	1,499,248	1,295,643
Public facilities	2,486,418	1,874,808
Public safety	10,118,698	8,571,273
Public transportation	8,532,011	6,262,440
Health and welfare	1,075,537	1,123,382
Culture and recreation	248,769	207,629
Conservation	189,874	180,023
Interest on long-term debt	505,117	429,733
Total expenses	29,906,947	24,654,965
Increase in net assets	3,490,237	3,582,839
Net assets, beginning	28,711,100	25,128,261
Prior period adjustment	411,238	-
Net assets, beginning, restated	29,122,338	25,128,261
Net assets, ending	\$ 32,612,575	\$ 28,711,100

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

- Program revenues of \$8,444,087 equaled 28% of government expenses of \$29,906,947. As expected, general revenues (\$24,953,097) provided the required support and coverage for expenses;
- Over one-third of the expenses are public safety (\$10,118,698) while this category provided program revenues of about 6% of total revenues of \$33,397,184;

## MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

- The next largest category of expenses is public transportation \$8,532,011 at 28% of total expenses while public transportation program revenues provided about 8% of total revenues; and
- Grant revenues and contributions comprised about 5% of total revenues.



### 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 \$15,626,341, a decrease of \$866,374 in comparison with the prior year. Approximately \$14,113,289 or 90% 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 (\$174,036) and to fund capital projects (\$1,339,016).

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 \$7,901,652, 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 40%, or slightly more than 145 days of total fund expenditures.

## MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

The fund balance of the County's general fund increased by \$1,021,775 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 by \$2,219,505 due to higher assessed property values;
- Increase of \$614,833 in sales tax revenue received in current year compared to prior year; and
- Increase of \$581,953 in fees of office received in current year compared to prior year.

The debt service fund has a total fund balance of \$174,036, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$832. Total debt principal, interest and fiscal charges in the debt service fund totaled \$1,743,853, approximately \$582,765 increase from the prior year.

The three capital projects funds had combined ending fund balances of \$1,339,016, all of which is reserved for the 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 increased by \$163,796 from the original to the final budget. Most of this difference resulted from an increase 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 a \$1,804,165 upward revision. As stated earlier, healthy growth in sales tax revenue, together with increased property tax, and fees of office accounted for the majority of the upward revision. However, actual revenues exceeded amended budget amounts by \$385,561 (1.6%). Conversely, actual total expenditures for the year were \$51,757 (.26%) less than amended budget appropriations. Including small variances in other financing sources, the actual ending fund balances of \$7,901,652 was \$437,321 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, 2006, net capital assets of the governmental activities totaled \$25,169,184. Depreciation on capital assets is recognized in the government-wide financial statements. Annual depreciation for buildings, improvements, infrastructure and machinery and equipment totaled \$1,532,948.

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

- Completion to the jail project of \$1,062,805;
- Infrastructure (bridges and roads) additions of \$250,000;
- Various voting equipment;
- Purchase of eighteen vehicles for the sheriff's department;
- Purchase of four motor graders for Precinct 1;
- Purchase of a wheel loader and chip spreader for Precinct 3; and
- Purchase of two ambulances, a pneumatic roller, a Mack truck, a Cat loader, a steel drum roller, and a backhoe with the 2005 tax notes.

## MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

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

	Governmental Activities	
	2006	Restated 2005
Land	\$ 787,127	\$ 787,127
Buildings and improvements	15,265,526	5,191,977
Infrastructure	1,166,638	952,113
Construction in progress	177,641	10,108,974
Machinery and equipment	7,772,252	5,233,033
Total	\$ 25,169,184	\$ 22,273,224

Additional information on the County's capital assets can be found in Note H on pages 27 and 28 of this report.

**Long-term debt.** As of September 30, 2006, the County had certificates of obligation and tax notes outstanding of \$10,235,000. Certificates of obligation and tax notes retired in the current fiscal year totaled \$600,000 and \$670,000, respectively.

### Wise County's Outstanding Debt

	Governmental Activities	
	2006	2005
Certificates of obligation	\$ 7,685,000	\$ 8,285,000
Tax notes	2,550,000	3,220,000
Capital lease agreements	-	136,430
Total	\$ 10,235,000	\$ 11,641,430

Additional information on the County's long-term debt can be found in Note I on page 28 and 29 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 2007, 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.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued**

- 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, 2006**

	<u>Primary Government</u>
<b>Assets</b>	
Investments	\$ 16,426,546
Receivables (net of allowance for uncollectibles of \$277,214)	2,733,647
Due from other governments	264,304
Interfund balances	1,450
Deferred debt issuance costs	70,228
Capital assets	
Land and construction in progress	964,768
Other capital assets, net of depreciation	<u>24,204,416</u>
Total capital assets	<u>25,169,184</u>
Total assets	<u>44,665,359</u>
<b>Liabilities</b>	
Cash overdraft	280,000
Accounts payable	215,401
Due to other governments	719,711
Accrued interest payable	49,991
Deferred Revenue	29,985
Compensated absences payable	522,696
Noncurrent liabilities	
Due within one year	1,365,000
Due in more than one year	<u>8,870,000</u>
Total liabilities	<u>12,052,784</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	16,293,437
Restricted for:	
Debt service	174,036
Unrestricted	<u>16,145,102</u>
Total net assets	<u><u>\$ 32,612,575</u></u>

**WISE COUNTY, TEXAS**  
**Statement of Activities**  
**For the Fiscal Year Ended September 30, 2006**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
General government	\$ 2,230,719	\$ 2,046,079	\$ 60,817	\$ 346,735	\$ 222,912
Judicial	1,980,199	505,397	68,709		(1,406,093)
Legal	1,002,456	113,549	30,033		(858,874)
Elections	37,901	11,520			(26,381)
Financial administration	1,499,248	455,470			(1,043,778)
Public facilities	2,486,418	186,350			(2,300,068)
Public safety	10,118,698	1,332,728	694,328		(8,091,642)
Public transportation	8,532,011	2,235,758	325,959		(5,970,294)
Health and welfare	1,075,537				(1,075,537)
Culture and recreation	248,769	30,655			(218,114)
Conservation	189,874				(189,874)
Interest on long-term debt	505,117				(505,117)
<b>Total primary government</b>	<b>\$ 29,906,947</b>	<b>\$ 6,917,506</b>	<b>\$ 1,179,846</b>	<b>\$ 346,735</b>	<b>(21,462,860)</b>

General revenues:	
Property taxes	19,627,454
Sales and other taxes	3,332,950
Investment earnings	974,913
Royalties	528,860
Gain on disposal of assets	68,583
Other	420,337
<b>Total general revenues</b>	<b>24,953,097</b>
Change in net assets	3,490,237
Net assets, October 1, 2005	28,711,100
Prior period adjustment	411,238
Net assets, October 1, 2005, restated	29,122,338
Net assets, September 30, 2006	<b>\$ 32,612,575</b>

**WISE COUNTY, TEXAS**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2006**

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash	\$	\$ 1,077,988	\$ 1,077,988
Investments	9,796,835	6,629,711	16,426,546
Receivables:			
Property taxes (net of allowances of \$219,486)	1,128,919	328,759	1,457,678
Accounts	142,168	36,970	179,138
Due from other funds	45,812	1,962	47,774
Due from other governments	209,872	54,432	264,304
<b>Total assets</b>	<b><u>\$ 11,323,606</u></b>	<b><u>\$ 8,129,822</u></b>	<b><u>\$ 19,453,428</u></b>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Cash overdraft	\$ 1,357,988	\$	\$ 1,357,988
Accounts payable	169,170	46,231	215,401
Due to other funds	46,290	34	46,324
Due to other governments	719,587	124	719,711
Deferred revenue			
Property taxes	1,128,919	328,759	1,457,678
Other		29,985	29,985
<b>Total liabilities</b>	<b><u>3,421,954</u></b>	<b><u>405,133</u></b>	<b><u>3,827,087</u></b>
<b>Fund Balance</b>			
<b>Reserved for:</b>			
Debt service		174,036	174,036
Capital projects		1,339,016	1,339,016
Unreserved	7,901,652		7,901,652
Unreserved, reported in nonmajor:			
Special revenue funds		6,211,637	6,211,637
<b>Total fund balances</b>	<b><u>7,901,652</u></b>	<b><u>7,724,689</u></b>	<b><u>15,626,341</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 11,323,606</u></b>	<b><u>\$ 8,129,822</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.			25,169,184
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.			1,457,678
Other assets are not measurable and available in the current period and are not reported in the funds.			1,096,831
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			(10,737,459)
<b>Net assets of governmental activities - statement of net assets</b>			<b><u>\$ 32,612,575</u></b>

**WISE COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Fiscal Year Ended September 30, 2006**

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property taxes	\$14,672,950	\$ 4,902,789	\$ 19,575,739
Sales tax	3,302,546		3,302,546
Licenses and permits		1,357,264	1,357,264
Intergovernmental	599,040	751,247	1,350,287
Fees of office	3,193,340	440,701	3,634,041
Fines and forfeitures	543,219	878,494	1,421,713
Interest	559,218	415,695	974,913
Royalties and rentals	530,100		530,100
Solid waste fees	360,521		360,521
Miscellaneous revenues and donations	420,713	261,805	682,518
<b>Total revenues</b>	<b>24,181,647</b>	<b>9,007,995</b>	<b>33,189,642</b>
<b>Expenditures</b>			
Current:			
General government	2,068,403	68,426	2,136,829
Judicial	1,980,199		1,980,199
Legal	967,686	34,770	1,002,456
Elections	26,136	11,765	37,901
Financial administration	1,498,048		1,498,048
Public facilities	2,235,024	12,700	2,247,724
Public safety	8,715,894	1,087,493	9,803,387
Public transportation		7,654,339	7,654,339
Health and welfare	600,576	474,961	1,075,537
Culture and recreation	184,896		184,896
Conservation	183,376		183,376
Capital outlay	1,296,496	3,451,491	4,747,987
Debt service			
Principal retirement		1,406,430	1,406,430
Interest and fiscal charges		477,043	477,043
<b>Total expenditures</b>	<b>19,756,734</b>	<b>14,679,418</b>	<b>34,436,152</b>
<b>Excess of revenues over (under) expenditures</b>	<b>4,424,913</b>	<b>(5,671,423)</b>	<b>(1,246,510)</b>
<b>Other financing sources (uses)</b>			
Operating transfers in	1,272,758	3,687,386	4,960,144
Operating transfers out	(4,675,896)	(284,248)	(4,960,144)
Sales of assets		380,136	380,136
<b>Total other financing sources (uses)</b>	<b>(3,403,138)</b>	<b>3,783,274</b>	<b>380,136</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>1,021,775</b>	<b>(1,888,149)</b>	<b>(866,374)</b>
<b>Fund balances, October 1, 2005</b>	<b>6,879,877</b>	<b>9,612,838</b>	<b>16,492,715</b>
<b>Fund balances, September 30, 2006</b>	<b>\$ 7,901,652</b>	<b>\$ 7,724,689</b>	<b>\$ 15,626,341</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, 2007**

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

Net change in fund balances - total governmental funds	\$ (866,374)
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 exceeded depreciation in the current year.	3,215,039
The net effect of various miscellaneous transactions involving capital assets.	(319,079)
Decrease in revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	114,337
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.	(60,116)
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>1,406,430</u>
Change in net assets of governmental activities - statement of activities	<u><u>\$ 3,490,237</u></u>

**WISE COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**- Budget and Actual -**  
**General Fund**

For the Fiscal Year Ended September 30, 2006

	<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	\$ 14,250,000	\$ 14,672,950	\$ 14,672,950	\$ -
Sales tax	2,550,000	3,302,547	3,302,546	(1)
Intergovernmental	508,463	571,517	599,040	27,523
Fees of office	3,383,200	3,068,157	3,193,340	125,183
Fines and forfeitures	434,000	543,219	543,219	-
Interest	300,000	544,385	559,218	14,833
Royalties and rentals	251,500	342,074	530,100	188,026
Solid waste fees	232,000	360,522	360,521	(1)
Miscellaneous revenues and donations	195,558	390,715	420,713	29,998
<b>Total revenues</b>	<u>22,104,721</u>	<u>23,796,086</u>	<u>24,181,647</u>	<u>385,561</u>
<b>Expenditures</b>				
Current:				
General government	3,157,160	2,024,762	2,068,403	(43,641)
Judicial	1,984,249	2,028,650	1,980,199	48,451
Legal	922,857	965,610	967,686	(2,076)
Elections	113,668	26,138	26,136	2
Financial administration	1,533,165	1,512,680	1,498,048	14,632
Public facilities	1,962,098	2,251,702	2,235,024	16,678
Public safety	8,673,221	8,719,594	8,715,894	3,700
Health and welfare	628,900	600,583	600,576	7
Culture and recreation	202,671	184,980	184,896	84
Conservation	204,289	183,387	183,376	11
Capital outlay	511,701	1,310,405	1,296,496	13,909
<b>Total expenditures</b>	<u>19,893,979</u>	<u>19,808,491</u>	<u>19,756,734</u>	<u>51,757</u>
<b>Excess of revenues over expenditures</b>	<u>2,210,742</u>	<u>3,987,595</u>	<u>4,424,913</u>	<u>437,318</u>
<b>Other financing sources (uses)</b>				
Operating transfers in	1,139,958	1,272,758	1,272,758	-
Operating transfers out	(4,426,615)	(4,675,899)	(4,675,896)	3
Sales of assets	20,000	-	-	-
<b>Total other financing sources (uses)</b>	<u>(3,266,657)</u>	<u>(3,403,141)</u>	<u>(3,403,138)</u>	<u>3</u>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<u>(1,055,915)</u>	<u>584,454</u>	<u>1,021,775</u>	<u>437,321</u>
Carryover from prior year fund balance	1,055,915	-	-	-
Fund balances, October 1, 2005	<u>6,879,877</u>	<u>6,879,877</u>	<u>6,879,877</u>	<u>-</u>
<b>Fund balances, September 30, 2006</b>	<u><u>\$ 6,879,877</u></u>	<u><u>\$ 7,464,331</u></u>	<u><u>\$ 7,901,652</u></u>	<u><u>\$ 437,321</u></u>

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

**WISE COUNTY, TEXAS**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**September 30, 2006**

<b>Assets</b>	
Cash	\$ 2,381,923
Investments	472,028
Receivables:	
Property taxes - for other governments	<u>86,220</u>
Total assets	<u><u>\$ 2,940,171</u></u>
<b>Liabilities</b>	
Deposits held and due to others	\$ 2,852,501
Due to other funds	1,450
Property taxes to be collected - due to other governments	<u>86,220</u>
Total liabilities	<u><u>\$ 2,940,171</u></u>

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2006**

**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, 2006.

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.

**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 meets the criteria as a *major governmental fund*. 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.

**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.

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

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

**Governmental fund financial statements** are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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. 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 fund:

**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.

**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.
- (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.

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

- (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, 2006.

**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.

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 \$10,737,459 difference are as follows:

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2006**

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

Certificate of obligation and tax notes payable:	\$ 10,235,000
Less: deferred charge for issuance costs (to be amortized over life of debt)	(70,228)
Accrued interest payable	49,991
Compensated absences	<u>522,696</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	 <u>\$ 10,737,459</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." The details of this \$3,215,039 difference are as follows:

Capital outlay and other reclassifications	\$ 4,747,987
Depreciation expense	<u>(1,532,948)</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ 3,215,039</u>

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 \$319,079 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>\$ (319,079)</u>
 Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ (319,079)</u>

Another element of the reconciliation states "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 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 \$1,406,430 difference are as follows:

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2006**

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

Principal repayments	
Certificates of obligation and tax notes	\$ 1,270,000
Capital leases	<u>136,430</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,406,430</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 \$60,116 difference are as follows:

Compensated absences	\$ (64,190)
Accrued interest	14,313
Amortization of issuance costs	<u>(10,239)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (60,116)</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.

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.

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2006**

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

As of September 30, 2006, the County had the following investments:

	<u>Market Value</u>	<u>% of Total</u>
Government Funds		
Certificates of Deposit	\$ 9,941,000	58.83%
TexPool	6,485,546	38.38%
Total Government Funds	\$ 16,426,546	97.21%
Agency Funds		
Certificates of Deposit	\$ 124,508	0.74%
TexPool	347,520	2.05%
Total Agency Funds	\$ 472,028	2.79%
Total Investments	\$ 16,898,574	100.00%

Interest Rate Risk – Investments are exposed to interest rate risk if changes in market interest rates will adversely affect the fair value of an investment. As of September 30, 2006, 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, 2006, 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, 2006, 59.57% of the County's investments were included in certificates of deposit and 40.43% 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, 2006, 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 rate for the year ended September 30, 2006 to finance maintenance and operations of the County was \$.434714 per \$100 valuation.

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2006**

**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	\$ 1,128,919
Lateral Road	328,759
Total	\$ 1,457,678

**Note G – Interfund Balances**

During the course of the fiscal year, interfund payables and receivables arise. The following were outstanding as of September 30, 2006.

From	To	Amount
General fund	General fund	\$ 45,778
	Other governmental funds	34
Other governmental funds	General fund	512
	Other governmental funds	1,450
Total		\$ 47,774

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, 2006**

**Note H – Capital Assets**

Capital asset activity for the year ended September 30, 2006 was as follows:

	Restated Balance 10/1/05	Additions	Deletions	Balance 9/30/06
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 787,127	\$ -	\$ -	\$ 787,127
Construction in progress	10,108,974	-	9,931,333	177,641
Total capital assets not being depreciated	<u>10,896,101</u>	<u>-</u>	<u>9,931,333</u>	<u>964,768</u>
Other capital assets				
Buildings and improvements	11,567,845	10,304,867	-	21,872,712
Infrastructure	981,940	250,000	-	1,231,940
Machinery and equipment	10,477,704	4,124,453	745,480	13,856,677
Total other capital assets	23,027,489	14,679,320	745,480	36,961,329
Less accumulated depreciation for:				
Building and improvements	6,375,868	231,318	-	6,607,186
Infrastructure	29,827	35,475	-	65,302
Machinery and equipment	5,244,671	1,266,155	426,401	6,084,425
Total accumulated depreciation	11,650,366	1,532,948	426,401	12,756,913
Other capital assets, net	<u>11,377,123</u>	<u>13,146,372</u>	<u>319,079</u>	<u>24,204,416</u>
Governmental activities capital assets, net	<u>\$ 22,273,224</u>	<u>\$ 13,146,372</u>	<u>\$ 10,250,412</u>	<u>\$ 25,169,184</u>

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2006**

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

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

**Governmental activities:**

General government	\$	29,700
Financial administration		1,200
Public facilities		238,694
Public safety		315,311
Public transportation		877,672
Culture and recreation		63,873
Conservation		6,498
		6,498
Total depreciation for governmental activities	\$	1,532,948

**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.

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 \$7,685,000 at September 30, 2006.

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 \$2,550,000 at September 30, 2006.

The following are changes by type of debt:

	Balance 10/1/05	Increase	Decrease	Balance 09/30/06
Tax notes	\$ 3,220,000	\$ -	\$ 670,000	\$ 2,550,000
Certificates of Obligation	8,285,000	-	600,000	7,685,000
Capital Lease Agreements	136,430	-	136,430	-
Compensated Absences	458,506	64,190	-	522,696
Totals	\$ 12,099,936	\$ 64,190	\$ 1,406,430	\$ 10,757,696

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2006**

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

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	
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	550,000	20,344	1,050,000	153,514	1,773,858
2012-2016	-	-	2,905,000	200,994	3,105,994
Totals	<u>\$ 2,550,000</u>	<u>\$ 286,672</u>	<u>\$ 7,685,000</u>	<u>\$ 1,349,611</u>	<u>\$ 11,871,283</u>

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 - 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, 2006 the value of accumulated vacation benefits was \$522,696 and the value of accumulated sick pay benefits was approximately \$256,984.

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 K - Interfund Transfers**

Interfund transfers during the year were as follows:

Transfers Out	
Fund	Amount
General fund	\$ 4,675,896
Other governmental funds	284,248
Total transfers out	<u>\$ 4,960,144</u>
Transfers In	
Fund	Amount
General fund	\$ 1,272,758
Other governmental funds	3,687,386
Total transfers in	<u>\$ 4,960,144</u>

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 L - 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 575 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 8.34% for the months of the accounting year in 2005, and 8.24% for the months of the accounting year in 2006.

The deposit rate payable by the employee members for calendar year 2006 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, 2006, the annual pension cost for the TCDRS plan for its employees was \$915,622, and the actual contributions were \$1,661,335.

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2006**

**Note L - 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, 2003 and December 31, 2004, the basis for determining the contribution rates for calendar years 2005 and 2006. The December 31, 2005 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial valuation date	12/31/2003	12/31/2004	12/31/2005
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%	5.30%
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 Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/2004	\$ 837,989	100.00%	\$ -
9/30/2005	829,743	100.00%	-
9/30/2006	915,622	100.00%	-

**Note M - 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 N - 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 O - 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.

**Note P – Prior Period Adjustment**

The governmental activities prior period adjustment of \$411,238 is related to an understatement of capital assets on the September 30, 2005 Statement of Net Assets. See Note H for restated capital asset amounts as of October 1, 2005.

**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 )
12/31/2003	\$ 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%
12/31/2005	16,446,966	18,732,585	2,285,619	87.80%	9,779,873	23.37%

## **Combining and Budget Statements**

**Nonmajor Governmental Funds**

**WISE COUNTY, TEXAS**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**  
**September 30, 2006**

Assets	Special Revenue Funds										Capital Projects Funds			Total Nonmajor Governmental Funds
	Indigent Health Care	Right of Way and Fencing	Road & Bridges				Juvenile		Debt Service Fund	Jail Project	2005 Capital Projects	Total Capital Projects		
			Precinct No. 1	Precinct No. 2	Precinct No. 3	Precinct No. 4	County Thoroughfare	TJPC 06-249					Other Special Revenue	
Cash	\$ 291	\$ (7,147)	\$ (64,050)	\$ (30,757)	\$ (13,382)	\$ (144,853)	\$	\$ 50,538	\$ 1,069,637	\$ 1,793	\$ 6,558	\$ 6,558	\$ 1,077,988	
Investments	1,354,202	266,528	1,006,333	747,535	1,111,643	505,073		133,696	5,125,010	172,243	1,332,458	1,332,458	6,629,711	
Receivables:														
Property taxes (net of allowance of \$39,335)														
Miscellaneous	14,944		76,230	93,520	70,217	73,848			328,759				328,759	
Due from other funds	29,985								36,970				36,970	
Due from other governments				9,779		6,543		37,110	1,962				1,962	
									54,432				54,432	
Total assets	\$1,354,493	\$304,310	\$1,016,513	\$820,077	\$1,168,478	\$440,611	\$	\$221,344	\$6,616,770	\$174,036	\$1,339,016	\$1,339,016	\$8,129,822	
<b>Liabilities and fund balances</b>														
Liabilities:														
Accounts payable	\$	\$	\$ 15,930	\$ 5,785	\$ 5,864	\$ 5,660	\$	\$ 12,239	\$ 752	\$	\$	\$	\$ 46,231	
Due to other funds								34					34	
Due to other governments				124									124	
Deferred revenue														
Property taxes	14,944		76,230	93,520	70,217	73,848			328,759				328,759	
Other	29,985								29,985				29,985	
Total liabilities		44,929	92,160	99,430	76,081	79,508		12,273	752				405,133	
Fund balances														
Reserved for debt service														
Reserved for capital projects										174,036			174,036	
Unreserved	1,354,493	259,381	926,353	720,647	1,092,397	361,103		209,071	1,288,192		1,339,016	1,339,016	1,339,016	
Total fund balances	1,354,493	259,381	926,353	720,647	1,092,397	361,103		209,071	1,288,192	174,036	1,339,016	1,339,016	1,339,016	
Total liabilities and fund balances	\$1,354,493	\$304,310	\$1,016,513	\$820,077	\$1,168,478	\$440,611	\$	\$221,344	\$6,616,770	\$174,036	\$1,339,016	\$1,339,016	\$8,129,822	

**WISE COUNTY, TEXAS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Normal Governmental Funds**  
**For the Fiscal Year Ended September 30, 2006**

	Indigent Health Care	Right of Way and Fencing	Special Revenue Funds						Total Special Revenue	Debt Service Fund	Capital Projects Funds			Total Normal Governmental Funds
			Precinct No. 1	Precinct No. 2	Precinct No. 3	Precinct No. 4	County Thoroughfare	Juvenile Probation T/PC 05-249			Other Special Revenue	County Wide	Jail Project	
<b>Revenues</b>														
Property taxes	\$	\$222,854	\$1,136,823	\$1,394,665	\$1,047,147	\$1,101,300	\$	\$4,902,789	\$	\$	\$	\$	\$	\$ 4,902,789
Licenses and permits			339,316	339,316	339,316	339,316	508,527	1,357,264						1,357,264
Intergovernmental			34,873	85,018	34,873	86,385		2,171						751,247
Fees of office								440,701						440,701
Fines and forfeitures			219,823	219,819	219,429	219,623	7,923	878,494						878,494
Interest		73,495	57,155	53,781	65,844	45,790	1,487	324,105	7,985					415,695
Miscellaneous revenues and donations			4,434	8,134	97,018	19,084		253,162		8,643				281,805
<b>Total revenues</b>		73,495	1,792,024	2,100,733	1,603,427	1,811,498	517,737	8,907,782	7,985	8,643	83,605	83,605	92,248	9,007,995
<b>Expenditures</b>														
Current:														
General government														
Legal														
Elections		34,736						33,690						68,426
Public facilities								34,770						34,770
Public safety								11,765						11,765
Health and welfare		474,961	1,525,750	2,115,867	1,501,352	1,943,199	686,467	19,733	708,200					12,700
Capital outlay			660,540		375,401	85,813		38,562	7,654,339					1,087,493
Debt service			34,108	34,108	34,107	34,107		474,961						7,654,339
Principal retirement			797	797	798	798								474,961
Interest and fiscal charges			2,221,195	2,150,772	1,911,658	2,063,917		43,269	1,415,023					3,451,481
<b>Total expenditures</b>		474,961	4,429,171	5,643,225	4,282,231	5,009,917	1,688,730	181,809	10,595,104	1,743,853	1,294,888	1,135,573	2,430,481	14,879,418
Excess of revenues over (under) expenditures		(401,466)	(321,354)	(321,354)	(108,231)	(252,419)	(168,730)	384,068	(1,597,342)	(1,735,868)	(1,286,245)	(1,051,969)	(2,336,213)	(5,871,423)
Other financing sources (uses)														
Operating transfers in														
Operating transfers out		106,601	34,906	34,906	34,906	34,906	168,815	1,000	666,040	1,736,700	1,209,158	75,488	1,284,646	3,987,366
Sales of assets									(169,482)		(7,766)	(107,000)	(114,766)	(284,248)
<b>Total other financing sources (uses)</b>		106,601	34,906	34,906	34,906	34,906	168,815	1,000	666,040	1,736,700	1,209,158	75,488	1,284,646	3,987,366
Excess of revenues and other sources over (under) expenditures and other uses		(401,466)	(321,354)	(321,354)	(108,231)	(252,419)	(168,730)	384,068	(1,597,342)	(1,735,868)	(1,286,245)	(1,051,969)	(2,336,213)	(5,871,423)
Fund balances, October 1, 2005		1,755,959	474,134	1,288,771	653,287	936,301	208,896	1,072,606	6,932,285	173,204	84,853	2,422,466	2,507,349	9,612,838
Fund balances, September 30, 2006		\$1,354,493	\$259,381	\$ 926,353	\$ 720,647	\$ 1,092,397	\$ 361,103	\$1,288,192	\$6,211,637	\$ 174,036	\$ -	\$ 1,339,016	\$ 1,339,016	\$ 7,724,699

**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, 2006**

	<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	\$ 4,750,400	\$ 4,902,795	\$ 4,902,789	\$ (6)
Licenses and permits	1,320,000	1,357,269	1,357,264	(5)
Intergovernmental	653,523	726,839	751,247	24,408
Fees of office	372,560	440,706	440,701	(5)
Fines and forfeitures	662,400	878,498	878,494	(4)
Interest	127,000	314,371	324,105	9,734
Miscellaneous revenues and donations	62,500	246,444	253,162	6,718
<b>Total revenues</b>	<u>7,948,383</u>	<u>8,866,922</u>	<u>8,907,762</u>	<u>40,840</u>
<b>Expenditures</b>				
Current:				
General government	177,018	184,775	68,426	116,349
Legal	58,300	73,896	34,770	39,126
Elections	1,800	31,942	11,765	20,177
Public safety	772,169	774,523	706,200	68,323
Public transportation	7,114,800	7,878,457	7,654,339	224,118
Health and welfare	1,134,500	474,962	474,961	1
Capital outlay	367,831	1,333,625	1,415,023	(81,398)
Debt service				
Principal retirement	130,264	136,432	136,430	2
Interest and fiscal charges	9,360	3,192	3,190	2
<b>Total expenditures</b>	<u>9,766,042</u>	<u>10,891,804</u>	<u>10,505,104</u>	<u>386,700</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(1,817,659)</u>	<u>(2,024,882)</u>	<u>(1,597,342)</u>	<u>427,540</u>
<b>Other financing sources (uses)</b>				
Operating transfers in	610,641	689,243	666,040	(23,203)
Operating transfers out	(137,482)	(169,482)	(169,482)	-
Sales of assets	230,000	326,022	380,136	54,114
<b>Total other financing sources (uses)</b>	<u>703,159</u>	<u>845,783</u>	<u>876,694</u>	<u>30,911</u>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<u>(1,114,500)</u>	<u>(1,179,099)</u>	<u>(720,648)</u>	<u>458,451</u>
Carryover from prior year fund balance	1,114,500	1,179,099	-	(1,179,099)
Fund balances, October 1, 2005	<u>6,932,285</u>	<u>6,932,285</u>	<u>6,932,285</u>	<u>-</u>
<b>Fund balances, September 30, 2006</b>	<u><u>\$ 6,932,285</u></u>	<u><u>\$ 6,932,285</u></u>	<u><u>\$ 6,211,637</u></u>	<u><u>\$ (720,648)</u></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, 2006**

	<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	\$ 7,000	\$ 7,242	\$ 7,985	\$ 743
Total revenues	<u>7,000</u>	<u>7,242</u>	<u>7,985</u>	<u>743</u>
<b>Expenditures</b>				
Debt and capital lease debt service:				
Principal retirement	1,270,000	1,270,000	1,270,000	-
Interest and fiscal charges	473,700	473,942	473,853	89
Total expenditures	<u>1,743,700</u>	<u>1,743,942</u>	<u>1,743,853</u>	<u>89</u>
Excess of revenues over (under) expenditures	(1,736,700)	(1,736,700)	(1,735,868)	832
Other financing sources				
Operating transfers in	1,736,700	1,736,700	1,736,700	-
Total other financing sources	<u>1,736,700</u>	<u>1,736,700</u>	<u>1,736,700</u>	<u>-</u>
Excess of revenues and other sources over expenditures	-	-	832	832
Fund balances, October 1, 2005	<u>173,204</u>	<u>173,204</u>	<u>173,204</u>	<u>-</u>
Fund balances, September 30, 2006	<u>\$ 173,204</u>	<u>\$ 173,204</u>	<u>\$ 174,036</u>	<u>\$ 832</u>

**WISE COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**- Budget and Actual -**  
**All Capital Projects Funds**  
**For the Fiscal Year Ended September 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Interest	\$	\$ 77,821	\$ 83,605	\$ 5,784
Miscellaneous		8,643	8,643	-
Total revenues	-	86,464	92,248	5,784
<b>Expenditures</b>				
Current:				
Public facilities			12,700	(12,700)
Public safety			381,293	(381,293)
Capital outlay	3,508,000	2,430,464	2,036,468	393,996
Total expenditures	3,508,000	2,430,464	2,430,461	3
Excess of revenues over (under) expenditures	(3,508,000)	(2,344,000)	(2,338,213)	5,787
Other financing sources (uses)				
Operating transfers in		1,276,882	1,284,646	7,764
Operating transfers out		(107,000)	(114,766)	(7,766)
Total other financing sources (uses)	-	1,169,882	1,169,880	(2)
Excess of revenues and other sources over (under) expenditures and other uses	(3,508,000)	(1,174,118)	(1,168,333)	5,785
Carryover from prior year fund balance	1,100,000	1,174,118	-	(1,174,118)
Fund balances, October 1, 2005	2,507,349	2,507,349	2,507,349	-
Fund balances, September 30, 2006	\$ 99,349	\$ 2,507,349	\$ 1,339,016	\$ (1,168,333)

**Agency Funds**

**WISE COUNTY, TEXAS**  
**Combining Statement of Fiduciary Assets and Liabilities -**  
**All Agency Funds**  
**September 30, 2006**

	Jail Industries	County Attorney		District Attorney		County Attorney		Juvenile Probation Fee	Jury Fund	Fireman Association
		Trust	Criminal Justice	Special	Special	Special	Bond Holding			
<b>Assets</b>										
Cash	\$ 21,446	\$ 82,295	\$ 64,594	\$ 9,311	\$ 29,820	\$ 192,877	\$ 23,605	\$ (874)	\$ 826	
Investments	502									142,327
Receivables:										
Property Taxes - for other governments										
<b>Total assets</b>	<b>\$ 21,948</b>	<b>\$ 82,295</b>	<b>\$ 64,594</b>	<b>\$ 9,311</b>	<b>\$ 29,820</b>	<b>\$ 192,877</b>	<b>\$ 23,605</b>	<b>\$ (874)</b>	<b>\$ 143,153</b>	
<b>Liabilities</b>										
Deposits held and due to others	\$ 20,498	\$ 82,295	\$ 64,594	\$ 9,311	\$ 29,820	\$ 192,877	\$ 23,605	\$ (874)	\$ 143,153	
Due to other funds	1,450									
Property taxes to be collected - due to other governments										
<b>Total liabilities</b>	<b>\$ 21,948</b>	<b>\$ 82,295</b>	<b>\$ 64,594</b>	<b>\$ 9,311</b>	<b>\$ 29,820</b>	<b>\$ 192,877</b>	<b>\$ 23,605</b>	<b>\$ (874)</b>	<b>\$ 143,153</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, 2006**

	County Attorney Forfeiture	District Attorney Restitution	Sheriff's Department Bond and Fine	Tax A/C Special Inventory	Registry Funds	Special Inventory	Sheriff's Prisoner's Commissary	Tax A/C Auto Registration	District Clerk Trust		
<b>Assets</b>											
Cash	\$ 99	\$ 2,226	\$ 13,203	\$ 131,973	\$ 124,508	\$ 6,762	\$ 10,056	\$ 776,826	\$ 935,497		
Investments									204,691		
Receivables:											
Property Taxes - for other governments					124,508						
<b>Total assets</b>	<b>\$ 99</b>	<b>\$ 2,226</b>	<b>\$ 13,203</b>	<b>\$ 131,973</b>	<b>\$ 124,508</b>	<b>\$ 6,762</b>	<b>\$ 10,056</b>	<b>\$ 776,826</b>	<b>\$ 1,140,188</b>		
<b>Liabilities</b>											
Deposits held and due to others	\$ 99	\$ 2,226	\$ 13,203	\$ 131,973	\$ 124,508	\$ 6,762	\$ 10,056	\$ 776,826	\$ 1,140,188		
Due to other funds											
Property taxes to be collected - due to other governments											
<b>Total liabilities</b>	<b>\$ 99</b>	<b>\$ 2,226</b>	<b>\$ 13,203</b>	<b>\$ 131,973</b>	<b>\$ 124,508</b>	<b>\$ 6,762</b>	<b>\$ 10,056</b>	<b>\$ 776,826</b>	<b>\$ 1,140,188</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, 2006**

District	Tax	Sheriff's	Constable	Property	Other	Total	Agency
Clerk	Office	Department	Precinct #4	Taxes -	Governments	Agency	Funds
Child	Support	Commissary	Support	Taxes -	Other	Funds	Funds
Support	Support	Commissary	Support	Taxes -	Other	Funds	Funds
Cash	\$ 544	\$ 46,052	\$ 31,366	\$ 3,419	\$	\$ 2,381,923	472,028
Investments							
Receivables:							
Property Taxes - for other governments					86,220		
Total assets	<u>\$ 544</u>	<u>\$ 46,052</u>	<u>\$ 31,366</u>	<u>\$ 3,419</u>	<u>\$ 86,220</u>	<u>\$ 2,940,171</u>	
<b>Liabilities</b>							
Deposits held and due to others	\$ 544	\$ 46,052	\$ 31,366	\$ 3,419	\$	\$ 2,852,501	1,450
Due to other funds							
Property taxes to be collected - due to other governments					86,220	86,220	
Total liabilities	<u>\$ 544</u>	<u>\$ 46,052</u>	<u>\$ 31,366</u>	<u>\$ 3,419</u>	<u>\$ 86,220</u>	<u>\$ 2,940,171</u>	

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								
1997	\$ 8,048,746	\$ 135,426	\$ 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
2006	22,878,285	618,487	1,357,264	3,634,041	1,421,713	974,913	530,100	360,521	682,518	33,189,642

**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
1997	\$ 897,693	\$ 798,350	\$ 452,200	\$ 23,103	\$ 760,919	\$ 743,321	\$ 3,924,869	\$ 2,259,750	\$ 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	1,276,632	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	2,059,896	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
2006	2,136,829	1,980,199	1,002,456	37,901	1,498,048	2,247,724	9,803,387	7,654,339	1,075,537	184,896	183,376	1,883,473	29,688,165

**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	Delinquent Tax Collections	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections	Total Tax Levy	Total Tax Levy	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
1997	\$6,781,279	\$6,475,937	\$6,475,937	\$6,475,937	95.50%	\$271,086	\$271,086	\$6,747,023	\$6,747,023	99.49%	\$1,140,917	\$1,140,917	16.82%		16.82%	
1998	7,594,426	7,165,780	7,165,780	7,165,780	94.36%	331,278	331,278	7,497,058	7,497,058	98.72%	1,082,809	1,082,809	14.26%		14.26%	
1999	8,338,745	7,850,887	7,850,887	7,850,887	94.15%	349,265	349,265	8,200,152	8,200,152	98.34%	1,167,972	1,167,972	14.01%		14.01%	
2000	8,991,454	8,334,588	8,334,588	8,334,588	92.69%	405,746	405,746	8,740,334	8,740,334	97.21%	996,985	996,985	11.09%		11.09%	
2001	10,450,395	9,780,087	9,780,087	9,780,087	93.59%	414,798	414,798	10,194,885	10,194,885	97.56%	1,123,107	1,123,107	10.75%		10.75%	
2002	12,938,371	12,228,312	12,228,312	12,228,312	94.51%	415,260	415,260	12,643,572	12,643,572	97.72%	1,327,546	1,327,546	10.26%		10.26%	
2003	14,287,474	13,470,335	13,470,335	13,470,335	94.28%	502,464	502,464	13,972,799	13,972,799	97.80%	1,561,971	1,561,971	10.93%		10.93%	
2004	15,233,019	14,665,061	14,665,061	14,665,061	96.27%	476,971	476,971	15,142,032	15,142,032	99.40%	1,692,179	1,692,179	11.11%		11.11%	
2005	17,337,660	16,110,326	16,110,326	16,110,326	92.92%	560,059	560,059	16,670,385	16,670,385	96.15%	1,625,449	1,625,449	9.38%		9.38%	
2006	19,261,710	18,739,469	18,739,469	18,739,469	97.29%	509,337	509,337	19,248,806	19,248,806	99.93%	1,677,164	1,677,164	8.71%		8.71%	

**WISE COUNTY, TEXAS**  
**Computation of Legal Debt Margin**  
**September 30, 2006**

Assessed valuations:		
Assessed Value		\$ 5,789,396,532
Add back: exempt real property		<u>264,029,740</u>
 Total Assessed value		 <u><u>\$ 6,053,426,272</u></u>
 Legal debt margin:		
Debt Limit (25 Percent of Assessed Value)		1,513,356,568
Debt applicable to limitation:		
Total Bonded Debt		
Add: Tax Notes	2,550,000	
Certificates of Obligation	7,685,000	
Less: Special assessment bonds		
Revenue bonds		
Amount available for repayment of bonded debt	<u>174,036</u>	
Total debt applicable to limitation		<u>10,060,964</u>
 Legal Debt Margin		 <u><u>\$ 1,503,295,604</u></u>

**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**

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
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
2006	61,450	5,789,396,532	10,235,000	174,036	10,060,964	0.174%	163.73

**WISE COUNTY, TEXAS**  
**Schedule of Insurance in Force**  
**September 30, 2006**

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 10/1/05 to 10/1/06 Policy #2490	Courthouse	Three Story, Slate Roof, Granite Bldg., Fire & Lightning, Extended Coverage, \$1,000 Deductible Insured at Replacement Cost.	\$10,036,682	\$165,766
	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 & Sheriffs Office	One Story, SFR/SWR Bldg. & Contents, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$19,000,000	
	Public Works	Metal NC-ICM Bldg. & Contents, Decatur, TX. Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$79,000	
	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.	\$105,650	
	Precinct #2	Metal NC-ICM Bldg. & Contents, Alvord, TX. One story frame, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$106,930	
	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.	\$7,368,919	
	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		

**WISE COUNTY, TEXAS**  
**Schedule of Insurance in Force**  
**September 30, 2006**

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 10/1/05 to 10/1/06 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.	\$105,000	
	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.	\$2,212,000	
	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.	\$780,000	
	Juvenile Probation	Brick Bldg. & Contents, Decatur, TX. Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$449,000	
	Park	3 Pavillions, Metal Structure, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$46,970	
	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	
	Auditor Storage Building	One Story Building & Contents, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$57,000	

**WISE COUNTY, TEXAS**  
**Schedule of Insurance in Force**  
**September 30, 2006**

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 10/1/05 to 10/1/06 Policy #2490	All Depts. & Precincts	Automobile Physical Damage Comprehensive and Collision Automobile Insurance, \$1,000 Deductible.		\$92,157
		Automobile Liability Insurance. Bodily Injury \$100,000/\$300,000. Property Damage \$100,000. Uninsured Motorists 20/40/15.		\$57,427
<u>General Liability</u> Texas Association of Counties From 10/1/05 to 10/01/06 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.		\$49,733
<u>Public Official &amp; Employees</u> Texas Association of Counties From 10/1/05 to 10/1/06 Policy #2490		Public Officials & Employees Liability Insurance; \$5,000 Deductible.	\$2,000,000	\$81,807
Meyers Agency Various Periods		Public Officials' Bonds. Bond amounts range from \$1,000 to \$250,000.		\$8,054
<u>Law Enforcement Officials</u> Texas Association of Counties From 10/1/05 to 10/1/06 Policy #2490		Law Enforcement Officials Professional Liability Insurance. \$20,000 Deductible.	\$2,000,000	\$90,373
<u>Worker's Compensation</u> Texas Association of Counties From 1/1/06 to 1/1/07 Policy #2490		Statutory-\$100,000 Per Occurrence.		\$260,814
<u>Unemployment Compensation</u> Texas Association of Counties From 10/1/05 to 10/1/06 Policy #2490		Statutory.		
<u>Bailees Coverage</u> William Rigg Company From 10/1/05 to 10/1/06 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

**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 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, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 18, 2006. 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Wise County, Texas, in a separate letter dated December 18, 2006.

This report is intended solely for the information and use of the audit committee, management, Commissioners' Court, 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 18, 2006

**WISE COUNTY, TEXAS**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended September 30, 2006**

<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, 2006**

**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  X  no

Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X  no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes  X  no

Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  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 # 90.401                      Help America Vote Act (HAVA)

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, 2006**

**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

**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, 2006. 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, 2006.

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.

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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 audit committee, management, Commissioners' Court, 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 18, 2006

**WISE COUNTY, TEXAS**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2006**

<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		\$ 168,077
<u>U.S. Department of Agriculture - Natural Resources Conservation Service</u>			
Direct Program			
Watershed Protection and Flood Prevention - Emergency Watershed Protection	10.904		13,881
<u>U.S. Department of Housing and Urban Development</u>			
Passed Through Office of Rural Community Affairs			
Community Development Block Grant	14.228	724087	90,175
<u>U.S. Department of Justice</u>			
Direct Programs			
State Criminal Alien Assistance Program	16.606		8,476
Bullet Proof Vest Partnership Program	16.607		<u>1,000</u>
Total U.S. Department of Justice			<u>9,476</u>
<u>Election Assistance Commission</u>			
Passed Through the State of Texas, Secretary of State			
Help America Vote Act (HAVA)-General HAVA Compliance	90.401	78724	277,701
HAVA-Voting System Accessibility	90.401	78724	69,000
HAVA-County Education Fund	90.401	78724	<u>33</u>
Total CFDA # 90.401			346,734
<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-2006-249	90,636
<u>U.S. Department of Homeland Security</u>			
Passed Through Texas Department of Public Safety			
Disaster Grants-Public Assistance (Presidentially Declared Disasters) - Fire	97.036	497-99497-00	6,335
Disaster Grants-Public Assistance (Presidentially Declared Disasters) - Hurricane	97.036		<u>6,486</u>
Total CFDA # 97.036			<u>12,821</u>
Total Expenditures of Federal Awards			<u>\$ 731,800</u>

See Notes to Schedule on following page.

**WISE COUNTY, TEXAS**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2006**

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 \$84,038 passed through to:

Alvord Independent School District	\$	56,138
Decatur Independent School District		18,488
Slidell Independent School District		7,143
Chico Independent School District		<u>2,269</u>
 Total passed through by Wise County	 \$	 <u><u>84,038</u></u>

CFDA No. 97.036, Disaster Grants-Public Assistance (Presidentially Declared Disasters) - Fire grant expenditures includes \$3,894 passed through to:

City of Alvord	\$	113
Boonesville-Balsora		76
City of Chico		38
City of Azle		447
City of Haslet		52
City of Decatur		38
Eagle Mountain Volunteer Fire Department		308
East Wise Fire Rescue		94
Era Volunteer Fire Department		138
La Junta Volunteer Fire Department		477
Lake Bridgeport Volunteer Fire Department		94
City of Newark		85
Peaster Volunteer Fire Department		278
Reno Volunteer Fire Department		40
City of Runaway Bay		57
Salt Creek Volunteer Fire Department		57
Springtown Volunteer Fire Department		1,232
Town of Flower Mound		179
Valley View Volunteer Fire Department		<u>91</u>
 Total passed through by Wise County	 \$	 <u><u>3,894</u></u>

CFDA No. 97.036, Disaster Grants-Public Assistance (Presidentially Declared Disasters) - Hurricane grant expenditures includes \$6,297 passed through to:

Bridgeport Camp and Conference Center	\$	4,234
City of Decatur		<u>2,063</u>
 Total passed through by Wise County	 \$	 <u><u>6,297</u></u>