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WISE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2010

**Wise County, Texas  
Annual Financial Report  
For the Fiscal Year Ended September 30, 2010**

**TABLE OF CONTENTS**

<b>FINANCIAL SECTION</b>	<u>Page No.</u>
Independent Auditor's Report	2
Management's Discussion and Analysis	4
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet - Governmental Funds	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	18
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Lateral Road Fund	19
Statement of Fiduciary Assets and Liabilities - Agency Funds	20
Notes to Financial Statements	21
<b>Required Supplementary Information:</b>	
Schedule of Funding Progress for the Retirement Plan for the Employees of Wise County	35
<b>Combining and Budget Statements:</b>	
Major Governmental Funds	
Combining Balance Sheet - Lateral Road Fund	38
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Lateral Road Fund	39
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Projects Fund	40
Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds	42
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	43
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Nonmajor Special Revenue Funds	44
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - County Wide Debt Service Fund	45
Agency Funds:	
Combining Statement of Fiduciary Assets and Liabilities - All Agency Funds	47

**Wise County, Texas**  
**Annual Financial Report**  
**For the Fiscal Year Ended September 30, 2010**

**TABLE OF CONTENTS**

	<u>Page No.</u>
<b>STATISTICAL SECTION</b>	
General Governmental Revenues By Source	51
General Governmental Expenditures by Function	52
Property Tax Levies and Collections	53
Computation of Legal Debt Margin	54
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita	55
<b>OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	57
Summary Schedule of Prior Audit Findings	59
Schedule of Findings and Questioned Costs	60
Corrective Action Plan	61
<b>FEDERAL AWARDS SECTION</b>	
Independent Auditor's Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB A-133	63
Schedule of Expenditures of Federal Awards	65

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Financial Section



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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wise County, Texas, as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wise County, Texas, as of September 30, 2010, and the respective changes in financial position and the respective budgetary comparison for the general fund and lateral road 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 14, 2011, on our consideration of Wise County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress for the retirement plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wise County's financial statements as a whole. The combining and budget statements and the statistical schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and budget statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Snow, Garrett & Company*

Snow, Garrett & Company, CPA's  
February 14, 2011

## WISE COUNTY, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) of Wise County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2010. 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 2010 by \$76,009,048 (*net assets*). Of this amount, \$200,889 is restricted for specific purposes, \$53,906,829 is invested in capital assets net of related debt and \$21,901,330 represents unrestricted net assets.
- In contrast to the government-wide statements, the fund statements report a combined fund balance at year-end of \$19,287,293, a decrease of \$2,999,636 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$6,054,384, or 20% of total general fund expenditures.
- The County's total debt decreased \$2,405,000 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.

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

The County maintains twenty-four individual governmental funds (excluding fiduciary funds), twenty-one 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, Lateral Road Funds, 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 19 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 20 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 21 through 33 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 35 of this report.

**WISE COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**

**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 \$76,009,048 as of September 30, 2010.

**Wise County's Net Assets**

	Governmental Activities	
	2010	2009
Current and other assets	\$ 25,688,550	\$ 29,082,740
Capital assets, net of depreciation	64,347,250	62,567,867
Total assets	90,035,800	91,650,607
Long-term liabilities	11,675,000	14,080,000
Other liabilities	2,351,752	2,956,810
Total liabilities	14,026,752	17,036,810
Net assets:		
Invested in capital assets, net of related debt	53,906,829	50,654,891
Restricted	200,889	206,802
Unrestricted	21,901,330	23,752,104
Total Net Assets	\$ 76,009,048	\$ 74,613,797

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 \$53,906,829. 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 \$200,889 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 \$1,395,251 during the current fiscal year. The total cost of all governmental activities this year was \$44,471,050. The amount that our taxpayers paid for these activities through property taxes was \$31,710,142 or 71%.

**WISE COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**

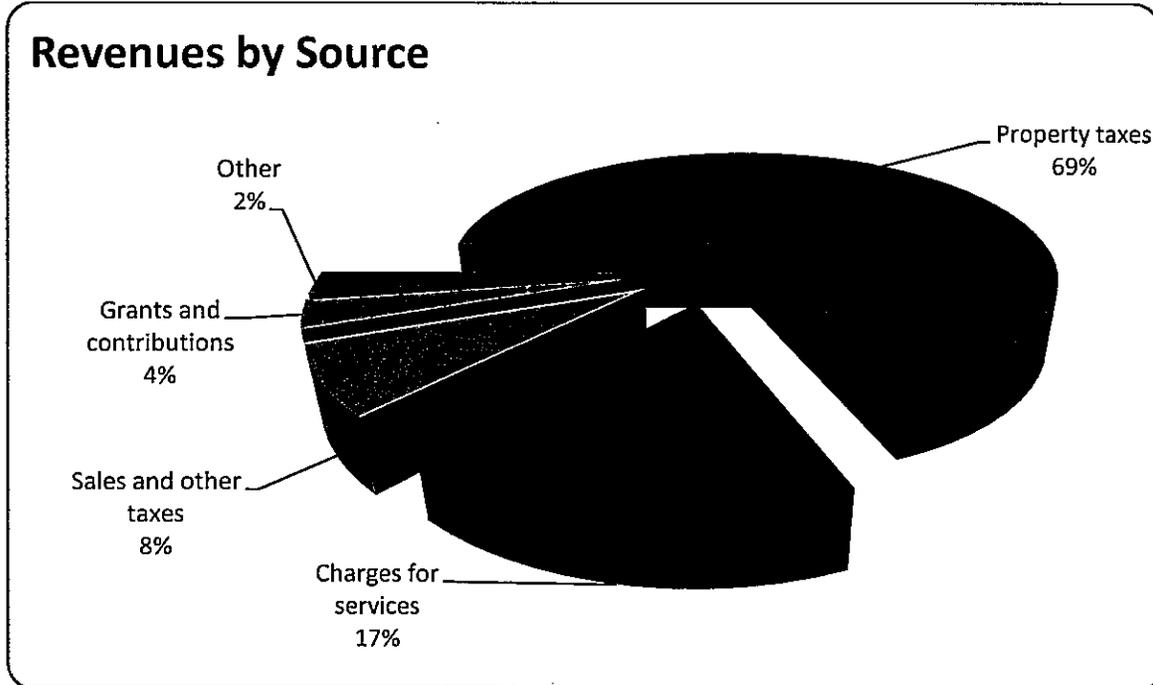
**Changes in Net Assets**

	Governmental Activities	
	2010	2009
Revenues:		
Program revenues:		
Charges for services	\$ 7,981,277	\$ 7,031,169
Operating grants and contributions	1,478,257	1,355,829
Capital grants and contributions	213,641	181,638
General revenues:		
Property taxes	31,710,142	26,947,304
Sales and other taxes	3,514,582	4,631,215
Investment earnings	60,215	248,836
Royalties	628,501	373,215
Other	279,686	303,920
Total revenues	<u>45,866,301</u>	<u>41,073,126</u>
Expenses:		
General government	7,273,360	3,252,836
Judicial	2,586,248	2,503,556
Legal	1,692,133	1,493,182
Elections	282,124	248,492
Financial administration	1,737,398	1,670,687
Public facilities	3,454,084	3,368,059
Public safety	15,438,159	14,699,761
Public transportation	9,593,726	9,236,708
Health and welfare	1,132,768	1,394,676
Culture and recreation	463,892	445,905
Conservation	257,436	261,198
Interest and other costs	559,722	696,192
Total expenses	<u>44,471,050</u>	<u>39,271,252</u>
Change in net assets	1,395,251	1,801,874
Net assets-beginning	74,613,797	72,811,923
Net assets-ending	<u>\$ 76,009,048</u>	<u>\$ 74,613,797</u>

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

- Program revenues of \$9,673,175 equaled 22% of government expenses of \$44,471,050. As expected, general revenues (\$36,193,126) provided the required support and coverage for expenses;
- More than one-third of the expenses are public safety (\$15,438,159) while this category provided program revenues of about 9% of total revenues of \$45,866,301;
- The next largest category of expenses is public transportation (\$9,593,726) at 22% of total expenses while public transportation program revenues provided about 5% of total revenues;
- The increases in property tax revenues and general government expenses are directly related to the tax collections for the Weatherford College Branch Campus Maintenance Tax and the subsequent payments to Weatherford College.
- Grant revenues and contributions comprised about 4% of total revenues.

WISE COUNTY, TEXAS  
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 \$19,287,293, a decrease of \$2,999,636 in comparison with the prior year. Approximately \$17,821,018 or 92% 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 (\$200,889) and to fund capital projects (\$1,265,386).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$6,054,384, 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 20%, or slightly more than 73 days of total fund expenditures.

**WISE COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**

The fund balance of the County's general fund increased \$127,627 during the current fiscal year. This increase is primarily due to:

- An increase in property tax revenues due to an increase in assessed valuations;
- An increase in royalties and rental revenues; and,
- A decrease in transfers out to other funds.

The debt service fund has a total fund balance of \$200,889, 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 \$5,913. Total debt principal, interest and fiscal charges in the debt service fund totaled \$2,966,762, approximately \$16,309 increase from the prior year.

The capital projects fund had an ending fund balance of \$2,337,000, of which \$1,265,386 is reserved for various capital projects and \$1,071,614 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 decreased by \$1,692,899 from the original to the final budget. Most of this difference resulted from a decrease in all current expenditures.

While the original to the final budget decreased in expenditures and other financing uses appropriations, the projected annual revenues and other financing sources also included a \$334,420 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 fees of office and sales tax revenue. Actual revenues were \$2,365,850 more than amended budget amounts. Conversely, actual total expenditures for the year were \$2,147,114 more 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, 2010, net capital assets of the governmental activities totaled \$64,347,250. Depreciation on capital assets is recognized in the government-wide financial statements. Annual depreciation for buildings, improvements, infrastructure and machinery and equipment totaled \$5,371,186.

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

- Infrastructure (bridges and roads) additions of \$3,761,819;
- Construction in progress of the Wise County Weatherford College building of \$1,660,647;
- Construction in progress of infrastructure of \$660,936;
- Purchase of sheriff and court software;
- Purchase of a 9 wheel pneumatic roller for Precinct 4;
- Purchase of 6 Dodge Chargers for the Sheriff's office; and
- Purchase of a John Deere tractor for Precinct 1.

**WISE COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**

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

	Governmental Activities	
	2010	2009
Land	\$ 795,127	\$ 787,127
Construction in progress	3,108,245	459,919
Buildings and improvements	16,488,462	17,244,263
Infrastructure	34,374,658	32,957,597
Machinery and equipment	9,580,758	11,118,961
<b>Total</b>	<b>\$ 64,347,250</b>	<b>\$ 62,567,867</b>

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

**Long-term debt.** As of September 30, 2010, the County had certificates of obligation and tax notes outstanding of \$11,675,000. Certificates of obligation and tax notes retired in the current fiscal year totaled \$1,000,000 and \$1,405,000, respectively.

**Wise County's Outstanding Debt**

	Governmental Activities	
	2010	2009
Certificates of obligation	\$ 3,955,000	\$ 4,955,000
Tax notes	7,720,000	9,125,000
<b>Total</b>	<b>\$ 11,675,000</b>	<b>\$ 14,080,000</b>

Additional information on the County's long-term debt can be found in Note I on pages 29 and 30 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 2011, the County Commissioners and management considered the following factors:

- The County, which is located near the Dallas/Fort Worth Metroplex, DFW Airport, Alliance Airport, and the Texas Motor Speedway, expects increases in population and retail sales, therefore increasing the sales tax revenues for the County.
- Property tax revenues are budgeted to increase due to the Weatherford College Branch Campus Maintenance Tax.
- Industries in the County, which include the oil and gas industry, rock crusher industry, aerospace graphite products, sheet metal products, an electric plant, the construction of the new Weatherford College - Wise County Branch Campus, and a new helicopter assembly company, 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.

**WISE COUNTY, TEXAS  
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.

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## BASIC FINANCIAL STATEMENTS

**WISE COUNTY, TEXAS**  
**Statement of Net Assets**  
**September 30, 2010**

	<u>Primary Government</u>
<b>Assets</b>	
Cash	\$ 2,177,177
Investments	17,944,500
Receivables (net of allowance for uncollectibles of \$600,815)	5,124,748
Prepaid expenses	250,000
Interfund balances	8
Due from other governments	164,140
Deferred debt issuance costs and premium, net of accumulated amortization	27,977
Capital assets	
Land and construction in progress	3,903,372
Other capital assets, net of depreciation	<u>60,443,878</u>
Total capital assets	<u>64,347,250</u>
Total assets	<u>90,035,800</u>
<b>Liabilities</b>	
Accounts payable	1,081,549
Due to other governments	589,665
Accrued interest payable	58,784
Deferred revenue	26,652
Compensated absences payable	595,102
Noncurrent liabilities	
Due within one year	2,665,000
Due in more than one year	<u>9,010,000</u>
Total liabilities	<u>14,026,752</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	53,906,829
Restricted for:	
Debt service	200,889
Unrestricted	<u>21,901,330</u>
Total net assets	<u>\$ 76,009,048</u>

**WISE COUNTY, TEXAS**  
**Statement of Activities**  
**For the Fiscal Year Ended September 30, 2010**

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	\$ 7,273,360	\$ 1,414,310	\$	\$	\$ (5,859,050)
Judicial	2,586,248	376,397	153,757		(2,056,094)
Legal	1,692,133	178,470	31,250		(1,482,413)
Elections	282,124	46,494		8,000	(227,630)
Financial administration	1,737,398	670,089			(1,067,309)
Public facilities	3,454,084	93,000			(3,361,084)
Public safety	15,438,159	2,881,185	1,137,190	144,701	(11,275,083)
Public transportation	9,593,726	2,248,088	148,132	60,940	(7,136,566)
Health and welfare	1,132,768	39,433			(1,093,335)
Culture and recreation	463,892	33,811			(430,081)
Conservation	257,436		7,928		(249,508)
Interest on long-term debt	559,722				(559,722)
<b>Total primary government</b>	<b>\$ 44,471,050</b>	<b>\$ 7,981,277</b>	<b>\$ 1,478,257</b>	<b>\$ 213,641</b>	<b>(34,797,875)</b>

General revenues:

Property taxes	31,710,142
Sales and other taxes	3,514,582
Investment earnings	60,215
Royalties	628,501
Gain on disposal of assets	21,599
Other	258,087
<b>Total general revenues</b>	<b>36,193,126</b>
<b>Change in net assets</b>	<b>1,395,251</b>
<b>Net assets, October 1, 2009</b>	<b>74,613,797</b>
<b>Net assets, September 30, 2010</b>	<b>\$ 76,009,048</b>

**WISE COUNTY, TEXAS**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2010**

	General	Lateral Road Funds	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash	\$	\$ 578,373	\$ 89,623	\$ 3,021,189	\$ 3,689,185
Investments	8,068,500	5,556,000	2,500,000	1,820,000	17,944,500
Receivables:					
Property taxes (net of allowances of \$410,374)	801,960	261,905			1,063,865
Accounts	239,787	40,883		664	281,334
Notes	168,000				168,000
Prepaid expenses	250,000				250,000
Due from other funds	69,521	1,064		677	71,262
Due from other governments	15,616	138,811		9,713	164,140
<b>Total assets</b>	<b><u>\$ 9,613,384</u></b>	<b><u>\$ 6,577,036</u></b>	<b><u>\$ 2,589,623</u></b>	<b><u>\$ 4,852,243</u></b>	<b><u>\$ 23,632,286</u></b>
<b>Liabilities and fund balances</b>					
Liabilities					
Cash overdraft	\$ 1,512,008	\$	\$	\$	\$ 1,512,008
Accounts payable	607,243	184,935	252,623	36,748	1,081,549
Due to other funds	49,894	813		20,547	71,254
Due to other governments	587,895	531		1,239	589,665
Deferred revenue					
Property taxes	801,960	261,905			1,063,865
Other		26,652			26,652
<b>Total liabilities</b>	<b><u>3,559,000</u></b>	<b><u>474,836</u></b>	<b><u>252,623</u></b>	<b><u>58,534</u></b>	<b><u>4,344,993</u></b>
Fund Balance					
Reserved for:					
Debt service				200,889	200,889
Capital projects			1,265,386		1,265,386
Unreserved	6,054,384	6,102,200	1,071,614		13,228,198
Unreserved, reported in nonmajor:					
Special revenue funds				4,592,820	4,592,820
<b>Total fund balances</b>	<b><u>6,054,384</u></b>	<b><u>6,102,200</u></b>	<b><u>2,337,000</u></b>	<b><u>4,793,709</u></b>	<b><u>19,287,293</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 9,613,384</u></b>	<b><u>\$ 6,577,036</u></b>	<b><u>\$ 2,589,623</u></b>	<b><u>\$ 4,852,243</u></b>	
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.					
Other assets are not measurable and available in the current period and are not reported in the funds.					
Some liabilities, including certificates of obligation and tax notes, are not due and payable in the current period and, therefore, are not reported in the funds.					
Net assets of governmental activities - statement of net assets					
<b><u>\$ 76,009,048</u></b>					

**WISE COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Fiscal Year Ended September 30, 2010**

	General	Lateral Road Funds	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$24,454,047	\$ 7,197,747	\$	\$	\$ 31,651,794
Sales tax	3,469,502				3,469,502
Licenses and permits		1,372,604			1,372,604
Intergovernmental	387,136	135,488	11,119	1,122,702	1,656,445
Fees of office	3,904,013			432,120	4,336,133
Fines and forfeitures	515,955	875,485			1,391,440
Interest	32,569	16,931	6,074	4,641	60,215
Royalties and rentals	628,501				628,501
Solid waste fees	442,673				442,673
Miscellaneous revenues and donations	354,628	67,868		132,727	555,223
<b>Total revenues</b>	<b>34,189,024</b>	<b>9,666,123</b>	<b>17,193</b>	<b>1,692,190</b>	<b>45,564,530</b>
<b>Expenditures</b>					
<b>Current:</b>					
General government	6,743,314	57,992		250,754	7,052,060
Judicial	2,581,025				2,581,025
Legal	1,630,078			50,547	1,680,625
Elections	267,498			14,626	282,124
Financial administration	1,731,874				1,731,874
Public facilities	2,787,673				2,787,673
Public safety	13,355,648		9,973	1,197,862	14,563,483
Public transportation		6,083,804		49,442	6,133,246
Health and welfare	818,756			314,012	1,132,768
Culture and recreation	279,076				279,076
Conservation	244,480				244,480
Capital outlay	212,614	4,137,601	2,546,772	283,319	7,180,306
Debt service					
Principal retirement				2,405,000	2,405,000
Interest and fiscal charges				561,762	561,762
<b>Total expenditures</b>	<b>30,652,036</b>	<b>10,279,397</b>	<b>2,556,745</b>	<b>5,127,324</b>	<b>48,615,502</b>
<b>Excess of revenues over (under) expenditures</b>	<b>3,536,988</b>	<b>(613,274)</b>	<b>(2,539,552)</b>	<b>(3,435,134)</b>	<b>(3,050,972)</b>
<b>Other financing sources (uses)</b>					
Operating transfers in	1,601,886	394,859		3,210,102	5,206,847
Operating transfers out	(5,016,414)	(22,500)		(167,933)	(5,206,847)
Sales of assets	5,167	46,169			51,336
<b>Total other financing sources (uses)</b>	<b>(3,409,361)</b>	<b>418,528</b>	<b>-</b>	<b>3,042,169</b>	<b>51,336</b>
<b>Excess (deficiency) of revenues and other sources over (under) expenditures and other uses</b>	<b>127,627</b>	<b>(194,746)</b>	<b>(2,539,552)</b>	<b>(392,965)</b>	<b>(2,999,636)</b>
Fund balances, October 1, 2009	5,926,757	6,296,946	4,876,552	5,186,674	22,286,929
Fund balances, September 30, 2010	<u>\$ 6,054,384</u>	<u>\$ 6,102,200</u>	<u>\$ 2,337,000</u>	<u>\$ 4,793,709</u>	<u>\$ 19,287,293</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, 2010**

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

Net change in fund balances - total governmental funds	\$ (2,999,636)
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.	1,809,120
The net effect of various miscellaneous transactions involving capital assets.	(29,737)
Increase in revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	280,172
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.	(71,708)
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.	2,407,040
Change in net assets of governmental activities - statement of activities	\$ 1,395,251

**WISE COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**- Budget and Actual -**  
**General Fund**  
**For the Fiscal Year Ended September 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 20,669,000	\$ 20,853,864	\$ 24,454,047	\$ 3,600,183
Sales tax	3,700,000	3,469,503	3,469,502	(1)
Intergovernmental	357,120	381,230	387,136	5,906
Fees of office	5,607,200	5,278,345	3,904,013	(1,374,332)
Fines and forfeitures	572,000	515,956	515,955	(1)
Interest	134,500	32,572	32,569	(3)
Royalties and rentals	376,000	506,494	628,501	122,007
Solid waste fees	446,000	442,676	442,673	(3)
Miscellaneous revenues and donations	277,708	342,534	354,628	12,094
<b>Total revenues</b>	<b>32,139,528</b>	<b>31,823,174</b>	<b>34,189,024</b>	<b>2,365,850</b>
<b>Expenditures</b>				
Current:				
General government	4,864,215	4,599,988	6,743,314	(2,143,326)
Judicial	2,700,978	2,586,125	2,581,025	5,100
Legal	1,706,295	1,630,110	1,630,078	32
Elections	279,036	267,508	267,498	10
Financial administration	1,825,668	1,731,911	1,731,874	37
Public facilities	3,049,124	2,801,667	2,787,673	13,994
Public safety	13,676,201	13,357,485	13,355,648	1,837
Health and welfare	950,398	818,767	818,756	11
Culture and recreation	289,029	279,082	279,076	6
Conservation	266,851	244,492	244,480	12
Capital outlay	160,000	187,787	212,614	(24,827)
<b>Total expenditures</b>	<b>29,767,795</b>	<b>28,504,922</b>	<b>30,652,036</b>	<b>(2,147,114)</b>
<b>Excess of revenues over expenditures</b>	<b>2,371,733</b>	<b>3,318,252</b>	<b>3,536,988</b>	<b>218,736</b>
<b>Other financing sources (uses)</b>				
Operating transfers in	1,609,953	1,601,887	1,601,886	(1)
Operating transfers out	(5,680,919)	(5,250,893)	(5,016,414)	234,479
Sales of assets	10,000	-	5,167	5,167
<b>Total other financing sources (uses)</b>	<b>(4,060,966)</b>	<b>(3,649,006)</b>	<b>(3,409,361)</b>	<b>239,645</b>
<b>Excess (deficiency) of revenues and other sources over (under) expenditures and other uses</b>	<b>(1,689,233)</b>	<b>(330,754)</b>	<b>127,627</b>	<b>458,381</b>
Carryover from prior year fund balance	1,689,233	330,754	-	(330,754)
Fund balances, October 1, 2009	5,926,757	5,926,757	5,926,757	-
<b>Fund balances, September 30, 2010</b>	<b>\$ 5,926,757</b>	<b>\$ 5,926,757</b>	<b>\$ 6,054,384</b>	<b>\$ 127,627</b>

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

**WISE COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**- Budget and Actual -**  
**Lateral Road Fund**  
**For the Fiscal Year Ended September 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 7,107,900	\$ 7,197,760	\$ 7,197,747	\$ (13)
License and permits	1,480,000	1,372,606	1,372,604	(2)
Intergovernmental	140,000	135,492	135,488	(4)
Fines and forfeitures	808,000	875,496	875,485	(11)
Interest	68,300	16,935	16,931	(4)
Miscellaneous revenues and donations	28,200	67,873	67,868	(5)
<b>Total revenues</b>	<u>9,632,400</u>	<u>9,666,162</u>	<u>9,666,123</u>	<u>(39)</u>
<b>Expenditures</b>				
Current:				
General government	69,600	57,993	57,992	1
Public transportation	7,638,613	6,133,212	6,083,804	49,408
Capital outlay	4,383,576	4,137,603	4,137,601	2
<b>Total expenditures</b>	<u>12,091,789</u>	<u>10,328,808</u>	<u>10,279,397</u>	<u>49,411</u>
Deficiency of revenues under expenditures	<u>(2,459,389)</u>	<u>(662,646)</u>	<u>(613,274)</u>	<u>49,372</u>
Other financing sources (uses)				
Operating transfers in	365,000	363,860	394,859	30,999
Operating transfers out	-	(366,062)	(22,500)	343,562
Sales of assets	360,000	45,414	46,169	755
<b>Total other financing sources (uses)</b>	<u>725,000</u>	<u>43,212</u>	<u>418,528</u>	<u>375,316</u>
Deficiency of revenues and other sources under expenditures and other uses	<u>(1,734,389)</u>	<u>(619,434)</u>	<u>(194,746)</u>	<u>424,688</u>
Carryover from prior year fund balance	1,734,389	619,434	-	(619,434)
Fund balances, October 1, 2009	<u>6,296,946</u>	<u>6,296,946</u>	<u>6,296,946</u>	<u>-</u>
Fund balances, September 30, 2010	<u>\$ 6,296,946</u>	<u>\$ 6,296,946</u>	<u>\$ 6,102,200</u>	<u>\$ (194,746)</u>

**WISE COUNTY, TEXAS**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**September 30, 2010**

<b>Assets</b>	
Cash	\$ 1,889,543
Investments	130,760
Receivables:	
Property taxes - for other governments	65,187
Due from other funds	<u>85</u>
 Total assets	 <u><u>\$ 2,085,575</u></u>
 <b>Liabilities</b>	
Accounts payable	\$ 195
Deposits held and due to others	2,020,100
Due to other funds	93
Property taxes to be collected - due to other governments	<u>65,187</u>
 Total liabilities	 <u><u>\$ 2,085,575</u></u>

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

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2010**

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

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

The accounting and reporting framework and the more significant accounting principles and practices are discussed below. The remainder of the Notes is organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended September 30, 2010.

**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, Lateral Road 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, 2010**

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

**The Capital Projects Fund** 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.

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2010**

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

- (F) Expenditures in excess of appropriations are required by state statutes to be reported down to the departmental classification.
- (G) The budgeted amounts presented in these statements are as originally adopted, or as amended by, the Commissioners' Court during the year ended September 30, 2010.

**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 certificates of obligation and tax notes payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$12,300,909 difference are as follows:

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2010**

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

Certificate of obligation and tax notes payable:	\$ 11,675,000
Less: deferred charge for issuance costs and premium (to be amortized over life of debt)	(27,977)
Accrued interest payable	58,784
Compensated absences	<u>595,102</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	 <u><u>\$ 12,300,909</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 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." The details of this \$1,809,120 difference are as follows:

Capital outlay and other reclassifications	\$ 7,180,306
Depreciation expense	<u>(5,371,186)</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>\$ 1,809,120</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 \$29,737 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>(29,737)</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>\$ (29,737)</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 \$2,407,040 difference are as follows:

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2010**

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

Principal repayments	
Certificates of obligation and tax notes	\$ 2,405,000
Change in accrued interest	11,922
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>\$ 2,407,040</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 \$71,708 difference are as follows:

Compensated absences	\$ (60,617)
Decrease in allowance for uncollectible accounts receivable	<u>(11,091)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (71,708)</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 of Public Accounts oversees TexPool with 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, 2010**

**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, 2010, the County had the following investments:

	<u>Market Value</u>	<u>% of Total</u>
Certificates of Deposit- Agency Funds	\$ 110,168	0.61%
TexPool		
Governmental Funds	17,944,500	99.28%
Agency Funds	<u>20,592</u>	<u>0.11%</u>
Total Investments	<u>\$ 18,075,260</u>	<u>100.00%</u>

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, 2010, 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, 2010, 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, 2010, 99.39% of the County's investments were included in local government investment pools and .61% was 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, 2010, 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, 2010, to finance maintenance and operations (M&O) of the County was \$.388700 per \$100 valuation.

During the fiscal year, the County levied .05 per \$100 of appraised valuation for the Weatherford College Branch Campus Maintenance Tax (WCBCMT) to be used for the operations of the Wise County Branch Campus.

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2010**

**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- (M&O)	\$ 743,877
General- (WCBCMT)	58,083
Lateral Road	261,905
Total	<u>\$ 1,063,865</u>

**Note G – Interfund Balances**

During the course of the fiscal year, interfund payables and receivables arise. The following were outstanding as of September 30, 2010.

<u>Receivable From</u>	<u>Payable To</u>	<u>Amount</u>
General fund	General fund	\$ 48,197
	Other governmental funds	677
	Agency funds	85
	Lateral road fund	935
Lateral road fund	General fund	684
	Lateral road fund	129
Other governmental funds	General fund	20,547
Agency funds	General fund	93
Total		<u>\$ 71,347</u>

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

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2010**

**Note H – Capital Assets**

Capital asset activity for the year ended September 30, 2010 was as follows:

	Balance 10/1/09	Additions	Deletions	Balance 9/30/10
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 787,127	\$ 8,000	\$	\$ 795,127
Construction in progress	459,919	2,846,643	198,317	3,108,245
<b>Total capital assets not being depreciated</b>	<b>1,247,046</b>	<b>2,854,643</b>	<b>198,317</b>	<b>3,903,372</b>
<b>Other capital assets</b>				
Buildings and improvements	25,299,703	29,870	228,318	25,101,255
Infrastructure	69,346,041	3,761,819		73,107,860
Machinery and equipment	20,559,431	960,609	266,115	21,253,925
<b>Total other capital assets</b>	<b>115,205,175</b>	<b>4,752,298</b>	<b>494,433</b>	<b>119,463,040</b>
<b>Less accumulated depreciation for:</b>				
Building and improvements	8,055,440	557,353		8,612,793
Infrastructure	36,388,444	2,344,758		38,733,202
Machinery and equipment	9,440,470	2,469,075	236,378	11,673,167
<b>Total accumulated depreciation</b>	<b>53,884,354</b>	<b>5,371,186</b>	<b>236,378</b>	<b>59,019,162</b>
<b>Other capital assets, net</b>	<b>61,320,821</b>	<b>(618,888)</b>	<b>258,055</b>	<b>60,443,878</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 62,567,867</b>	<b>\$ 2,235,755</b>	<b>\$ 456,372</b>	<b>\$ 64,347,250</b>

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

<b>Governmental activities:</b>	
General government	\$ 149,592
Judicial	5,223
Legal	11,508
Financial administration	5,524
Public facilities	666,411
Public safety	874,676
Public transportation	3,460,480
Culture and recreation	184,816
Conservation	12,956
<b>Total depreciation for governmental activities</b>	<b>\$ 5,371,186</b>

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2010**

**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 \$1,050,000 to \$650,000 through August 15, 2014.
- ◆ Interest rates ranging from 3.99% to 4.22%.
- ◆ Outstanding balance of \$3,955,000 at September 30, 2010.

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.
- ◆ Remaining annual installment of \$550,000 due August 15, 2011.
- ◆ Interest rate of 3.699%.
- ◆ Outstanding balance of \$550,000 at September 30, 2010.

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.
- ◆ Payable in annual installments of \$1,065,000 to \$2,530,000 through August 15, 2014.
- ◆ Interest rate of 4.000%.
- ◆ Outstanding principal balance of \$7,170,000 at September 30, 2010.

The following are changes by type of debt:

	Balance 10/1/09	Increase	Decrease	Balance 09/30/10
Tax Notes-Series 2005	\$ 1,050,000	\$ -	\$ 500,000	\$ 550,000
Tax Notes-Series 2008	8,075,000	-	905,000	7,170,000
Certificates of Obligation	4,955,000	-	1,000,000	3,955,000
Compensated Absences	534,485	60,617	-	595,102
<b>Totals</b>	<b>\$ 14,614,485</b>	<b>\$ 60,617</b>	<b>\$ 2,405,000</b>	<b>\$ 12,270,102</b>

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2010**

**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	
2011	\$ 1,615,000	\$ 307,145	\$ 1,050,000	\$ 159,300	\$ 3,131,445
2012	1,670,000	244,200	1,100,000	117,405	3,131,605
2013	1,905,000	177,400	1,155,000	73,515	3,310,915
2014	2,530,000	101,200	650,000	27,430	3,308,630
<b>Totals</b>	<b>\$ 7,720,000</b>	<b>\$ 829,945</b>	<b>\$ 3,955,000</b>	<b>\$ 377,650</b>	<b>\$ 12,882,595</b>

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

**Note J - 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, 2010 the value of accumulated vacation benefits was \$595,102 and the value of accumulated sick pay benefits was approximately \$416,596.

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	\$ 5,016,414
Lateral road fund	22,500
Other governmental funds	167,933
<b>Total transfers out</b>	<b>\$ 5,206,847</b>
Transfers In	
Fund	Amount
General fund	\$ 1,601,886
Lateral road fund	394,859
Other governmental funds	3,210,102
<b>Total transfers in</b>	<b>\$ 5,206,847</b>

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2010**

**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 capital assets between funds.

**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 602 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 8.95% for the months of the accounting year in 2009, and 9.43% for the months of the accounting year in 2010.

The deposit rate payable by the employee members for calendar year 2010 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

The required contribution was determined as part of the December 31, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2009 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2009 was 20 years.

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2010**

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

**Funded Status and Funding Progress**

As of December 31, 2009, the most recent actuarial valuation date, the plan was 85.24% funded. The actuarial accrued liability for benefits was \$32,243,385, and the actuarial value of assets was \$27,483,445, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,759,940. The covered payroll (annual payroll of active employees covered by the plan) was \$16,776,350 and the ratio of the UAAL to the covered payroll was 28.37%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

<u>Actuarial Valuation Information</u>			
Actuarial valuation date	12/31/2007	12/31/2008	12/31/2009
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	20	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
<b>Actuarial Assumptions:</b>			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.30%	5.30%	5.40%
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
9/30/2008	\$ 1,199,458	100%	\$ -
9/30/2009	1,408,719	100%	-
9/30/2010	1,526,310	100%	-

**Note M - Postemployment Benefits Other Than Pensions**

**Plan Description:**

The County participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the Texas County and District Retirement System (TCDRS.) This plan is referred to as the 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.

**WISE COUNTY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2010**

**Note M - Postemployment Benefits Other Than Pensions (Continued)**

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](http://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 the OGTLF for the years ended September 30, 2010, 2009, and 2008 were \$54,189, \$51,941, and \$46,349, respectively, which equaled the contractually required contributions each year.

**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 – Expenditures in Excess of Appropriations**

The General Fund incurred expenditures in excess of appropriations of \$2,147,114 primarily due to the Weatherford College - Wise County Branch Campus Maintenance Tax payments to Weatherford College for operations of the Wise County branch Campus not included in the County's budget.

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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 )
12/31/2007	\$ 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%
12/31/2009	27,483,448	32,243,385	4,759,937	85.24%	16,776,350	28.37%

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## COMBINING AND BUDGET STATEMENTS

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**MAJOR GOVERNMENTAL FUNDS COMBINING AND  
BUDGETARY COMPARISON STATEMENTS**

**WISE COUNTY, TEXAS**  
**Combining Balance Sheet**  
**Lateral Road Fund**  
**September 30, 2010**

<b>Assets</b>	Right of Way and Fencing	Precinct No. 1	Precinct No. 2	Precinct No. 3	Precinct No. 4	County Thoroughfare	<b>Total Lateral Road Fund</b>
Cash	\$ 65,911	\$ 76,863	\$ 121,897	\$ 162,933	\$ 149,895	\$ 874	\$ 578,373
Investments	391,000	978,000	2,011,000	631,000	572,000	973,000	5,556,000
Receivables:							
Property taxes (net of allowance of \$77,462)	13,095	60,896	73,949	55,372	58,593		261,905
Miscellaneous	26,652	3,558	3,558	3,557	3,558		40,883
Due from other funds		314	293	235	222		1,064
Due from other governments		26,764	26,764	26,764	58,519		138,811
<b>Total assets</b>	<b>\$ 496,658</b>	<b>\$ 1,146,395</b>	<b>\$ 2,237,461</b>	<b>\$ 879,861</b>	<b>\$ 842,787</b>	<b>\$ 973,874</b>	<b>\$ 6,577,036</b>
<b>Liabilities and fund balances</b>							
Liabilities:							
Accounts payable	\$ 11,511	\$ 66,828	\$ 18,570	\$ 81,542	\$ 6,484	\$	\$ 184,935
Due to other funds		813					813
Due to other governments			531				531
Deferred revenue:							
Property taxes	13,095	60,896	73,949	55,372	58,593		261,905
Other	26,652						26,652
<b>Total liabilities</b>	<b>51,258</b>	<b>128,537</b>	<b>93,050</b>	<b>136,914</b>	<b>65,077</b>	<b>-</b>	<b>474,836</b>
Fund balances							
Unreserved	445,400	1,017,858	2,144,411	742,947	777,710	973,874	6,102,200
<b>Total fund balances</b>	<b>445,400</b>	<b>1,017,858</b>	<b>2,144,411</b>	<b>742,947</b>	<b>777,710</b>	<b>973,874</b>	<b>6,102,200</b>
<b>Total liabilities and fund balances</b>	<b>\$ 496,658</b>	<b>\$ 1,146,395</b>	<b>\$ 2,237,461</b>	<b>\$ 879,861</b>	<b>\$ 842,787</b>	<b>\$ 973,874</b>	<b>\$ 6,577,036</b>

**WISE COUNTY, TEXAS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Lateral Road Fund**  
**For the Fiscal Year Ended September 30, 2010**

	Right of Way and Fencing	Precinct No. 1	Precinct No. 2	Precinct No. 3	Precinct No. 4	County Thoroughfare	Total Lateral Road Fund
<b>Revenues</b>							
Property taxes	\$ 359,887	\$ 1,673,548	\$ 2,032,284	\$ 1,521,748	\$ 1,610,280	\$	\$ 7,197,747
Licenses and permits		343,151	343,151	343,151	343,151		1,372,604
Intergovernmental		33,872	33,872	33,872	33,872		135,488
Fines and forfeitures		218,877	218,871	218,873	218,864		875,485
Interest	1,264	3,458	4,941	2,251	2,929	2,088	16,931
Miscellaneous revenues and donations		59,310	2,466	3,401	2,691		67,868
<b>Total revenues</b>	<b>361,151</b>	<b>2,332,216</b>	<b>2,635,585</b>	<b>2,123,296</b>	<b>2,211,787</b>	<b>2,088</b>	<b>9,666,123</b>
<b>Expenditures</b>							
Current:							
General Government	57,992						57,992
Public transportation	137,995	1,449,913	1,757,016	1,438,245	1,277,393	23,242	6,083,804
Capital outlay	171,953	1,170,133	594,794	610,474	1,231,318	358,929	4,137,601
<b>Total expenditures</b>	<b>367,940</b>	<b>2,620,046</b>	<b>2,351,810</b>	<b>2,048,719</b>	<b>2,508,711</b>	<b>382,171</b>	<b>10,279,397</b>
Excess of revenues over (under) expenditures	(6,789)	(287,830)	283,775	74,577	(296,924)	(380,083)	(613,274)
Other financing sources (uses)							
Operating transfers in	63,859	8,500			22,500	300,000	394,859
Operating transfers out				(22,500)			(22,500)
Sale of assets		14,414			31,755		46,169
Total financing sources (uses)	63,859	22,914	-	(22,500)	54,255	300,000	418,528
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	57,070	(264,916)	283,775	52,077	(242,669)	(80,083)	(194,746)
Fund balance, October 1, 2009	388,330	1,282,774	1,860,636	690,870	1,020,379	1,053,957	6,296,946
Fund balance, September 30, 2010	\$ 445,400	\$ 1,017,858	\$ 2,144,411	\$ 742,947	\$ 777,710	\$ 973,874	\$ 6,102,200

**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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 8,000	\$ 11,119	\$ 3,119
Interest	10,000	6,075	6,074	(1)
<b>Total revenues</b>	<u>10,000</u>	<u>14,075</u>	<u>17,193</u>	<u>3,118</u>
<b>Expenditures</b>				
Elections	39,200	39,200	-	39,200
Public safety	-	-	9,973	(9,973)
Capital outlay	3,603,152	2,553,629	2,546,772	6,857
<b>Total expenditures</b>	<u>3,642,352</u>	<u>2,592,829</u>	<u>2,556,745</u>	<u>36,084</u>
Deficiency of revenues under expenditures	(3,632,352)	(2,578,754)	(2,539,552)	39,202
Carryover from prior year fund balance	3,632,352	2,578,754	-	(2,578,754)
Fund balance, October 1, 2009	<u>4,876,552</u>	<u>4,876,552</u>	<u>4,876,552</u>	<u>-</u>
Fund balance, September 30, 2010	<u>\$ 4,876,552</u>	<u>\$ 4,876,552</u>	<u>\$ 2,337,000</u>	<u>\$ (2,539,552)</u>

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**NONMAJOR GOVERNMENTAL FUNDS COMBINING AND  
BUDGETARY COMPARISON STATEMENTS**

**WISE COUNTY, TEXAS**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**  
**September 30, 2010**

	Special Revenue Funds						Debt Service Fund	Total Nonmajor Governmental Funds
	Indigent Health Care	County Grants	County Clerk Record Management	Juvenile Probation TJPC 10-249	Other Special Revenue	Total Special Revenue		
<b>Assets</b>								
Cash	\$ 37,172	\$ 553,936	\$ 673,654	\$ 67,593	\$ 1,683,445	\$ 3,015,800	\$ 5,389	\$ 3,021,189
Investments	1,436,500			188,000		1,624,500	195,500	1,820,000
Miscellaneous					664	664		664
Due from other funds				25	652	677		677
Due from other governments		2,386		7,327		9,713		9,713
<b>Total assets</b>	<b>\$ 1,473,672</b>	<b>\$ 556,322</b>	<b>\$ 673,654</b>	<b>\$ 262,945</b>	<b>\$ 1,684,761</b>	<b>\$ 4,651,354</b>	<b>\$ 200,889</b>	<b>\$ 4,852,243</b>
<b>Liabilities and fund balances</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 17,226	\$	\$	\$ 11,940	\$ 7,582	\$ 36,748	\$	\$ 36,748
Due to other funds		20,433		114		20,547		20,547
Due to other governments	1,239					1,239		1,239
<b>Total liabilities</b>	<b>18,465</b>	<b>20,433</b>	<b>-</b>	<b>12,054</b>	<b>7,582</b>	<b>58,534</b>	<b>-</b>	<b>58,534</b>
<b>Fund balances</b>								
Reserved for debt service							200,889	200,889
Unreserved	1,455,207	535,889	673,654	250,891	1,677,179	4,592,820		4,592,820
<b>Total fund balances</b>	<b>1,455,207</b>	<b>535,889</b>	<b>673,654</b>	<b>250,891</b>	<b>1,677,179</b>	<b>4,592,820</b>	<b>200,889</b>	<b>4,793,709</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,473,672</b>	<b>\$ 556,322</b>	<b>\$ 673,654</b>	<b>\$ 262,945</b>	<b>\$ 1,684,761</b>	<b>\$ 4,651,354</b>	<b>\$ 200,889</b>	<b>\$ 4,852,243</b>

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

**WISE COUNTY, TEXAS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended September 30, 2010**

	Special Revenue Funds					Debt Service Fund	Total Nonmajor Governmental Funds
	Indigent Health Care	County Grants	County Clerk Record Management	Juvenile Probation T/JPC 10-249	Other Special Revenue		
<b>Revenues</b>							
Intergovernmental		\$ 595,459	\$ 157,935	\$ 481,899	\$ 45,344	\$ 1,122,702	\$ 1,122,702
Fees of office					274,185	432,120	432,120
Interest	3,173			735	139	4,047	4,641
Miscellaneous revenues and donations	19,873			1,000	111,854	132,727	132,727
<b>Total revenues</b>	<b>23,046</b>	<b>595,459</b>	<b>157,935</b>	<b>483,634</b>	<b>431,522</b>	<b>1,691,596</b>	<b>1,692,190</b>
<b>Expenditures</b>							
Current:							
General government			198,456		52,298	250,754	250,754
Legal					50,547	50,547	50,547
Elections					14,626	14,626	14,626
Public safety		352,590		815,679	29,593	1,197,862	1,197,862
Public transportation					49,442	49,442	49,442
Health and welfare	314,012	267,547			15,772	314,012	314,012
Capital outlay						283,319	283,319
Debt service						-	2,405,000
Principal retirement							561,762
Interest and fiscal charges							
<b>Total expenditures</b>	<b>314,012</b>	<b>620,137</b>	<b>198,456</b>	<b>815,679</b>	<b>212,278</b>	<b>2,160,562</b>	<b>5,127,324</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(290,966)</b>	<b>(24,678)</b>	<b>(40,521)</b>	<b>(332,045)</b>	<b>219,244</b>	<b>(468,966)</b>	<b>(3,435,134)</b>
<b>Other financing sources (uses)</b>							
Operating transfers in			16,000	217,258	16,589	249,847	2,960,255
Operating transfers out		(20,433)	(102,500)		(45,000)	(167,933)	(167,933)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(20,433)</b>	<b>(86,500)</b>	<b>217,258</b>	<b>(28,411)</b>	<b>81,914</b>	<b>3,042,169</b>
<b>Excess (deficiency) of revenues and other sources over (under) expenditures and other uses</b>	<b>(290,966)</b>	<b>(45,111)</b>	<b>(127,021)</b>	<b>(114,787)</b>	<b>190,833</b>	<b>(387,052)</b>	<b>(392,965)</b>
Fund balances, October 1, 2009	1,746,173	581,000	800,675	365,678	1,486,346	4,979,872	5,186,674
Fund balances, September 30, 2010	\$ 1,455,207	\$ 535,889	\$ 673,654	\$ 250,891	\$ 1,677,179	\$ 4,592,820	\$ 4,793,709

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

**WISE COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**- Budget and Actual -**  
**Non Major - Special Revenue Funds**  
**For the Fiscal Year Ended September 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 947,916	\$ 984,301	\$ 1,122,702	\$ 138,401
Fees of office	402,450	438,984	432,120	(6,864)
Interest	19,000	4,313	4,047	(266)
Miscellaneous revenues and donations	159,800	131,731	132,727	996
<b>Total revenues</b>	1,529,166	1,559,329	1,691,596	132,267
<b>Expenditures</b>				
Current:				
General government	924,850	250,757	250,754	3
Legal	68,606	16,956	50,547	(33,591)
Elections	26,000	14,626	14,626	-
Public safety	1,323,461	1,286,912	1,197,862	89,050
Public transportation	65,000	49,443	49,442	1
Health and welfare	1,385,400	314,013	314,012	1
Capital outlay	281,564	148,720	283,319	(134,599)
<b>Total expenditures</b>	4,074,881	2,081,427	2,160,562	(79,135)
Excess (deficiency) of revenues over (under) expenditures	(2,545,715)	(522,098)	(468,966)	53,132
Other financing sources (uses)				
Operating transfers in	381,995	410,133	249,847	(160,286)
Operating transfers out	(167,500)	(147,500)	(167,933)	(20,433)
<b>Total other financing sources (uses)</b>	214,495	262,633	81,914	(180,719)
Deficiency of revenues and other sources under expenditures and other uses	(2,331,220)	(259,465)	(387,052)	(127,587)
Carryover from prior year fund balance	2,331,220	259,465	-	(259,465)
Fund balances, October 1, 2009	4,979,872	4,979,872	4,979,872	-
Fund balances, September 30, 2010	\$ 4,979,872	\$ 4,979,872	\$ 4,592,820	\$ (387,052)

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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest	\$ 2,400	\$ 595	\$ 594	\$ (1)
Total revenues	<u>2,400</u>	<u>595</u>	<u>594</u>	<u>(1)</u>
<b>Expenditures</b>				
Debt and capital lease debt service:				
Principal retirement	2,405,000	2,405,000	2,405,000	-
Interest and fiscal charges	<u>557,655</u>	<u>561,764</u>	<u>561,762</u>	<u>2</u>
Total expenditures	<u>2,962,655</u>	<u>2,966,764</u>	<u>2,966,762</u>	<u>2</u>
Deficiency of revenues under expenditures	(2,960,255)	(2,966,169)	(2,966,168)	1
Other financing sources				
Operating transfers in	<u>2,960,255</u>	<u>2,960,255</u>	<u>2,960,255</u>	<u>-</u>
Total other financing sources	<u>2,960,255</u>	<u>2,960,255</u>	<u>2,960,255</u>	<u>-</u>
Deficiency of revenues and other sources under expenditures	-	(5,914)	(5,913)	1
Carryover from prior year fund balance	-	5,914	-	(5,914)
Fund balances, October 1, 2009	<u>206,802</u>	<u>206,802</u>	<u>206,802</u>	<u>-</u>
Fund balances, September 30, 2010	<u>\$ 206,802</u>	<u>\$ 206,802</u>	<u>\$ 200,889</u>	<u>\$ (5,913)</u>

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

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AGENCY FUNDS

**WISE COUNTY, TEXAS**  
**Combining Statement of Fiduciary Assets and Liabilities -**  
**All Agency Funds**  
**September 30, 2010**

	Jail Industries	Inmate Work Release	District Attorney Criminal Justice	District Attorney Fee	County Attorney Fee	Bond Holding	Juvenile Probation Fee	Jury Fund	Stray Animal
<b>Assets</b>									
Cash	\$ 17,292	\$ 18,089	\$ 41,782	\$ 9,312	\$ 25,513	\$ 232,742	\$ 20,509	\$ 8,552	\$ 1,250
Investments	20,250								
Receivables:									
Property Taxes - for other governments									
Due from other funds	85								
<b>Total assets</b>	<b>\$ 37,627</b>	<b>\$ 18,089</b>	<b>\$ 41,782</b>	<b>\$ 9,312</b>	<b>\$ 25,513</b>	<b>\$ 232,742</b>	<b>\$ 20,509</b>	<b>\$ 8,552</b>	<b>\$ 1,250</b>
<b>Liabilities</b>									
Accounts payable	\$ 195	\$	\$	\$	\$	\$	\$	\$	\$
Deposits held and due to others	37,339	18,089	41,782	9,312	25,513	232,742	20,509	8,552	1,250
Due to other funds	93								
Property taxes to be collected - due to other governments									
<b>Total liabilities</b>	<b>\$ 37,627</b>	<b>\$ 18,089</b>	<b>\$ 41,782</b>	<b>\$ 9,312</b>	<b>\$ 25,513</b>	<b>\$ 232,742</b>	<b>\$ 20,509</b>	<b>\$ 8,552</b>	<b>\$ 1,250</b>

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

**WISE COUNTY, TEXAS**  
**Combining Statement of Fiduciary Assets and Liabilities -**  
**All Agency Funds**  
**September 30, 2010**

	Fireman's Assoc. Fund	District Attorney Restitution	Sheriff's Department Bond and Fine	Tax A/C Special Inventory	Special Inventory	Inmate Trust Fund	Justice of Peace #4	Tax A/C Auto Registration	County Attorney Forfeiture	District Clerk Trust
<b>Assets</b>										
Cash	\$	\$ 1,147	\$ 16,145	\$ 118,487	\$ 2,526	\$ 17,420	\$ 108	\$ 848,557	\$ 5,527	\$ 314,917
Investments	342									
Receivables:										
Property Taxes - for other governments										
Due from other funds										
<b>Total assets</b>	<b>\$ 342</b>	<b>\$ 1,147</b>	<b>\$ 16,145</b>	<b>\$ 118,487</b>	<b>\$ 2,526</b>	<b>\$ 17,420</b>	<b>\$ 108</b>	<b>\$ 848,557</b>	<b>\$ 5,527</b>	<b>\$ 314,917</b>
<b>Liabilities</b>										
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deposits held and due to others	342	1,147	16,145	118,487	2,526	17,420	108	848,557	5,527	314,917
Due to other funds										
Property taxes to be collected - due to other governments										
<b>Total liabilities</b>	<b>\$ 342</b>	<b>\$ 1,147</b>	<b>\$ 16,145</b>	<b>\$ 118,487</b>	<b>\$ 2,526</b>	<b>\$ 17,420</b>	<b>\$ 108</b>	<b>\$ 848,557</b>	<b>\$ 5,527</b>	<b>\$ 314,917</b>

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

**WISE COUNTY, TEXAS**  
**Combining Statement of Fiduciary Assets and Liabilities -**  
**All Agency Funds**  
**September 30, 2010**

	County Credit Card	Tax Office	Sheriff's Department Commissary	Sheriff's Special Account	EFTPS	Bail Bond	County Attorney Restitution	Mobile Home Escrow	Property Taxes - Other Governments	Total Agency Funds
<b>Assets</b>										
Cash	\$ 1,087	\$ 2,049	\$ 99,222	\$ 56,434	\$ 287	\$ 3,810	\$ 20,705	\$ 6,074	\$	\$ 1,889,543
Investments		110,168								130,760
Receivables:										
Property Taxes - for other governments									65,187	65,187
Due from other funds										85
<b>Total assets</b>	<b>\$ 1,087</b>	<b>\$ 112,217</b>	<b>\$ 99,222</b>	<b>\$ 56,434</b>	<b>\$ 287</b>	<b>\$ 3,810</b>	<b>\$ 20,705</b>	<b>\$ 6,074</b>	<b>\$ 65,187</b>	<b>\$ 2,085,575</b>
<b>Liabilities</b>										
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 195
Deposits held and due to others	1,087	112,217	99,222	56,434	287	3,810	20,705	6,074		2,020,100
Due to other funds										93
Property taxes to be collected - due to other governments									65,187	65,187
<b>Total liabilities</b>	<b>\$ 1,087</b>	<b>\$ 112,217</b>	<b>\$ 99,222</b>	<b>\$ 56,434</b>	<b>\$ 287</b>	<b>\$ 3,810</b>	<b>\$ 20,705</b>	<b>\$ 6,074</b>	<b>\$ 65,187</b>	<b>\$ 2,085,575</b>

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

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STATISTICAL SCHEDULES

**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								
2001	\$ 12,397,729	\$ 299,178	\$ 1,374,416	\$ 2,640,721	\$ 688,473	\$ 557,782	\$ 41,183	\$ 215,461	\$ 393,373	\$ 19,755,484
2002	15,067,095	1,370,470	1,433,556	2,893,323	829,883	319,883	127,402	247,774	516,667	23,299,932
2003	16,461,867	573,175	1,321,502	2,724,430	845,455	317,151	254,284	227,939	948,999	24,082,710
2004	17,880,238	389,915	1,294,780	2,937,459	1,106,535	536,512	267,530	234,079	721,841	25,898,063
2005	19,705,869	677,179	1,311,124	2,991,966	1,193,466	613,268	412,713	278,437	482,060	28,210,956
2006	22,878,285	618,487	1,357,264	3,634,041	1,421,713	974,913	530,100	360,521	682,518	33,189,642
2007	26,428,292	618,168	1,567,496	4,520,330	1,605,113	1,254,926	1,177,743	355,922	710,574	39,236,803
2008	29,236,626	899,981	1,508,784	4,463,724	1,477,670	863,348	1,132,259	460,770	1,174,551	41,764,164
2009	31,502,288	1,156,235	1,415,776	4,459,122	1,394,617	248,836	373,935	467,713	696,222	41,831,842
2010	35,121,296	862,613	1,372,604	4,336,133	1,391,440	60,215	628,501	442,673	555,223	45,564,530

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

Fiscal Year	General Government	Judicial	Legal	Elections	Financial Administration	Public Facilities	Public Safety	Public Transportation	Health and Welfare	Culture and Recreation	Conservation	Debt Service	Total
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
2010	7,052,060	2,581,025	1,680,625	282,124	1,731,874	2,787,673	14,563,483	6,133,246	1,132,768	279,076	244,480	2,966,762	41,435,196

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

Fiscal Year	Total Tax Levy (Including Supplements)	Percent of			Total Tax Collections	Ratio of		Ratio of
		Current Tax Collections	Current Taxes Collected	Delinquent Tax Collections		Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	
2001	\$ 10,450,395	\$ 9,780,087	93.59%	\$ 414,798	\$ 10,194,885	\$ 1,123,107	97.56%	10.75%
2002	12,938,371	12,228,312	94.51%	415,260	12,643,572	1,327,546	97.72%	10.26%
2003	14,287,474	13,470,335	94.28%	502,464	13,972,799	1,561,971	97.80%	10.93%
2004	15,233,019	14,665,061	96.27%	476,971	15,142,032	1,692,179	99.40%	11.11%
2005	17,337,660	16,110,326	92.92%	560,059	16,670,385	1,625,449	96.15%	9.38%
2006	19,261,710	18,739,469	97.29%	509,337	19,248,806	1,677,164	99.93%	8.71%
2007	21,649,530	21,317,917	98.47%	618,934	21,936,851	1,379,477	101.33%	6.37%
2008	23,579,843	23,386,381	99.18%	436,392	23,822,773	1,324,336	101.03%	5.62%
2009	26,817,785	26,168,136	97.58%	430,189	26,598,325	1,358,915	99.18%	5.07%
2010	31,631,104	30,901,649	97.69%	384,090	31,285,739	1,474,240	98.91%	4.66%

**WISE COUNTY, TEXAS**  
**Computation of Legal Debt Margin**  
**September 30, 2010**

Assessed valuation:		
Assessed Valuation of Property		\$ 9,305,868,191
Less: Exemptions		<u>(2,257,694,767)</u>
 Taxable Assessed Value		 <u><u>\$ 7,048,173,424</u></u>
 Legal debt margin:		
Debt Limit (25 Percent of Assessed Value)		1,762,043,356
Debt applicable to limitation:		
Total Bonded Debt		
Add: Tax Notes	7,720,000	
Certificates of Obligation	3,955,000	
Less: Special assessment bonds		
Revenue bonds		
Amount available for repayment of bonded debt	<u>200,889</u>	
Total debt applicable to limitation		<u>11,474,111</u>
 Legal Debt Margin		 <u><u>\$ 1,750,569,245</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>
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
2010	66,950	7,048,173,424	11,675,000	200,889	11,474,111	0.163%	171.38

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**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, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 14, 2011. 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 deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 14, 2011.

This report is intended solely for the information and use of management, Commissioners' Court, others within the entity, and 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 14, 2011

**WISE COUNTY, TEXAS**  
**Summary Schedule of Prior Audit Findings**  
**For the Fiscal Year Ended September 30, 2010**

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

**WISE COUNTY, TEXAS**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended September 30, 2010**

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

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

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

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

Federal Awards

Internal control over major programs:

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

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

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

Any audit findings disclosed that are required to be Reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ yes  X  no

Identification of Major Programs:

- 10.666 Schools and Roads-Grants to Counties
- 10.904 ARRA - Watershed Protection and Flood Prevention
- 97.078 Buffer Zone Protection Program

Dollar threshold used to distinguish between Type A and Type B federal programs: \$300,000

Auditee qualified as a low-risk auditee? \_\_\_\_\_ yes  X  no

**Section II – Financial Statement Findings**

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

None Reported.

**Section III – Federal Award Findings and Questioned Costs**

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

**WISE COUNTY, TEXAS**  
**Corrective Action Plan**  
**For the Fiscal Year Ended September 30, 2010**

**Financial Statement Findings:**

There are no current year financial statement findings.

**Federal Award Findings:**

There are no current year federal award findings.

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FEDERAL AWARDS SECTION



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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited Wise County, Texas' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010. Wise County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Wise County's management. Our responsibility is to express an opinion on Wise County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wise County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Wise County's compliance with those requirements.

In our opinion, Wise County, Texas, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

Internal Control Over Compliance

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

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

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

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

*Snow, Garrett & Company*

Snow, Garrett & Company, CPA's  
February 14, 2011

**WISE COUNTY, TEXAS**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended September 30, 2010**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures
<u>U.S. Department of Agriculture</u>			
Direct Programs			
Schools and Roads - Grants to Counties	10.666		\$ 161,439
Passed Through Natural Resources Conservation Service ARRA - Watershed Protection and Flood Prevention	10.904		<u>133,832</u>
Total U.S. Department of Agriculture			<u>295,271</u>
<u>U.S. Department of Justice</u>			
Direct Programs			
State Criminal Alien Assistance Program	16.606		19,945
Bullet Proof Vest Partnership Program	16.607		7,824
ARRA - Recovery Act - Edward Byrne Memorial Justice Grant (JAG) Grants to Units of Local Governments	16.804		67,189
Passed Through Office of Governor- Criminal Justice Division ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Grants to States and Territories	16.803	SU-09-A10-22049-01	82,987
Passed Through Office of Attorney General Statewide Automated Victim Information Notification Program	16.740	09-13103	<u>19,419</u>
Total U.S. Department of Justice			<u>197,364</u>
<u>U.S. General Services Administration</u>			
Passed Through Texas Facilities Commission			
Donation of Federal Surplus Personal Property HAVA Team Compatibility	39.003	25880	21,119
	39.011	79239	<u>8,000</u>
Total U.S. General Services Administration			<u>29,119</u>
<u>U.S. Election Commission</u>			
Passed Through Office of Secretary of State Help America Vote Act	90.401	78724	<u>47,840</u>
Total U.S. Election Commission			<u>47,840</u>
<u>U.S. Department of Health and Human Services</u>			
Passed Through Office of Attorney General			
Child Support Enforcement	93.563	249	1,044
Passed Through Texas Juvenile Probation Commission			
Title IV-E Foster Care	93.658	TJPC-E-2009-249	426
Title IV-E Foster Care	93.658	TJPC-E-2010-249	22,454
Passed Through Office of Secretary of State			
Voting Access for Individuals with Disabilities	93.617	78094	6,500
Voting Access for Individuals with Disabilities	93.617	78353	<u>2,314</u>
Total U.S. Department of Health and Human Services			<u>32,738</u>
<u>U.S. Department of Homeland Security</u>			
Passed Through Texas Department of Public Safety-			
Division of Emergency Management Buffer Zone Protection Program	97.078	2008-BZ-T8-0007	<u>191,500</u>
Total U.S. Department of Homeland Security			<u>191,500</u>
Total Expenditures of Federal Awards			<u>\$ 793,832</u>

See Notes to Schedule on following page.

**WISE COUNTY, TEXAS**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended September 30, 2010**

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

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

Note 2: Amounts passed through by Wise County

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

CFDA No. 10.666, Schools and Roads - Grants to Counties grant expenditures includes \$80,719 passed through to:

Alvord Independent School District	\$ 53,921
Chico Independent School District	2,179
Decatur Independent School District	17,758
Slidell Independent School District	<u>6,861</u>
Total passed through by Wise County	<u>\$ 80,719</u>