

WISE COUNTY, TEXAS

**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

Wise County, Texas
Annual Financial Report
For the Fiscal Year Ended September 30, 2009

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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 the Wise County, Texas, as of and for the year ended September 30, 2009, 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 the Wise County, Texas, as of September 30, 2009, 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 23, 2010, on our consideration of the Wise County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is 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.

Page two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying financial information listed as supplementary information and statistical section in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Wise County, Texas. The supplementary 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. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Snow, Garrett & Company

Snow, Garrett & Company, CPA's
February 23, 2010

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, 2009. 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 2009 by \$74,613,797 (*net assets*). Of this amount, \$206,802 is restricted for specific purposes, \$50,654,891 is invested in capital assets net of related debt and \$23,752,104 represents unrestricted net assets.
- In contrast to the government-wide statements, the fund statements report a combined fund balance at year-end of \$22,286,929, a decrease of \$4,891,454 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,926,757, or 22% of total general fund expenditures.
- The County's total debt decreased by \$2,130,000 during the current fiscal year.

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 \$74,613,797 as of September 30, 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

	Governmental Activities	
	2009	2008
Current and other assets	\$ 29,082,740	\$ 34,602,966
Capital assets, net of depreciation	62,567,867	57,247,395
Total assets	91,650,607	91,850,361
Long-term liabilities	14,080,000	16,317,385
Other liabilities	2,956,810	2,721,053
Total liabilities	17,036,810	19,038,438
Net assets:		
Invested in capital assets, net of related debt	50,654,891	49,173,481
Restricted	206,802	213,581
Unrestricted	23,752,104	23,424,861
Total Net Assets	\$ 74,613,797	\$ 72,811,923

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 \$50,654,891. 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 \$206,802 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 \$1,801,874 during the current fiscal year. The total cost of all governmental activities this year was \$39,271,252. The amount that our taxpayers paid for these activities through property taxes was \$26,947,304 or 69%.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

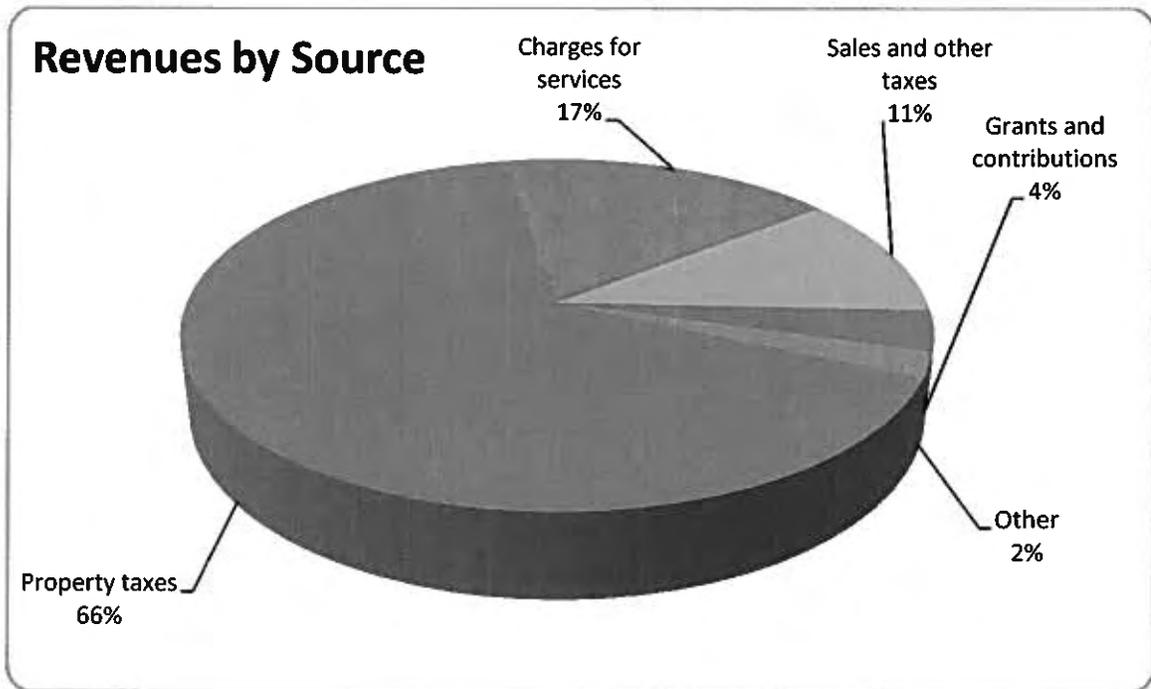
Changes in Net Assets

	Governmental Activities	
	2009	2008
Revenues:		
Program revenues:		
Charges for services	\$ 7,031,169	\$ 7,180,279
Operating grants and contributions	1,355,829	1,523,364
Capital grants and contributions	181,638	131,269
General revenues:		
Property taxes	26,947,304	24,157,276
Sales and other taxes	4,631,215	5,060,941
Investment earnings	248,836	863,348
Royalties	373,215	1,131,659
Other	303,920	804,507
Total revenues	41,073,126	40,852,643
Expenses:		
General government	3,252,836	2,593,277
Judicial	2,503,556	2,248,356
Legal	1,493,182	1,257,051
Elections	248,492	218,701
Financial administration	1,670,687	1,445,678
Public facilities	3,368,059	3,334,525
Public safety	14,699,761	13,438,989
Public transportation	9,236,708	10,492,770
Health and welfare	1,394,676	1,725,757
Culture and recreation	445,905	350,687
Conservation	261,198	222,530
Interest and other costs	696,192	516,025
Total expenses	39,271,252	37,844,346
Change in net assets	1,801,874	3,008,297
Net assets-beginning	72,811,923	69,803,626
Net assets-ending	\$ 74,613,797	\$ 72,811,923

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

- Program revenues of \$8,568,636 equaled 22% of government expenses of \$39,271,252. As expected, general revenues (\$32,504,490) provided the required support and coverage for expenses;
- More than one-third of the expenses are public safety (\$14,699,761) while this category provided program revenues of about 4% of total revenues of \$41,073,126;
- The next largest category of expenses is public transportation \$9,236,708 at 24% of total expenses while public transportation program revenues provided about 6% of total revenues; and
- Grant revenues and contributions comprised about 4% of total revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued



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 \$22,286,929, a decrease of \$4,891,454 in comparison with the prior year. Approximately \$19,880,256 or 89% 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 (\$206,802) and to fund capital projects (\$2,199,871).

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 \$5,926,757, 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 22%, or slightly more than 80 days of total fund expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

The fund balance of the County's general fund decreased by \$2,319,402 during the current fiscal year. This decline is primarily due to increases in expenditures compared to the prior year as follows:

- Increase of \$319,676 in general government expenditures;
- Increase of \$813,023 in public safety transportation expenditures;
- Increase of \$255,200 in judicial expenditures; and
- Increase of \$225,009 in financial administration expenditures.

The debt service fund has a total fund balance of \$206,802, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$6,779. Total debt principal, interest and fiscal charges in the debt service fund totaled \$2,950,453, approximately \$1,196,072 increase from the prior year.

The capital projects fund had an ending fund balance of \$4,876,552, of which \$2,199,871 is reserved for various 2009 capital projects and \$2,676,681 is unreserved related to the \$2,900,000 transfer from the general fund for the Wise County Weatherford College Project.

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 \$240,132 from the original to the final budget. Most of this difference resulted from an increase in transfers out and capital outlay expenditures.

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 \$1,642,978 downward revision. This was primarily due to a decline in the market economy that resulted in lower interest rates as well as a decline in royalty income. Actual revenues were \$1,319,142 less than amended budget amounts. Conversely, actual total expenditures for the year were \$1,485,124 less than amended budget appropriations.

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, 2009, net capital assets of the governmental activities totaled \$62,567,867. Depreciation on capital assets is recognized in the government-wide financial statements. Annual depreciation for buildings, improvements, infrastructure and machinery and equipment totaled \$4,866,884.

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

- Infrastructure (bridges and roads) additions of \$4,304,394;
- Purchase of (3) ambulances;
- Purchase of a security video system;
- Purchase of Odyssey software for the District and County attorneys;
- Purchase of a motor grader and drum roller for Precinct 1;
- Purchase of a motor grader and Cat terrain loader for Precinct 3;
- Purchase of various vehicles with the 2009 tax notes;
- Completion of the weigh station;
- Completion of the animal shelter; and
- Completion of the Bridgeport annex courthouse.

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

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

	Governmental Activities	
	2009	2008
Land	\$ 787,127	\$ 787,127
Construction in progress	459,919	847,285
Buildings and improvements	17,244,263	14,774,557
Infrastructure	32,957,597	30,836,719
Machinery and equipment	11,118,961	10,001,707
Total	\$ 62,567,867	\$ 57,247,395

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, 2009, the County had certificates of obligation and tax notes outstanding of \$14,080,000. Certificates of obligation and tax notes retired in the current fiscal year totaled \$955,000 and \$1,175,000, respectively.

Wise County's Outstanding Debt

	Governmental Activities	
	2009	2008
Certificates of obligation	\$ 4,955,000	\$ 5,910,000
Tax notes	9,125,000	10,300,000
Total	\$ 14,080,000	\$ 16,210,000

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 2010, the County Commissioners and management considered the following factors:

- The County, which is located near the Fort Worth/Dallas Metroplex, the DFW Airport and the Alliance Airport, expects increases in population and retail sales, therefore increasing the sales tax revenues for the County.
- Property tax revenues are budgeted to increase because of a rise in certified values and new single-family residential homes constructed during the past and current fiscal years.
- Industries in the County, which include the oil and gas industry, rock crusher industry, aerospace graphite products, sheet metal products, and an electric plant, and the construction of the new Weatherford College - Wise County Campus 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

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, 2009

	<u>Primary Government</u>
Assets	
Cash	\$ 248,718
Investments	23,895,000
Receivables (net of allowance for uncollectibles of \$532,388)	4,835,659
Due from other governments	65,504
Deferred debt issuance costs and premium, net of accumulated amortization	37,859
Capital assets	
Land and construction in progress	1,247,046
Other capital assets, net of depreciation	<u>61,320,821</u>
Total capital assets	<u>62,567,867</u>
Total assets	<u>91,650,607</u>
Liabilities	
Accounts payable	1,691,209
Interfund balances	1,261
Due to other governments	596,247
Accrued interest payable	70,706
Deferred revenue	62,902
Compensated absences payable	534,485
Noncurrent liabilities	
Due within one year	2,405,000
Due in more than one year	<u>11,675,000</u>
Total liabilities	<u>17,036,810</u>
Net assets	
Invested in capital assets, net of related debt	50,654,891
Restricted for:	
Debt service	206,802
Unrestricted	<u>23,752,104</u>
Total net assets	<u><u>\$ 74,613,797</u></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, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
General government	\$ 3,252,836	\$ 2,411,606	\$ 43,178	\$	\$ (798,052)
Judicial	2,503,556	727,378	139,016		(1,637,162)
Legal	1,493,182	101,247	31,250		(1,360,685)
Elections	248,492	13,185			(235,307)
Financial administration	1,670,687	647,014			(1,023,673)
Public facilities	3,368,059	99,145			(3,268,914)
Public safety	14,699,761	697,979	925,807		(13,075,975)
Public transportation	9,236,708	2,220,152	216,578	181,638	(6,618,340)
Health and welfare	1,394,676	74,630			(1,320,046)
Culture and recreation	445,905	38,833			(407,072)
Conservation	261,198				(261,198)
Interest on long-term debt	696,192				(696,192)
Total primary government	\$ 39,271,252	\$ 7,031,169	\$ 1,355,829	\$ 181,638	(30,702,616)

General revenues:

Property taxes	26,947,304
Sales and other taxes	4,631,215
Investment earnings	248,836
Royalties	373,215
Gain on disposal of assets	28,318
Other	275,602
Total general revenues	32,504,490
Change in net assets	1,801,874
Net assets, October 1, 2008	72,811,923
Net assets, September 30, 2009	\$ 74,613,797

WISE COUNTY, TEXAS
Balance Sheet
Governmental Funds
September 30, 2009

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash	\$	\$	\$ 2,814,411	\$ 2,814,411
Investments	11,420,500	3,490,000	8,984,500	23,895,000
Receivables:				
Property taxes (net of allowances of \$353,398)	741,615		263,902	1,005,517
Accounts	80,882		30,444	111,326
Notes	318,000			318,000
Due from other funds	59,583	1,500,000	13,299	1,572,882
Due from other governments	11,240		54,264	65,504
Total assets	<u>\$ 12,631,820</u>	<u>\$ 4,990,000</u>	<u>\$ 12,160,820</u>	<u>\$ 29,782,640</u>
Liabilities and fund balances				
Liabilities				
Cash overdraft	\$ 2,564,681	\$ 1,012	\$	\$ 2,565,693
Accounts payable	1,217,102	112,436	361,671	1,691,209
Due to other funds	1,561,030		13,113	1,574,143
Due to other governments	584,385		11,862	596,247
Deferred revenue				
Property taxes	741,615		263,902	1,005,517
Other	36,250		26,652	62,902
Total liabilities	<u>6,705,063</u>	<u>113,448</u>	<u>677,200</u>	<u>7,495,711</u>
Fund Balance				
Reserved for:				
Debt service			206,802	206,802
Capital projects		2,199,871		2,199,871
Unreserved	5,926,757	2,676,681		8,603,438
Unreserved, reported in nonmajor:				
Special revenue funds			11,276,818	11,276,818
Total fund balances	<u>5,926,757</u>	<u>4,876,552</u>	<u>11,483,620</u>	<u>22,286,929</u>
Total liabilities and fund balances	<u>\$ 12,631,820</u>	<u>\$ 4,990,000</u>	<u>\$ 12,160,820</u>	
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.				
Other assets are not measurable and available in the current period and are not reported in the funds.				
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Net assets of governmental activities - statement of net assets				
<u>\$ 74,613,797</u>				

WISE COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended September 30, 2009

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 19,438,300	\$	\$ 7,474,425	\$ 26,912,725
Sales tax	4,589,563			4,589,563
Licenses and permits			1,415,776	1,415,776
Intergovernmental	439,074		894,259	1,333,333
Fees of office	4,053,744		405,378	4,459,122
Fines and forfeitures	530,241		804,376	1,334,617
Interest	110,358	57,435	81,043	248,836
Royalties and rentals	373,935			373,935
Solid waste fees	467,713			467,713
Miscellaneous revenues and donations	273,408		422,814	696,222
Total revenues	<u>30,276,336</u>	<u>57,435</u>	<u>11,498,071</u>	<u>41,831,842</u>
Expenditures				
Current:				
General government	2,813,718	31,227	166,922	3,011,867
Judicial	2,503,556			2,503,556
Legal	1,457,531		29,115	1,486,646
Elections	243,465	5,027		248,492
Financial administration	1,665,163			1,665,163
Public facilities	2,844,331			2,844,331
Public safety	12,821,875	160,187	974,580	13,956,642
Public transportation			5,968,841	5,968,841
Health and welfare	1,098,598		296,078	1,394,676
Culture and recreation	284,021			284,021
Conservation	249,570			249,570
Capital outlay	600,040	5,112,630	4,745,694	10,458,364
Debt service				
Principal retirement			2,130,000	2,130,000
Interest and fiscal charges			820,453	820,453
Total expenditures	<u>26,581,868</u>	<u>5,309,071</u>	<u>15,131,683</u>	<u>47,022,622</u>
Excess of revenues over (under) expenditures	<u>3,694,468</u>	<u>(5,251,636)</u>	<u>(3,633,612)</u>	<u>(5,190,780)</u>
Other financing sources (uses)				
Operating transfers in	1,560,214	1,739,995	4,432,301	7,732,510
Operating transfers out	(7,600,515)		(131,995)	(7,732,510)
Sales of assets	26,431	95,000	177,895	299,326
Total other financing sources (uses)	<u>(6,013,870)</u>	<u>1,834,995</u>	<u>4,478,201</u>	<u>299,326</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(2,319,402)</u>	<u>(3,416,641)</u>	<u>844,589</u>	<u>(4,891,454)</u>
Fund balances, October 1, 2008	<u>8,246,159</u>	<u>8,293,193</u>	<u>10,639,031</u>	<u>27,178,383</u>
Fund balances, September 30, 2009	<u>\$ 5,926,757</u>	<u>\$ 4,876,552</u>	<u>\$ 11,483,620</u>	<u>\$ 22,286,929</u>

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, 2009

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

Net change in fund balances - total governmental funds	\$ (4,891,454)
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.	5,591,480
The net effect of various miscellaneous transactions involving capital assets.	(271,008)
Increase in revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(787,034)
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.	(94,370)
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.	<u>2,254,261</u>
Change in net assets of governmental activities - statement of activities	<u><u>\$ 1,801,874</u></u>

WISE COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual -
General Fund
For the Fiscal Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 19,089,000	\$ 19,438,302	\$ 19,438,300	\$ (2)
Sales tax	4,800,000	4,589,563	4,589,563	-
Intergovernmental	289,250	427,838	439,074	11,236
Fees of office	6,112,500	5,385,050	4,053,744	(1,331,306)
Fines and forfeitures	615,000	530,243	530,241	(2)
Interest	485,000	110,174	110,358	184
Royalties and rentals	1,001,000	373,936	373,935	(1)
Solid waste fees	424,000	467,716	467,713	(3)
Miscellaneous revenues and donations	390,908	272,656	273,408	752
Total revenues	<u>33,206,658</u>	<u>31,595,478</u>	<u>30,276,336</u>	<u>(1,319,142)</u>
Expenditures				
Current:				
General government	4,948,403	4,263,487	2,813,718	1,449,769
Judicial	2,762,396	2,541,915	2,503,556	38,359
Legal	1,532,313	1,457,563	1,457,531	32
Elections	283,109	247,427	243,465	3,962
Financial administration	1,799,247	1,665,201	1,665,163	38
Public facilities	3,261,224	2,868,263	2,844,331	23,932
Public safety	13,546,117	12,859,898	12,821,875	38,023
Health and welfare	1,171,082	1,098,608	1,098,598	10
Culture and recreation	303,425	289,538	284,021	5,517
Conservation	257,598	249,580	249,570	10
Capital outlay	355,500	525,512	600,040	(74,528)
Total expenditures	<u>30,220,414</u>	<u>28,066,992</u>	<u>26,581,868</u>	<u>1,485,124</u>
Excess of revenues over expenditures	<u>2,986,244</u>	<u>3,528,486</u>	<u>3,694,468</u>	<u>165,982</u>
Other financing sources (uses)				
Operating transfers in	1,581,418	1,560,214	1,560,214	-
Operating transfers out	(5,206,962)	(7,600,516)	(7,600,515)	1
Sales of assets	20,000	9,406	26,431	17,025
Total other financing sources (uses)	<u>(3,605,544)</u>	<u>(6,030,896)</u>	<u>(6,013,870)</u>	<u>17,026</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(619,300)</u>	<u>(2,502,410)</u>	<u>(2,319,402)</u>	<u>183,008</u>
Carryover from prior year fund balance	619,300	2,502,410	-	(2,502,410)
Fund balances, October 1, 2008	<u>8,246,159</u>	<u>8,246,159</u>	<u>8,246,159</u>	<u>-</u>
Fund balances, September 30, 2009	<u>\$ 8,246,159</u>	<u>\$ 8,246,159</u>	<u>\$ 5,926,757</u>	<u>\$ (2,319,402)</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, 2009

Assets	
Cash	\$ 1,528,319
Investments	180,682
Receivables:	
Property taxes - for other governments	61,505
Due from other funds	<u>1,391</u>
Total assets	<u><u>\$ 1,771,897</u></u>
Liabilities	
Accounts payable	\$ 213
Deposits held and due to others	1,710,049
Due to other funds	130
Property taxes to be collected - due to other governments	<u>61,505</u>
Total liabilities	<u><u>\$ 1,771,897</u></u>

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2009

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, 2009.

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, 2009

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, 2009

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, 2009.

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 \$14,647,332 difference are as follows:

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2009

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

Certificate of obligation and tax notes payable:	\$ 14,080,000
Less: deferred charge for issuance costs and premium (to be amortized over life of debt)	(37,859)
Accrued interest payable	70,706
Compensated absences	<u>534,485</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	 <u><u>\$ 14,647,332</u></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 \$5,591,480 difference are as follows:

Capital outlay and other reclassifications	\$ 10,458,364
Depreciation expense	<u>(4,866,884)</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>\$ 5,591,480</u></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 \$271,008 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>(271,008)</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>\$ (271,008)</u></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 \$2,254,261 difference are as follows:

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2009

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

Principal repayments	
Maturity of capital appreciation bond	\$ 107,385
Certificates of obligation and tax notes	2,130,000
Change in accrued interest	26,758
Amortization of issuance costs less debt premium	<u>(9,882)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 2,254,261</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 \$94,370 difference are as follows:

Compensated absences	\$ 78,070
Increase in allowance for uncollectible property taxes receivable	57,381
Decrease in allowance for uncollectible accounts receivable	<u>(41,081)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 94,370</u>

Note D - Deposits, Securities and Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the County to invest its funds under a written investment policy (the "Investment Policy") that primarily emphasizes safety of principal, availability of cash to meet the County's obligations and maximization of interest earnings. The investment policy defines what constitutes the legal list of investments allowed under the policy, which excludes certain investment instruments allowed under Chapter 2256 of the Texas Government Code. The County's deposits and investments are invested pursuant to the Investment Policy, which is approved annually by Commissioners' Court. The Investment Policy includes a list of authorized investments and a maximum allowable maturity of any individual investment.

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

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

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

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2009

Note D - Deposits, Securities and Investments (Continued)

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, 2009, the County had the following investments:

	Market Value	% of Total
Certificates of Deposit- Agency Funds	\$ 158,091	0.66%
TexPool		
Governmental Funds	23,895,000	99.25%
Agency Funds	22,591	0.09%
Total Investments	\$ 24,075,682	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, 2009, the County's investments included local government investment pools and certificates of deposit, and therefore, were not exposed to interest rate risk.

Credit Risk – State statute requires that investments in Local Government Investment Pools be rated AAA or the equivalent by a nationally recognized credit rating agency. As of September 30, 2009, 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, 2009, 99.34% of the County's investments were included in local government investment pools and .66% were included in certificates of deposit.

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, 2009, 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, 2009, to finance maintenance and operations of the County was \$.393074 per \$100 valuation.

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2009

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	\$ 741,615
Lateral Road	263,902
Total	\$ 1,005,517

Note G – Interfund Balances

During the course of the fiscal year, interfund payables and receivables arise. The following were outstanding as of September 30, 2009.

<u>From</u>	<u>To</u>	<u>Amount</u>
General fund	General fund	\$ 46,340
	Other governmental funds	13,299
	Agency funds	1,391
	Capital project funds	1,500,000
Other governmental funds	General fund	13,113
Agency funds	General fund	130
Total		\$ 1,574,273

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, 2009

Note H – Capital Assets

Capital asset activity for the year ended September 30, 2009 was as follows:

	Balance 10/1/08	Additions	Deletions	Balance 9/30/09
Governmental activities				
Capital assets not being depreciated				
Land	\$ 787,127	\$ -	\$ -	\$ 787,127
Construction in progress	847,285	444,018	831,384	459,919
Total capital assets not being depreciated	1,634,412	444,018	831,384	1,247,046
Other capital assets				
Buildings and improvements	22,350,452	2,999,251	50,000	25,299,703
Infrastructure	65,041,647	4,304,394	-	69,346,041
Machinery and equipment	18,051,803	3,542,085	1,034,457	20,559,431
Total other capital assets	105,443,902	10,845,730	1,084,457	115,205,175
Less accumulated depreciation for:				
Building and improvements	7,575,895	500,434	20,889	8,055,440
Infrastructure	34,204,928	2,183,516	-	36,388,444
Machinery and equipment	8,050,096	2,182,934	792,560	9,440,470
Total accumulated depreciation	49,830,919	4,866,884	813,449	53,884,354
Other capital assets, net	55,612,983	5,978,846	271,008	61,320,821
Governmental activities capital assets, net	\$ 57,247,395	\$ 6,422,864	\$ 1,102,392	\$ 62,567,867

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

Governmental activities:	
General government	\$ 146,599
Legal	6,536
Financial administration	5,524
Public facilities	523,728
Public safety	743,119
Public transportation	3,267,867
Culture and recreation	161,884
Conservation	11,627
Total depreciation for governmental activities	\$ 4,866,884

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2009

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 3.99% to 4.22%.
- ◆ Outstanding balance of \$4,955,000 at September 30, 2009.

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 \$1,050,000 at September 30, 2009.

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 matured September 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 \$8,075,000 at September 30, 2009.

The following are changes by type of debt:

	Balance 10/1/08	Accretion	Increase	Decrease	Balance 09/30/09
Tax notes-Series 2005	\$ 1,550,000	\$ -	\$ -	\$ 500,000	\$ 1,050,000
Tax notes-Series 2008	8,750,000	-	-	675,000	8,075,000
Accumulated Accretion- Capital Appreciation Notes	107,385	27,615	-	135,000	-
Certificates of Obligation	5,910,000	-	-	955,000	4,955,000
Compensated Absences	456,415	-	78,070	-	534,485
Totals	\$ 16,773,800	\$ 27,615	\$ 78,070	\$ 2,265,000	\$ 14,614,485

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2009

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	
2010	\$ 1,405,000	\$ 361,840	\$ 1,000,000	\$ 193,414	\$ 2,960,254
2011	1,615,000	307,144	1,050,000	153,514	3,125,658
2012	1,670,000	244,200	1,100,000	111,620	3,125,820
2013	1,905,000	177,400	1,155,000	67,730	3,305,130
2014	2,530,000	101,200	650,000	21,645	3,302,845
Totals	<u>\$ 9,125,000</u>	<u>\$ 1,191,784</u>	<u>\$ 4,955,000</u>	<u>\$ 547,923</u>	<u>\$ 15,819,707</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, 2009 the value of accumulated vacation benefits was \$534,485 and the value of accumulated sick pay benefits was approximately \$342,625.

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	\$ 7,600,515
Other governmental funds	131,995
Total transfers out	<u>\$ 7,732,510</u>
Transfers In	
Fund	Amount
General fund	\$ 1,560,214
Capital projects fund	1,739,995
Other governmental funds	4,432,301
Total transfers in	<u>\$ 7,732,510</u>

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2009

Note K - Interfund Transfers (Continued)

Transfers are generally used (1) to transfer funds from the General fund to fund various programs and supplement grants, (2) to move receipts collected for various fees in special revenue funds to the General fund to cover County expenditures, and (3) to transfer funds to the capital projects fund to supplement various projects.

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 586 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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

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

Funding Policy

The County has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 8.54% for the months of the accounting year in 2008, and 8.95% for the months of the accounting year in 2009.

The deposit rate payable by the employee members for calendar year 2009 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, 2009, the annual pension cost for the TCDRS plan for its employees was \$1,460,660, and the actual contributions were \$2,574,215.

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, 2006 and December 31, 2007, the basis for determining the contribution rates for calendar years 2008 and 2009. The December 31, 2008 actuarial valuation is the most recent valuation.

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2009

Note L - Retirement Pension Plan (Continued)

Actuarial Valuation Information

Actuarial valuation date	12/31/2006	12/31/2007	12/31/2008
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period (in years)	15	15	20
Asset valuation method	SAF: 10 year smoothed value ESF: Fund value	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
9/30/2007	\$ 1,045,258	100%	\$ -
9/30/2008	1,199,458	100%	-
9/30/2009	1,408,719	100%	-

Note M - Postemployment Benefits Other Than Pensions

Plan Description:

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

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

Funding Policy:

Each participating employer contributes to the OGTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The County contributions to OGTLF for the years ended September 30, 2009, 2008, and 2007 were \$51,941, \$46,349, and \$41,625, respectively, which equaled the contractually required contributions each year.

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2009

Note N - Risk Management

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

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

Note O - 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 P - Other Required Fund Disclosures

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

Note Q - Subsequent Event

On October 6, 2009 the County purchased property for \$1,410,796 for the future construction of the Weatherford College - Wise County Campus. The County will be reimbursed for the costs with the proceeds from the sale of bonds, which are anticipated to be sold in spring 2010.

**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)
12/31/2006	\$ 19,286,087	\$ 20,913,684	\$ 1,627,597	92.22%	\$ 10,861,095	14.99%
12/31/2007	21,970,793	24,236,929	2,266,136	90.65%	12,262,595	18.48%
12/31/2008	23,280,935	27,518,109	4,237,174	84.60%	14,383,915	29.46%

Combining and Budget Statements

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

WISE COUNTY, TEXAS
 Combining Balance Sheet -
 Nonmajor Governmental Funds
 September 30, 2009

Assets	Special Revenue Funds													Total Nonmajor Governmental Funds
	Right of Way and Fencing				Road & Bridge				Juvenile		Debt Service Fund		Total Special Revenue	
	County Grants	Precinct No. 1	Precinct No. 2	Precinct No. 3	Precinct No. 4	County Thoroughfare	TJPC 06-249	Other Special Revenue	County Wide	County Wide				
Cash	\$ 3,797	\$ (25,638)	\$ (42,791)	\$ (48,249)	\$ (58,932)	\$ (82,682)	\$ 957	\$ 171,690	\$ 2,301,464	\$ 2,813,716	\$ 895	\$ 895	\$ 2,814,411	
Investments	1,752,500	456,000	1,426,000	1,973,000	790,000	1,122,000	1,053,000	203,000	8,775,500	8,775,500	209,000	209,000	8,984,500	
Receivables:														
Property taxes (net of allowance of \$64,425)														
Miscellaneous		11,996	61,554	74,915	56,086	59,351			3,792	263,902			263,902	
Due from other funds		26,652	3,763	2,445	3,159	3,291		88	553	30,444			30,444	
Due from other governments			13,276	13,276	13,275	13,276		1,161		13,299			13,299	
										54,264			54,264	
Total assets	\$ 1,756,297	\$ 469,010	\$ 1,461,802	\$ 2,015,387	\$ 803,588	\$ 1,115,236	\$ 1,053,957	\$ 375,939	\$ 2,305,809	\$ 11,951,125	\$ 209,695	\$ 209,695	\$ 12,160,820	
Liabilities and fund balances														
Liabilities:														
Accounts payable	\$ 7,232	\$ 42,032	\$ 116,323	\$ 78,209	\$ 56,632	\$ 35,506	\$ -	\$ 10,056	\$ 12,788	\$ 358,778	\$ 2,893	\$ 2,893	\$ 361,671	
Due to other funds								13		13,113			13,113	
Due to other governments	2,892		1,151	1,627				192	6,000	11,862			11,862	
Deferred revenue														
Property taxes		11,996	61,554	74,915	56,086	59,351				263,902			263,902	
Other		26,652								26,652			26,652	
Total liabilities	10,124	80,680	179,028	154,751	112,718	94,857	-	10,261	18,788	674,307	2,893	2,893	677,200	
Fund balances														
Reserved for debt service														
Unreserved	1,746,173	388,330	1,282,774	1,860,636	690,870	1,020,379	1,053,957	365,678	2,287,021	11,276,818	206,802	206,802	11,276,818	
Total fund balances	1,746,173	388,330	1,282,774	1,860,636	690,870	1,020,379	1,053,957	365,678	2,287,021	11,276,818	206,802	206,802	11,483,620	
Total liabilities and fund balances	\$ 1,756,297	\$ 469,010	\$ 1,461,802	\$ 2,015,387	\$ 803,588	\$ 1,115,236	\$ 1,053,957	\$ 375,939	\$ 2,305,809	\$ 11,951,125	\$ 209,695	\$ 209,695	\$ 12,160,820	

WISE COUNTY, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2009

	Indigent Health Care	County Grants	Right of Way and Fencing	Special Revenue Funds				Precinct No. 4	County Thoroughfare	Juvenile Probation TJPC 05-249	Other Special Revenue	Total Special Revenue	County Wide	Total Nonmajor Governmental Funds
				Precinct No. 1	Precinct No. 2	Precinct No. 3	Road & Bridge							
Revenues														
Property taxes	\$	\$	\$339,340	\$1,743,783	\$2,121,989	\$1,588,315	\$1,680,988	\$	\$	\$	\$ 7,474,425	\$	\$ 7,474,425	
Licenses and permits		47,765	96,826	353,944	353,944	353,944	35,303		603,974	4,482	1,415,776		1,415,776	
Intergovernmental				35,303	35,303	35,303				405,378	894,259		894,259	
Fees or office										405,378	804,376		804,376	
Fines and forfeitures	15,661		2,981	201,094	201,094	201,094	201,094		2,501	27	76,973	2,070	81,043	
Interest	56,707		17,719	14,953	14,244	9,363	7,977	11,226	158	154,001	422,814		422,814	
Miscellaneous revenues and donations				178,398	3,880	11,321	630							
Total revenues	72,398	47,765	456,876	2,527,475	2,730,454	2,199,340	2,279,946	11,226	606,633	563,888	11,496,001	2,070	11,498,071	
Expenditures														
Current:														
General government														
Legal			59,816							107,106	166,922		166,922	
Public safety		34,665		282,165	1,447,909	1,551,404	1,068,823	24,972	869,386	70,529	29,115		29,115	
Public transportation										39,635	974,580		974,580	
Health and welfare	296,078		155,021	1,395,642	594,783	861,156	799,561	919,531			5,968,841		5,968,841	
Capital outlay											296,078		296,078	
Debt service											4,745,694		4,745,694	
Principal retirement												2,130,000	2,130,000	
Interest and fiscal charges												820,453	820,453	
Total expenditures	296,078	34,665	497,002	2,843,551	2,148,716	2,432,560	1,868,384	944,503	869,386	246,385	12,181,230	2,950,453	15,131,683	
Excess of revenues over (under) expenditures	(223,680)	13,100	(40,126)	(316,076)	581,738	(233,220)	411,562	(933,277)	(262,753)	317,503	(665,229)	(2,948,383)	(3,633,612)	
Other financing sources (uses)														
Operating transfers in		450,000	130,329					500,000	403,860	6,508	1,490,697	2,941,604	4,432,301	
Operating transfers out		(13,100)				(14,995)				(103,900)	(131,995)		(131,995)	
Sales of assets				127,645	5,735	44,515					177,895		177,895	
Total other financing sources (uses)		436,900	130,329	127,645	5,735	29,520		500,000	403,860	(97,392)	1,536,597	2,941,604	4,478,201	
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(223,680)	450,000	90,203	(188,431)	587,473	(203,700)	411,562	(433,277)	141,107	220,111	851,366	(6,779)	844,589	
Fund balances, October 1, 2008	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	213,581	10,639,031	
Fund balances, September 30, 2009	\$ 1,745,173	\$ 581,000	\$ 388,330	\$ 1,282,774	\$ 1,860,636	\$ 690,870	\$ 1,020,379	\$ 1,053,957	\$ 365,678	\$ 2,287,921	\$ 11,276,818	\$ 208,802	\$ 11,483,620	

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 7,349,000	\$ 7,474,439	\$ 7,474,425	\$ (14)
Licenses and permits	1,600,000	1,362,676	1,415,776	53,100
Intergovernmental	747,510	828,057	894,259	66,202
Fees of office	432,950	405,390	405,378	(12)
Fines and forfeitures	1,028,000	804,383	804,376	(7)
Interest	230,800	79,261	78,973	(288)
Miscellaneous revenues and donations	200,300	428,497	422,814	(5,683)
Total revenues	<u>11,588,560</u>	<u>11,382,703</u>	<u>11,496,001</u>	<u>113,298</u>
Expenditures				
Current:				
General government	1,074,600	227,130	166,922	60,208
Legal	76,200	108,597	29,115	79,482
Elections	17,000	20,736		20,736
Public safety	1,027,700	1,048,812	974,580	74,232
Public transportation	7,694,500	7,103,163	5,968,841	1,134,322
Health and welfare	1,555,231	296,079	296,078	1
Capital outlay	4,616,000	4,761,662	4,745,694	15,968
Total expenditures	<u>16,061,231</u>	<u>13,566,179</u>	<u>12,181,230</u>	<u>1,384,949</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,472,671)</u>	<u>(2,183,476)</u>	<u>(685,229)</u>	<u>1,498,247</u>
Other financing sources (uses)				
Operating transfers in	653,008	1,304,096	1,490,697	186,601
Operating transfers out	(153,900)	(103,900)	(131,995)	(28,095)
Sales of assets	-	172,160	177,895	5,735
Total other financing sources (uses)	<u>499,108</u>	<u>1,372,356</u>	<u>1,536,597</u>	<u>164,241</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(3,973,563)</u>	<u>(811,120)</u>	<u>851,368</u>	<u>1,662,488</u>
Carryover from prior year fund balance	3,973,563	811,120	-	(811,120)
Fund balances, October 1, 2008	<u>10,425,450</u>	<u>10,425,450</u>	<u>10,425,450</u>	<u>-</u>
Fund balances, September 30, 2009	<u>\$ 10,425,450</u>	<u>\$ 10,425,450</u>	<u>\$ 11,276,818</u>	<u>\$ 851,368</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 -
County Wide Debt Service Fund
For the Fiscal Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 20,000	\$ 2,070	\$ 2,070	\$ -
Total revenues	<u>20,000</u>	<u>2,070</u>	<u>2,070</u>	<u>-</u>
Expenditures				
Debt and capital lease debt service:				
Principal retirement	2,130,000	2,265,000	2,130,000	135,000
Interest and fiscal charges	<u>831,604</u>	<u>682,562</u>	<u>820,453</u>	<u>(137,891)</u>
Total expenditures	<u>2,961,604</u>	<u>2,947,562</u>	<u>2,950,453</u>	<u>(2,891)</u>
Deficiency of revenues under expenditures	(2,941,604)	(2,945,492)	(2,948,383)	(2,891)
Other financing sources				
Operating transfers in	<u>2,941,604</u>	<u>2,941,604</u>	<u>2,941,604</u>	<u>-</u>
Total other financing sources	<u>2,941,604</u>	<u>2,941,604</u>	<u>2,941,604</u>	<u>-</u>
Deficiency of revenues and other sources under expenditures	-	(3,888)	(6,779)	(2,891)
Carryover from prior year fund balance	-	3,888	-	(3,888)
Fund balances, October 1, 2008	<u>213,581</u>	<u>213,581</u>	<u>213,581</u>	<u>-</u>
Fund balances, September 30, 2009	<u>\$ 213,581</u>	<u>\$ 213,581</u>	<u>\$ 206,802</u>	<u>\$ (6,779)</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 50,000	\$ 57,424	\$ 57,435	\$ 11
Total revenues	<u>50,000</u>	<u>57,424</u>	<u>57,435</u>	<u>11</u>
Expenditures				
General government	31,227	31,227	31,227	-
Elections	5,027	5,027	5,027	-
Public safety	160,187	160,187	160,187	-
Capital outlay	8,245,559	6,374,322	5,112,630	1,261,692
Total expenditures	<u>8,442,000</u>	<u>6,570,763</u>	<u>5,309,071</u>	<u>1,261,692</u>
Excess (deficiency) of revenues over (under) expenditures	(8,392,000)	(6,513,339)	(5,251,636)	1,261,703
Other financing sources				
Operating transfers in		1,725,000	1,739,995	14,995
Sales of assets		95,000	95,000	-
Total other financing sources	<u>-</u>	<u>1,820,000</u>	<u>1,834,995</u>	<u>14,995</u>
Excess (deficiency) of revenues and other sources over (under) expenditures	(8,392,000)	(4,693,339)	(3,416,641)	1,276,698
Carryover from prior year fund balance	8,392,000	4,693,339	-	(4,693,339)
Fund balance, October 1, 2008	<u>8,393,193</u>	<u>8,293,193</u>	<u>8,293,193</u>	<u>-</u>
Fund balance, September 30, 2009	<u>\$ 8,393,193</u>	<u>\$ 8,293,193</u>	<u>\$ 4,876,552</u>	<u>\$ (3,416,641)</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, 2009

	Jail Industries	District					Juvenile Probation Fee	Jury Fund	Estray Animal
		County Attorney Trust	District Attorney Criminal Justice	District Attorney Fee	County Attorney Fee	Bond Holding			
Assets									
Cash	\$ 15,330	\$ 31,651	\$ 42,648	\$ 12,229	\$ 28,949	\$ 231,169	\$ 7,711	\$ 3,618	
Investments	22,250								
Receivables:									
Property Taxes - for other governments									
Due from other funds	1,391								
Total assets	\$ 38,971	\$ 31,651	\$ 42,648	\$ 12,229	\$ 28,949	\$ 231,169	\$ 7,711	\$ 3,618	
Liabilities									
Accounts payable	\$ 213	\$	\$	\$	\$	\$	\$	\$	
Deposits held and due to others	38,628	31,651	42,648	12,229	28,949	231,169	7,711	3,618	
Due to other funds	130								
Property taxes to be collected - due to other governments									
Total liabilities	\$ 38,971	\$ 31,651	\$ 42,648	\$ 12,229	\$ 28,949	\$ 231,169	\$ 7,711	\$ 3,618	

WISE COUNTY, TEXAS
Combining Statement of Fiduciary Assets and Liabilities -
All Agency Funds
September 30, 2009

	Fireman's Assoc. Fund	District Attorney Restitution	Sheriff's Department Bond and Fine	Tax A/C Special Inventory	Special Inventory	Inmate Trust Fund	Tax A/C Auto Registration	County Atty Forfeiture	District Clerk Trust
Assets									
Cash	\$ 341	\$ 9,260	\$ 4	\$ 29,549	\$ 1,432	\$ 9,204	\$ 622,212	\$ 99	\$ 371,821
Investments									
Receivables:									
Property Taxes - for other governments									
Due from other funds									
Total assets	\$ 341	\$ 9,260	\$ 4	\$ 29,549	\$ 1,432	\$ 9,204	\$ 622,212	\$ 99	\$ 371,821
Liabilities									
Accounts payable	\$ 341	\$ 9,260	\$ 4	\$ 29,549	\$ 1,432	\$ 9,204	\$ 622,212	\$ 99	\$ 371,821
Deposits held and due to others									
Due to other funds									
Property taxes to be collected - due to other governments									
Total liabilities	\$ 341	\$ 9,260	\$ 4	\$ 29,549	\$ 1,432	\$ 9,204	\$ 622,212	\$ 99	\$ 371,821

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, 2009

	County Credit Card	Tax Office	Sheriff's Department Commissary	Sheriff's Prisoner's Commissary	EFTPS	Bail Bond	County Attorney Restitution	Mobile Home Escrow	Property Taxes - Other Governments	Total Agency Funds
Assets										
Cash	\$ 301	\$ 10,185	\$ 72,469	\$ 319	\$ 45	\$ 1,531	\$ 500	\$ 6,662	\$	\$ 1,528,319
Investments		158,091								180,682
Receivables:										
Property Taxes - for other governments								61,505		61,505
Due from other funds										1,391
Total assets	\$ 301	\$ 168,276	\$ 72,469	\$ 319	\$ 45	\$ 1,531	\$ 500	\$ 6,662	\$ 61,505	\$ 1,771,897
Liabilities										
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 213
Deposits held and due to others	301	168,276	72,469	319	45	1,531	500	6,662		1,710,049
Due to other funds										130
Property taxes to be collected - due to other governments									61,505	61,505
Total liabilities	\$ 301	\$ 168,276	\$ 72,469	\$ 319	\$ 45	\$ 1,531	\$ 500	\$ 6,662	\$ 61,505	\$ 1,771,897

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

STATISTICAL SECTION

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

Fiscal Year	Intergovernmental		Licenses and Permits	Fees of Office	Fines and Forfeitures	Interest	Royalties & Rentals	Solid Waste Fees	Miscellaneous	Total
	Non-Federal Funds	Federal Funds								
2000	\$ 956,132	\$ 219,986	\$ 1,318,120	\$ 2,376,876	\$ 830,863	\$ 530,756	\$ 32,240	\$ 184,258	\$ 357,654	\$ 17,520,939
2,001	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	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	573,175	407,908	1,321,502	2,724,430	845,455	317,151	254,284	227,939	948,999	24,082,710
2004	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	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	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	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	899,981	546,451	1,508,784	4,463,724	1,477,670	863,348	1,132,259	460,770	1,174,551	41,764,164
2009	1,156,235	177,098	1,415,776	4,459,122	1,334,617	248,836	373,935	467,713	696,222	41,831,842

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

<u>Fiscal Year</u>	<u>General Government</u>	<u>Judicial</u>	<u>Legal</u>	<u>Elections</u>	<u>Financial Administration</u>	<u>Public Facilities</u>	<u>Public Safety</u>	<u>Public Transportation</u>	<u>Health and Welfare</u>	<u>Culture and Recreation</u>	<u>Conservation</u>	<u>Debt Service</u>	<u>Total</u>
2000	\$1,502,349	\$1,078,421	\$ 672,319	\$ 14,282	\$ 905,935	\$ 1,059,562	\$ 5,325,841	\$ 3,266,032	\$ 630,038	\$ 110,312	\$ 122,719	\$ 1,319,030	\$ 16,006,840
2001	1,475,725	1,276,632	708,301	23,117	1,041,714	1,261,063	5,936,209	3,577,625	609,337	144,904	125,500	1,286,974	17,467,101
2002	1,765,566	1,442,158	783,909	29,532	1,183,081	1,547,691	7,236,687	4,246,085	854,868	149,347	157,607	1,883,416	21,279,947
2003	1,933,418	1,514,705	801,068	29,902	1,243,991	1,660,634	7,540,538	4,351,023	971,770	191,067	167,822	2,040,405	22,446,343
2004	2,059,896	1,585,515	875,941	7,964	1,330,963	1,611,969	7,846,942	4,830,894	830,378	162,079	157,644	1,944,158	23,244,343
2005	2,031,057	1,697,946	832,044	55,129	1,294,443	1,705,558	8,530,776	5,474,645	1,123,382	158,564	173,525	2,102,986	25,180,055
2006	2,136,829	1,980,199	1,002,456	37,901	1,498,048	2,247,724	9,803,387	7,654,339	1,075,537	184,896	183,376	1,883,473	29,688,165
2007	2,406,843	2,096,133	1,162,857	43,519	1,654,423	2,406,614	10,862,739	7,074,598	1,893,450	213,857	197,250	1,762,389	31,774,672
2008	2,571,222	2,248,356	1,252,861	218,701	1,440,154	2,832,750	12,883,805	7,404,404	1,725,757	234,027	211,024	1,754,381	34,777,442
2009	3,011,867	2,503,556	1,486,646	248,492	1,665,163	2,844,331	13,956,642	5,968,841	1,394,676	284,021	249,570	2,950,453	36,564,258

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

Fiscal Year	Total Tax Levy	Percent of		Total Tax Collections	Delinquent Tax Collections	Total Tax Collections	Ratio of		
		Current Tax Collections	Current Taxes Collected				Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2000	\$8,991,454	\$ 8,334,588	92.69%	\$8,740,334	\$405,746	\$8,740,334	97.21%	\$ 996,985	11.09%
2001	10,450,395	9,780,087	93.59%	10,194,885	414,798	10,194,885	97.56%	1,123,107	10.75%
2002	12,938,371	12,228,312	94.51%	12,643,572	415,260	12,643,572	97.72%	1,327,546	10.26%
2003	14,287,474	13,470,335	94.28%	13,972,799	502,464	13,972,799	97.80%	1,561,971	10.93%
2004	15,233,019	14,665,061	96.27%	15,142,032	476,971	15,142,032	99.40%	1,692,179	11.11%
2005	17,337,660	16,110,326	92.92%	16,670,385	560,059	16,670,385	96.15%	1,625,449	9.38%
2006	19,261,710	18,739,469	97.29%	19,248,806	509,337	19,248,806	99.93%	1,677,164	8.71%
2007	21,649,530	21,317,917	98.47%	21,936,851	618,934	21,936,851	101.33%	1,379,477	6.37%
2008	23,579,843	23,386,381	99.18%	23,822,773	436,392	23,822,773	101.03%	1,324,336	5.62%
2009	25,965,588	26,168,136	100.78%	26,598,325	430,189	26,598,325	102.44%	1,358,915	5.23%

WISE COUNTY, TEXAS
Computation of Legal Debt Margin
September 30, 2009

Assessed valuation:		
Assessed Valuation of Property		\$ 8,918,331,701
Less: Exemptions		<u>(2,273,127,303)</u>
 Taxable Assessed Value		 <u><u>\$ 6,645,204,398</u></u>
 Legal debt margin:		
Debt Limit (25 Percent of Assessed Value)		1,661,301,100
Debt applicable to limitation:		
Total Bonded Debt		
Add: Tax Notes	9,125,000	
Certificates of Obligation	4,955,000	
Less: Special assessment bonds		
Revenue bonds		
Amount available for repayment of bonded debt	<u>206,802</u>	
Total debt applicable to limitation		<u><u>13,873,198</u></u>
 Legal Debt Margin		 <u><u>\$ 1,647,427,902</u></u>

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
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
2009	66,100	6,645,204,398	14,080,000	206,802	13,873,198	0.209%	209.88

**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, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 23, 2010. 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 23, 2010.

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 23, 2010