

# **WISE COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

**Wise County, Texas  
Annual Financial Report  
For the Fiscal Year Ended September 30, 2008**

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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, 2008, 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, 2008, and the respective changes in financial position and the respective budgetary comparison for the general fund 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 February 27, 2009, 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 is important for assessing the results of our audit.

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  
February 27, 2009

## 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, 2008. 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 2008 by \$72,811,923 (*net assets*). Of this amount, \$213,581 is restricted for specific purposes, \$49,173,481 is invested in capital assets net of related debt and \$23,424,861 represents unrestricted net assets.
- In contrast to the government-wide statements, the fund statements report a combined fund balance at year-end of \$27,178,383, an increase of \$8,306,188 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$8,246,159, or 33% of total general fund expenditures.
- The County's total debt increased by \$7,447,385 during the current fiscal year as a result of the Tax Notes Series 2008 issued during 2008.

### 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 as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 in regards to interfund activity, payables, and receivables.

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

The statement of activities presents information showing how net assets changed during the most recent fiscal year using the full accrual basis of accounting. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements can be found on pages 13 and 14 of this report.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

**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-six special revenue funds, one capital projects fund, 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 and Capital Projects Fund, which are classified as major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement (original versus final) has been provided for the General Fund 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 statement 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.

**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 \$72,811,923 as of September 30, 2008.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**

	Governmental Activities	
	2008	2007
Current and other assets	\$ 34,602,966	\$ 28,167,928
Capital assets, net of depreciation	57,247,395	54,131,643
Total assets	91,850,361	82,299,571
Long-term liabilities	16,317,385	8,870,000
Other liabilities	2,721,053	3,625,945
Total liabilities	19,038,438	12,495,945
Net assets:		
Invested in capital assets, net of related debt	49,173,481	45,664,708
Restricted	213,581	192,530
Unrestricted	23,424,861	23,946,388
Total Net Assets	\$ 72,811,923	\$ 69,803,626

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 \$49,173,481. 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 \$213,581 of the County's net assets represents resources that are subject to external restrictions on how they may be used. All restricted assets of the County are being held for the purpose of debt service requirements on the County's outstanding debt.

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

The County's governmental activities increased net assets by \$3,008,297 during the current fiscal year. The total cost of all governmental activities this year was \$37,844,346. The amount that our taxpayers paid for these activities through property taxes was \$24,157,276 or 63%.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**

**Wise County's Changes in Net Assets**

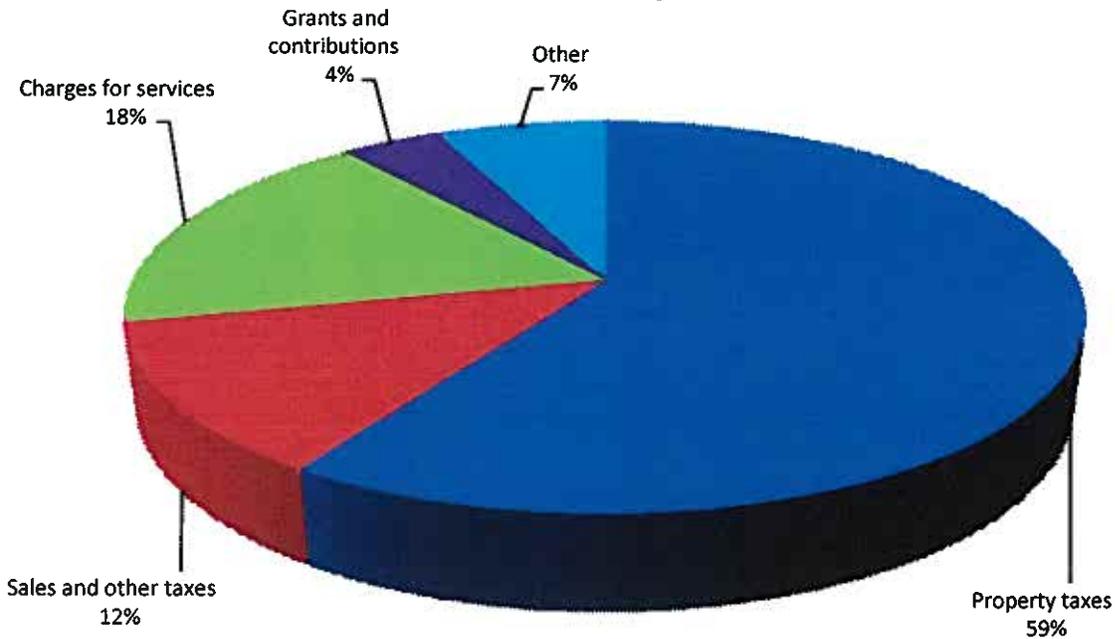
	Governmental Activities	
	2008	2007
Revenues:		
Program revenues:		
Charges for services	\$ 7,180,279	\$ 12,433,201
Operating grants and contributions	1,523,364	1,295,548
Capital grants and contributions	131,269	442,016
General revenues:		
Property taxes	24,157,276	22,000,452
Sales and other taxes	5,060,941	4,163,085
Other	2,799,514	2,958,257
Total revenues	40,852,643	43,292,559
Expenses:		
General government	2,593,277	2,526,772
Judicial	2,248,356	2,096,133
Legal	1,257,051	1,167,047
Elections	218,701	43,519
Financial administration	1,445,678	1,659,947
Public facilities	3,334,525	2,895,880
Public safety	13,438,989	11,333,238
Public transportation	10,492,770	9,978,988
Health and welfare	1,725,757	1,893,450
Culture and recreation	350,687	302,939
Conservation	222,530	202,125
Interest on long-term debt	516,025	632,442
Total expenses	37,844,346	34,732,480
Increase in net assets	3,008,297	8,560,079
Net assets, beginning	69,803,626	32,612,575
Prior period adjustment	-	28,630,972
Net assets, beginning, restated	69,803,626	61,243,547
Net assets, ending	\$ 72,811,923	\$ 69,803,626

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

- Program revenues of \$8,834,912 equaled 23% of government expenses of \$37,844,346. As expected, general revenues (\$32,017,731) provided the required support and coverage for expenses;
- More than one-third of the expenses are public safety (\$13,438,989) while this category provided program revenues of about 5% of total revenues of \$40,852,643;
- The next largest category of expenses is public transportation \$10,494,770 at 28% of total expenses while public transportation program revenues provided about 7% of total revenues; and
- Grant revenues and contributions comprised about 4% of total revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

Revenues by Source



FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

**Governmental funds.** The general government functions are reported in the General, Special Revenue, Debt Service, and Capital Projects Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's annual financing and budgeting requirements. In particular, 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 \$27,178,383, an increase of \$8,306,188 in comparison with the prior year. Approximately \$18,671,609 or 69% 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 (\$213,581) and to fund capital projects (\$8,293,193).

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 \$8,246,159, 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 33%, or slightly more than 121 days of total fund expenditures.

## MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

The fund balance of the County's general fund decreased by \$3,547,720 during the current fiscal year. Key factors in this decline are as follows:

- Increase of \$301,401 in capital outlay compared to prior year;
- Increase of \$426,136 in public transportation expenditures compared to prior year;
- Increase of \$502,179 in health and welfare expenditures in current year compared to prior year; and
- Increase of \$1,964,905 in public safety expenditures compared to prior year.

The debt service fund has a total fund balance of \$213,581, 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 \$21,051. Total debt principal, interest and fiscal charges in the debt service fund totaled \$1,754,381, approximately \$8,008 decrease from the prior year.

The capital projects fund had an ending fund balance of \$8,293,193, of which \$666,491 is reserved for the various 2005 capital projects, \$6,226,702 is reserved for the various 2008 capital projects and \$1,400,000 was transferred in to use in 2009.

### 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 \$6,362,187 from the original to the final budget. Most of this difference resulted from an increase in public safety, health and welfare expenditures and transfers out.

Likewise, while the original to the final budget increased in expenditures and other financing uses appropriations, the projected annual revenues and other financing sources included a \$2,523,375 upward revision. As stated earlier, healthy growth in sales tax revenue, together with increased property tax, and transfers in accounted for the majority of the upward revision. However, actual revenues exceeded amended budget amounts by \$284,028. Conversely, actual total expenditures for the year were \$201,366 less than amended budget appropriations. Including small variances in other financing sources, the actual ending fund balance of \$8,246,159 was \$3,547,720 less 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, 2008, net capital assets of the governmental activities totaled \$57,247,395. Depreciation on capital assets is recognized in the government-wide financial statements. Annual depreciation for buildings, improvements, infrastructure and machinery and equipment totaled \$4,411,775.

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

- Infrastructure (bridges and roads) additions of \$3,205,175;
- Purchase of various computer equipment with Homeland Security grant funding;
- Purchase of a motorgrader for Precinct 4;
- Purchase of a motorgrader, a Cat 953 track loader, Challenger tractor with tiger boom mower, an International truck, a Voegele 2116T, a GMC rescue truck, an ambulance, and various other equipment with the 2008 tax notes; and
- Construction in progress of the Bridgeport annex courthouse.

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

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

	Governmental Activities	
	2008	2007
Land	\$ 787,127	\$ 787,127
Buildings and improvements	14,774,557	15,132,057
Infrastructure	30,836,719	29,716,387
Construction in progress	847,285	250,157
Machinery and equipment	10,001,707	8,245,915
<b>Total</b>	<b>\$ 57,247,395</b>	<b>\$ 54,131,643</b>

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

**Long-term debt.** As of September 30, 2008, the County had certificates of obligation and tax notes outstanding of \$16,210,000. Certificates of obligation and tax notes retired in the current fiscal year totaled \$910,000 and \$500,000, respectively.

**Wise County's Outstanding Debt**

	Governmental Activities	
	2008	2007
Certificates of obligation	\$ 5,910,000	\$ 6,820,000
Tax notes	10,300,000	2,050,000
<b>Total</b>	<b>\$ 16,210,000</b>	<b>\$ 8,870,000</b>

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 2009, 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, 2008**

	<u>Primary Government</u>
<b>Assets</b>	
Cash	\$ 383,839
Investments	28,175,342
Receivables (net of allowance for uncollectibles of \$516,088)	5,742,930
Due from other governments	253,113
Deferred debt issuance costs and premium, net of accumulated amortization	47,742
Capital assets	
Land and construction in progress	1,634,412
Other capital assets, net of depreciation	<u>55,612,983</u>
Total capital assets	<u>57,247,395</u>
Total assets	<u>91,850,361</u>
<b>Liabilities</b>	
Accounts payable	1,683,236
Interfund balances	20,569
Due to other governments	436,717
Accrued interest payable	97,464
Deferred revenue	26,652
Compensated absences payable	456,415
Noncurrent liabilities	
Due within one year	2,130,000
Due in more than one year	<u>14,187,385</u>
Total liabilities	<u>19,038,438</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	49,173,481
Restricted for:	
Debt service	213,581
Unrestricted	<u>23,424,861</u>
Total net assets	<u>\$ 72,811,923</u>

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

**WISE COUNTY, TEXAS**  
**Statement of Activities**  
**For the Fiscal Year Ended September 30, 2008**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
General government	\$ 2,593,277	\$ 1,928,765	\$ 74,707		\$ (589,805)
Judicial	2,248,356	647,006	173,367		(1,427,983)
Logal	1,257,051	110,771	31,250		(1,115,027)
Elections	218,701	1,233			(217,468)
Financial administration	1,445,678	614,257			(831,421)
Public facilities	3,334,525	166,544			(3,167,981)
Public safety	13,438,989	1,103,234	850,011	131,269	(11,354,475)
Public transportation	10,492,770	2,446,788	394,029		(7,651,953)
Health and welfare	1,725,757	122,281			(1,603,476)
Culture and recreation	350,687	39,397			(311,290)
Conservation	222,530				(222,530)
Interest on long-term debt	516,025				(516,025)
<b>Total primary government</b>	<b>\$ 37,844,346</b>	<b>\$ 7,180,279</b>	<b>\$ 1,523,364</b>	<b>\$ 131,269</b>	<b>(29,009,434)</b>

General revenues:

Property taxes	24,157,276
Sales and other taxes	5,060,941
Investment earnings	863,348
Royalties	1,131,659
Gain on disposal of assets	175,654
Other	628,853
<b>Total general revenues</b>	<b>32,017,731</b>
Change in net assets	3,008,297
Net assets, October 1, 2007	69,803,626
<b>Net assets, September 30, 2008</b>	<b>\$ 72,811,923</b>

**WISE COUNTY, TEXAS**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2008**

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 11,016,941	\$ 7,703	\$ 2,179,544	\$ 2,187,247
Investments		8,318,438	8,839,963	28,175,342
Receivables:				
Property taxes (net of allowances of \$296,017)	773,909		254,410	1,028,319
Accounts	236,755		46,508	283,263
Notes	250,000			250,000
Due from other funds	104,458		18,956	123,414
Due from other governments	33,729		219,384	253,113
<b>Total assets</b>	<b><u>\$ 12,415,792</u></b>	<b><u>\$ 8,326,141</u></b>	<b><u>\$ 11,558,765</u></b>	<b><u>\$ 32,300,698</u></b>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Cash overdraft	\$ 1,803,408			\$ 1,803,408
Accounts payable	1,103,521	32,948	546,767	1,683,236
Due to other funds	79,833		64,150	143,983
Due to other governments	408,962		27,755	436,717
Deferred revenue				
Property taxes	773,909		254,410	1,028,319
Other			26,652	26,652
<b>Total liabilities</b>	<b><u>4,169,633</u></b>	<b><u>32,948</u></b>	<b><u>919,734</u></b>	<b><u>5,122,315</u></b>
<b>Fund Balance</b>				
Reserved for:				
Debt service			213,581	213,581
Capital projects		8,293,193		8,293,193
Unreserved	8,246,159			8,246,159
Unreserved, reported in nonmajor:				
Special revenue funds			10,425,450	10,425,450
<b>Total fund balances</b>	<b><u>8,246,159</u></b>	<b><u>8,293,193</u></b>	<b><u>10,639,031</u></b>	<b><u>27,178,383</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 12,415,792</u></b>	<b><u>\$ 8,326,141</u></b>	<b><u>\$ 11,558,765</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.

57,247,395

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

1,028,319

Other assets are not measurable and available in the current period and are not reported in the funds.

4,181,348

Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

(16,823,522)

Net assets of governmental activities - statement of net assets

**\$ 72,811,923**

**WISE COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Fiscal Year Ended September 30, 2008**

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 17,790,967	\$	\$ 6,421,451	\$ 24,212,418
Sales tax	5,024,208			5,024,208
Licenses and permits			1,508,784	1,508,784
Intergovernmental	503,111		943,321	1,446,432
Fees of office	4,028,873		434,851	4,463,724
Fines and forfeitures	539,666		938,004	1,477,670
Interest	505,231	96,834	261,283	863,348
Royalties and rentals	1,132,259			1,132,259
Solid waste fees	460,770			460,770
Miscellaneous revenues and donations	354,524	9,380	810,647	1,174,551
<b>Total revenues</b>	<b>30,339,609</b>	<b>106,214</b>	<b>11,318,341</b>	<b>41,764,164</b>
<b>Expenditures</b>				
Current:				
General government	2,494,042		77,180	2,571,222
Judicial	2,248,356			2,248,356
Legal	1,205,518		47,343	1,252,861
Elections	192,511		26,190	218,701
Financial administration	1,440,154			1,440,154
Public facilities	2,832,750			2,832,750
Public safety	12,008,852	131,928	743,025	12,883,805
Public transportation			7,404,404	7,404,404
Health and welfare	1,090,224		635,533	1,725,757
Culture and recreation	234,027			234,027
Conservation	211,024			211,024
Capital outlay	814,559	3,239,681	3,879,682	7,933,922
Debt service				
Principal retirement			1,410,000	1,410,000
Interest and fiscal charges			344,381	344,381
<b>Total expenditures</b>	<b>24,772,017</b>	<b>3,371,609</b>	<b>14,567,738</b>	<b>42,711,364</b>
<b>Excess of revenues over (under) expenditures</b>	<b>5,567,592</b>	<b>(3,265,395)</b>	<b>(3,249,397)</b>	<b>(947,200)</b>
<b>Other financing sources (uses)</b>				
Operating transfers in	3,618,687	4,401,202	6,978,071	14,997,960
Operating transfers out	(12,774,163)	(2,002,141)	(221,656)	(14,997,960)
Debt premium		95,869		95,869
Debt issuance costs		(93,728)		(93,728)
Proceeds from tax notes		8,750,000		8,750,000
Sales of assets	40,164	21,000	440,083	501,247
<b>Total other financing sources (uses)</b>	<b>(9,115,312)</b>	<b>11,172,202</b>	<b>7,196,498</b>	<b>9,253,388</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>(3,547,720)</b>	<b>7,906,807</b>	<b>3,947,101</b>	<b>8,306,188</b>
<b>Fund balances, October 1, 2007</b>	<b>11,793,879</b>	<b>386,386</b>	<b>6,691,930</b>	<b>18,872,195</b>
<b>Fund balances, September 30, 2008</b>	<b>\$ 8,246,159</b>	<b>\$ 8,293,193</b>	<b>\$ 10,639,031</b>	<b>\$ 27,178,383</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, 2008**

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

Net change in fund balances - total governmental funds	\$ 8,306,188
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Governmental funds report all capital outlays as expenditures. However, in the statement of activities the cost of some of the assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.	3,522,147
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The net effect of various miscellaneous transactions involving capital assets.	(406,395)
--	-----------

Increase in revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,006,372)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.	106,514
--	---------

The issuance of long-term debt (e.g. certificates of obligation and tax notes) 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 and premiums 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 in addition to the change in interest accrual on long-term debt.	(7,513,785)
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Change in net assets of governmental activities - statement of activities	\$ 3,008,297
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**WISE COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**- Budget and Actual -**  
**General Fund**  
**For the Fiscal Year Ended September 30, 2008**

	<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	\$ 17,485,300	\$ 17,790,969	\$ 17,790,967	\$ (2)
Sales tax	3,800,000	5,024,209	5,024,208	(1)
Intergovernmental	279,700	485,609	503,111	17,502
Fees of office	5,406,950	3,927,075	4,028,873	101,798
Fines and forfeitures	597,000	539,667	539,666	(1)
Interest	860,500	481,292	505,231	23,939
Royalties and rentals	626,200	1,040,456	1,132,259	91,803
Solid waste fees	368,000	460,773	460,770	(3)
Miscellaneous revenues and donations	408,458	305,531	354,524	48,993
<b>Total revenues</b>	<u>29,832,108</u>	<u>30,055,581</u>	<u>30,339,609</u>	<u>284,028</u>
<b>Expenditures</b>				
Current:				
General government	4,436,254	2,750,203	2,494,042	256,161
Judicial	2,492,531	2,248,427	2,248,356	71
Legal	1,348,987	1,205,539	1,205,518	21
Elections	189,140	192,520	192,511	9
Financial administration	1,907,675	1,440,186	1,440,154	32
Public facilities	2,838,701	2,844,947	2,832,750	12,197
Public safety	11,656,532	12,008,593	12,008,852	(259)
Health and welfare	740,496	1,090,234	1,090,224	10
Culture and recreation	260,525	234,031	234,027	4
Conservation	222,185	211,038	211,024	14
Capital outlay	115,000	747,665	814,559	(66,894)
<b>Total expenditures</b>	<u>26,208,026</u>	<u>24,973,383</u>	<u>24,772,017</u>	<u>201,366</u>
<b>Excess of revenues over expenditures</b>	<u>3,624,082</u>	<u>5,082,198</u>	<u>5,567,592</u>	<u>485,394</u>
<b>Other financing sources (uses)</b>				
Operating transfers in	1,348,951	3,618,688	3,618,687	(1)
Operating transfers out	(5,177,333)	(12,774,163)	(12,774,163)	-
Sales of assets	10,000	40,165	40,164	(1)
<b>Total other financing sources (uses)</b>	<u>(3,818,382)</u>	<u>(9,115,310)</u>	<u>(9,115,312)</u>	<u>(2)</u>
<b>Excess (deficiency) of revenues and other sources over (under) expenditures and other uses</b>	<u>(194,300)</u>	<u>(4,033,112)</u>	<u>(3,547,720)</u>	<u>485,392</u>
Carryover from prior year fund balance	194,300	4,033,112	-	(4,033,112)
Fund balances, October 1, 2007	<u>11,793,879</u>	<u>11,793,879</u>	<u>11,793,879</u>	<u>-</u>
Fund balances, September 30, 2008	<u>\$ 11,793,879</u>	<u>\$ 11,793,879</u>	<u>\$ 8,246,159</u>	<u>\$ (3,547,720)</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, 2008**

<b>Assets</b>	
Cash	\$ 1,738,997
Investments	53,649
Receivables:	
Property taxes - for other governments	53,244
Duc from other funds	<u>20,647</u>
Total assets	<u><u>\$ 1,866,537</u></u>
<b>Liabilities</b>	
Accounts payable	\$ 43
Deposits held and due to others	1,813,172
Due to other funds	78
Property taxes to be collected - due to other governments	<u>53,244</u>
Total liabilities	<u><u>\$ 1,866,537</u></u>

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2008**

**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, 2008.

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 and Capital Projects Fund meet the criteria as *major governmental funds*. Each major fund is reported in a separate column in the fund financial statements. Non-major funds include other Special Revenue 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.

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2008**

**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 funds:

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

**The Capital Projects Fund** is used to account for financial resources to be used for the acquisition, repair or construction of various projects and acquisition of land, buildings and equipment.

**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.

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2008**

**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, 2008.

**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 cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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

**Use of Estimates**

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

**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. Debt premiums, discounts and 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. Premiums and discounts received on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**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 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 "some 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 \$16,823,522 difference are as follows:

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2008**

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

Certificate of obligation and tax notes payable:	\$ 16,317,385
Less: deferred charge for issuance costs and premium (to be amortized over life of debt)	(47,742)
Accrued interest payable	97,464
Compensated absences	<u>456,415</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	 <u>\$ 16,823,522</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 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 \$3,522,147 difference are as follows:

Capital outlay and other reclassifications	\$ 7,933,922
Depreciation expense	<u>(4,411,775)</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ 3,522,147</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 \$406,395 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>\$ (406,395)</u>
 Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ (406,395)</u>

Another element of the reconciliation states "the issuance of long-term debt (e.g., certificates of obligation and tax notes) 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 and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$7,513,785 difference are as follows:

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2008**

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

Issuance of debt	\$ (8,750,000)
Bond premium	(95,869)
Bond issuance costs	93,728
Principal repayments	
Certificates of obligation and tax notes	1,410,000
Change in accrued interest	(161,539)
Amortization of issuance costs less debt premium	<u>(10,105)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (7,513,785)</u></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 \$106,514 difference are as follows:

Compensated absences	\$ 113,894
Revenues earned but not available	(54,942)
Increase in allowance for uncollectible accounts receivable	<u>47,562</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ 106,514</u></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

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2008**

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

The County participates in TexPool, which is a local government investment pool, established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller oversees TexPool, with Lehman Brothers and Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

TexPool is rated AAAM by Standard & Poors and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses the amortized cost, which seeks to maintain a constant net asset value of \$1.00 per unit, rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

As of September 30, 2008, the County had the following investments:

	<u>Market Value</u>	<u>% of Total</u>
TexPool		
Governmental Funds	\$ 28,175,342	99.81%
Agency Funds	53,649	0.19%
Total Investments	\$ 28,228,991	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, 2008, the County's investments included local government 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, 2008, 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, 2008, 100% of the County's investments were included in local government 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, 2008, the County's cash was insured or collateralized with securities held by the County or by its agent in the County's name.

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

**Note 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, 2008, to finance maintenance and operations of the County was \$.41187 per \$100 valuation.

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2008**

**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:

<u>Fund</u>	<u>Property Taxes Receivable (Net)</u>
General	\$ 773,909
Lateral Road	254,410
Total	<u>\$ 1,028,319</u>

**Note G – Interfund Balances**

During the course of the fiscal year, interfund payables and receivables arise. The following were outstanding as of September 30, 2008.

<u>From</u>	<u>To</u>	<u>Amount</u>
General fund	General fund	\$ 67,230
	Other governmental funds	11,956
	Agency funds	647
Other governmental funds	General fund	37,150
	Other governmental funds	7,000
	Agency funds	20,000
Agency funds	General fund	78
Total		<u>\$ 144,061</u>

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, 2008**

**Note H – Capital Assets**

Capital asset activity for the year ended September 30, 2008 was as follows:

	Balance 10/1/07	Additions	Deletions	Balance 9/30/08
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 787,127	\$ -	\$ -	\$ 787,127
Construction in progress	250,157	847,285	250,157	847,285
<b>Total capital assets not being depreciated</b>	<b>1,037,284</b>	<b>847,285</b>	<b>250,157</b>	<b>1,634,412</b>
<b>Other capital assets</b>				
Buildings and improvements	22,218,152	132,300	-	22,350,452
Infrastructure	61,836,472	3,205,175	-	65,041,647
Machinery and equipment	15,007,662	3,999,319	955,178	18,051,803
<b>Total other capital assets</b>	<b>99,062,286</b>	<b>7,336,794</b>	<b>955,178</b>	<b>105,443,902</b>
<b>Less accumulated depreciation for:</b>				
Building and improvements	7,086,095	489,800	-	7,575,895
Infrastructure	32,120,085	2,084,843	-	34,204,928
Machinery and equipment	6,761,747	1,837,132	548,783	8,050,096
<b>Total accumulated depreciation</b>	<b>45,967,927</b>	<b>4,411,775</b>	<b>548,783</b>	<b>49,830,919</b>
<b>Other capital assets, net</b>	<b>53,094,359</b>	<b>2,925,019</b>	<b>406,395</b>	<b>55,612,983</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 54,131,643</b>	<b>\$ 3,772,304</b>	<b>\$ 656,552</b>	<b>\$ 57,247,395</b>

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

<b>Governmental activities:</b>	
General government	\$ 128,570
Legal	4,190
Financial administration	5,524
Public facilities	501,775
Public safety	555,184
Public transportation	3,088,366
Culture and recreation	116,660
Conservation	11,506
<b>Total depreciation for governmental activities</b>	<b>\$ 4,411,775</b>

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2008**

**Note I - Long-Term Debt**

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

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 \$5,910,000 at September 30, 2008.

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 \$1,550,000 at September 30, 2008.

Tax Notes – 2008 Series

- ◆ For the remodeling of existing buildings, construction of new buildings and the purchase of land and equipment.
- ◆ \$8,750,000 notes originally issued including \$675,000 of capital appreciation notes which will mature in 2009 at \$810,000.
- ◆ Payable in annual installments of \$675,000 to \$2,530,000 through August 15, 2014.
- ◆ Interest rate of 4.000%.
- ◆ Outstanding principal balance of \$8,750,000 at September 30, 2008.

The following are changes by type of debt:

	Balance 10/1/07	Accretion	Increase	Decrease	Balance 09/30/08
Tax notes-Series 2005	\$ 2,050,000	\$ -	\$ -	\$ 500,000	\$ 1,550,000
Tax notes-Series 2008	-	-	8,750,000	-	8,750,000
Accumulated Accretion- Capital Appreciation Notes	-	107,385	-	-	107,385
Certificates of Obligation	6,820,000	-	-	910,000	5,910,000
Compensated Absences	570,309	-	-	113,894	456,415
<b>Totals</b>	<b>\$ 9,440,309</b>	<b>\$ 107,385</b>	<b>\$ 8,750,000</b>	<b>\$ 1,523,894</b>	<b>\$ 16,773,800</b>

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2008**

**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	
2009	\$ 1,175,000	\$ 596,085	\$ 955,000	\$ 231,519	\$ 2,957,604
2010	1,405,000	361,840	1,000,000	193,415	2,960,255
2011	1,615,000	307,145	1,050,000	153,514	3,125,659
2012	1,670,000	244,200	1,100,000	111,620	3,125,820
2013	1,905,000	177,400	1,155,000	67,729	3,305,129
2014-2018	2,530,000	101,200	650,000	21,645	3,302,845
Totals	<u>\$ 10,300,000</u>	<u>\$ 1,787,870</u>	<u>\$ 5,910,000</u>	<u>\$ 779,442</u>	<u>\$ 18,777,312</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, 2008 the value of accumulated vacation benefits was \$456,415 and the value of accumulated sick pay benefits was approximately \$342,295.

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	\$ 12,774,163
Capital projects fund	2,002,141
Other governmental funds	221,656
Total transfers out	<u>\$ 14,997,960</u>
Transfers In	
Fund	Amount
General fund	\$ 3,618,687
Capital projects fund	4,401,202
Other governmental funds	6,978,071
Total transfers in	<u>\$ 14,997,960</u>

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2008**

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

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

**Note 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 574 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 9.04% for the months of the accounting year in 2007, and 8.54% for the months of the accounting year in 2008.

The deposit rate payable by the employee members for calendar year 2008 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, 2008, the annual pension cost for the TCDRS plan for its employees was \$1,245,807, and the actual contributions were \$2,215,286

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, 2005 and December 31, 2006, the basis for determining the contribution rates for calendar years 2007 and 2008. The December 31, 2007 actuarial valuation is the most recent valuation.

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2008**

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

Actuarial Valuation Information

Actuarial valuation date	12/31/2005	12/31/2006	12/31/2007
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, open	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period (in years)	20	15	15
Asset valuation method	long-term appreciation with adjustment	SAF: 10 year smoothed value ESF: Fund value	SAF: 10 year smoothed value ESF: Fund value
Actuarial Assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.30%	5.30%	5.30%
Inflation	3.50%	3.50%	3.50%
Cost of living adjustments	0.00%	0.00%	0.00%

Trend Information for the  
Wise County Employee's Retirement Plan

Accounting Year End	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2006	\$ 915,622	100%	\$ -
9/30/2007	1,086,883	100%	\$ -
9/30/2008	1,245,807	100%	\$ -

**Note M - 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.

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2008**

**Note N - Litigation**

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

**Note O - Other Required Fund Disclosures**

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

**Required Supplementary  
Information**

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

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded AAL (UAAL) ( b-a )	Funded Ratio ( a/b )	Annual Covered Payroll ( c )	UUAL as a Percentage Covered of Payroll ( (b-a)/c )
12/31/2005	\$ 10,440,966	\$ 10,732,505	\$ 2,285,619	87.00%	\$ 9,779,873	23.37%
12/31/2006	19,286,087	20,913,684	1,627,597	92.22%	10,861,095	14.99%
12/31/2007	21,970,793	23,939,678	1,968,885	91.78%	12,262,595	16.06%

## **Combining and Budget Statements**

**Nonmajor Governmental Funds and  
Capital Projects Fund Budgetary Comparison**

**WISE COUNTY, TEXAS**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**  
**September 30, 2008**

	Special Revenue Funds											Debt Service Fund	Total Nonmajor Governmental Funds				
	Indigent Health Care	County Grants	Right of Way and Fencing				Road & Bridge				Juvenile			County Wide			
			Precinct No. 1	Precinct No. 2	Precinct No. 3	Precinct No. 4	County Thoroughfare	Probation TJPC 06-249	Other Special Revenue	Total Special Revenue							
<b>Assets</b>																	
Cash	\$ 55	\$ 19,553	\$ (512)	\$ 5,184	\$ 4,301	\$ 4,794	\$ 4,192	\$ 7,310	\$ 42,822	\$ 2,091,185	\$ 2,178,884	\$ 660	\$ 2,179,544				
Investments	2,008,534	318,639	1,665,085	1,271,303	948,224	717,855	1,479,924	217,478				212,921	8,839,963				
Receivables:																	
Property taxes (net of allowance of \$55,242)				11,564	59,252	54,229	57,189	254,410					254,410				
Miscellaneous				26,652	14,785	1,946	1,946	46,508					46,508				
Due from other funds		3	3,058	9,485	2,532	3,285	583	19,956					19,956				
Due from other governments	9,698	119,898	14,205	14,205	32,315	14,205	5,339	219,384	9,519				219,384				
<b>Total assets</b>	<b>\$ 2,018,287</b>	<b>\$ 139,454</b>	<b>\$ 356,343</b>	<b>\$ 1,746,784</b>	<b>\$ 1,371,470</b>	<b>\$ 1,056,879</b>	<b>\$ 798,672</b>	<b>\$ 1,487,234</b>	<b>\$ 269,819</b>	<b>\$ 2,100,242</b>	<b>\$ 11,345,184</b>	<b>\$ 213,581</b>	<b>\$ 11,558,765</b>				
<b>Liabilities and fund balances</b>																	
<b>Liabilities:</b>																	
Accounts payable	\$ 34,827	\$ 8,454	\$ 20,000	\$ 209,616	\$ 24,786	\$ 100,899	\$ 132,529	\$ 546,767	\$ 19,003	\$ 5,307	\$ 546,767	\$ -	\$ 546,767				
Due to other funds				161	217	7,181	137	64,150	20,000	28,000	64,150		64,150				
Due to other governments	13,807			6,550	1,128			27,755	6,245	25	27,755		27,755				
Deferred revenue																	
Property taxes			11,564	59,252	72,176	54,229	57,189	254,410			254,410		254,410				
Other			26,652					26,652					26,652				
<b>Total liabilities</b>	<b>48,434</b>	<b>8,454</b>	<b>58,216</b>	<b>275,579</b>	<b>98,307</b>	<b>162,309</b>	<b>189,855</b>	<b>919,734</b>	<b>45,248</b>	<b>33,332</b>	<b>919,734</b>	<b>-</b>	<b>919,734</b>				
<b>Fund balances</b>																	
Reserved for debt service												213,581	213,581				
Unreserved	1,969,853	131,000	298,127	1,471,205	1,273,163	894,570	608,817	1,487,234	224,571	2,066,910	10,425,450		10,425,450				
<b>Total fund balances</b>	<b>1,969,853</b>	<b>131,000</b>	<b>298,127</b>	<b>1,471,205</b>	<b>1,273,163</b>	<b>894,570</b>	<b>608,817</b>	<b>1,487,234</b>	<b>224,571</b>	<b>2,066,910</b>	<b>10,425,450</b>	<b>213,581</b>	<b>10,639,031</b>				
<b>Total liabilities and fund balances</b>	<b>\$ 2,018,287</b>	<b>\$ 139,454</b>	<b>\$ 356,343</b>	<b>\$ 1,746,784</b>	<b>\$ 1,371,470</b>	<b>\$ 1,056,879</b>	<b>\$ 798,672</b>	<b>\$ 1,487,234</b>	<b>\$ 269,819</b>	<b>\$ 2,100,242</b>	<b>\$ 11,345,184</b>	<b>\$ 213,581</b>	<b>\$ 11,558,765</b>				

**WISE COUNTY, TEXAS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended September 30, 2008**

	Indigent Health Care	County Grants	Right of Way and Fencing	Special Revenue Funds				County Thoroughfare	Juvenile Probation T.J.P.C. 05-249	Other Special Revenue	Total Special Revenue	County Wide	Total Nonmajor Governmental Funds
				Precinct No. 1	Precinct No. 2	Precinct No. 3	Precinct No. 4						
<b>Revenues</b>													
Property taxes	\$	\$	\$282,176	\$1,821,766	\$1,443,542	\$1,368,411	\$	\$	\$	\$ 6,421,451	\$	\$ 6,421,451	
Licenses and permits			377,196	377,196	377,196	377,196				1,508,784		1,508,784	
Intergovernmental		168,185	62,800	51,058	51,058	74,923				943,321		943,321	
Fees of office				234,503	234,502	234,500				434,851		434,851	
Fines and forfeitures	19,076		9,254	46,732	47,165	37,302	15,995	7,240		938,004		938,004	
Interest	113,105		4,615	1,076	62,976	51,093		60		239,150		261,283	
Miscellaneous revenues and donations									453,031	810,647	22,133	810,647	
Total revenues	132,181	168,185	306,045	2,532,331	2,218,558	2,141,306	15,995	529,655	930,824	11,296,208	22,133	11,318,341	
<b>Expenditures</b>													
Current:													
General government													
Legal			24,536							77,180		77,180	
Elections										47,343		47,343	
Public safety		20,725	262,449	2,248,800	1,805,189	1,678,633	21,858	698,165	26,190	26,190		26,190	
Public transportation										743,025		743,025	
Health and welfare	635,533	139,006	100,340	835,866	287,809	490,943	1,249,014		35,371	7,404,404		7,404,404	
Capital outlay										635,533		635,533	
Debt service										3,879,682		3,879,682	
Principal retirement											1,410,000	1,410,000	
Interest and fiscal charges											344,381	344,381	
Total expenditures	635,533	159,731	387,325	2,536,609	2,296,132	2,419,966	1,270,872	698,165	244,054	12,813,357	1,754,381	14,567,738	
Excess of revenues over (under) expenditures	(503,352)	8,454	(81,280)	(4,278)	(154,826)	(201,408)	(1,254,877)	(168,510)	656,770	(1,517,149)	(1,732,248)	(3,249,397)	
Other financing sources (uses)													
Operating transfers in	2,306,000	131,000	272,147	(1,202)			2,300,000	209,875	5,750	5,224,772	1,753,299	6,978,071	
Operating transfers out		(8,454)		11,498	184,210	50,737	193,638		(212,000)	(221,656)		(221,656)	
Sales of assets										440,083		440,083	
Total other financing sources (uses)	2,306,000	122,546	272,147	10,296	184,210	50,737	2,300,000	209,875	(206,250)	5,443,199	1,753,299	7,196,498	
Excess of revenues and other sources over (under) expenditures and other uses	1,802,648	131,000	190,867	196,454	179,932	(104,089)	1,045,123	41,365	450,520	3,926,050	21,061	3,947,101	
Fund balances, October 1, 2007	167,205	-	107,260	1,274,751	1,093,231	998,659	442,111	183,206	1,616,390	6,499,400	192,530	6,891,930	
Fund balances, September 30, 2008	\$ 1,969,853	\$ 131,000	\$ 298,127	\$ 1,471,205	\$ 1,273,163	\$ 894,570	\$ 1,467,234	\$ 224,571	\$ 2,056,910	\$ 10,425,450	\$ 213,581	\$ 10,639,031	

**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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 6,335,400	\$ 6,421,466	\$ 6,421,451	\$ (15)
Licenses and permits	1,488,000	1,508,788	1,508,784	(4)
Intergovernmental	821,087	988,712	943,321	(45,391)
Fees of office	455,575	938,014	434,851	(503,163)
Fines and forfeitures	984,000	434,863	938,004	503,141
Interest	309,000	220,508	239,150	18,642
Miscellaneous revenues and donations	111,700	772,671	810,647	37,976
<b>Total revenues</b>	<b>10,504,762</b>	<b>11,285,022</b>	<b>11,296,208</b>	<b>11,186</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	194,600	77,182	77,180	2
Legal	83,985	47,345	47,343	2
Elections	8,000	26,190	26,190	-
Public safety	834,687	816,188	743,025	73,163
Public transportation	8,676,230	7,412,736	7,404,404	8,332
Health and welfare	1,426,000	635,534	635,533	1
Capital outlay	1,322,770	3,871,418	3,879,682	(8,264)
<b>Total expenditures</b>	<b>12,546,272</b>	<b>12,886,593</b>	<b>12,813,357</b>	<b>73,236</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(2,041,510)</b>	<b>(1,601,571)</b>	<b>(1,517,149)</b>	<b>84,422</b>
<b>Other financing sources (uses)</b>				
Operating transfers in	1,821,625	5,224,772	5,224,772	-
Operating transfers out	(134,000)	(213,202)	(221,656)	(8,454)
Sales of assets	250,000	435,559	440,083	4,524
<b>Total other financing sources (uses)</b>	<b>1,937,625</b>	<b>5,447,129</b>	<b>5,443,199</b>	<b>(3,930)</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>(103,885)</b>	<b>3,845,558</b>	<b>3,926,050</b>	<b>80,492</b>
<b>Carryover from prior year fund balance</b>	<b>103,885</b>	<b>148,851</b>	<b>-</b>	<b>(148,851)</b>
<b>Fund balances, October 1, 2007</b>	<b>6,499,400</b>	<b>6,499,400</b>	<b>6,499,400</b>	<b>-</b>
<b>Fund balances, September 30, 2008</b>	<b>\$ 6,499,400</b>	<b>\$ 10,493,809</b>	<b>\$ 10,425,450</b>	<b>\$ (68,359)</b>

**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, 2008**

	<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	\$ 5,000	\$ 21,712	\$ 22,133	\$ 421
Total revenues	<u>5,000</u>	<u>21,712</u>	<u>22,133</u>	<u>421</u>
<b>Expenditures</b>				
Debt and capital lease debt service:				
Principal retirement	1,410,000	1,410,000	1,410,000	-
Interest and fiscal charges	<u>346,158</u>	<u>344,382</u>	<u>344,381</u>	<u>1</u>
Total expenditures	<u>1,756,158</u>	<u>1,754,382</u>	<u>1,754,381</u>	<u>1</u>
Excess of revenues over (under) expenditures	(1,751,158)	(1,732,670)	(1,732,248)	422
Other financing sources				
Operating transfers in	<u>1,751,158</u>	<u>1,753,300</u>	<u>1,753,299</u>	<u>(1)</u>
Total other financing sources	<u>1,751,158</u>	<u>1,753,300</u>	<u>1,753,299</u>	<u>(1)</u>
Excess of revenues and other sources over expenditures	-	20,630	21,051	421
Fund balances, October 1, 2007	<u>192,530</u>	<u>192,530</u>	<u>192,530</u>	<u>-</u>
Fund balances, September 30, 2008	<u>\$ 192,530</u>	<u>\$ 213,160</u>	<u>\$ 213,581</u>	<u>\$ 421</u>

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

**WISE COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**- Budget and Actual -**  
**Capital Projects Fund**  
**For the Fiscal Year Ended September 30, 2008**

	<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	\$ 35,000	\$ 80,072	\$ 96,834	\$ 16,762
Miscellaneous revenues and donations		9,380	9,380	-
Total revenues	<u>35,000</u>	<u>89,452</u>	<u>106,214</u>	<u>16,762</u>
<b>Expenditures</b>				
Public safety		131,928	131,928	-
Capital outlay	9,367,700	3,239,686	3,239,681	5
Total expenditures	<u>9,367,700</u>	<u>3,371,614</u>	<u>3,371,609</u>	<u>5</u>
Excess of revenues over (under) expenditures	(9,332,700)	(3,282,162)	(3,265,395)	16,767
Other financing sources (uses)				
Operating transfers in		4,401,202	4,401,202	-
Operating transfers out		(2,002,142)	(2,002,141)	1
Debt premium		97,392	95,869	(1,523)
Debt issuance costs		(95,250)	(93,728)	1,522
Proceeds from tax notes	8,517,700	8,750,000	8,750,000	-
Sales of assets		21,000	21,000	-
Total other financing sources	<u>8,517,700</u>	<u>11,172,202</u>	<u>11,172,202</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	(815,000)	7,890,040	7,906,807	16,767
Carryover from prior year fund balance	815,000	65,334	-	(65,334)
Fund balance, October 1, 2007	<u>386,386</u>	<u>386,386</u>	<u>386,386</u>	<u>-</u>
Fund balance, September 30, 2008	<u>\$ 386,386</u>	<u>\$ 8,341,760</u>	<u>\$ 8,293,193</u>	<u>\$ (48,567)</u>

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

**Agency Funds**

**WISE COUNTY, TEXAS**  
**Combining Statement of Fiduciary Assets and Liabilities -**  
**All Agency Funds**  
**September 30, 2008**

	Jail Industries	District				Juvenile Probation Fee	Jury Fund	Justice of Peace #4
		County Attorney Trust	District Attorney Criminal Justice	District Attorney Fee	County Attorney Fee			
<b>Assets</b>								
Cash	\$ 513	\$ 55,351	\$ 63,705	\$ 11,123	\$ 24,103	\$ 191,095	\$ 2,330	\$ 47
Investments	53,311							
Receivables:								
Property Taxes - for other governments								
Due from other funds	20,647							
<b>Total assets</b>	<b>\$ 74,471</b>	<b>\$ 55,351</b>	<b>\$ 63,705</b>	<b>\$ 11,123</b>	<b>\$ 24,103</b>	<b>\$ 191,095</b>	<b>\$ 2,330</b>	<b>\$ 47</b>
<b>Liabilities</b>								
Accounts payable	\$ 43	\$	\$	\$	\$	\$	\$	\$
Deposits held and due to others	74,350	55,351	63,705	11,123	24,103	191,095	2,330	47
Due to other funds	78							
Property taxes to be collected - due to other governments								
<b>Total liabilities</b>	<b>\$ 74,471</b>	<b>\$ 55,351</b>	<b>\$ 63,705</b>	<b>\$ 11,123</b>	<b>\$ 24,103</b>	<b>\$ 191,095</b>	<b>\$ 2,330</b>	<b>\$ 47</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, 2008**

		Fireman's Assoc. Fund	District Attorney Restitution	Sheriffs Department Bond and Fine	Tax A/C Special Inventory	Special Inventory	Inmate Trust Fund	Tax A/C Auto Registration	District Clerk Trust
<b>Assets</b>									
Cash	\$	\$ 6,767	\$ 11,549	\$ 96,514	\$ 1,003	\$ 3,613	\$ 842,829	\$ 293,730	
Investments									
Receivables:									
Property Taxes - for other governments									
Due from other funds									
<b>Total assets</b>	\$	<u>6,767</u>	<u>11,549</u>	<u>96,514</u>	<u>1,003</u>	<u>3,613</u>	<u>842,829</u>	<u>293,730</u>	
<b>Liabilities</b>									
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$	
Deposits held and due to others									
Due to other funds									
Property taxes to be collected - due to other governments									
<b>Total liabilities</b>	\$	<u>6,767</u>	<u>11,549</u>	<u>96,514</u>	<u>1,003</u>	<u>3,613</u>	<u>842,829</u>	<u>293,730</u>	

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, 2008**

	Inmate Credit Card	Tax Office	Sheriff's Department Commissary	Constable Precinct #4	Property Taxes - Other Governments	Total Agency Funds
<b>Assets</b>						
Cash	\$4,357	\$ 48,555	\$ 51,902	\$ 5,057	\$	\$ 1,738,997
Investments						53,649
Receivables:						
Property Taxes - for other governments					53,244	53,244
Due from other funds						20,647
<b>Total assets</b>	<b>\$ 4,357</b>	<b>\$ 48,555</b>	<b>\$ 51,902</b>	<b>\$ 5,057</b>	<b>\$ 53,244</b>	<b>\$ 1,866,537</b>
<b>Liabilities</b>						
Accounts payable	\$	\$	\$	\$	\$	43
Deposits held and due to others	4,357	48,555	51,902	5,057		1,813,172
Due to other funds						78
Property taxes to be collected - due to other governments					53,244	53,244
<b>Total liabilities</b>	<b>\$ 4,357</b>	<b>\$ 48,555</b>	<b>\$ 51,902</b>	<b>\$ 5,057</b>	<b>\$ 53,244</b>	<b>\$ 1,866,537</b>

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

**STATISTICAL SECTION**

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

Fiscal Year	Taxes	Intergovernmental		Licenses and Permits	Fees of Office	Fines and Forfeitures	Interest	Royalties & Rentals	Solid Waste Fees	Miscellaneous	Total
		Non-Federal Funds	Federal Funds								
1999	\$ 9,830,003	\$ 781,765	\$ 161,420	\$ 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	219,986	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	299,178	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	493,879	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	407,908	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	529,174	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	544,874	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	731,800	1,357,264	3,634,041	1,421,713	974,913	530,100	360,521	682,518	33,189,642
2007	26,428,292	618,168	998,239	1,567,496	4,520,330	1,605,113	1,254,926	1,177,743	355,922	710,574	39,236,803
2008	29,236,626	899,981	546,451	1,508,784	4,463,724	1,477,670	863,348	1,132,259	460,770	1,174,551	41,764,164

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

Fiscal Year	General Government	Judicial	Legal	Elections	Financial Administration	Public Facilities	Public Safety	Public Transportation	Health and Welfare	Culture and Recreation	Conservation	Debt Service	Total
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	2,059,696	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
2007	2,406,843	2,096,133	1,162,857	43,519	1,654,423	2,406,614	10,862,739	7,074,598	1,893,450	213,857	197,250	1,762,389	31,774,672
2008	2,571,222	2,248,356	1,252,861	218,701	1,440,154	2,832,750	12,883,805	7,404,404	1,725,757	234,027	211,024	1,754,381	34,777,442

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

Fiscal Year	Total Tax Levy	Percent of		Delinquent Tax Collections	Total Tax Collections	Ratio of		Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
		Current Tax Collections	Current Taxes Collected			Total Tax Collections to Total Tax Levy	Total Tax Collections to Total Tax Levy		
1999	\$8,338,745	\$ 7,850,887	94.15%	\$ 349,265	\$8,200,152	98.34%	\$ 1,167,972	14.01%	
2000	8,991,454	8,334,588	92.69%	405,746	8,740,334	97.21%	996,985	11.09%	
2001	10,450,395	9,780,087	93.59%	414,798	10,194,885	97.56%	1,123,107	10.75%	
2002	12,938,371	12,228,312	94.51%	415,260	12,643,572	97.72%	1,327,546	10.26%	
2003	14,287,474	13,470,335	94.28%	502,464	13,972,799	97.80%	1,561,971	10.93%	
2004	15,233,019	14,665,061	96.27%	476,971	15,142,032	99.40%	1,692,179	11.11%	
2005	17,337,660	16,110,326	92.92%	560,059	16,670,385	96.15%	1,625,449	9.38%	
2006	19,261,710	18,739,469	97.29%	509,337	19,248,806	99.93%	1,677,164	8.71%	
2007	21,649,530	21,317,917	98.47%	618,934	21,936,851	101.33%	1,379,477	6.37%	
2008	23,579,843	23,386,381	99.18%	436,392	23,822,773	101.03%	1,324,336	5.62%	

**WISE COUNTY, TEXAS**  
**Computation of Legal Debt Margin**  
**September 30, 2008**

Assessed valuations:		
Assessed Value		\$ 7,951,675,048
Add back: exempt real property		<u>318,615,070</u>
<b>Total Assessed value</b>		<b><u>\$ 8,270,290,118</u></b>
Legal debt margin:		
Debt Limit (25 Percent of Assessed Value)		2,067,572,530
Debt applicable to limitation:		
Total Bonded Debt		
Add: Tax Notes	10,300,000	
Certificates of Obligation	5,910,000	
Less: Special assessment bonds		
Revenue bonds		
Amount available for repayment of bonded debt	<u>213,581</u>	
Total debt applicable to limitation		<u>15,996,419</u>
<b>Legal Debt Margin</b>		<b><u>\$ 2,051,576,111</u></b>

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

<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>
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
2007	63,000	7,447,907,327	8,870,000	192,530	8,677,470	0.117%	137.74
2008	64,500	8,270,290,118	16,210,000	213,581	15,996,419	0.193%	248.01

**WISE COUNTY, TEXAS**  
**Schedule of Insurance in Force**  
**September 30, 2008**

Type of Coverage, Name of Company and Policy Number and Period	Department/ Building	Details of Coverage	Liability Limits	Annual Premium
<b><u>Buildings, Contents &amp; Equipment</u></b>				
Texas Association of Counties From 7/1/08 to 7/1/09 Policy #2490	Courthouse	Three Story, Slate Roof, Granite Bldg., Fire & Lightning, Extended Coverage, \$1,000 Deductible Insured at Replacement Cost.	\$10,036,682	\$305,686
	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 Mast & Antennas; Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$2,700,525	
	Asset Control Offices	Brick Bldg. & Contents, Decatur, TX. Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$110,000	
	Jail & Sheriff's Office	One Story, SFR/SWR Bldg. & Contents, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$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	
	Elections Administration	Contents only, \$1,000 Deductible. Insured at Replacement Cost.	\$50,000	
	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.	\$7,321,936	
	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, 2008**

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 7/1/08 to 7/1/09 Policy #2490	County	Electronic Data Processing, Fire, Extended Coverage Vandalism, Malicious Mischief, All Risk, \$1,000 Deductible. Insured at Replacement Cost.	\$2,453,000	
	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	
	Elections Administration	Voting Equipment, \$1,000 Deductible, Insured at Replacement Cost.	\$463,500	
	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.	\$250,000	
	County	Data Warehouse Default Sublimit in Construction, \$1,000 Deductible. Insured at Replacement Cost	\$500,000	
	County Tax Building	Brick Building & Contents, Storage Building, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$2,219,200	
	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	
	Bridgeport Annex	Construction Building, \$1,000 Deductible. Insured at Replacement Cost	\$1,567,000	
	Bridgeport Park	3 Buildings, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost	\$35,000	
	Juvenile Probation	Brick Bldg. & Contents, Decatur, TX. Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$449,000	
	Park	3 Pavilions, Metal Structure, Fire & Lightning, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost.	\$46,972	

**WISE COUNTY, TEXAS**  
**Schedule of Insurance in Force**  
**September 30, 2008**

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 7/1/08 to 7/1/09 Policy #2490	County	5 Diesel Tank/Platforms, Extended Coverage, \$1,000 Deductible. Insured at Replacement Cost	\$18,203	
	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	
<u>Automobiles</u> Texas Association of Counties From 7/1/08 to 7/1/09 Policy #2490	All Depts. & Precincts	Automobile Physical Damage Comprehensive and Collision Automobile Insurance, \$1,000 Deductible.		\$117,140
		Automobile Liability Insurance. Bodily Injury \$100,000/\$300,000. Property Damage \$100,000. Uninsured Motorists 20/40/15.		\$39,369
<u>General Liability</u> Texas Association of Counties From 7/1/08 to 7/1/09 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.		\$50,206
<u>Public Official &amp; Employees</u> Texas Association of Counties From 7/1/08 to 7/1/09 Policy #2490		Public Officials & Employees Liability Insurance; \$5,000 Deductible.	\$2,000,000	\$49,883
Meyers Agency Various Periods		Public Officials' Bonds. Bond amounts range from \$1,000 to \$250,000.		\$9,480
<u>Law Enforcement Officials</u> Texas Association of Counties From 7/1/08 to 7/1/09 Policy #2490		Law Enforcement Officials Professional Liability Insurance. \$20,000 Deductible.	\$2,000,000	\$64,607
<u>Worker's Compensation</u> Texas Association of Counties From 7/1/08 to 7/1/09 Policy #2490		Statutory-\$100,000 Per Occurrence.		\$564,432
<u>Unemployment Compensation</u> Texas Association of Counties From 7/1/08 to 7/1/09 Policy #2490		Statutory.		

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 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, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 27, 2009. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify any deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 February 27, 2009.

This report is intended solely for the information and use of management, Commissioners' Court, others within the entity, 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  
February 27, 2009

**WISE COUNTY, TEXAS**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended September 30, 2008**

<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, 2008**

**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

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

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

Federal Awards

Internal control over major programs:

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

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Type of auditor's report issued on compliance for major programs: 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  
 10.666 Schools and Roads-Grants to Counties

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, 2008**

**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 ON  
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, 2008. 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, 2008.

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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Commissioners' Court, others within the entity, 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  
February 27, 2009

**WISE COUNTY, TEXAS**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2008**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures
<u>U.S. Department of Agriculture</u>			
Direct Programs			
Schools and Roads - Grants to Counties	10.666		\$ 298,827
<u>U.S. Department of Justice</u>			
Direct Programs			
State Criminal Alien Assistance Program	16.606		12,674
Bullet Proof Vest Partnership Program	16.607		5,974
Passed Through Office of Attorney General			
Statewide Automated Victim Information Notification Program	16.740	2006-VN-CX-0008	9,438
Total U.S. Department of Justice			<u>28,086</u>
<u>U.S. Department of Health and Human Services</u>			
Passed Through Office of Attorney General			
Child Support Enforcement	93.563		1,336
Passed Through Texas Juvenile Probation Commission			
Title IV-E Foster Care	93.658	TJPC-E-2007-249	5,488
Title IV-E Foster Care	93.658	TJPC-E-2008-249	45,838
Total CFDA # 93.658			<u>51,326</u>
Total U.S. Department of Health and Human Services			<u>52,662</u>
<u>U.S. Department of Homeland Security</u>			
Passed Through Texas Department of Public Safety-			
Division of Emergency Management			
Hazard Mitigation Grant	97.039	497-99497-00	35,607
Homeland Security Grant Program:			
2005 UASI	97.008	2005-GE-T5-4025	11,371
2006 UASI	97.008	2006-GE-T6-0068	2,218
2006 State Homeland Security Grant Program	97.067	2006-GE-T6-0068	117,680
Total Homeland Security Grant Program			<u>131,269</u>
Total U.S. Department of Homeland Security			<u>166,876</u>
Total Expenditures of Federal Awards			<u>\$ 546,451</u>

See Notes to Schedule on following page.

**WISE COUNTY, TEXAS**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2008**

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 \$149,413 passed through to:

Alvord Independent School District	\$ 99,808
Chico Independent School District	4,034
Decatur Independent School District	32,871
Slidell Independent School District	<u>12,700</u>
Total passed through by Wise County	<u>\$ 149,413</u>