
WISE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2013

Wise County, Texas
Annual Financial Report
For the Fiscal Year Ended September 30, 2013

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Financial Section



SNOWGARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of the Commissioner's 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wise County's basic financial statements. The combining and budget statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic 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 basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and budget statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reported dated February 12, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wise County's internal control over financial reporting and compliance.

Snow Garrett Williams

Snow Garrett Williams
February 12, 2014

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, 2013. 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 2013 by \$68,123,421 (*net position*). Of this amount, \$8,733,590 is restricted for specific purposes, \$48,539,586 is net investment in capital assets and \$10,850,245 represents unrestricted net position.
- In contrast to the government-wide statements, the fund statements report a combined fund balance at year-end of \$16,999,571, a decrease of \$1,551,418 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,785,675, or 9% of total general fund expenditures.
- The County's total long-term debt decreased by a net amount of \$2,993,843 during the current fiscal year primarily as a result of scheduled annual debt service payments and amortization of bond premium.

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, 3) notes to the financial statements, and 4) other required supplementary information. 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 position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year using the full accrual basis of accounting. All changes in net position 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 thirty-four individual governmental funds – twenty-eight special revenue funds, three capital projects funds, two debt service funds, 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, Capital Projects Fund and Debt Service 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 governmental fund financial statements can be found on pages 15 through 17 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 18 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 19 through 32 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including budgetary comparison statements for the General Fund and Lateral Road Funds and the schedule of funding progress for the retirement plan. The required supplementary information can be found on pages 34 through 36 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$68,123,421 as of September 30, 2013.

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

A significant portion (71%) of the County's net position reflects its net 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. 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 13% of the County's net position represents resources that are subject to external restrictions on how they may be used.

Wise County's Net Position

	Governmental Activities	
	2013	Restated 2012
Current and other assets	\$ 23,971,410	\$ 26,851,084
Capital assets, net of depreciation	80,591,865	82,725,609
Total assets	104,563,275	109,576,693
Long-term liabilities	33,071,673	36,065,516
Other liabilities	3,344,852	3,447,024
Total liabilities	36,416,525	39,512,540
Deferred inflows of resources	23,329	59,581
Net position:		
Net investment in capital assets	48,539,586	49,585,234
Restricted	8,733,590	9,928,127
Unrestricted	10,850,245	10,491,211
Total net position	\$ 68,123,421	\$ 70,004,572

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

The County's net position includes two prior period adjustments totaling \$1,177,999 that resulted in restated amounts for 2012. See Note A on page 23 of this report for additional information.

Governmental Activities

The County's governmental activities decreased net position by \$1,881,151 during the current fiscal year. The total cost of all governmental activities this year was \$51,093,255. The amount that our taxpayers paid for these activities through property taxes was \$31,990,543 or 63% of total governmental expenses.

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

Changes in Net Position

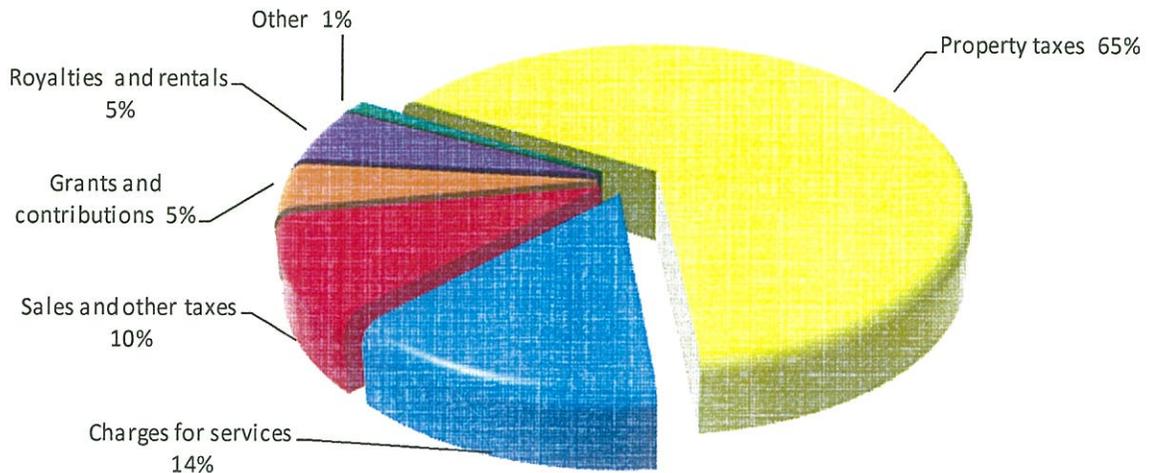
	Governmental Activities	
	2013	2012
Revenues:		
Program revenues:		
Charges for services	\$ 6,825,566	\$ 8,606,132
Operating grants and contributions	1,488,467	2,133,602
Capital grants and contributions	723,000	73,690
General revenues:		
Property taxes	31,990,543	30,772,752
Sales and other taxes	4,871,690	5,145,621
Investment earnings	40,975	56,180
Royalties and rentals	2,794,272	1,980,358
Other	477,591	502,442
Total revenues	49,212,104	49,270,777
Expenses:		
General government	7,001,600	6,928,833
Judicial	3,365,173	3,128,973
Legal	1,937,270	1,882,668
Elections	351,880	390,214
Financial administration	1,837,276	1,810,281
Public facilities	3,895,263	3,645,253
Public safety	16,391,197	16,047,679
Public transportation	11,942,071	13,054,028
Health and welfare	1,251,954	1,203,268
Culture and recreation	394,347	425,475
Conservation	280,706	316,207
Interest and other costs	2,444,518	3,170,068
Total expenses	51,093,255	52,002,947
Change in net position	(1,881,151)	(2,732,170)
Net position-beginning	71,182,571	73,914,741
Prior period adjustment	(1,177,999)	-
Net position-beginning, restated	70,004,572	73,914,741
Net position-ending	\$ 68,123,421	\$ 71,182,571

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

- Program revenues of \$9,037,033 equaled 18% of government expenses. As expected, general revenues (\$40,175,071) provided most of the required support and coverage for expenses;
- Public safety expenses increased \$343,518 from the previous year. 32% of total expenses are related to public safety. This category provided program revenues of about 6% of total revenues;
- The next largest category of expenses is public transportation at 23% of total expenses while public transportation program revenues provided about 5% of total revenues. Public transportation expenses decreased \$1,111,957 from the previous year;
- Grant revenues and contributions comprised about 4% of total revenues.

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

Revenues by Source



FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

Governmental funds. The general government functions are reported in the General, Special Revenue, Debt Service, and Capital Projects Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's annual financing and budgeting requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$16,999,571, a decrease of \$1,551,418 in comparison with the prior year. Approximately \$8,826,298 or 52% is restricted by external resources. Approximately \$2,785,675 or 16% of the total fund balance represents unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is committed or assigned to indicate that it is not available for new spending because it has already been set aside to fund public safety needs (\$462,817), to fund special road projects (\$1,275,167), to fund other state and local programs (\$640,289), to fund capital projects (\$1,518,452), and to fund indigent care (\$1,490,873).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,785,675, which is 54% of the total general fund balance. As a measure of the general fund's liquidity, we compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 9%, or slightly more than 32 days of total fund expenditures. It is the County's goal to achieve and maintain an unassigned general fund balance equal to 25% of budgeted expenditures. At September 30, 2013 the unassigned general fund balance represented 9% of general fund budgeted expenditures primarily due to the unusual circumstances related to funding of the 2011 Lease Revenue Bonds, which required that \$2.5 million of the bond proceeds be set aside for 25 years in a separate restricted account to be used for debt service (on the Lease Revenue Bonds) instead of repaying the County for its contribution to the Weatherford College project.

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

The fund balance of the County's general fund increased \$346,346 during the current fiscal year. This increase is primarily due to:

- Increase in property taxes received, fines and forfeitures revenues and solid waste fees revenue; and
- Decreases in general government, public facilities and conservation expenditures.

The debt service fund has a total fund balance of \$3,321,285, all of which is restricted for the payment of debt service and reserve requirements. The net increase in fund balance during the current year in the debt service fund was \$510,109, which is attributable to a full year of rental payments on the Weatherford College campus. Total debt principal, interest and fiscal charges in the debt service fund totaled \$5,581,035.

The capital projects fund had an ending fund balance of \$1,611,160, which is restricted or assigned for various capital projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

In total, the original general fund budget and the final general fund amended budget for expenditures and other financing uses was decreased by \$1,334,152 from the original to the final budget. Most of this difference resulted from a decrease in health and welfare expenditures.

The projected annual revenues and other financing sources decreased by \$96,482 from the original to the final budget. This was primarily due to an increase in property tax revenue collected and netted against a decrease in royalties and rentals in the current year. Actual revenues were \$147,654 less than amended budget amounts and actual total expenditures for the year were \$140,499 less than amended budget appropriations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The capital assets of the County are those assets (land, buildings, improvements, roads, bridges and machinery and equipment), which are used in the performance of the County's functions including current year expenditures for infrastructure assets. At September 30, 2013, net capital assets of the governmental activities totaled \$80,591,865. Depreciation on capital assets is recognized in the government-wide financial statements. Annual depreciation for buildings, improvements, infrastructure and machinery and equipment totaled \$5,438,128.

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

- Completion of the Wise County Weatherford College building;
- Infrastructure (bridges and roads) additions;
- Construction in progress of the radio tower paid partially out of the Homeland Security grant;
- Purchase of a mobile command post unit paid out of the Homeland Security grant; and
- Numerous vehicles for use in County departments.

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

	Governmental Activities	
	2013	2012
Land	\$ 3,826,235	\$ 3,831,235
Construction in progress	1,541,777	24,234,207
Buildings and improvements	38,672,922	15,299,997
Infrastructure	28,966,465	31,255,442
Machinery and equipment	7,584,466	8,104,728
Total	\$ 80,591,865	\$ 82,725,609

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

Additional information on the County's capital assets can be found in Note E on page 26 of this report.

Long-term debt. As of September 30, 2013, the County had certificates of obligation, tax notes and lease revenue bonds outstanding of \$32,135,000. Certificates of obligation, tax notes and lease revenue bonds retired in the current fiscal year totaled \$1,155,000, \$1,905,000, and \$45,000, respectively. Also included in the County's long-term debt are unamortized bond premium of \$9,987 and compensated absences payable of \$926,686.

Wise County's Outstanding Debt

	Governmental Activities	
	2013	2012
Certificates of obligation	\$ 650,000	\$ 1,805,000
Tax notes	2,530,000	4,435,000
Lease revenue bonds	28,955,000	29,000,000
Unamortized premium	9,987	25,965
Compensated absences	926,686	799,551
Total	\$ 33,071,673	\$ 36,065,516

During the current fiscal year, the County received an issuer credit rating of AA- on all of its obligations from Standard & Poor's except for the lease revenue bonds, which were not rated.

Additional information on the County's long-term debt can be found in Note G on pages 27 through 28 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The annual budgets and tax rates are 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 2014, 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.
- Industries in the County, which include the oil and gas industry, rock crusher industry, aerospace graphite products, sheet metal products, an electric plant, the completion of the 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.

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 County Auditor or County Treasurer at 207 North Church, Decatur, Texas 76234.

BASIC FINANCIAL STATEMENTS

WISE COUNTY, TEXAS
Statement of Net Position
September 30, 2013

	<u>Primary Government</u>
Assets	
Current assets:	
Cash	\$ 1,270,647
Investments	9,210,523
Receivables, taxes (net of allowance for uncollectible of \$497,954)	1,022,200
Receivables, accounts (net of allowance of \$319,518)	2,988,793
Due from other governments	524,336
Non-current assets:	
Restricted cash and investments	8,954,911
Capital assets	
Land and construction in progress	5,368,012
Other capital assets, net of depreciation	<u>75,223,853</u>
Total capital assets	<u>80,591,865</u>
Total assets	<u>104,563,275</u>
Liabilities	
Current liabilities:	
Accounts payable	570,545
Accrued salaries and benefits	908,332
Due to other governments	354,613
Deposits held and due to others	1,217,150
Accrued interest payable	294,212
Noncurrent liabilities:	
Due within one year	3,300,000
Due in more than one year	<u>29,771,673</u>
Total liabilities	<u>36,416,525</u>
Deferred Inflows of Resources	
Other	<u>23,329</u>
Total deferred inflows of resources	<u>23,329</u>
Net Position	
Net investment in capital assets	48,539,586
Restricted for:	
Debt service	3,321,285
State and federal programs	1,054,358
Records management	493,391
General government	36,406
Legal	523,159
Public safety	645,747
Roads and bridges	2,363,723
Teen court	407
Justice courts technology	295,114
Unrestricted	<u>10,850,245</u>
Total net position	<u><u>\$ 68,123,421</u></u>

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

WISE COUNTY, TEXAS
Statement of Activities
For the Fiscal Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
General government	\$ 7,001,600	\$ 1,195,676	\$ 220,465	\$ -	\$ (5,585,459)
Judicial	3,365,173	744,850	210,254	-	(2,410,069)
Legal	1,937,270	163,742	31,250	-	(1,742,278)
Elections	351,880	10,690	-	-	(341,190)
Financial administration	1,837,276	952,142	-	-	(885,134)
Public facilities	3,895,263	92,070	-	-	(3,803,193)
Public safety	16,391,197	1,502,748	776,941	723,000	(13,388,508)
Public transportation	11,942,071	2,113,422	241,252	-	(9,587,397)
Health and welfare	1,251,954	32,835	-	-	(1,219,119)
Culture and recreation	394,347	17,391	-	-	(376,956)
Conservation	280,706	-	8,305	-	(272,401)
Interest/fees on long-term debt	2,444,518	-	-	-	(2,444,518)
Total primary government	\$ 51,093,255	\$ 6,825,566	\$ 1,488,467	\$ 723,000	(42,056,222)

General revenues:	
Property taxes	31,990,543
Sales and other taxes	4,871,690
Investment earnings	40,975
Royalties and rentals	2,794,272
Loss on disposal of assets	(15,921)
Other	493,512
Total general revenues	40,175,071
Change in net position	(1,881,151)
Net position, October 1, 2012	71,182,571
Prior period adjustment	(1,177,999)
Net position, October 1, 2012, restated	70,004,572
Net position, September 30, 2013	\$ 68,123,421

WISE COUNTY, TEXAS
Balance Sheet
Governmental Funds
September 30, 2013

	General	Lateral Road Funds	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds	
Assets							
Cash	\$ 166,265	\$ 175,167	\$ 386,870	\$ -	\$ 542,345	\$ 1,270,647	
Investments	6,968,523	1,100,000	1,142,000	-	-	9,210,523	
Receivables:							
Property taxes (net of allowances of \$497,954)	702,490	224,729	-	-	94,981	1,022,200	
Accounts	86,039	25,397	-	-	1,689	113,125	
Due from other funds	-	-	13,709	-	-	13,709	
Due from other governments	375,598	74,720	-	-	74,018	524,336	
Restricted cash and investments	296,227	2,548,167	78,999	3,321,285	2,710,233	8,954,911	
Total assets	\$ 8,595,142	\$ 4,148,180	\$ 1,621,578	\$ 3,321,285	\$ 3,423,266	\$ 21,109,451	
Liabilities, deferred inflows of resources, and fund balances							
Liabilities							
Accounts payable	\$ 422,734	\$ 122,036	\$ 10,418	\$ -	\$ 15,357	\$ 570,545	
Accrued salaries and benefits	750,896	139,194	-	-	18,242	908,332	
Due to other funds	13,709	-	-	-	-	13,709	
Due to other governments	354,613	-	-	-	-	354,613	
Deposits held and due to others	1,217,150	-	-	-	-	1,217,150	
Total liabilities	2,759,102	261,230	10,418	-	33,599	3,064,349	
Deferred inflows of resources							
Property taxes	702,490	224,729	-	-	94,981	1,022,200	
Other	-	23,331	-	-	-	23,331	
Total deferred inflows of resources	702,490	248,060	-	-	94,981	1,045,531	
Fund balances							
Restricted for:							
Debt service	-	-	-	3,321,285	-	3,321,285	
Capital projects	-	-	92,708	-	-	92,708	
State and federal programs	-	-	-	-	1,054,358	1,054,358	
Records management	-	-	-	-	493,391	493,391	
General government	-	-	-	-	36,406	36,406	
Legal	-	-	-	-	523,159	523,159	
Public safety	-	-	-	-	645,747	645,747	
Roads and bridges	-	2,363,723	-	-	-	2,363,723	
Teen court	407	-	-	-	-	407	
Justice courts technology	295,114	-	-	-	-	295,114	
Committed to:							
Special road projects	-	1,275,167	-	-	-	1,275,167	
General government	-	-	-	-	346,968	346,968	
Public safety	462,817	-	-	-	-	462,817	
Public transportation	-	-	-	-	116,646	116,646	
Judicial	44,744	-	-	-	-	44,744	
Elections	-	-	-	-	50,869	50,869	
Legal	-	-	-	-	27,142	27,142	
Parks and recreation	53,920	-	-	-	-	53,920	
Assigned to:							
Capital projects	-	-	1,518,452	-	-	1,518,452	
Indigent care	1,490,873	-	-	-	-	1,490,873	
Unassigned	2,785,675	-	-	-	-	2,785,675	
Total fund balances	5,133,550	3,638,890	1,611,160	3,321,285	3,294,686	16,999,571	
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,595,142	\$ 4,148,180	\$ 1,621,578	\$ 3,321,285	\$ 3,423,266		
Amounts reported for governmental activities in the statement of net position are different because:							
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.							80,591,865
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.							1,022,200
Additional receivables, net of allowance, are not measurable and available in the current period and are not reported in the funds.							2,875,670
Some liabilities, including certificates of obligation, tax notes, bonds, bond premiums, compensated absences and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.							(33,365,885)
Net position of governmental activities - statement of net position							\$ 68,123,421

WISE COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
September 30, 2013

	General	Lateral Road Funds	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 21,723,982	\$ 6,742,021	\$ -	\$ -	\$ 3,478,241	\$ 31,944,244
Sales tax	4,836,208	-	-	-	-	4,836,208
Licenses and permits	-	1,347,172	-	-	-	1,347,172
Intergovernmental	604,603	241,252	-	-	1,359,430	2,205,285
Fees of office	4,276,594	-	-	-	405,004	4,681,598
Fines and forfeitures	598,461	721,852	-	-	-	1,320,313
Interest	22,792	7,255	3,328	6,635	965	40,975
Royalties and rentals	522,178	-	-	2,272,094	-	2,794,272
Solid waste fees	511,651	-	-	-	-	511,651
Miscellaneous revenues and donations	403,450	32,158	150,000	-	166,070	751,678
Total revenues	33,499,919	9,091,710	153,328	2,278,729	5,409,710	50,433,396
Expenditures						
Current:						
General government	3,196,019	-	-	-	3,794,412	6,990,431
Judicial	3,252,215	-	-	-	51,742	3,303,957
Legal	1,861,751	-	-	-	51,506	1,913,257
Elections	285,238	-	-	-	13,286	298,524
Financial administration	1,831,194	-	-	-	-	1,831,194
Public facilities	2,920,447	-	-	-	-	2,920,447
Public safety	14,348,911	-	20,700	-	1,063,073	15,432,684
Public transportation	-	8,541,811	-	-	60,612	8,602,423
Health and welfare	1,252,779	-	-	-	-	1,252,779
Culture and recreation	261,641	-	-	-	-	261,641
Conservation	276,137	-	-	-	-	276,137
Capital outlay	503,724	656,942	960,767	-	1,259,931	3,381,364
Debt service						
Principal retirement	-	-	-	3,105,000	-	3,105,000
Interest, issuance costs, and fiscal charges	-	-	-	2,476,035	-	2,476,035
Total expenditures	29,990,056	9,198,753	981,467	5,581,035	6,294,562	52,045,873
Excess (deficiency) of revenues over (under) expenditures	3,509,863	(107,043)	(828,139)	(3,302,306)	(884,852)	(1,612,477)
Other financing sources (uses)						
Operating transfers in	1,938,107	548,231	313,709	3,812,415	440,575	7,053,037
Operating transfers out	(5,114,930)	-	-	-	(1,938,107)	(7,053,037)
Sales of assets	13,306	47,753	-	-	-	61,059
Total other financing sources (uses)	(3,163,517)	595,984	313,709	3,812,415	(1,497,532)	61,059
Net change in fund balances	346,346	488,941	(514,430)	510,109	(2,382,384)	(1,551,418)
Fund balances, October 1, 2012	4,787,204	3,149,949	2,125,590	2,811,176	6,092,282	18,966,201
Prior period adjustment	-	-	-	-	(415,212)	(415,212)
Fund balances, October 1, 2012, restated	4,787,204	3,149,949	2,125,590	2,811,176	5,677,070	18,550,989
Fund balances, September 30, 2013	<u>\$ 5,133,550</u>	<u>\$ 3,638,890</u>	<u>\$ 1,611,160</u>	<u>\$ 3,321,285</u>	<u>\$ 3,294,686</u>	<u>\$ 16,999,571</u>

WISE COUNTY, TEXAS
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
September 30, 2013

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

Net change in fund balances - total governmental funds \$ (1,551,418)

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 depreciation exceeded capital outlays in the current year.

Capital outlay	\$ 3,381,364	
Depreciation	<u>(5,438,128)</u>	
Net increase in expenses		(2,056,764)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, disposals, donations) decreases net position. (76,980)

Real property taxes and fees billed less allowance in the statement of activities includes all billed amounts which differ from the current financial resource measurement of the governmental funds. This is the net difference of both measurement focuses. (1,205,371)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 3,105,000

Some items reported in the statement of activities do not involve current financial resources and, therefore, are not reported as expenditures in the governmental funds.

These activities are:

Amortization of premium from bond issuance	\$ 15,978	
Decrease in accrued interest payable	15,539	
Increase in compensated absences payable	<u>(127,135)</u>	
Net increase in expenses		<u>(95,618)</u>

Change in net position of governmental activities - statement of activities \$ (1,881,151)

WISE COUNTY, TEXAS
Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2013

Assets	
Cash	\$ 3,566,084
Investments	1,318,574
Receivables:	
Property taxes - for other governments	<u>64,104</u>
Total assets	<u><u>\$ 4,948,762</u></u>
Liabilities	
Deposits held and due to others	\$ 4,884,658
Property taxes to be collected - due to other governments	<u>64,104</u>
Total liabilities	<u><u>\$ 4,948,762</u></u>

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2013

Note A – 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.

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, 2013.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary 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 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, Debt Service 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 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.

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.

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2013

Note A - Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are budgeted. 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. Property taxes not collected within 60 days after year-end are reported as deferred revenues. 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 primary operating fund of the County and is always classified as a major fund. It is used to account for all financial transactions and 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 accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for the acquisition, repair or construction of various projects and acquisition of land, buildings, and equipment.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

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, 2013

Note A - 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, 2013.

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 exceeding \$5,000. 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, tax notes or revenue bonds, premiums and discounts, 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 and discounts 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any of this type of item.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County currently only has two items that qualify for reporting in this category in the governmental fund financial statements. The deferred inflow of property tax revenues and the deferred inflow from liens on property sales are reported in the governmental fund financial statements. The deferred inflow from liens on property sales is also reported in the statement of net position.

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2013

Note A - Summary of Significant Accounting Policies (Continued)

Fund Balances

The County implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The County has evaluated the use of its Debt Service, Special Revenue Funds and Capital Projects Funds under the criteria set forth in GASB Statement 54 and has determined there are no changes needed.

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable Fund Balance—includes amounts that are not in spendable form, or legally or contractually required to be maintained intact.

Restricted Fund Balance—includes amounts that are restricted for specific purposes stipulated by law or external resources providers. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance—includes amounts that can only be used for the specific purposes determined by a formal action Order of the Commissioner's Court, which is the County's highest level of decision-making authority, and, conjunctively, require the same formal Commissioner's Court to remove or revise the enacted constraint limitations.

Assigned Fund Balance—includes amounts intended to be used for specific purposes that are neither restricted nor committed. Intent is expressed by the Commissioner's Court of Wise County to which the assigned amounts are to be used for specific purposes. Amounts may be assigned by the County Auditor as communicated by the Commissioner's Court.

Unassigned Fund Balance— represents the residual classification of all spendable amounts not contained within the other classifications and is used for all negative fund balances.

When multiple categories of fund balance are available for expenditure, the County will first spend the most restricted funds before moving down to the next most restrictive category with available funds.

It is the County's goal to achieve and maintain an unassigned General Fund balance equal to 25% of budgeted expenditures. At the end of fiscal year 2013, the unassigned General Fund balance was 9% of budgeted expenditures.

Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets—This category consists of all capital assets net of accumulated depreciation and reduced by outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets.

Restricted net position—This category consists of external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments, enabling legislation, and constitutional provisions.

Unrestricted net position—This category represents net position, not restricted for any project or other purpose.

The government-wide statement of net position includes \$1,901,193 of net position restricted by enabling legislation.

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2013

Note A - Summary of Significant Accounting Policies (Continued)

New GASB Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new pronouncements that the County has reviewed for application to their accounting and reporting.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, is effective for periods beginning after December 15, 2011. This standard improves financial reporting by contributing to the GABS's effort to codify all sources of generally accepted accounting principles for state and local governments so that they are derived from a single source. The District has implemented this statement in the year ended September 30, 2013.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is effective for periods beginning after December 15, 2011. This standard provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The County has implemented this reporting for the year ended September 30, 2013. The components of net position were renamed to reflect the requirements of this statement and the financial statement elements of deferred outflows of resources and deferred inflows of resources were added to the financial statements, where applicable.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, is effective for financial statements for periods beginning after December 15, 2012 with earlier application encouraged. This statement improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The County has implemented this statement in the year ended September 30, 2013. The deferred property taxes and other unearned revenues were classified as deferred inflows of resources.

Prior Year Restatement

The County recorded a prior period adjustment in the Other Governmental Funds. According to guidance from the State, the Jack and Wise County Adult Probation Fund, which was reported as a special revenue fund by the County in the prior year, should be reported as an agency fund in the Statement of Fiduciary Assets and Liabilities. This decreased the beginning fund balance of the Other Governmental Funds and the beginning net position of the governmental activities by \$415,212. Additionally, the County recorded a prior period adjustment in accordance with the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* to recognize debt issuances costs in the year in which the cost was incurred. This decreased beginning net position of the governmental activities by \$762,787.

Note B - 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. In addition it includes an "Investments Strategy" that specifically addresses each fund's investment options and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification, yield, and maturity restrictions.

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2013

Note B - Deposits, Securities and Investments (Continued)

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

1. Time deposits
2. Certificates of deposits
3. Security repurchase agreements
4. Money market investment accounts
5. Negotiable order of withdrawal (NOW) accounts
6. United States treasury bills
7. United States government
8. Investment pools
9. Commercial paper
10. FHLB letters of credit

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, Inc., managing the daily operations of the pool under an agreement with the State Comptroller. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

TexPool is rated AAAM by Standard & Poor's 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 asset 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, 2013, the County had the following investments:

	Quality Ratings AAAM		Weighted Average Maturities
	<u>Market Value</u>	<u>% of Total</u>	
Certificates of Deposit- Agency Funds	\$ 1,318,574	10.14%	6 months
TexPool			
Governmental Funds	<u>11,686,750</u>	<u>89.86%</u>	60 days
Total Investments	<u>\$ 13,005,324</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, 2013, 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, 2013, 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, 2013, 89.86% of the County's investments was included in local government investment pools and 10.14% was included in certificates of deposit. External investment pools are exempt from concentration risk disclosures.

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2013

Note B - Deposits, Securities and Investments (Continued)

Custodial Credit Risk – With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy limits exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateralization pledged by the applicable financial institution to the extent of 102% of the value of the deposit. As of September 30, 2013, 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 C - 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, 2013, to finance maintenance and operations (M&O) of the County were \$.378900 per \$100 valuation. During the fiscal year, the County levied \$.046148 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.

Note D - 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 inflows of resources at year end.

The following schedule details property taxes receivable by fund:

Fund	Property Taxes Receivable (Net)
General- (M&O)	\$ 702,490
Special Revenue- (WCBCMT)	94,981
Lateral Road	224,729
Total	\$ 1,022,200

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2013

Note E – Capital Assets

Capital asset activity for the year ended September 30, 2013 was as follows:

	<u>Balance</u> <u>10/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2013</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 3,831,235	\$ -	\$ 5,000	\$ 3,826,235
Construction in progress	<u>24,234,207</u>	<u>784,487</u>	<u>23,476,917</u>	<u>1,541,777</u>
Total capital assets not being depreciated	<u>28,065,442</u>	<u>784,487</u>	<u>23,481,917</u>	<u>5,368,012</u>
Other capital assets				
Buildings and improvements	25,018,721	24,139,627	54	49,158,294
Infrastructure	74,828,107	198,419	675,720	74,350,806
Machinery and equipment	<u>22,805,001</u>	<u>1,735,748</u>	<u>404,886</u>	<u>24,135,863</u>
Total other capital assets	122,651,829	26,073,794	1,080,660	147,644,963
Less accumulated depreciation for:				
Building and improvements	9,718,724	766,648	-	10,485,372
Infrastructure	43,572,665	2,487,396	675,720	45,384,341
Machinery and equipment	<u>14,700,273</u>	<u>2,184,084</u>	<u>332,960</u>	<u>16,551,397</u>
Total accumulated depreciation	<u>67,991,662</u>	<u>5,438,128</u>	<u>1,008,680</u>	<u>72,421,110</u>
Other capital assets, net	<u>54,660,167</u>	<u>20,635,666</u>	<u>71,980</u>	<u>75,223,853</u>
Governmental activities capital assets, net	<u>\$ 82,725,609</u>	<u>\$ 21,420,153</u>	<u>\$ 23,553,897</u>	<u>\$ 80,591,865</u>

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

Governmental activities:	
General government	\$ 9,634
Judicial	49,275
Legal	15,448
Elections	50,654
Public facilities	966,391
Public safety	894,385
Public transportation	3,316,418
Culture and recreation	132,706
Conservation	<u>3,217</u>
Total depreciation for governmental activities	<u>\$ 5,438,128</u>

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2013

Note F - Restricted Assets

Some of the County's assets have certain constraints that have been placed on how they can be used. By definition, restricted assets are cash or other assets whose use in whole or in part is restricted for specific purposes bound by virtue of contractual agreements, legal requirements or enabling legislation. Restricted cash and investments are restricted for the following:

Debt service	\$ 3,321,285
Capital projects	78,999
State and federal programs	997,395
Records management	499,003
General government	43,401
Legal	523,374
Public safety	647,060
Roads and bridges	2,548,167
Teen court	407
Justice courts technology	295,820
Total Restricted Assets	<u>\$ 8,954,911</u>

Note G - Long-Term Debt

The principal long-term obligations of the County include general obligation bonds, tax notes, lease revenue bonds 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 \$650,000 to \$1,155,000 through August 15, 2014.
- ◆ Interest rates range from 3.99% to 4.22%.
- ◆ Outstanding balance of \$650,000 at September 30, 2013.

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 \$1,670,000 to \$2,530,000 through August 15, 2014.
- ◆ Interest rate of 4.00%.
- ◆ Outstanding principal balance of \$2,530,000 at September 30, 2013.

Lease Revenue Bonds – 2011 Series

- ◆ Secured by a lien on pledged revenues, including lease payments subject to annual appropriations, payable to the County under the intergovernmental agreement with the Parker County Junior College District.
- ◆ To construct and equip buildings for lease to the District for use as a branch campus and to fund a debt service reserve fund requirement of \$2,500,000.
- ◆ \$29,000,000 originally issued.
- ◆ Payable in annual installments of \$45,000 to \$3,265,000 through August 15, 2034.
- ◆ Interest rate ranges from 4.50% to 8.00%.
- ◆ Outstanding principal balance of \$28,955,000 at September 30, 2013.

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2013

Note G - Long-Term Debt (Continued)

The following are changes by type of debt:

	Balance 10/1/2012	Increase	Decrease	Balance 9/30/2013	Amounts Due Within One Year
Tax notes-series 2008	\$ 4,435,000	\$ -	\$ 1,905,000	\$ 2,530,000	\$ 2,530,000
Certificates of obligation	1,805,000	-	1,155,000	650,000	650,000
Lease revenue bonds	29,000,000	-	45,000	28,955,000	120,000
Unamortized bond premium	25,965	-	15,978	9,987	-
Compensated absences	799,551	127,135	-	926,686	-
Totals	<u>\$ 36,065,516</u>	<u>\$ 127,135</u>	<u>\$ 3,120,978</u>	<u>\$ 33,071,673</u>	<u>\$ 3,300,000</u>

The general fund revenues are used to liquidate compensated absences liability.

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	
2014	\$ 2,530,000	\$ 101,200	\$ 650,000	\$ 27,430	\$ 3,308,630
Totals	<u>\$ 2,530,000</u>	<u>\$ 101,200</u>	<u>\$ 650,000</u>	<u>\$ 27,430</u>	<u>\$ 3,308,630</u>

The following is the annual requirements needed to fund the lease revenue bonds:

Year	Principal	Interest	Total
2014	\$ 120,000	\$ 2,225,068	\$ 2,345,068
2015	210,000	2,219,218	2,429,218
2016	305,000	2,208,194	2,513,194
2017	385,000	2,191,038	2,576,038
2018	480,000	2,167,938	2,647,938
2019-2023	4,060,000	10,207,899	14,267,899
2024-2028	7,590,000	8,206,002	15,796,002
2029-2033	12,540,000	4,502,000	17,042,000
2034	3,265,000	261,200	3,526,200
Totals	<u>\$ 28,955,000</u>	<u>\$ 34,188,557</u>	<u>\$ 63,143,557</u>

The 2011 Lease Revenue Bonds required that \$2,500,000 be set aside in a debt reserve fund for the life of the bonds. The County is in compliance with this reserve requirement.

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2013

Note H – Compensated Absences

County policy allows the accrual of vacation, overtime compensation, and sick pay benefits for all employees other than elected and appointed officials. Vacation and overtime compensation are paid upon termination if employees give two weeks' notice or are terminated by the County. Sick pay is not paid upon termination for any reason. At September 30, 2013 the value of the liability for compensated absences was \$926,686 and the value of accumulated sick pay benefits was approximately \$498,196.

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 I – Interfund Balances and Transfers

The following is a schedule of interfund receivables and:

Receivable From	Payable To	Amount
General fund	Capital projects fund	\$ 13,709

Interfund transfers during the year were as follows:

Fund	Transfer In	Transfer Out
General fund	\$ 1,938,107	\$ (5,114,930)
Lateral road fund	548,231	-
Capital projects funds	313,709	-
Debt service fund	3,812,415	-
Other governmental funds	440,575	(1,938,107)
Total transfers	\$ 7,053,037	\$ (7,053,037)

Transfers are generally used (1) to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) to transfer funds from the General fund to fund various programs and supplement grants and construction projects, (3) to transfer funds from receipts collected for various fees in special revenue funds to the General fund to cover County expenditures, and (4) to transfer capital assets between funds.

Note J - 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 641 participating employers. 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 report is also available at www.tcdrs.org.

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2013

Note J - Retirement Pension Plan (Continued)

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

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

Funding Policy

The County has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 9.98% for the months in the 2012 calendar year, and 10.40% for the months in the 2013 calendar year.

The deposit rate payable by the employee members for calendar year 2013 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, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2012 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 payroll on a closed basis. The remaining amortization period at December 31, 2012 was 20 years.

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was 84.77 percent funded. The actuarial accrued liability for benefits was \$44,553,373, and the actuarial value of assets was \$37,768,802, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,784,571. The covered payroll (annual payroll of active employees covered by the plan) was \$17,216,787 and the ratio of the UAAL to the covered payroll was 39.41 percent.

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2013

Note J - Retirement Pension Plan (Continued)

The schedule of funding progress, presented as required supplementary information (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.

Actuarial Valuation Information

Actuarial valuation date	12/31/2010	12/31/2011	12/31/2012
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)	20	20	20
Asset valuation method			
Subdivision Accumulation Fund	10 year smoothed value	10 year smoothed value	10 year smoothed value
Employees Saving Fund	Fund value	Fund value	Fund value
Actuarial Assumptions:			
Investment return - includes inflation at the stated rate	8.00%	8.00%	8.00%
Projected salary increases - includes inflation at the stated rate	5.40%	5.40%	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
9/30/2011	\$ 1,578,796	100%	\$ -
9/30/2012	1,658,327	100%	-
9/30/2013	1,898,073	100%	-

Note K - 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 Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB). Retired employees are insured for \$5,000.

The GTLF 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 GTLF. This report is available at www.tcdrs.org. TCDRS' CAFR may also 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.

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2013

Note K - Postemployment Benefits Other Than Pensions (Continued)

Funding Policy:

Each participating employer contributes to the GTLF 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 GTLF for the years ended September 30, 2013, 2012, and 2011 were \$48,674, \$44,325, and \$44,828, respectively, which equaled the contractually required contributions each year.

Note L - 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 coverage's. 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 M –Contingencies

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.

Grants

The County received grant funds, principally from the state and federal government for various programs. Expenditures from these grants are subject to audit by the grantor, and the County is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of management, any refunds that may be required as a result of expenditures disallowed by the grantors will not be material to the financial statements.

Note N – Subsequent Event

On February 10, 2014 the County approved an order authorizing the issuance of Wise County, Texas Tax Notes, Series 2014 for \$14,335,000.

REQUIRED SUPPLEMENTARY
INFORMATION

WISE COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual -
General Fund
For the Fiscal Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 21,092,000	\$ 21,723,982	\$ 21,723,982	\$ -
Sales tax	5,200,000	4,836,209	4,836,208	(1)
Intergovernmental	595,250	777,431	604,603	(172,828)
Fees of office	4,369,083	4,276,610	4,276,594	(16)
Fines and forfeitures	583,000	598,462	598,461	(1)
Interest	23,500	22,798	22,792	(6)
Royalties and rentals	1,000,000	522,179	522,178	(1)
Solid waste fees	493,000	511,652	511,651	(1)
Miscellaneous revenues and donations	358,808	378,250	403,450	25,200
Total revenues	<u>33,714,641</u>	<u>33,647,573</u>	<u>33,499,919</u>	<u>(147,654)</u>
Expenditures				
Current:				
General government	3,407,265	3,339,018	3,196,019	142,999
Judicial	3,393,465	3,271,375	3,252,215	19,160
Legal	1,980,858	1,860,870	1,861,751	(881)
Elections	308,326	285,247	285,238	9
Financial administration	1,940,065	1,831,235	1,831,194	41
Public facilities	3,120,276	2,952,247	2,920,447	31,800
Public safety	14,941,185	14,381,022	14,348,911	32,111
Health and welfare	2,649,560	1,252,790	1,252,779	11
Culture and recreation	263,156	261,649	261,641	8
Conservation	281,674	276,153	276,137	16
Capital outlay	105,000	418,949	503,724	(84,775)
Total expenditures	<u>32,390,830</u>	<u>30,130,555</u>	<u>29,990,056</u>	<u>140,499</u>
Excess of revenues over expenditures	<u>1,323,811</u>	<u>3,517,018</u>	<u>3,509,863</u>	<u>(7,155)</u>
Other financing sources (uses)				
Operating transfers in	195,220	177,500	1,938,107	1,760,607
Operating transfers out	(4,188,996)	(5,115,119)	(5,114,930)	189
Sales of assets	25,000	13,306	13,306	-
Total other financing sources (uses)	<u>(3,968,776)</u>	<u>(4,924,313)</u>	<u>(3,163,517)</u>	<u>1,760,796</u>
Net change in fund balances	<u>(2,644,965)</u>	<u>(1,407,295)</u>	<u>346,346</u>	<u>1,753,641</u>
Fund balances, October 1, 2012	<u>4,787,204</u>	<u>4,787,204</u>	<u>4,787,204</u>	<u>-</u>
Fund balances, September 30, 2013	<u>\$ 2,142,239</u>	<u>\$ 3,379,909</u>	<u>\$ 5,133,550</u>	<u>\$ 1,753,641</u>

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

WISE COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual -
Lateral Road Fund
For the Fiscal Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 6,574,500	\$ 6,742,033	\$ 6,742,021	\$ (12)
License and permits	1,280,000	1,272,460	1,347,172	74,712
Intergovernmental	232,000	241,260	241,252	(8)
Fines and forfeitures	800,000	721,863	721,852	(11)
Interest	6,500	7,259	7,255	(4)
Miscellaneous revenues and donations	8,200	32,159	32,158	(1)
Total revenues	<u>8,901,200</u>	<u>9,017,034</u>	<u>9,091,710</u>	<u>74,676</u>
Expenditures				
Current:				
Public transportation	11,052,395	8,878,672	8,541,811	336,861
Capital outlay	435,000	993,926	656,942	336,984
Total expenditures	<u>11,487,395</u>	<u>9,872,598</u>	<u>9,198,753</u>	<u>673,845</u>
Deficiency of revenues under expenditures	<u>(2,586,195)</u>	<u>(855,564)</u>	<u>(107,043)</u>	<u>748,521</u>
Other financing sources				
Operating transfers in	320,000	548,231	548,231	-
Sales of assets	25,000	47,753	47,753	-
Total other financing sources	<u>345,000</u>	<u>595,984</u>	<u>595,984</u>	<u>-</u>
Net change in fund balances	<u>(2,241,195)</u>	<u>(259,580)</u>	<u>488,941</u>	<u>748,521</u>
Fund balances, October 1, 2012	<u>3,149,949</u>	<u>3,149,949</u>	<u>3,149,949</u>	<u>-</u>
Fund balances, September 30, 2013	<u>\$ 908,754</u>	<u>\$ 2,890,369</u>	<u>\$ 3,638,890</u>	<u>\$ 748,521</u>

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)	UAAL as a Percentage Covered of Payroll ((b-a)/c)
12/31/2010	\$ 30,469,170	\$ 35,649,941	\$ 5,180,771	85.47%	\$ 16,419,397	31.55%
12/31/2011	34,298,314	40,255,380	5,957,066	85.20%	16,587,443	35.91%
12/31/2012	37,768,802	44,553,373	6,784,571	84.77%	17,216,787	39.41%

COMBINING AND BUDGET STATEMENTS

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

WISE COUNTY, TEXAS
Combining Balance Sheet
Lateral Road Fund
September 30, 2013

Assets	Right of Way and Fencing	Precinct No. 1	Precinct No. 2	Precinct No. 3	Precinct No. 4	County Thoroughfare	Total Lateral Road Fund
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175,167	\$ 175,167
Investments	-	-	-	-	-	1,100,000	1,100,000
Receivables:							
Property taxes (net of allowance of \$103,637)	12,494	51,622	74,279	39,059	47,275	-	224,729
Accounts	23,331	1,192	226	396	252	-	25,397
Due from other governments	-	18,680	18,680	18,680	18,680	-	74,720
Restricted cash and investments	510,817	592,348	297,285	288,186	859,531	-	2,548,167
Total assets	<u>\$ 546,642</u>	<u>\$ 663,842</u>	<u>\$ 390,470</u>	<u>\$ 346,321</u>	<u>\$ 925,738</u>	<u>\$1,275,167</u>	<u>\$ 4,148,180</u>
Liabilities, deferred inflows of resources and fund balances							
Liabilities:							
Accounts payable	\$ 1,932	\$ 15,848	\$ 24,345	\$ 73,466	\$ 6,445	\$ -	\$ 122,036
Accrued salaries and benefits	-	32,845	37,814	39,343	29,192	-	139,194
Total liabilities	<u>1,932</u>	<u>48,693</u>	<u>62,159</u>	<u>112,809</u>	<u>35,637</u>	<u>-</u>	<u>261,230</u>
Deferred inflows of resources:							
Deferred revenue:							
Property taxes	12,494	51,622	74,279	39,059	47,275	-	224,729
Other	23,331	-	-	-	-	-	23,331
Total deferred inflows of resources	<u>35,825</u>	<u>51,622</u>	<u>74,279</u>	<u>39,059</u>	<u>47,275</u>	<u>-</u>	<u>248,060</u>
Fund balances							
Restricted for:							
Roads and bridges	508,885	563,527	254,032	194,453	842,826	-	2,363,723
Committed to:							
Special road projects	-	-	-	-	-	1,275,167	1,275,167
Total fund balances	<u>508,885</u>	<u>563,527</u>	<u>254,032</u>	<u>194,453</u>	<u>842,826</u>	<u>1,275,167</u>	<u>3,638,890</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 546,642</u>	<u>\$ 663,842</u>	<u>\$ 390,470</u>	<u>\$ 346,321</u>	<u>\$ 925,738</u>	<u>\$1,275,167</u>	<u>\$ 4,148,180</u>

WISE COUNTY, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Lateral Road Fund
For the Fiscal Year Ended September 30, 2013

	Right of Way and Fencing	Precinct No. 1	Precinct No. 2	Precinct No. 3	Precinct No. 4	County Thoroughfare	Inter-Fund Eliminations	Total Lateral Road Fund
Revenues								
Property taxes	\$ 374,587	\$ 1,550,598	\$ 2,221,630	\$ 1,172,640	\$ 1,422,566	\$ -	\$ -	\$6,742,021
Licenses and permits	-	336,793	336,793	336,793	336,793	-	-	1,347,172
Intergovernmental	-	60,313	60,313	60,313	60,313	-	-	241,252
Fines and forfeitures	-	180,527	180,394	180,465	180,466	-	-	721,852
Interest	795	1,140	1,274	926	1,462	1,658	-	7,255
Miscellaneous revenues and donations	1,186	1,764	26,135	-	3,073	-	-	32,158
Total revenues	376,568	2,131,135	2,826,539	1,751,137	2,004,673	1,658	-	9,091,710
Expenditures								
Current:								
Public transportation	88,851	1,890,645	2,739,858	2,031,484	1,746,183	44,790	-	8,541,811
Capital outlay	198,419	168,590	234,520	55,413	-	-	-	656,942
Total expenditures	287,270	2,059,235	2,974,378	2,086,897	1,746,183	44,790	-	9,198,753
Excess (deficiency) of revenues over (under) expenditures	89,298	71,900	(147,839)	(335,760)	258,490	(43,132)	-	(107,043)
Other financing sources and uses								
Operating transfers in	48,231	50,000	50,000	450,000	50,000	300,000	(400,000)	548,231
Operating transfers out	-	-	-	-	-	(400,000)	400,000	-
Sale of assets	-	45,862	81	1,810	-	-	-	47,753
Total other financing sources and uses	48,231	95,862	50,081	451,810	50,000	(100,000)	-	595,984
Net change in fund balances	137,529	167,762	(97,758)	116,050	308,490	(143,132)	-	488,941
Fund balances, October 1, 2012	371,356	395,765	351,790	78,403	534,336	1,418,299	-	3,149,949
Fund balances, September 30, 2013	<u>\$ 508,885</u>	<u>\$ 563,527</u>	<u>\$ 254,032</u>	<u>\$ 194,453</u>	<u>\$ 842,826</u>	<u>\$ 1,275,167</u>	<u>\$ -</u>	<u>\$3,638,890</u>

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ -	\$ 3,328	\$ 3,328	\$ -
Miscellaneous revenues and donations	-	150,000	150,000	-
Total revenues	-	153,328	153,328	-
Expenditures				
Public safety	-	-	20,700	(20,700)
Capital outlay	1,527,200	1,281,471	960,767	320,704
Total expenditures	1,527,200	1,281,471	981,467	300,004
Deficiency of revenues under expenditures	(1,527,200)	(1,128,143)	(828,139)	300,004
Other financing sources				
Operating transfers in	-	300,000	313,709	13,709
Total other financing sources	-	300,000	313,709	13,709
Net change in fund balances	(1,527,200)	(828,143)	(514,430)	313,713
Fund balances, October 1, 2012	2,125,590	2,125,590	2,125,590	-
Fund balances, September 30, 2013	<u>\$ 598,390</u>	<u>\$ 1,297,447</u>	<u>\$ 1,611,160</u>	<u>\$ 313,713</u>

WISE COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual -
Debt Service Fund
September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 1,000	\$ 6,636	\$ 6,635	\$ (1)
Rentals	2,272,094	2,272,094	2,272,094	-
Total revenues	<u>2,273,094</u>	<u>2,278,730</u>	<u>2,278,729</u>	<u>(1)</u>
Expenditures				
Debt and capital lease debt service:				
Principal retirement	3,105,000	3,105,000	3,105,000	-
Interest and fiscal charges	2,480,509	2,986,145	2,476,035	510,110
Total expenditures	<u>5,585,509</u>	<u>6,091,145</u>	<u>5,581,035</u>	<u>510,110</u>
Deficiency of revenues under expenditures	(3,312,415)	(3,812,415)	(3,302,306)	510,109
Other financing sources				
Operating transfers in	<u>3,312,415</u>	<u>3,812,415</u>	<u>3,812,415</u>	<u>-</u>
Total other financing sources	<u>3,312,415</u>	<u>3,812,415</u>	<u>3,812,415</u>	<u>-</u>
Net change in fund balance	-	-	510,109	510,109
Fund balance, October 1, 2012	<u>2,811,176</u>	<u>2,811,176</u>	<u>2,811,176</u>	<u>-</u>
Fund balance, September 30, 2013	<u>\$ 2,811,176</u>	<u>\$ 2,811,176</u>	<u>\$ 3,321,285</u>	<u>\$ 510,109</u>

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

WISE COUNTY, TEXAS
Combining Balance Sheet -
Nonmajor Governmental Funds
September 30, 2013

	County Grants	County Clerk Record Management	Juvenile Probation TJPC 10-249	WCWC Branch Maintenance Tax	Other Special Revenue	Total Nonmajor Governmental Funds
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ 542,345	\$ 542,345
Receivables:						
Property tax	-	-	-	94,981	-	94,981
Accounts	1,198	-	-	-	491	1,689
Due from other governments	70,498	-	3,520	-	-	74,018
Restricted cash and investments	449,265	406,504	548,130	-	1,306,334	2,710,233
Total assets	<u>\$ 520,961</u>	<u>\$ 406,504</u>	<u>\$551,650</u>	<u>\$ 94,981</u>	<u>\$1,849,170</u>	<u>\$ 3,423,266</u>
Liabilities, deferred inflows of resources, and fund balances						
Liabilities						
Accounts payable	\$ -	\$ 4,136	\$ 11	\$ -	\$ 11,210	\$ 15,357
Accrued salaries and benefits	-	-	18,242	-	-	18,242
Total liabilities	<u>-</u>	<u>4,136</u>	<u>18,253</u>	<u>-</u>	<u>11,210</u>	<u>33,599</u>
Deferred inflows of resources						
Property taxes	-	-	-	94,981	-	94,981
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,981</u>	<u>-</u>	<u>94,981</u>
Fund balances						
Restricted for:						
State and federal programs	520,961	-	533,397	-	-	1,054,358
Records management	-	402,368	-	-	91,023	493,391
General government	-	-	-	-	36,406	36,406
Legal	-	-	-	-	523,159	523,159
Public safety	-	-	-	-	645,747	645,747
Committed to:						
General government	-	-	-	-	346,968	346,968
Public transportation	-	-	-	-	116,646	116,646
Elections	-	-	-	-	50,869	50,869
Legal	-	-	-	-	27,142	27,142
Total fund balances	<u>520,961</u>	<u>402,368</u>	<u>533,397</u>	<u>-</u>	<u>1,837,960</u>	<u>3,294,686</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 520,961</u>	<u>\$ 406,504</u>	<u>\$551,650</u>	<u>\$ 94,981</u>	<u>\$1,849,170</u>	<u>\$ 3,423,266</u>

WISE COUNTY, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2013

	Special Revenue Funds					Total Nonmajor Governmental Funds	
	Indigent Health Care	County Grants	County Clerk Record Management	Juvenile Probation TJPC 11-249	WCWC Branch Maintenance Tax		Other Special Revenue
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,478,241	\$ -	\$ 3,478,241
Intergovernmental	-	854,934	-	498,495	-	6,001	1,359,430
Fees of office	-	-	163,742	-	-	241,262	405,004
Interest	-	-	-	814	-	151	965
Miscellaneous revenues and donations	-	-	-	3	-	166,067	166,070
Total revenues	-	854,934	163,742	499,312	3,478,241	413,481	5,409,710
Expenditures							
Current:							
General government	-	-	251,080	-	3,478,241	65,091	3,794,412
Judicial	-	-	-	-	-	51,742	51,742
Legal	-	-	-	-	-	51,506	51,506
Elections	-	-	-	-	-	13,286	13,286
Public safety	-	244,765	-	785,752	-	32,556	1,063,073
Public transportation	-	-	-	-	-	60,612	60,612
Capital outlay	-	1,174,083	-	-	-	85,848	1,259,931
Total expenditures	-	1,418,848	251,080	785,752	3,478,241	360,641	6,294,562
Excess (deficiency) of revenues over (under) expenditures	-	(563,914)	(87,338)	(286,440)	-	52,840	(884,852)
Other financing sources (uses)							
Operating transfers in	-	3,994	-	395,581	-	41,000	440,575
Operating transfers out	(1,760,607)	-	(102,500)	-	-	(75,000)	(1,938,107)
Total other financing sources (uses)	(1,760,607)	3,994	(102,500)	395,581	-	(34,000)	(1,497,532)
Net change in fund balances	(1,760,607)	(559,920)	(189,838)	109,141	-	18,840	(2,382,384)
Fund balances, October 1, 2012	1,760,607	1,080,881	592,206	424,256	-	2,234,332	6,092,282
Prior period adjustment	-	-	-	-	-	(415,212)	(415,212)
Fund balance, October 1, 2012, restated	1,760,607	1,080,881	592,206	424,256	-	1,819,120	5,677,070
Fund balances, September 30, 2013	<u>\$ -</u>	<u>\$ 520,961</u>	<u>\$ 402,368</u>	<u>\$ 533,397</u>	<u>\$ -</u>	<u>\$ 1,837,960</u>	<u>\$ 3,294,686</u>

WISE COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual -
Non Major - Special Revenue Funds
September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 3,285,400	\$ 3,478,241	\$ 3,478,241	\$ -
Intergovernmental	827,785	1,347,092	1,359,430	12,338
Fees of office	401,200	405,019	405,004	(15)
Interest	900	952	965	13
Miscellaneous revenues and donations	143,000	166,072	166,070	(2)
Total revenues	<u>4,658,285</u>	<u>5,397,376</u>	<u>5,409,710</u>	<u>12,334</u>
Expenditures				
Current:				
General government	4,072,600	3,861,828	3,794,412	67,416
Judicial	5,000	51,742	51,742	-
Legal	86,674	63,527	51,506	12,021
Elections	6,500	19,617	13,286	6,331
Public safety	1,036,364	1,328,185	1,063,073	265,112
Public transportation	53,500	61,782	60,612	1,170
Capital outlay	448,119	1,066,572	1,259,931	(193,359)
Total expenditures	<u>5,708,757</u>	<u>6,453,253</u>	<u>6,294,562</u>	<u>158,691</u>
Deficiency of revenues under expenditures	<u>(1,050,472)</u>	<u>(1,055,877)</u>	<u>(884,852)</u>	<u>171,025</u>
Other financing sources (uses)				
Operating transfers in	-	41,000	440,575	399,575
Operating transfers out	<u>(177,500)</u>	<u>(177,500)</u>	<u>(1,938,107)</u>	<u>(1,760,607)</u>
Total other financing sources (uses)	<u>(177,500)</u>	<u>(136,500)</u>	<u>(1,497,532)</u>	<u>(1,361,032)</u>
Net change in fund balances	<u>(1,227,972)</u>	<u>(1,192,377)</u>	<u>(2,382,384)</u>	<u>(1,190,007)</u>
Fund balances, October 1, 2012	6,092,282	6,092,282	6,092,282	-
Prior period adjustment	<u>-</u>	<u>-</u>	<u>(415,212)</u>	<u>(415,212)</u>
Fund balance, October 1, 2012, restated	6,092,282	6,092,282	5,677,070	(415,212)
Fund balances, September 30, 2013	<u>\$ 4,864,310</u>	<u>\$ 4,899,905</u>	<u>\$ 3,294,686</u>	<u>\$ (1,605,219)</u>

AGENCY FUNDS

WISE COUNTY, TEXAS
Combining Statement of Fiduciary Assets and Liabilities -
All Agency Funds
September 30, 2013

	District Attorney Criminal Justice	District Attorney Hot Check	District Attorney Fee	County Attorney Fee	Bond Holding	Juvenile Probation Fee	Jury Fund	Estray Animal	Jack and Wise County Adult Probation
Assets									
Cash	\$62,817	\$ 504	\$12,252	\$15,150	\$137,440	\$ 28,956	\$ 8,042	\$ 4,459	\$629,750
Investments	-	-	-	-	-	-	-	-	-
Receivables:									
Property Taxes - for other governments	-	-	-	-	-	-	-	-	-
Total assets	\$62,817	\$ 504	\$12,252	\$15,150	\$137,440	\$ 28,956	\$ 8,042	\$ 4,459	\$629,750
Liabilities									
Deposits held and due to others	\$62,817	\$ 504	\$12,252	\$15,150	\$137,440	\$ 28,956	\$ 8,042	\$ 4,459	\$629,750
Property taxes to be collected - due to other governments	-	-	-	-	-	-	-	-	-
Total liabilities	\$62,817	\$ 504	\$12,252	\$15,150	\$137,440	\$ 28,956	\$ 8,042	\$ 4,459	\$629,750

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, 2013

	District Attorney Restitution	Sherriff'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	County Clerk Trust
Assets										
Cash	\$ 344	\$ 46	\$227,468	\$ 2,038	\$ 16,230	\$ 2	\$1,088,363	\$ 1,722	\$ 404,748	\$ 56,119
Investments	-	-	-	-	-	-	-	-	660,722	542,092
Receivables:										
Property Taxes - for other governments	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 344</u>	<u>\$ 46</u>	<u>\$227,468</u>	<u>\$ 2,038</u>	<u>\$ 16,230</u>	<u>\$ 2</u>	<u>\$1,088,363</u>	<u>\$ 1,722</u>	<u>\$1,065,470</u>	<u>\$598,211</u>
Liabilities										
Deposits held and due to others	\$ 344	\$ 46	\$227,468	\$ 2,038	\$ 16,230	\$ 2	\$1,088,363	\$ 1,722	\$1,065,470	\$598,211
Property taxes to be collected - due to other governments	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>\$ 344</u>	<u>\$ 46</u>	<u>\$227,468</u>	<u>\$ 2,038</u>	<u>\$ 16,230</u>	<u>\$ 2</u>	<u>\$1,088,363</u>	<u>\$ 1,722</u>	<u>\$1,065,470</u>	<u>\$598,211</u>

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

WISE COUNTY, TEXAS
Combining Statement of Fiduciary Assets and Liabilities -
All Agency Funds
September 30, 2013

	County Credit Card	Tax Office	Sheriff's Department Commissary	Register Fund Excess Tax Fund	EFTPS	Bail Bond	County Attorney Restitution	Mobile Home Escrow	Property Taxes - Other Governments	Total Agency Funds
Assets										
Cash	\$ 527	\$ 2,970	\$ 184,859	\$ 409,172	\$ 250,747	\$9,222	\$ 4,315	\$ 7,822	\$ -	\$ 3,566,084
Investments	-	115,760	-	-	-	-	-	-	-	1,318,574
Receivables:										
Property Taxes - for other governments	-	-	-	-	-	-	-	-	64,104	64,104
Total assets	\$ 527	\$ 118,730	\$ 184,859	\$ 409,172	\$ 250,747	\$9,222	\$ 4,315	\$ 7,822	\$ 64,104	\$ 4,948,762
Liabilities										
Deposits held and due to others	\$ 527	\$ 118,730	\$ 184,859	\$ 409,172	\$ 250,747	\$9,222	\$ 4,315	\$ 7,822	\$ -	\$ 4,884,658
Property taxes to be collected - due to other governments	-	-	-	-	-	-	-	-	64,104	64,104
Total liabilities	\$ 527	\$ 118,730	\$ 184,859	\$ 409,172	\$ 250,747	\$9,222	\$ 4,315	\$ 7,822	\$ 64,104	\$ 4,948,762

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

STATISTICAL SCHEDULES

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

Fiscal Year	Taxes	Intergovernmental		Licenses and Permits	Fees of Office	Fines and Forfeitures	Interest	Royalties and Rentals	Solid Waste Fees	Miscellaneous	Total
		Non-Federal Funds	Federal Funds								
2004	\$ 17,880,238	\$ 389,915	\$ 529,174	\$ 1,294,780	\$ 2,937,459	\$1,106,535	\$ 536,512	\$ 267,530	\$234,079	\$ 721,841	\$ 25,898,063
2005	19,705,869	677,179	544,874	1,311,124	2,991,966	1,193,466	613,268	412,713	278,437	482,060	28,210,956
2006	22,878,285	618,487	731,800	1,357,264	3,634,041	1,421,713	974,913	530,100	360,521	682,518	33,189,642
2007	26,428,292	618,168	998,239	1,567,496	4,520,330	1,605,113	1,254,926	1,177,743	355,922	710,574	39,236,803
2008	29,236,626	899,981	546,451	1,508,784	4,463,724	1,477,670	863,348	1,132,259	460,770	1,174,551	41,764,164
2009	31,502,288	1,156,235	177,098	1,415,776	4,459,122	1,334,617	248,836	373,935	467,713	696,222	41,831,842
2010	35,121,296	862,613	793,832	1,372,604	4,336,133	1,391,440	60,215	628,501	442,673	555,223	45,564,530
2011	36,019,577	727,971	379,349	1,269,878	4,512,768	1,452,419	201,185	1,542,103	504,703	630,464	47,240,417
2012	36,019,577	1,531,973	630,952	1,369,904	4,779,734	1,388,086	56,180	1,980,358	482,216	662,382	48,851,137
2013	36,780,452	1,065,734	1,139,551	1,347,172	4,681,598	1,320,313	40,975	2,794,272	511,651	751,678	50,433,396

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

<u>Fiscal Year</u>	<u>General Government</u>	<u>Judicial</u>	<u>Legal</u>	<u>Elections</u>	<u>Financial Administration</u>	<u>Public Facilities</u>	<u>Public Safety</u>	<u>Public Transportation</u>	<u>Health and Welfare</u>	<u>Culture and Recreation</u>	<u>Conservation</u>	<u>Debt Service</u>	<u>Total</u>
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
2011	6,592,666	2,789,808	1,845,103	296,174	1,786,841	3,009,134	15,190,749	9,756,738	1,115,367	302,629	254,054	3,921,362	46,860,625
2012	6,855,686	3,086,855	1,866,922	373,741	1,808,081	2,955,195	14,949,596	9,603,525	1,203,003	274,898	306,977	6,100,029	49,384,508
2013	6,990,431	3,303,957	1,913,257	298,524	1,831,194	2,920,447	15,432,684	8,602,423	1,252,779	261,641	276,137	5,581,035	48,664,509

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

<u>Fiscal Year</u>	<u>Total Tax Levy (Including Supplements)</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
2004	\$ 15,233,019	\$14,665,061	96.27%	\$ 476,971	\$ 15,142,032	99.40%	\$ 1,692,179	11.11%
2005	17,337,660	16,110,326	92.92%	560,059	16,670,385	96.15%	1,625,449	9.38%
2006	19,261,710	18,739,469	97.29%	509,337	19,248,806	99.93%	1,677,164	8.71%
2007	21,649,530	21,317,917	98.47%	618,934	21,936,851	101.33%	1,379,477	6.37%
2008	23,579,843	23,386,381	99.18%	436,392	23,822,773	101.03%	1,324,336	5.62%
2009	26,817,785	26,168,136	97.58%	430,189	26,598,325	99.18%	1,358,915	5.07%
2010	31,631,104	30,901,649	97.69%	384,090	31,285,739	98.91%	1,474,240	4.66%
2011	32,528,854	30,523,119	93.83%	503,928	31,027,047	95.38%	1,510,093	4.64%
2012	32,002,034	30,305,093	94.70%	541,322	30,846,415	96.39%	1,454,133	4.54%
2013	31,293,318	30,997,207	99.05%	615,601	31,612,808	101.02%	1,520,154	4.86%

WISE COUNTY, TEXAS
Computation of Legal Debt Margin
September 30, 2013

Assessed valuation:		
Assessed valuation of property		\$ 9,436,790,996
Less: Exemptions		<u>(2,197,567,341)</u>
 Taxable assessed value		 <u><u>\$ 7,239,223,655</u></u>
 Legal debt margin:		
Debt limit (25% of taxable assessed value)		\$ 1,809,805,914
Debt applicable to limitation:		
Total bonded debt		
Add: Tax notes	\$ 2,530,000	
Certificates of obligation	650,000	
Less: Amount available for repayment of bonded debt	<u>712,959</u>	
Total debt applicable to limitation		<u><u>2,467,041</u></u>
 Legal debt margin		 <u><u>\$ 1,807,338,873</u></u>

Note: Debt limit 25% of assessed value of real property, Article 3, Section 52, of the Texas Constitution.

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>
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
2011	59,127	7,317,988,569	9,010,000	354,431	8,655,569	0.118%	146.39
2012	59,833	7,133,846,711	6,240,000	208,420	6,031,580	0.085%	100.81
2013	60,432	7,239,223,655	3,180,000	712,959	2,467,041	0.034%	40.82

OVERALL COMPLIANCE AND
INTERNAL CONTROLS SECTION



SNOWGARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S 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***

To the Members of the Commissioners' Court
Wise County, Texas

We have audited, in accordance with the 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, 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 12, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wise County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wise County's internal control. Accordingly, we do not express an opinion on the effectiveness of Wise County's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wise County's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Snow Garrett Williams

Snow Garrett Williams
February 12, 2014

WISE COUNTY, TEXAS
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended September 30, 2013

<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, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

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: Unmodified

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:

97.067 Homeland Security Grant Program

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

Auditee qualified as a low-risk auditee? x yes _____ no

Section II – Financial Statement Findings

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

None Reported.

Section III – Federal Award Findings and Questioned Costs

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

WISE COUNTY, TEXAS
Corrective Action Plan
For the Fiscal Year Ended September 30, 2013

Financial Statement Audit Findings:

There are no current year financial statement audit findings.

Federal Award Findings:

There are no current year federal award findings.

FEDERAL AWARDS SECTION



SNOWGARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Members of the Commissioners' Court
Wise County, Texas

Report on Compliance for Each Major Federal Program

We have audited Wise County, Texas's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Wise County's major federal programs for the year ended September 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs

Auditor's Responsibility :

Our responsibility is to express an opinion on compliance for each of Wise County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Wise County's compliance.

Opinion on Each Major Federal Program

In our opinion, Wise County, complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of Wise County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Wise County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Wise 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Snow Garrett Williams

Snow Garrett Williams
February 12, 2014

WISE COUNTY, TEXAS
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2013

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Direct Programs			
Schools and Roads - Grants to Counties (Note 3)	10.666		\$ 371,385
<u>U.S. Department of Justice</u>			
Direct Programs			
State Criminal Alien Assistance Program	16.606		19,837
Bullet Proof Vest Partnership Program	16.607		2,350
Passed Through Office of Attorney General			
Statewide Automated Victim Information Notification Program	16.740	1337781	5,066
Total U.S. Department of Justice			27,253
<u>General Services Administration</u>			
Passed through Texas Facilities Commission Surplus Property Program			
Donation of Federal Surplus Personal Property (Note 4)	39.003	25880	2,628
<u>U.S. Department of Health and Human Services</u>			
Passed Through Office of Attorney General			
Child Support Enforcement	93.563		781
Passed Through Texas Juvenile Justice Department			
Title IV-E Foster Care	93.658	E-2013-249	14,504
Total U.S. Department of Health and Human Services			15,285
<u>U.S. Department of Homeland Security</u>			
Passed Through Texas Department of Public Safety			
Homeland Security Grant Program - UASI	97.067	2010-SS-T0-0008	175,000
Homeland Security Grant Program - SHSP - LETPA	97.067	2010-SS-T0-0008	498,000
Homeland Security Grant Program - UASI	97.067	EMW-2011-SS-00019	50,000
Total U.S. Department of Homeland Security			723,000
Total Expenditures of Federal Awards			\$ 1,139,551

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Wise County, Texas under programs of the federal government for the fiscal year ended September 30, 2013. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Wise County, it is not intended to and does not present the financial position or changes in net assets of Wise County, Texas.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3: Subrecipients

Of the federal expenditures presented in the schedule, Wise County provided federal awards to subrecipients as follows:

CFDA No. 10.666, Schools and Roads - Grants to Counties grant expenditures includes \$182,332 passed through to:

Alvord Independent School District	\$ 121,798
Chico Independent School District	4,923
Decatur Independent School District	40,113
Slidell Independent School District	15,498
Total passed through by Wise County	\$ 182,332

Note 4: Reconciliation of Federal Surplus Property

The following amounts were acquired from the Federal government at fair market value less applicable shipping and handling fees:

Property (Non-cash)	\$ 1,671
Handling Fees Paid	957
Total for CFDA# 39.003	\$ 2,628

