

WISE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2018

Wise County, Texas
Annual Financial Report
September 30, 2018

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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

Report on the Financial Statements

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, 2018, 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.

1207 Santa Fe Drive • Weatherford, Texas 76086 • 817-596-9301 • Fax 817-596-9304

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, 2018, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note A to the financial statements, in 2018 the County adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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, schedule of changes in net pension liability and related ratios, the schedule of employer contributions and related ratios, and the schedule of changes in the total OPEB liability and related ratios 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 state awards is presented for purposes of additional analysis as required by the State of Texas *Uniform Grant Management Standards* and is also not a required part of the basic financial statements.

The combining and budget statements and the schedule of state 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 state 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 report dated March 21, 2019, 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
March 21, 2019

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, 2018. The MD&A should be read in conjunction with the accompanying financial statements and the notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded liabilities at the close of fiscal year 2018 by $52,363,148 (net position). Of this amount, $8,836,303 is restricted for specific purposes, $39,206,361 is the net investment in capital assets and $4,320,484 represents unrestricted net position.
- In contrast to the government-wide statements, the fund statements reported a combined fund balance at year-end of $19,656,120, a decrease of $2,150,193 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $4,686,889, or 15% of total general fund expenditures.
- The County's total long-term debt decreased by a net amount of $6,399,694 during the current fiscal year primarily as a result of scheduled annual debt service payments and amortization of bond premiums netted against changes in net pension liability and compensated absences.

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 four 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 and deferred resources of outflows 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, deferred outflows of resources, and liabilities, with the difference between them 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 14 and 15 of this report.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental 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 governmental fund financial statements can be found on pages 16 through 18 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. These activities are excluded from the County's other financial statements since the County cannot use these assets to finance its operations. The fiduciary funds use the economic resources measurement focus and the accrual basis of accounting. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The fiduciary fund financial statement can be found on page 19 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 43 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, the schedule of changes in net pension liability and related ratios, the schedule of employer contributions and related ratios, and the schedule of changes in the total OPEB liability and related ratios. The required supplementary information can be found on pages 45 through 49 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 and deferred outflows of resources exceeded liabilities by $52,363,148 as of September 30, 2018.

A significant portion ($39,206,361) 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 $8,836,303 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	
	2018	2017
Current and other assets	$ 25,706,605	$ 27,481,923
Capital assets, net of depreciation	66,432,571	70,449,809
Total assets	92,139,176	97,931,732
Deferred outflows of resources	955,730	5,146,030
Long-term liabilities	37,794,264	44,193,958
Other liabilities	2,937,494	1,955,543
Total liabilities	40,731,758	46,149,501
Net position:		
Net investment in capital assets	39,206,361	42,095,959
Restricted	8,836,303	9,178,012
Unrestricted	4,320,484	5,654,290
Total net position	$ 52,363,148	$ 56,928,261

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

Governmental Activities

The County's governmental activities net position decreased by $3,923,688 during the current fiscal year. The total cost of all governmental activities this year was $49,615,563. The amount that our taxpayers paid for these activities through property taxes was $27,179,580 or 55% of total governmental expenses.

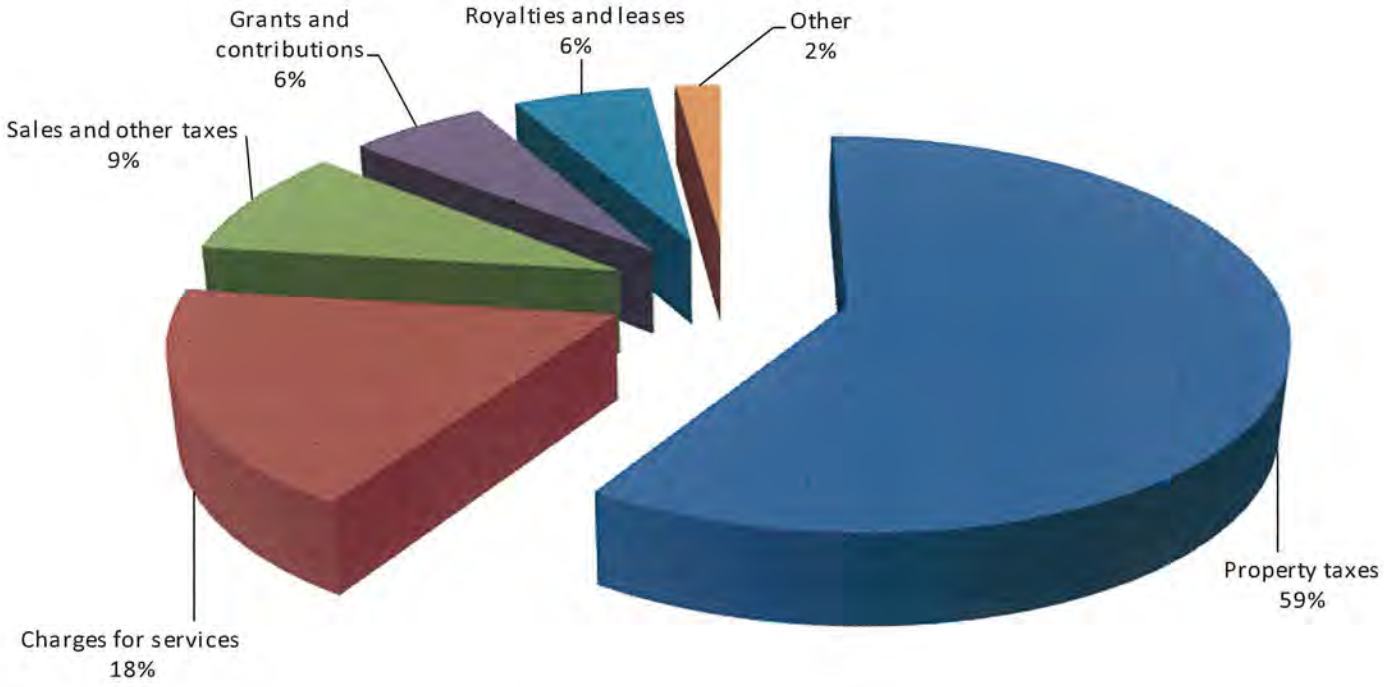
Changes in Net Position

	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	$ 7,992,300	$ 8,585,108
Operating grants and contributions	1,686,424	2,274,434
Capital grants and contributions	810,305	445,243
General revenues:		
Property taxes	27,179,580	26,497,015
Sales and other taxes	4,210,721	3,768,009
Investment earnings	518,869	205,260
Royalties and leases	2,916,556	2,779,888
Other	377,120	611,856
Total revenues	45,691,875	45,166,813
Expenses:		
General government	6,174,635	6,315,003
Judicial	4,071,615	4,074,044
Legal	2,183,506	2,267,475
Elections	399,567	390,211
Financial administration	2,422,124	2,234,833
Public facilities	3,875,448	4,144,803
Public safety	19,926,624	19,867,800
Public transportation	6,219,931	6,537,053
Health and welfare	1,208,242	1,252,407
Culture and recreation	612,749	607,611
Conservation	286,318	287,480
Interest and other costs	2,234,804	2,288,106
Total expenses	49,615,563	50,266,826
Change in net position	(3,923,688)	(5,100,013)
Net position-beginning	56,928,261	62,028,274
Prior period adjustment (Note N)	(641,425)	-
Net position-beginning, restated	56,286,836	62,028,274
Net position-ending	$ 52,363,148	$ 56,928,261

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

- Program revenues of $10,489,029 equaled 21% of government expenses. As expected, general revenues ($35,202,846) provided most of the required support and coverage for expenses;
- Public safety expenses increased $58,824 from the previous year. 40% of total expenses are related to public safety.
- The next largest category of expenses is public transportation at 13% of total expenses. Public transportation expenses decreased $317,122 from the previous year; and

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 $19,656,120, a decrease of $2,150,193 in comparison with the prior year. A portion of fund balance $12,169,265 or 62% is restricted by external resources. $4,686,889 or 24% 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 not available for new spending because it has already been committed to fund public safety needs ($34,446), and to fund special road projects ($2,163,204), and assigned to fund debt service ($446,292) and to fund indigent care ($156,024).

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 $4,686,889, which is 96% 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 15%, or slightly more than 54 days of total fund expenditures. It is the County's goal to achieve and maintain an unassigned general fund balance equal to 20% of subsequent year's budgeted expenditures. At September 30, 2018, the unassigned general fund balance represented 14% of subsequent year's general fund budgeted expenditures.

The fund balance of the County's general fund increased $616,688 during the current fiscal year. This increase is primarily due to an increase in property tax and sales and other tax revenues as well as decreases in general government, public facilities and public transportation expenses.

The debt service fund has a total fund balance of $2,946,292, all of which is restricted or assigned 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 $55,868, which is attributable to a slight increase in transfers in from the other funds and interest revenue. Expenditures for debt principal, interest and fiscal charges in the debt service fund totaled $5,781,253.

The capital projects fund had an ending fund balance of $3,332,962, which is restricted for various capital projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

In total, the original general fund budget and the final general fund amended budget for expenditures increased by $254,664 from the original to the final budget. Most of this difference resulted from an increase in Judicial, Financial administration and Culture and recreation expenditures.

The projected annual revenues increased by $541,128 from the original to the final budget. This was primarily due to increases in sales and other taxes, fees of office, netted against decreases in property tax revenues in the current year.

Actual revenues were $84,966 less than amended budget amounts mainly due to intergovernmental reveunes. Actual total expenditures for the year were $598,306 less than amended budget appropriations primarily due to general government and public safety expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The capital assets of the County are those assets (land, buildings, improvements, roads, bridges, machinery and equipment and construction in progress), which are used in the performance of the County's functions including current year expenditures for infrastructure assets. At September 30, 2018, net capital assets of the governmental activities totaled $66,432,571. Depreciation on capital assets is recognized in the government-wide financial statements. Annual depreciation for buildings, improvements, infrastructure and machinery and equipment totaled $5,807,902.

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

- Road and infrastructure for the Heritage Creek Subdivisions;
- Purchase of vehicles for the various departments of the County;
- Purchase of heavy equipment for use in various departments.

Wise County Capital Assets
(net of depreciation)

	Governmental Activities	
	2018	2017
Land	$ 3,850,605	$ 3,850,605
Construction in progress	82,382	-
Buildings and improvements	35,299,176	36,540,616
Infrastructure	20,892,350	22,523,800
Machinery and equipment	6,308,058	7,534,788
Total	$ 66,432,571	$ 70,449,809

Additional information on the County's capital assets can be found in Note F on page 29 of this report.

Long-term debt. At September 30, 2018, outstanding balances for long term debt of the governmental activities totaled $37,794,264. Amounts for the components of this balance are as follows:

Wise County's Outstanding Debt

	Governmental Activities	
	2018	2017
Tax notes	$ 3,075,000	$ 6,040,000
Lease revenue bonds	27,455,000	27,935,000
Unamortized premium	29,172	128,062
Overpayment of sales tax	398,821	428,976
Net pension liability	4,901,195	8,509,093
Total OPEB liability	713,169	-
Compensated absences	1,221,907	1,152,827
Total	$ 37,794,264	$ 44,193,958

The County maintained a bond rating of "AA" from Standard and Poor's on its obligations. Additional information on the County's long-term debt can be found in Note G on pages 30 through 31 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 2019, the County Commissioners and management considered the following factors:

- Economic indicators continue to be positive for Wise County as the county population continues to grow.
- Wise County's proximity to the Dallas-Fort Worth Metroplex- along with its major roads, land availability, and low tax/regulatory burden- makes it an attractive location for new residents and businesses.
- Sales tax revenues have demonstrated substantial positive gains as diversified businesses form the tax base in Wise County. Vibrant downtown revitalizations, booming limestone quarries, and the hospital-driven medical sector are great contributors to the local economy.
- A strong local housing market is creating increased property tax revenues, as new home constructions and housing developments continue in all areas of the County. Demand for housing- both new and existing- remains high.
- County tourist attractions, including the Caddo/LBJ Grasslands, the Wise County Park and Lake Bridgeport are promoting recreational pursuits for tourist income.
- The County continues to manage and promote the Wise County Fairgrounds and lakeside Wise County Park to create additional revenue opportunities.
- Weatherford College Wise County is a growing local college offering academic and vocational education in a state-of-the-art facility.
- Wise County is home to an increasingly diverse set of attractions and activities that will generate sales tax revenue, including rodeo and roping facilities; wineries and vineyards; multiple museums and veteran's parks; major annual car/automobile/off-road events; and other annual community events.

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, 2018

	Primary Government
Assets	
Current assets	
Cash	$ 2,533,967
Investments	16,383,000
Receivables, taxes (net of allowance for uncollectible of $553,167)	1,590,899
Receivables, accounts (net of allowance for uncollectible of $198,030)	1,962,314
Due from other governments	736,425
Non-current assets	
Restricted cash and investments	2,500,000
Capital assets	
Land and construction in progress	3,932,987
Other capital assets, net of depreciation	62,499,584
Total capital assets	66,432,571
Total assets	92,139,176
Deferred Outflows of Resources	
Deferred outflows of resources - pension	926,106
Deferred outflows of resources - opeb	29,624
Total deferred outflows of resources	955,730
Liabilities	
Current liabilities	
Accounts payable	1,396,188
Accrued salaries and benefits	586,435
Due to other governments	267,616
Deposits held and due to others	403,749
Accrued interest payable	283,506
Noncurrent liabilities	
Due within one year	4,263,610
Due in more than one year	33,530,654
Total liabilities	40,731,758
Net Position	
Net investment in capital assets	39,206,361
Restricted for	
Debt service	2,500,000
State and federal programs	369,190
Records management	1,013,227
General government	26,411
Legal	628,726
Public safety	433,075
Roads and bridges	3,558,455
Justice courts technology	307,219
Unrestricted	4,320,484
Total net position	$ 52,363,148

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

WISE COUNTY, TEXAS
Statement of Activities
For the Fiscal Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities					
General government	$ 6,174,635	$ 1,445,243	$ 95,904	$ -	$ (4,633,488)
Judicial	4,071,615	960,161	223,463	-	(2,887,991)
Legal	2,183,506	325,687	35,000	-	(1,822,819)
Elections	399,567	19,872	-	-	(379,695)
Financial administration	2,422,124	1,172,831	-	-	(1,249,293)
Public facilities	3,875,448	231,220	19,851	-	(3,624,377)
Public safety	19,926,624	1,754,431	1,075,520	3,502	(17,093,171)
Public transportation	6,219,931	1,933,724	234,336	806,803	(3,245,068)
Health and welfare	1,208,242	44,796	-	-	(1,163,446)
Culture and recreation	612,749	104,335	2,350	-	(506,064)
Conservation	286,318	-	-	-	(286,318)
Interest/fees on long-term debt	2,234,804	-	-	-	(2,234,804)
Total primary government	$ 49,615,563	$ 7,992,300	$ 1,686,424	$ 810,305	(39,126,534)

General revenues:	
Property taxes	27,179,580
Sales and other taxes	4,210,721
Investment earnings	518,869
Royalties and leases	2,916,556
Gain on disposal of assets	148,587
Other	228,533
Total general revenues	35,202,846
Change in net position	(3,923,688)
Net position, beginning of year	56,928,261
Prior period adjustment (Note N)	(641,425)
Net position, beginning of year, restated	56,286,836
Net position, end of year	$ 52,363,148

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

WISE COUNTY, TEXAS
Balance Sheet
Governmental Funds
September 30, 2018

	General	Lateral Road Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash	$ -	$ 1,289,182	$ 10,989	$ 190,849	$ 2,795,025	$ 4,286,045
Investments	7,560,500	4,971,500	3,395,000	255,000	201,000	16,383,000
Receivables						
Property taxes (net of allowances of $553,167)	1,213,263	210,666	-	-	166,970	1,590,899
Accounts	43,865	107,295	6,467	443	21,977	180,047
Due from other funds	30,152	-	-	-	-	30,152
Due from other governments	545,255	105,489	-	-	85,681	736,425
Restricted cash and investments	-	-	-	2,500,000	-	2,500,000
Total assets	$ 9,393,035	$ 6,684,132	$ 3,412,456	$ 2,946,292	$ 3,270,653	$ 25,706,568
Liabilities, deferred inflows of resources, and fund balances						
Liabilities						
Cash overdraft	$ 1,752,078	$ -	$ -	$ -	$ -	$ 1,752,078
Accounts payable	619,145	675,096	79,494	-	22,453	1,396,188
Accrued salaries and benefits	527,441	53,380	-	-	5,614	586,435
Due to other funds	-	-	-	-	30,152	30,152
Due to other governments	-	-	-	-	267,616	267,616
Deposits held and due to others	403,749	-	-	-	-	403,749
Total liabilities	3,302,413	728,476	79,494	-	325,835	4,436,218
Deferred inflows of resources						
Unavailable revenue - property taxes	1,213,263	210,666	-	-	166,970	1,590,899
Unavailable revenue - other	-	23,331	-	-	-	23,331
Total deferred inflows of resources	1,213,263	233,997	-	-	166,970	1,614,230
Fund balances						
Restricted for						
Debt service	-	-	-	2,500,000	-	2,500,000
Capital projects	-	-	3,332,962	-	-	3,332,962
State and federal programs	-	-	-	-	369,190	369,190
Records management	-	-	-	-	1,013,227	1,013,227
General government	-	-	-	-	26,411	26,411
Legal	-	-	-	-	628,726	628,726
Public safety	-	-	-	-	433,075	433,075
Roads and bridges	-	3,558,455	-	-	-	3,558,455
Justice courts technology	-	-	-	-	307,219	307,219
Committed to						
Special road projects	-	2,163,204	-	-	-	2,163,204
Public safety	34,446	-	-	-	-	34,446
Assigned to						
Indigent care	156,024	-	-	-	-	156,024
Debt service	-	-	-	446,292	-	446,292
Unassigned	4,686,889	-	-	-	-	4,686,889
Total fund balances	4,877,359	5,721,659	3,332,962	2,946,292	2,777,848	19,656,120
Total liabilities, deferred inflows of resources, and fund balances	$ 9,393,035	$ 6,684,132	$ 3,412,456	$ 2,946,292	$ 3,270,653	

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	66,432,571
Property taxes receivable and other receivables from citizens, net of allowance are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,614,230
Additional receivables for ambulance services, county clerk, district clerk, and justices of the peace, net of allowance, are not measurable and available in the current period and are not reported in the funds.	1,782,267
Deferred outflows of resources are not financial resources and, therefore, are not reported in the funds.	955,730
Some liabilities, including tax notes, bonds, overpayment of sales tax payable, bond premiums, net pension liability, total opeb liability, compensated absences and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	(38,077,770)
Net position of governmental activities - statement of net position	$ 52,363,148

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

WISE COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended September 30, 2018

	General	Lateral Road Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	$ 21,629,388	$ 2,349,417	$ -	$ -	$ 2,968,963	$ 26,947,768
Sales and other taxes	4,210,721	-	-	-	-	4,210,721
Licenses and permits	-	1,319,826	-	-	-	1,319,826
Intergovernmental	748,150	1,041,139	-	-	684,197	2,473,486
Fees of office	5,153,003	-	-	-	554,059	5,707,062
Fines and forfeitures	343,596	550,114	-	-	-	893,710
Interest	256,724	119,113	81,503	55,708	5,821	518,869
Royalties and leases	268,618	-	-	2,647,938	-	2,916,556
Solid waste fees	591,020	-	-	-	-	591,020
Miscellaneous revenues and donations	555,081	8,670	230	-	22,380	586,361
Total revenues	33,756,301	5,388,279	81,733	2,703,646	4,235,420	46,165,379
Expenditures						
Current:						
General government	3,113,731	-	-	-	3,002,283	6,116,014
Judicial	3,883,209	-	-	-	94,865	3,978,074
Legal	1,942,218	-	-	-	183,292	2,125,510
Elections	393,400	-	-	-	-	393,400
Financial administration	2,358,929	-	-	-	-	2,358,929
Public facilities	2,487,623	-	-	-	-	2,487,623
Public safety	15,125,269	-	211,879	-	1,073,492	16,410,640
Public transportation	57,474	5,070,484	-	-	-	5,127,958
Health and welfare	1,205,316	-	-	-	-	1,205,316
Culture and recreation	363,989	-	-	-	-	363,989
Conservation	282,178	-	-	-	-	282,178
Capital outlay	42,346	934,736	779,514	-	81,379	1,837,975
Debt service						
Principal retirement	30,155	-	-	3,445,000	-	3,475,155
Interest, issuance costs and fiscal charges	12,457	-	-	2,336,253	-	2,348,710
Total expenditures	31,298,294	6,005,220	991,393	5,781,253	4,435,311	48,511,471
Excess (deficiency) of revenues over (under) expenditures	2,458,007	(616,941)	(909,660)	(3,077,607)	(199,891)	(2,346,092)
Other financing sources (uses)						
Operating transfers in	1,877,017	584,735	-	3,133,475	479,118	6,074,345
Operating transfers out	(3,773,029)	(550,000)	(1,506,590)	-	(244,726)	(6,074,345)
Sale of assets	54,693	141,206	-	-	-	195,899
Total other financing sources (uses)	(1,841,319)	175,941	(1,506,590)	3,133,475	234,392	195,899
Net change in fund balances	616,688	(441,000)	(2,416,250)	55,868	34,501	(2,150,193)
Fund balances, beginning of year	4,260,671	6,162,659	5,749,212	2,890,424	2,743,347	21,806,313
Fund balances, end of year	$ 4,877,359	$ 5,721,659	$ 3,332,962	$ 2,946,292	$ 2,777,848	$ 19,656,120

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

WISE COUNTY, TEXAS
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended September 30, 2018

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

Net change in fund balances - total governmental funds		$ (2,150,193)
Governmental funds report all capital outlays as expenditures. However, in the statement of activities the cost of the assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exPEnse exceeded capital outlay in the current year.		
Capital outlay expenditures	1,837,975	
Depreciation expense	(5,807,902)	
		(3,969,927)
The net effect of various miscellaneous transactions involving capital assets (i.e.,proceeds from sales, trade-ins, gain on sales, disposals) decreases net position.		(47,312)
The change in property tax and fee receivables, net of allowance, is reported as revenue in the statement of activities, however this change does not provide current financial resource and is therefore not reported as revenue in the governmental funds.		(622,091)
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.		
Amortization of premium from debt issuances	98,890	
Change in accrued interest payable	15,016	
Change in compensated absences payable	(69,080)	
		44,826
Pension expense in the funds is recorded as contributions when made to the retirement plan. Pension expense in governmental activities is recorded as the retirement plan's Pension expense for the measurement period. This is the difference between how pension expense is recorded in the two statements.		(612,026)
OPEB expense in the funds is recorded as contributions when made to the supplemental death benefit plan. OPEB expense in governmental activities is recorded as the plan's OPEB expense for the measurement period. This is the difference between how OPEB expense is recorded in the two statements.		(42,120)
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.		3,475,155
Change in net position of governmental activities - statement of activities		$ (3,923,688)

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

WISE COUNTY, TEXAS
Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2018

Assets	
Cash	$ 3,661,173
Investments	1,148,822
Receivables:	
Property taxes - for other governments	68,760
Total assets	$ 4,878,755
Liabilities	
Deposits held and due to others	$ 4,809,995
Property taxes to be collected - due to other governments	68,760
Total liabilities	$ 4,878,755

Note A – Summary of Significant Accounting Policies

The accounting policies of Wise County, Texas conform to generally accepted accounting principles as applicable to governments. 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, 2018.

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, fees, 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 selected nonmajor funds are presented in the Combining and Budget Statements section.

Note A - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements: These 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.

Governmental Fund Financial Statements: The 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:

General Fund: This 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.

Lateral Road Fund: This 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.

Capital Projects Fund: This fund is used to account for and report 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.

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

Fiduciary Fund Financial Statements: These 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 only has 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.

Note A - Summary of Significant Accounting Policies (Continued)

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, a public hearing is required. If the Court increases taxes more than eight percent, taxes are subject to a rollback petition and election.

b) Public hearings are conducted at the Wise County Courthouse to obtain taxpayer comments.

c) Prior to October 1, the budget is legally enacted through adoption of an order by the Commissioners' Court.

d) Any amendments, which alter total expenditures of any department, must be approved by the Commissioners' Court.

e) Budgets for the various funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), with the exception of tax revenues being reported on the cash basis. Budget and actual amounts are recorded on the same basis.

f) Expenditures in excess of appropriations are required by state statutes to be reported down to the departmental classification.

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, 2018.

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 the asset's life are not capitalized. Capital assets are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings and improvements	20 - 40 years
Infrastructure	30 years
Machinery and equipment	3 - 10 years

Note A - Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on certificates of obligations, tax notes or revenue bonds are deferred and amortized over the life of the debt. Certificates of obligation, tax notes, and revenue bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognized debt premiums and discounts 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 net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The County currently has deferred outflows of resources related to the pension plan and OPEB reported in the statement of net position.

In addition to liabilities, the statement of net position and balance sheet will sometimes include a separate section for deferred inflows of resources. This separate financial statement element 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 has deferred inflows of resources related to unavailable revenue from property taxes and liens placed on properties for reimbursement of road repairs reported in the governmental fund balance sheet.

Note A - Summary of Significant Accounting Policies (Continued)

Fund Balances

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 action, Order of the 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 20% of subsequent year's budgeted expenditures. At the end of fiscal year 2018, the unassigned General Fund balance was 14% of subsequent year's budgeted expenditures.

Note A - Summary of Significant Accounting Policies (Continued)

Net Position

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

Net investment in capital assets 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 consists of external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments, enabling legislation, and constitutional provisions.

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

When both restricted and unrestricted net position is available for use, it is the County's policy to use restricted resources first, then unrestricted resources as needed.

The statement of net position includes $4,135,991 of net position that is restricted by enabling legislation.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB)

The total OPEB liability has been determined using the economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits; OPEB expense; and information about assets, liabilities, and additions to/deductions from these amounts.

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.

New Accounting Standards Adopted

In fiscal year 2018, the County adopted a new statement of financial accounting standards issued by the Governmental Accounting Standards Board (GASB). Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about support for OPEB that is provided by other entities. The financial statements and note disclosures have been updated for the affects of the adoption of GASB Statement No. 75.

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, maintenance of adequate liquidity, diversification, maximization of interest earnings, and maturity. 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.

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

a) Obligations of, or guaranteed by, government entities;

b) Certificates of Deposit and Share Certificates, guaranteed by Federal Deposit Insurance Corporation (FDIC) or fully collateralized;

c) Repurchase agreements, fully collateralized, not to exceed 90 days;

d) Commercial paper, with stated maturity of 270 days or fewer;

e) No load Money Market Mutual Fund, not to exceed 90 days; and

f) Local Government Investment Pools as approved by Commissioners Court.

Public Funds Investment Pools

TexPool

Texas Local Government Investment Pool (TexPool) is a local government investment pool organized in conformity with the Interlocal Cooperation Ac, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Comptroller of Public Account is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate the TexPool portfolios. Administrative and investment services and provided by Federated Investors, Inc. TexPool has established an advisory board composed equally of participants and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool. TexPool is rated AAAm by Standard and Poor's.

TexPool uses amortized cost to value portfolio assets and follows the criteria established by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, for use of amortized cost. The stated objective of TexPool is to maintain a stable average of $1.00 per unit net asset value. There are no limitations or restrictions on withdrawals.

Note B - Deposits, Securities and Investments (Continued)

As of September 30, 2018, the County had the following investments:

	Market Value	% of Total	Weighted Average Maturities
Certificates of Deposit- Agency Funds	$ 348,822	1.99%	6 months
TexPool - Agency Funds	800,000	4.56%	28 days
TexPool - Governmental Funds	16,383,000	93.45%	28 days
Total Investments	$ 17,531,822	100.00%	

Interest Rate Risk - Investments are exposed to interest rate risk if changes in market interest rates will adversely affect the fair value of an investment. As of September 30, 2018, 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, 2018, 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, 2018, 98.01% of the County's investments was included in local government investment pools and 1.99% was included in certificates of deposit. External investment pools are exempt from concentration of credit risk disclosures.

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. As of September 30, 2018, 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, 2018, to finance maintenance and operations (M&O) of the County was $.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

In the governmental funds, taxes are recognized as revenue when received and the remaining balance is recorded as unearned revenue at year end. The following schedule details property taxes receivable by fund at September 30, 2018:

Fund	Property Taxes Receivable (Net)
General- (M&O)	$ 1,213,263
Special Revenue- (WCBCMT)	166,970
Lateral Road	210,666
Total	$ 1,590,899

Note E - 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 non-current 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 of $2,500,000 are restricted for debt service fund requirements.

Note F – Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

	Balance 10/1/2017	Adjustments/ Additions	Adjustments/ Deletions	Balance 09/30/2018
Governmental activities				
Capital assets not being depreciated				
Land	$ 3,850,605	$ -	$ -	$ 3,850,605
Construction in progress	-	82,382	-	82,382
Total capital assets not being depreciated	3,850,605	82,382	-	3,932,987
Other capital assets				
Buildings and improvements	54,448,093	39,526	-	54,487,619
Infrastructure	77,967,466	928,864	-	78,896,330
Machinery and equipment	29,099,902	787,203	790,630	29,096,475
Total other capital assets	161,515,461	1,755,593	790,630	162,480,424
Less accumulated depreciation				
Building and improvements	17,907,477	1,280,966	-	19,188,443
Infrastructure	55,443,666	2,560,314	-	58,003,980
Machinery and equipment	21,565,114	1,966,622	743,319	22,788,417
Total accumulated depreciation	94,916,257	5,807,902	743,319	99,980,840
Other capital assets, net	66,599,204	(4,052,309)	47,311	62,499,584
Governmental activities capital assets, net	$70,449,809	$ (3,969,927)	$ 47,311	$66,432,571

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

Governmental activities:	
General government	$ 6,931
Judicial	21,358
Legal	8,039
Financial administration	8,598
Public facilities	1,350,358
Public safety	3,154,754
Public transportation	1,009,104
Culture and recreation	248,760
Total depreciation for governmental activities	$ 5,807,902

Note G - Long-Term Debt

The principal long-term obligations of the County include tax notes, lease revenue bonds, overpayment of sales taxes liability, and the accrued liability for compensated absences.

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 $27,455,000 at September 30, 2018.

Tax Notes – 2014 Series

- For the remodeling of existing buildings and the purchase of land and equipment.
- $14,335,000 originally issued.
- Payable in annual installments of $2,565,000 to $3,075,000 through February 15, 2019.
- Interest rate ranges from 2.00% to 4.00%.
- Outstanding principal balance of $3,075,000 at September 30, 2018.

Overpayment of Sales Tax

- The County was overpaid sales tax during the years 2005 – 2008. The overpayment was the result of a business that filed a refund claim for taxes it paid in error and the State Comptroller's office performed an audit assessment and determined that the taxpayer was due a refund. The State refunded the taxpayer, which resulted in a liability of $639,190 from Wise County to the State.
- The County and the State agreed to a payment plan, in which the State will reduce the County's monthly Sales and Use Tax payment by $3,551 a month for 15 years beginning October 1, 2014.
- Interest was imputed at a rate of 3%, creating a liability with a present value of $512,048.
- Outstanding liability balance of $398,821 at September 30, 2018.

Note G - Long-Term Debt (Continued)

The following are changes by type of debt for the year ended September 30, 2018:

	Balance 10/1/2017	Increase	Decrease	Balance 09/30/2018	Amounts Due Within One Year
Tax notes	$ 6,040,000	$ -	$ 2,965,000	$ 3,075,000	$ 3,075,000
Lease revenue bonds	27,935,000	-	480,000	27,455,000	580,000
Unamortized bond premium	128,062	-	98,890	29,172	29,172
Overpayment of sales tax	428,976	-	30,155	398,821	31,072
Net Pension Liability	8,509,093	2,882,320	6,490,218	4,901,195	-
Total OPEB liability	650,505	62,664	-	713,169	-
Compensated absences	1,152,827	770,957	701,877	1,221,907	548,366
Totals	$44,844,463	$ 3,715,941	$10,766,140	$37,794,264	$ 4,263,610

The annual requirements to amortize long-term debt as of September 30, 2018 are as follows:

	Lease Revenue Bonds		Tax Notes		Overpayment of Sales Tax		
Year	Principal	Interest	Principal	Interest	Principal	Interest	Total
2019	$ 580,000	$ 2,137,338	$ 3,075,000	$ 61,500	$ 31,072	$ 11,540	$ 5,896,450
2020	690,000	2,098,912	-	-	32,018	10,595	2,831,525
2021	810,000	2,051,474	-	-	32,991	9,621	2,904,086
2022	925,000	1,994,775	-	-	33,995	8,617	2,962,387
2023	1,055,000	1,925,400	-	-	35,029	7,583	3,023,012
2024-2028	7,590,000	8,206,002	-	-	191,788	21,272	16,009,062
2029-2033	12,540,000	4,502,000	-	-	41,928	684	17,084,612
2034-2036	3,265,000	261,200	-	-	-	-	3,526,200
Totals	$27,455,000	$23,177,101	$ 3,075,000	$ 61,500	$398,821	$ 69,912	$54,237,334

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.

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, 2018, the value of the liability for compensated absences was $1,221,907 and the value of accumulated sick pay benefits was approximately $924,294. No liability has been recorded for sick pay since it is non-vesting. General fund revenues are used to liquidate the compensated absences liability.

Note I – Interfund Activity

Due To and From Other Funds

Interfund balances at September 30, 2018 were as follows:

Receivable From	Payable To	Amount
Other governmental funds	General fund	$ 30,152

Interfund balances are related to timing differences of payables at year end.

Transfers To and From Other Funds

Interfund transfers during the fiscal year were as follows:

Fund	Transfers In	Transfers Out
General fund	$ 1,877,017	$ (3,773,029)
Lateral road fund	584,735	(550,000)
Capital projects funds	-	(1,506,590)
Debt service fund	3,133,475	-
Other governmental funds	479,118	(244,726)
Total transfers	$ 6,074,345	$ (6,074,345)

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, and (3) to transfer funds from receipts collected for various fees in special revenue funds to the General Fund to cover County expenditures.

Note J – Defined Benefit Pension Plans

Plan Description

The County participates as one of 760 plans in the nontraditional defined benefit pension plan administered by the Texas County and District Retirement System (TCDRS). TCDRS was created by the Texas Legislature and is overseen by an independent Board of Trustees, which is responsible for the administration of the System. TCDRS is a statewide, agent multiple-employer, public employee retirement system for county and district employees in the State of Texas. The TCDRS Act places the general administration and management of the System with a nine-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TCDRS is not fiscally dependent on the State of Texas. TCDRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code.

TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available at www.tcdrs.org.

Note J – Defined Benefit Pension Plans (Continued)

Benefits Provided

All full- and part-time non temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

The plan provides retirement, disability, and survivor benefits. TCDRS is a savings-based plan. For the County's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 225%) and is then converted to an annuity. There are no automatic Cost of Living Adjustments (COLA's). Each year the County may elect an ad hoc COLA for its retirees. There are two COLA types, each limited by actual inflation. Benefit provisions are established under the TCDRS Act. They may be amended as of January 1 each year by Commissioners' Court, but must remain in conformity with the Act. Plan provisions for the County are as follows:

Employee deposit rate	7.0%
Employer Matching	225%
Prior Service Credit	165%
Years required for vesting	8
Service retirement eligibility (expressed as age/years of service)	60/8, 0/20, 75 total age plus service

Members may choose to receive their retirement benefit in one of seven actuarially equivalent payment options. The County has also opted to provide prior service which gives employees monetary credit for time worked for an organization before it joined the System.

Employees covered by benefit terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	159
Inactive employees entitled to but not yet receiving benefits	283
Active employees	413
Total	855

Contributions

The deposit rates for employees in TCDRS can range from 4% to 7% of employee compensation, as adopted by the employer's governing body. Participating employers are required, by law, to contribute at actuarially determined rates, although the employer may elect to contribute at a higher rate to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and are based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the County was 11.42% and 10.75% in calendar years 2018 and 2017, respectively. The County's contributions to TCDRS for the fiscal year ended September 30, 2018 were $2,270,295, and were equal to the required contributions.

Note J – Defined Benefit Pension Plans (Continued)

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2017 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions

For funding calculations, TCDRS uses an entry-age normal actuarial cost method assuming the current plan provisions had always been in place. The goal of this cost method is to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin. Under this approach, benefits are funded in advance as a level percentage of pay. This portion of the contribution rate is called the normal cost rate and generally remains stable from year to year.

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following TCDRS system-wide and employer specific assumptions:

Real rate of return	5.25% per year
Inflation	2.75% per year
Long-term investment rate of return	8.0%, net of investment expenses

- The assumed long-term investment return of 8% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 8% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.
- The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee with a range of 0.50% to 5.00%.
- The TCDRS system-wide demographic assumptions include replacement of terminated members in which new employees are assumed to replace any terminated members and have similar entry ages.
- The rates of disability used range from 0.000% to 0.018% depending on age for work related causes and 0.000% to 0.270% depending on age for all other causes.
- Mortality rates for depositing members were based on 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
- Mortality rates for service retirees, beneficiaries, and non-depositing members were based on 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
- Mortality rates for disabled retirees were based on 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Note J – Defined Benefit Pension Plans (Continued)

- For current retirees, beneficiary information is supplied by TCDRS. For purposes of calculating the Survivor Benefit for current depositing and non-depositing members, male members are assumed to have a female beneficiary who is three years younger. Female members are assumed to have a male beneficiary who is three years older.
- Members eligible for service retirement are assumed to retire at rates ranging from 4.5% to 22%. The rates vary by age and gender.
- The employer-specific demographic assumptions include a range of rates of assumed future termination from active participation in the plan for reasons other than death, disability, or retirement of 0.0% to 39.8%. The rate can vary by length of service, entry-age group (age at hire) and gender. No termination after eligibility for retirement is assumed.
- Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. Rates applied to the County's plan range from 100% to 10% based on years of service. For non-depositing members who are not vested, 100% are assumed to elect a withdrawal.

The actuarial assumptions above that were used to determine the total pension liability as of December 31, 2017 were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, first used in the December 31, 2017 actuarial valuation.

For financial reporting, TCDRS also uses the entry-age actuarial cost method but with a slight difference. This method varies from the method used in the funding calculations in that it uses the actual historical plan provisions in the calculation, as specified by GASB, whereas, the method used in funding assumes the current plan has always been in place. Additionally, as required by GASB, the entry age for financial reporting is based on the age the member began contributing to the plan, whereas for funding purposes the entry age is the member's current age minus all of the member's service time with TCDRS, including proportionate service.

There were no changes in methods, but the following changes in actuarial assumptions were reflected in the December 31, 2017 actuarial valuation:

- Inflation assumption decreased from 3.0% per year to 2.75% per year, with a corresponding decrease in the general wage growth assumption from 3.5% to 3.25%.
- Slightly adjusted all mortality rates to better reflect anticipated experience
- Adjusted retirement rates to reflect people retiring at older ages
- Lowered disability retirement rates
- Adjustments made to termination rates and some employers assigned to a different termination group
- Lowered probability of withdrawal of contributions upon termination
- Adjusted merit salary scale to reflect anticipated future experience
- Adjusted payroll increase assumption for some employers to reflect the change in the general wage growth assumption and to reflect changes in anticipated experience.

Note J – Defined Benefit Pension Plans (Continued)

The long-term expected rate of return on pension plan investments, net of investment expense, is 8.10%. The rate is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant. The numbers shown are based on January 2018 information for a 10-year time horizon.

The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017.

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected Minus Inflation)
US Equities	11.50%	4.55%
Private Equity	16.00%	7.55%
Global Equities	1.50%	4.85%
International Equities - Developed	11.00%	4.55%
International Equities - Emerging	8.00%	5.55%
Investment-Grade Bonds	3.00%	0.75%
Strategic Credit	8.00%	4.12%
Direct Lending	10.00%	8.06%
Distressed Debt	2.00%	6.30%
REIT Equities	2.00%	4.05%
Master Limited Partnerships (MLPs)	3.00%	6.00%
Private Real Estate Partnerships	6.00%	6.25%
Hedge Funds	18.00%	4.10%
Total	100.00%	

Discount Rate

In order to determine the discount rate to be used by each employer, TCDRS has used an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act:

1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.

2) Under the TCDRS Act, the employer is legally required to make contributions specified in the funding policy.

3) The County's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.

4) Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Note J – Defined Benefit Pension Plans (Continued)

Based on these requirements, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position was projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, the discount rate used to measure the total pension liability is 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Changes in Net Pension Liability

	Increase (Decrease)		
Changes in the NPL	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2016	$73,180,442	$64,671,349	$ 8,509,093
Changes for the year:			
Service cost	3,034,626	-	3,034,626
Interest on total pension liability	6,075,636	-	6,075,636
Effect of plan changes	-	-	-
Effect of economic/demographic gains/losses	51,548	-	51,548
Effect of assumptions changes or inputs	220,446	-	220,446
Refund of contributions	(254,409)	(254,409)	-
Benefit payments	(2,207,974)	(2,207,974)	-
Administrative expenses	-	(50,010)	50,010
Member contributions	-	1,407,204	(1,407,204)
Net investment income	-	9,457,547	(9,457,547)
Employer contributions	-	2,161,062	(2,161,062)
Other	-	14,351	(14,351)
Balance at 12/31/2017	$80,100,315	$75,199,120	$ 4,901,195

Note J – Defined Benefit Pension Plans (Continued)

Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 8.10%, as well as what Wise County net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.10%) or 1-percentage-point higher (9.10%) than the current rate:

	1% Decrease in Discount Rate (7.10%)	Current Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Total pension liability	$ 91,268,624	$ 80,100,315	$ 70,752,942
Fiduciary net pension	75,199,119	75,199,120	75,199,119
Net pension liability / (asset)	$ 16,069,505	$ 4,901,195	$ (4,446,177)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TCDRS financial report. That report may be obtained on the Internet at *www.tcdrs.com*. The County's plan's fiduciary net position has been determined on the same basis as that used by TCDRS. The TCDRS plan is reported on the accrual basis of accounting. Benefits payments are recognized when due and payable in accordance with TCDRS's plan terms. Investments are reported at fair value.

Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions

For the measurement period ending December 31, 2017, the County recognized pension expense of $2,882,320. Details of the County's pension expense are as follows:

Pension Expense

Pension Expense	January 1, 2017 to December 31, 2017
Service cost	$ 3,034,626
Interest on total pension liability	6,075,636
Effect of plan changes	-
Administrative expenses	50,010
Member contributions	(1,407,204)
Expected investment return net of investment expenses	(5,280,880)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(314,195)
Recognition of assumption changes or inputs	175,638
Recognition of investment gains or losses	563,040
Other	(14,351)
Total Pension Expense	$ 2,882,320

Note J – Defined Benefit Pension Plans (Continued)

As of the measurement period December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 41,240	$ 672,329
Changes of assumptions	439,453	-
Net difference between project and actual earnings	-	618,285
Contributions made subsequent to measurement date	1,736,027	-
Total	$2,216,720	$1,290,614

Contributions made subsequent to the measurement date of $1,736,027 are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2019	$ 424,481
2020	327,728
2021	(781,195)
2022	(780,935)
2023	-
Thereafter	-
Total	$ (809,921)

Note K - Postemployment Benefits Other Than Pensions

Plan Description

The County participates in a 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 (GTL Fund). This optional plan provides group term life insurance coverage to current eligible employees and to retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB).

Contributions made to the retiree GTL Program are held in the GTL Fund. No assets are accumulated in a trust therefore The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.

Benefits Provided

The plan provides a $5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of the County. The OPEB benefit is a fixed $5,000 lump-sum benefit. No future increases are assumed in the $5,000 benefit amount. Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the County may elect to opt out of (or opt into) coverage as of Jan. 1 each year.

Employees covered by benefit terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	130
Inactive employees or beneficiaries entitled to but not yet receiving benefit payments	62
Active Plan Members	413
Total	605

Total OPEB Liability

The County's total OPEB liability was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

A discount rate of 3.44% was applied in the measurement of the total OPEB liability. The discount rate is based on the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the RP-2014 Active Employee Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on MP 2014 Ultimate scale after 2014.

Note K – Other Post Employment Benefits (Continued)

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 75.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2016	$ 650,505
Changes for the year:	
Service cost	27,188
Interest on total OPEB liability	25,391
Changes of beneftit terms	-
Effect of economic/demographic gains/losses	(13,121)
Effect of assumptions changes or inputs	35,268
Benefit payments	(12,062)
Balance at 12/31/2017	$ 713,169

Sensitivity Analysis

The following presents the toal OPEB liability of the County, calculated using the discount rate of 3.44%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.44%) or 1-percentage-point higher (4.44%) than the current rate:

	1% Decrease in Discount Rate (2.44%)	Current Discount Rate (3.44%)	1% Increase in Discount Rate (4.44%)
Total OPEB liability	$863,200	$713,169	$597,908

Note K – Other Post Employment Benefits (Continued)

OPEB Expense and Deferred Inflows/Outflows of Resources Related to OPEB

For the measurement period ending December 31, 2017, the County recognized OPEB expense of $55,743. At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 11,247
Changes of assumptions	30,230	-
Contributions made subsequent to measurement date	10,641	-
Total	$ 40,871	$ 11,247

Contributions made subsequent to the measurement date of $10,641 are reported as deferred outflows of resources related to OPEB and will be recognized as a reduction of the toal OPEB liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2019	$ 3,164
2020	3,164
2021	3,164
2022	3,164
2023	3,164
Thereafter	3,163
Total	$ 18,983

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 coverages. The pool coverage is offered through interlocal agreements between the Pool and counties. The Pool has the power to establish fees, contributions and methods for establishing rates. Under contract with the Pool, the Association provides for such services as claims administration and management, underwriting, loss control services and training, and financial reporting for its members. The Association submits sealed bids to counties during the bid process. The Pool is governed by a Board of Directors made up of employees or officials of counties which are members of the Pool. Member counties make contributions to the Pool, and the Pool provides insurance coverage and applicable reinsurance or stop loss coverage. The insurance policies carry various deductibles and aggregate maximum loss totals. The by-laws of the Pool are detailed in a separate document which can be obtained from the Texas Association of Counties, 1210 San Antonio Street, Austin, TX 78701.

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

Note 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 – Prior Period Adjustment

During fiscal year 2018, the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. With GASB 75, the District must assume their Total OPEB liability of the GTL Fund plan administered by TCDRS. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The prior period adjustment totaled ($641,425) which resulted in a restated beginning net position balance of $56,286,836.

Note O - Subsequent Events

The County has evaluated subsequent events through March 21, 2019, the date the financial statements were available to be issued, and nothing significant requiring disclosure was noted.

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	$ 22,268,000	$ 21,629,391	$ 21,629,388	$ (3)
Sales and other taxes	3,482,000	4,199,965	4,210,721	10,756
Intergovernmental	735,931	844,062	748,150	(95,912)
Fees of office	4,685,500	5,153,013	5,153,003	(10)
Fines and forfeitures	478,000	343,596	343,596	-
Interest	60,800	256,726	256,724	(2)
Royalties and leases	195,000	268,618	268,618	-
Solid waste fees	640,000	591,021	591,020	(1)
Miscellaneous revenues and donations	754,908	554,875	555,081	206
Total revenues	33,300,139	33,841,267	33,756,301	(84,966)
Expenditures				
Current:				
General government	3,371,892	3,366,086	3,113,731	252,355
Judicial	3,779,042	3,899,365	3,883,209	16,156
Legal	1,974,886	1,942,245	1,942,218	27
Elections	348,988	393,407	393,400	7
Financial administration	2,262,857	2,358,966	2,358,929	37
Public facilities	2,696,431	2,540,496	2,487,623	52,873
Public safety	15,354,119	15,345,914	15,125,269	220,645
Public transportation	66,500	97,249	57,474	39,775
Health and welfare	1,191,114	1,209,210	1,205,316	3,894
Culture and recreation	310,700	414,303	363,989	50,314
Conservation	284,907	282,187	282,178	9
Capital outlay	500	4,560	42,346	(37,786)
Debt service				
Principal retirement	-	29,265	30,155	(890)
Interest, issuance costs and fiscal charges	-	13,347	12,457	890
Total expenditures	31,641,936	31,896,600	31,298,294	598,306
Excess of revenues over expenditures	1,658,203	1,944,667	2,458,007	513,340
Other financing sources (uses)				
Operating transfers in	1,859,349	1,907,018	1,877,017	(30,001)
Operating transfers out	(3,441,718)	(4,229,591)	(3,773,029)	456,562
Sale of assets	10,000	25,007	54,693	29,686
Total other financing sources (uses)	(1,572,369)	(2,297,566)	(1,841,319)	456,247
Net change in fund balances	85,834	(352,899)	616,688	$ 969,587
Fund balances, beginning of year	4,260,671	4,260,671	4,260,671	
Fund balances, end of year	$ 4,346,505	$ 3,907,772	$ 4,877,359	

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	$ 2,161,500	$ 2,112,467	$ 2,349,417	$ 236,950
License and permits	1,168,000	1,232,752	1,319,826	87,074
Intergovernmental	295,000	1,254,705	1,041,139	(213,566)
Fines and forfeitures	588,000	550,121	550,114	(7)
Interest	31,200	119,115	119,113	(2)
Miscellaneous revenues and donations	-	99,471	8,670	(90,801)
Total revenues	4,243,700	5,368,631	5,388,279	19,648
Expenditures				
Current:				
Public transportation	5,833,509	5,326,115	5,070,484	255,631
Capital outlay	934,736	934,736	934,736	-
Total expenditures	6,768,245	6,260,851	6,005,220	255,631
Deficiency of revenues under expenditures	(2,524,545)	(892,220)	(616,941)	275,279
Other financing sources				
Operating transfers in	-	34,735	34,735	-
Sale of assets	-	50,407	141,206	90,799
Total other financing sources	-	85,142	175,941	90,799
Net change in fund balances	(2,524,545)	(807,078)	(441,000)	$ 366,078
Fund balances, beginning of year	6,162,659	6,162,659	6,162,659	
Fund balances, end of year	$ 3,638,114	$ 5,355,581	$ 5,721,659	

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

WISE COUNTY, TEXAS
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Four Fiscal Years**

Measurement Date - December 31st: *	2017	2016	2015	2014
Total Pension Liability				
Service cost	$ 3,034,626	$ 3,244,855	$ 2,921,560	$ 2,824,612
Interest on total pension liability	6,075,636	5,469,784	5,022,759	4,589,585
Effect of plan changes	-	-	(570,698)	-
Effect of assumption changes or inputs	220,446	-	657,742	-
Effect of economic/demographic (gains) or losses	51,548	(469,981)	(799,156)	(353,387)
Benefit payments/refunds of contributions	(2,462,383)	(1,964,882)	(1,698,702)	(1,903,707)
Net change in total pension liability	6,919,873	6,279,776	5,533,505	5,157,103
Total pension liability, beginning	73,180,442	66,900,666	61,367,161	56,210,058
Total pension liability, ending (a)	$ 80,100,315	$ 73,180,442	$ 66,900,666	$ 61,367,161
Plan Fiduciary Net Position				
Employer contributions	$ 2,161,062	$ 2,112,642	$ 2,172,311	$ 2,096,387
Member contributions	1,407,204	1,438,571	1,438,620	1,372,754
Investment income net of investment expenses	9,457,547	4,351,184	(892,941)	3,532,953
Benefit payments/refunds of contributions	(2,462,383)	(1,964,882)	(1,698,702)	(1,903,707)
Administrative expenses	(50,010)	(47,364)	(42,013)	(42,610)
Other	14,351	61,301	8,243	(1,387)
Net change in plan fiduciary net position	10,527,771	5,951,452	985,518	5,054,390
Plan fiduciary net position, beginning	64,671,349	58,719,897	57,734,379	52,679,989
Plan fiduciary net position, ending (b)	$ 75,199,120	$ 64,671,349	$ 58,719,897	$ 57,734,379
Net Pension Liability, ending (a) - (b)	$ 4,901,195	$ 8,509,093	$ 8,180,769	$ 3,632,782
Plan's fiduciary net position as a percentage of total pension liability	93.88%	88.37%	87.77%	94.08%
Covered - payroll	$ 20,102,919	$ 20,551,020	$ 20,551,716	$ 19,610,771
Net pension liability as a percentage of covered - payroll	24.38%	41.40%	39.81%	18.52%

* The amounts presented above are as of the December 31st measurement date of the collective net pension liability.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

WISE COUNTY, TEXAS
Schedule of Employer Contributions and Related Ratios
Last Four Fiscal Years**

Year Ended September 30th: *	2018	2017	2016	2015
Actuarially determined contribution	$ 2,270,295	$ 2,142,232	$ 2,142,114	$ 2,158,059
Contributions in relation to the actuarially determined amount	2,270,295	2,142,232	2,142,114	2,158,059
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 20,171,573	$ 20,146,958	$ 20,692,252	$ 20,360,478
Contributions as a percentage of covered payroll	11.3%	10.6%	10.4%	10.6%

* The amounts presented above are as of the County's fiscal year-end.
** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule

Valuation Date:	Actuarially determined contribution rates are calcualted as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contributions Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	13.7 years
Asset Valuation Method	5-year smmoothed market
Inflation	0.0275
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00% net of administrative and investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.

WISE COUNTY, TEXAS
Schedule of Changes in the Total OPEB Liability and Related Ratios
Last Fiscal Year*

Measurement Date - December 31st: *	**2017**
Total OPEB Liability	
Service cost	$ 27,188
Interest on total pension liability	25,391
Effect of plan changes	-
Effect of assumption changes or inputs	35,268
Effect of economic/demographic (gains) or losses	(13,121)
Benefit payments	(12,062)
Net change in total OPEB liability	62,664
Total OPEB liability, beginning	650,505
Total OPEB liability, ending (a)	$ 713,169
Covered - payroll	$ 20,102,919
Total OPEB liability as a percentage of covered - payroll	3.55%

* The amounts presented above are as of the December 31st measurement date of the collective net pension liability.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule

See Note K in the notes to the financial statements for additional OPEB plan information.

COMBINING AND BUDGET STATEMENTS

MAJOR GOVERNMENTAL FUNDS COMBINING AND BUDGETARY COMPARISON STATEMENTS

WISE COUNTY, TEXAS
Combining Balance Sheet
Lateral Road Fund
September 30, 2018

Assets	Right of Way and Fencing	Precinct No. 1	Precinct No. 2	Precinct No. 3	Precinct No. 4	County Thoroughfare	Grants	Total Lateral Road Fund
Cash	$ 2,588	$ 5,269	$ 5,551	$ 3,055	$ 4,018	$ 19,417	$ 1,249,284	$ 1,289,182
Investments	800,000	357,500	149,000	80,000	975,000	2,140,000	470,000	4,971,500
Receivables								
Property taxes (net of allowance of $120,842)	9,557	48,896	70,406	37,018	44,789	-	-	210,666
Accounts	25,056	29,176	17,612	14,921	15,888	3,787	855	107,295
Due from other governments	-	21,769	21,770	21,769	21,770	-	18,411	105,489
Total assets	$ 837,201	$ 462,610	$ 264,339	$ 156,763	$ 1,061,465	$ 2,163,204	$ 1,738,550	$ 6,684,132
Liabilities, deferred inflows of resources and fund balances								
Liabilities								
Accounts payable	$ 4,585	$ 3,835	$ 2,620	$ 917	$ 254	$ -	$ 662,885	$ 675,096
Accrued salaries and benefits	-	8,343	16,884	15,008	13,145	-	-	53,380
Total liabilities	4,585	12,178	19,504	15,925	13,399	-	662,885	728,476
Deferred inflows of resources								
Unavailable revenue - property taxes	9,557	48,896	70,406	37,018	44,789	-	-	210,666
Unavailable revenue - other	23,331	-	-	-	-	-	-	23,331
Total deferred inflows of resources	32,888	48,896	70,406	37,018	44,789	-	-	233,997
Fund balances								
Restricted for								
Roads and bridges	799,728	401,536	174,429	103,820	1,003,277	-	1,075,665	3,558,455
Committed to								
Special road projects	-	-	-	-	-	2,163,204	-	2,163,204
Total fund balances	799,728	401,536	174,429	103,820	1,003,277	2,163,204	1,075,665	5,721,659
Total liabilities, deferred inflows of resources, and fund balances	$ 837,201	$ 462,610	$ 264,339	$ 156,763	$ 1,061,465	$ 2,163,204	$ 1,738,550	$ 6,684,132

WISE COUNTY, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Lateral Road Fund
For the Fiscal Year Ended September 30, 2018

	Right of Way and Fencing	Precinct No. 1	Precinct No. 2	Precinct No. 3	Precinct No. 4	County Thoroughfare	Grants	Inter-Fund Eliminations	**Total Lateral Road Fund**
Revenues									
Property taxes	$ 324,897	$ 439,602	$ 622,542	$ 326,797	$ 398,620	$ -	$ 236,959	$ -	$2,349,417
Licenses and permits	-	329,956	329,957	329,956	329,957	-	-	-	1,319,826
Intergovernmental	12,720	51,754	51,754	51,754	51,754	14,600	806,803	-	1,041,139
Fines and forfeitures	-	137,532	137,533	137,526	137,523	-	-	-	550,114
Interest	17,412	7,435	7,640	3,493	19,407	38,942	24,784	-	119,113
Miscellaneous revenues and donations	3,333	4,094	195	851	197	-	-	-	8,670
Total revenues	358,362	970,373	1,149,621	850,377	937,458	53,542	1,068,546	-	5,388,279
Expenditures									
Current:									
Public transportation	250,751	960,828	1,359,012	1,217,457	950,680	3,067	328,689	-	5,070,484
Capital outlay	248,679	5,872	-	-	-	-	680,185	-	934,736
Total expenditures	499,430	966,700	1,359,012	1,217,457	950,680	3,067	1,008,874	-	6,005,220
Excess (deficiency) of revenues over (under) expenditures	(141,068)	3,673	(209,391)	(367,080)	(13,222)	50,475	59,672	-	(616,941)
Other financing sources (uses)									
Operating transfers in	-	100,000	100,000	250,000	100,000	34,735	-	(550,000)	34,735
Operating transfers out	-	-	-	-	-	(150,000)	(400,000)	550,000	-
Sale of assets	-	105,135	10,285	25,786	-	-	-	-	141,206
Total other financing sources (uses)	-	205,135	110,285	275,786	100,000	(115,265)	(400,000)	-	175,941
Net change in fund balances	(141,068)	208,808	(99,106)	(91,294)	86,778	(64,790)	(340,328)	-	(441,000)
Fund balances, beginning of year	940,796	192,728	273,535	195,114	916,499	2,227,994	1,415,993	-	6,162,659
Fund balances, end of year	$ 799,728	$ 401,536	$ 174,429	$ 103,820	$1,003,277	$ 2,163,204	$1,075,665	$ -	$5,721,659

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	$ 23,000	$ 81,504	$ 81,503	$ (1)
Miscellaneous revenues and donations	-	230	230	-
Total revenues	23,000	81,734	81,733	(1)
Expenditures				
Public safety	224,197	211,880	211,879	1
Capital outlay	1,650,803	779,519	779,514	5
Total expenditures	1,875,000	991,399	991,393	6
Deficiency of revenues under expenditures	(1,852,000)	(909,665)	(909,660)	5
Other financing uses				
Operating transfers out	(1,471,855)	(1,506,590)	(1,506,590)	-
Total other financing uses	(1,471,855)	(1,506,590)	(1,506,590)	-
Net change in fund balances	(3,323,855)	(2,416,255)	(2,416,250)	$ 5
Fund balances, beginning of year	5,749,212	5,749,212	5,749,212	
Fund balances, end of year	$ 2,425,357	$ 3,332,957	$ 3,332,962	

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 -
Debt Service Fund
September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	$ 10,600	$ 55,708	$ 55,708	$ -
Leases	2,648,338	2,647,938	2,647,938	-
Total revenues	2,658,938	2,703,646	2,703,646	-
Expenditures				
Debt service:				
Principal retirement	3,445,000	3,445,000	3,445,000	-
Interest and fiscal charges	2,347,413	2,392,121	2,336,253	55,868
Total expenditures	5,792,413	5,837,121	5,781,253	55,868
Deficiency of revenues under expenditures	(3,133,475)	(3,133,475)	(3,077,607)	55,868
Other financing sources				
Operating transfers in	3,133,475	3,133,475	3,133,475	-
Total other financing sources	3,133,475	3,133,475	3,133,475	-
Net change in fund balances	-	-	55,868	$ 55,868
Fund balance, beginning of year	2,890,424	2,890,424	2,890,424	
Fund balance, end of year	$ 2,890,424	$ 2,890,424	$ 2,946,292	

NONMAJOR GOVERNMENTAL FUNDS COMBINING AND BUDGETARY COMPARISON STATEMENTS

WISE COUNTY, TEXAS
Combining Balance Sheet -
Nonmajor Governmental Funds
September 30, 2018

	Special Revenue Funds					
	County Grants	County Clerk Record Management	Juvenile Probation TJJD 17-249	WCWC Branch Maintenance Tax	Other Special Revenue	**Total Nonmajor Governmental Funds**
Assets						
Cash	$ 29,008	$ 919,135	$ 37,528	$ -	$ 1,809,354	$ 2,795,025
Investments	-	-	201,000	-	-	201,000
Receivables						
Property tax (net of allowance of $11,855)	-	-	-	166,970	-	166,970
Accounts	-	-	21,587	-	390	21,977
Due from other governments	85,681	-	-	-	-	85,681
Total assets	$114,689	$ 919,135	$ 260,115	$ 166,970	$1,809,744	$ 3,270,653
Liabilities, deferred inflows of resources, and fund balances						
Liabilities						
Accounts payable	$ -	$ 711	$ -	$ -	$ 21,742	$ 22,453
Accrued salaries and benefits	5,614	-	-	-	-	5,614
Due to other funds	-	-	-	-	30,152	30,152
Due to other governments	-	-	-	-	267,616	267,616
Total liabilities	5,614	711	-	-	319,510	325,835
Deferred inflows of resources						
Unavailable revenue - property taxes	-	-	-	166,970	-	166,970
Fund balances						
Restricted for						
State and federal programs	109,075	-	260,115	-	-	369,190
Records management	-	918,424	-	-	94,803.00	1,013,227
General government	-	-	-	-	26,411.00	26,411
Legal	-	-	-	-	628,726.00	628,726
Public safety	-	-	-	-	433,075.00	433,075
Justice courts technology	-	-	-	-	307,219.00	307,219
Total fund balances	109,075	918,424	260,115	-	1,490,234	2,777,848
Total liabilities, deferred inflows of resources, and fund balances	$ 114,689	$ 919,135	$ 260,115	$ 166,970	$ 1,809,744	$ 3,270,653

WISE COUNTY, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2018

	Special Revenue Funds					
	County Grants	County Clerk Record Management	Juvenile Probation TJJD 17-249	WCWC Branch Maintenance Tax	Other Special Revenue	**Total Nonmajor Governmental Funds**
Revenues						
Property taxes	$ -	$ -	$ -	$ 2,968,963	$ -	$ 2,968,963
Intergovernmental	134,202	-	537,384	-	12,611	684,197
Fees of office	-	325,687	-	-	228,372	554,059
Interest	-	-	3,516	-	2,305	5,821
Miscellaneous revenues and donations	-	-	2,791	-	19,589	22,380
Total revenues	134,202	325,687	543,691	2,968,963	262,877	4,235,420
Expenditures						
Current:						
General government	-	-	-	2,968,963	33,320	3,002,283
Judicial	-	-	-	-	94,865	94,865
Legal	-	161,432	-	-	21,860	183,292
Public safety	149,530	-	881,623	-	42,339	1,073,492
Capital outlay	19,851	-	-	-	61,528	81,379
Total expenditures	169,381	161,432	881,623	2,968,963	253,912	4,435,311
Excess (deficiency) of revenues over (under) expenditures	(35,179)	164,255	(337,932)	-	8,965	(199,891)
Other financing sources (uses)						
Operating transfers in	43,118	-	350,000	-	86,000	479,118
Operating transfers out	-	(111,958)	-	-	(132,768)	(244,726)
Total other financing sources (uses)	43,118	(111,958)	350,000	-	(46,768)	234,392
Net change in fund balances	7,939	52,297	12,068	-	(37,803)	34,501
Fund balances, beginning of year	101,136	866,127	248,047	-	1,528,037	2,743,347
Fund balances, end of year	$ 109,075	$ 918,424	$ 260,115	$ -	$ 1,490,234	$ 2,777,848

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

WISE COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual -
Non Major - Special Revenue Funds
For the Fiscal Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	$ 2,932,500	$ 2,968,963	$ 2,968,963	$ -
Intergovernmental	544,262	648,160	684,197	36,037
Fees of office	515,000	554,071	554,059	(12)
Interest	3,400	5,505	5,821	316
Miscellaneous revenues and donations	12,000	18,615	22,380	3,765
Total revenues	4,007,162	4,195,314	4,235,420	40,106
Expenditures				
Current:				
General government	3,003,000	3,046,568	3,002,283	44,285
Judicial	79,758	111,913	94,865	17,048
Legal	687,756	252,024	183,292	68,732
Public safety	913,716	1,010,422	1,073,492	(63,070)
Capital outlay	17,850	103,175	81,379	21,796
Total expenditures	4,702,080	4,524,102	4,435,311	88,791
Deficiency of revenues under expenditures	(694,918)	(328,788)	(199,891)	128,897
Other financing sources (uses)				
Operating transfers in	88,118	130,594	479,118	348,524
Operating transfers out	(197,058)	(244,726)	(244,726)	-
Total other financing sources (uses)	(108,940)	(114,132)	234,392	348,524
Net change in fund balances	(803,858)	(442,920)	34,501	$ 477,421
Fund balances, beginning of year	2,743,347	2,743,347	2,743,347	
Fund balances, end of year	$ 1,939,489	$ 2,300,427	$ 2,777,848	

AGENCY FUNDS

WISE COUNTY, TEXAS
Combining Statement of Fiduciary Assets and Liabilities -
All Agency Funds
September 30, 2018

	District Attorney Criminal Justice	District Attorney Hot Check	District Attorney Fee	County Attorney Fee	Bond Holding	Juvenile Probation Fee	Jury Fund	Estray Animal	Wise County CSCD
Assets									
Cash	$ 391,614	$ 31	$ 4,820	$ 16,817	$ 173,646	$ 30,045	$ 11,905	$ 16,220	$ 412,929
Investments	-	-	-	-	-	-	-	-	800,000
Receivables:									
Property Taxes - for other governments	-	-	-	-	-	-	-	-	-
Total assets	$ 391,614	$ 31	$ 4,820	$ 16,817	$ 173,646	$ 30,045	$ 11,905	$ 16,220	$ 1,212,929
Liabilities									
Deposits held and due to others	$ 391,614	$ 31	$ 4,820	$ 16,817	$ 173,646	$ 30,045	$ 11,905	$ 16,220	$ 1,212,929
Property taxes to be collected - due to other governments	-	-	-	-	-	-	-	-	-
Total liabilities	$ 391,614	$ 31	$ 4,820	$ 16,817	$ 173,646	$ 30,045	$ 11,905	$ 16,220	$ 1,212,929

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, 2018

	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	$ 342	$ 247	$ 372,417	$ 17,211	$ 27,399	$ 2	$ 223,049	$ 8,109	$ 1,094,908	$ -
Investments	-	-	-	-	-	-	-	-	-	348,822
Receivables:										
Property Taxes - for other governments	-	-	-	-	-	-	-	-	-	-
Total assets	$ 342	$ 247	$ 372,417	$ 17,211	$ 27,399	$ 2	$ 223,049	$ 8,109	$ 1,094,908	$ 348,822
Liabilities										
Deposits held and due to others	$ 342	$ 247	$ 372,417	$ 17,211	$ 27,399	$ 2	$ 223,049	$ 8,109	$ 1,094,908	$ 348,822
Property taxes to be collected - due to other governments	-	-	-	-	-	-	-	-	-	-
Total liabilities	$ 342	$ 247	$ 372,417	$ 17,211	$ 27,399	$ 2	$ 223,049	$ 8,109	$ 1,094,908	$ 348,822

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, 2018

	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	$ 2,175	$ 1,543	$ 241,814	$ 231,690	$ 232,631	$ 122,024	$ 6,124	$ 21,461	$ -	$ 3,661,173
Investments	-	-	-	-	-	-	-	-	-	1,148,822
Receivables:										
Property Taxes - for other governments	-	-	-	-	-	-	-	-	68,760	68,760
Total assets	$ 2,175	$ 1,543	$ 241,814	$ 231,690	$ 232,631	$ 122,024	$ 6,124	$ 21,461	$ 68,760	$ 4,878,755
Liabilities										
Deposits held and due to others	$ 2,175	$ 1,543	$ 241,814	$ 231,690	$ 232,631	$ 122,024	$ 6,124	$ 21,461	$ -	$ 4,809,995
Property taxes to be collected - due to other governments	-	-	-	-	-	-	-	-	68,760	68,760
Total liabilities	$ 2,175	$ 1,543	$ 241,814	$ 231,690	$ 232,631	$ 122,024	$ 6,124	$ 21,461	$ 68,760	$ 4,878,755

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

STATISTICAL SECTION

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

Fiscal Year	Taxes	Intergovernmental		Licenses and Permits	Fees of Office	Fines and Forfeitures	Interest	Royalties and Leases	Solid Waste Fees	Miscellaneous	Total
		Non-Federal Funds	Federal Funds								
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	35,969,352	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
2014	36,189,644	1,271,291	529,232	1,347,584	5,316,557	1,207,098	50,688	2,833,322	506,284	1,446,831	50,698,531
2015	36,530,427	1,135,770	1,717,955	1,265,346	5,175,746	999,810	27,989	2,747,878	541,390	935,261	51,077,572
2016	35,736,050	2,394,421	601,309	1,315,140	5,518,721	1,047,566	96,998	2,689,371	622,839	1,441,662	51,464,077
2017	30,168,620	1,963,162	685,373	1,268,352	5,380,726	1,004,533	205,260	2,779,888	633,471	799,050	44,888,435
2018	31,158,489	2,204,347	269,139	1,319,826	5,707,062	893,710	518,869	2,916,556	591,020	586,361	46,165,379

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

Fiscal Year	General Government	Judicial	Legal	Elections	Financial Administration	Public Facilities	Public Safety	Public Transportation	Health and Welfare	Culture and Recreation	Conservation	Debt Service	Total
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
2014	7,000,061	3,422,964	2,029,334	355,081	1,921,293	2,997,257	16,261,813	7,104,993	1,415,999	351,971	286,942	5,827,183	48,974,891
2015	7,727,592	3,709,655	2,073,969	307,637	2,151,697	3,119,103	16,893,894	7,128,465	1,183,587	296,809	298,600	5,604,416	50,495,424
2016	6,919,032	3,753,242	2,131,120	394,744	2,194,052	3,007,463	16,977,454	7,178,002	1,418,149	277,686	293,350	5,689,805	50,234,099
2017	6,225,256	3,858,295	2,144,631	379,157	2,119,653	2,699,342	16,010,998	5,320,129	1,246,130	317,363	279,260	5,755,351	46,355,565
2018	6,116,014	3,978,074	2,125,510	393,400	2,358,929	2,487,623	16,410,640	5,127,958	1,205,316	363,989	282,178	5,823,865	46,673,496

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

Fiscal Year	Total Tax Levy (Including Supplements)	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
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%
2014	30,741,854	30,395,131	98.87%	374,678	30,769,809	100.09%	1,552,750	5.05%
2015	32,251,426	31,797,095	98.59%	300,868	32,097,963	99.52%	1,622,451	5.03%
2016	31,927,411	31,519,519	98.72%	276,830	31,796,349	99.59%	1,784,451	5.59%
2017	26,191,818	25,794,026	98.48%	313,432	26,107,458	99.68%	1,898,653	7.25%
2018	26,843,237	26,369,171	98.23%	278,893	26,648,064	99.27%	2,144,066	7.99%

WISE COUNTY, TEXAS
Computation of Legal Debt Margin
September 30, 2018
(Unaudited)

Assessed valuation:		
Assessed valuation of property		$7,547,009,232
Less: Exemptions and Deductions		(1,112,589,329)
Taxable assessed value		$6,434,419,903
Legal debt margin:		
Debt limit (25% of taxable assessed value)		$1,608,604,976
Debt applicable to limitation:		
Total bonded debt		
Add: Tax notes	$3,075,000	
Less: Amount available for repayment of bonded debt	446,292	
Total debt applicable to limitation		2,628,708
Legal debt margin		$1,605,976,268

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
(Unaudited)

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
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
2014	60,939	7,271,856,212	14,335,000	249,221	14,085,779	0.194%	231.15
2015	61,638	7,629,062,089	11,770,000	249,649	11,520,351	0.151%	186.90
2016	62,953	7,555,972,652	8,935,000	250,640	8,684,360	0.115%	137.95
2017	64,455	6,240,218,877	6,040,000	252,419	5,787,581	0.093%	89.79
2018	66,181	6,434,419,903	3,075,000	446,292	2,628,708	0.041%	39.72

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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 21, 2019.

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.

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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
March 21, 2019

WISE COUNTY, TEXAS
Schedule of Findings and Questioned Costs
September 30, 2018

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

State 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 of the State of Texas *Uniform Grant Management Standards*?	_____	yes	X	no

Identification of Major Programs:

State Awards

County Transportation Infrastructure Fund Grant

Dollar threshold used to distinguish between Type A and Type B state programs:	$300,000			
Auditee qualified as a low-risk auditee?	_____	yes	X	no

Section II - Financial Statement Findings

None noted.

Section III - State Award Findings and Questioned Costs

None noted.

WISE COUNTY, TEXAS
Corrective Action Plan
September 30, 2018

A corrective action plan is not needed.

STATE AWARDS SECTION



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE STATE OF TEXAS *UNIFORM GRANT MANAGEMENT STANDARDS*

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

Report on Compliance for Each Major State Program

We have audited Wise County, Texas's compliance with the types of compliance requirements described in the State of Texas *Uniform Grant Management Standards* that could have a direct and material effect on each of Wise County's major state programs for the year ended September 30, 2018. Wise County's major state 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Wise County's major state 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 the State of Texas *Uniform Grant Management Standards.* Those standards 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 state 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 state program. However, our audit does not provide a legal determination of Wise County's compliance.

Opinion on Each Major State 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 state programs for the year ended September 30, 2018.

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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 state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State of Texas *Uniform Grant Management Standards*, 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 state 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 state 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 state 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 the State of Texas *Uniform Grant Management Standards*. Accordingly, this report is not suitable for any other purpose.

Snow Garrett Williams

Snow Garrett Williams
March 21, 2019

WISE COUNTY, TEXAS
Schedule of Expenditures of State Awards
For the Fiscal Year Ended September 30, 2018

State Grantor/Pass-Through Grantor/Program Title	Grant Contract Number	State Expenditures
Texas Department of Transportation		
Direct Programs		
County Transportation Infrastructure Fund Grant	CTIF-01-249	$ 806,803
Texas Office of Court Administration		
Direct Programs		
Indigent Defense Formula Grant	212-18-249	66,342
Texas Office of the Attorney General		
Direct Programs		
Texas Statewide Automated Victim Notification Service (SAVNS)	N/A	11,965
Commission on State Emergency Communications		
Passed through North Central Texas Council of Governments		
Texas Rural Addressing Maintenance Project (911 Grant)	N/A	34,857
Texas Commission on Environmental Quality		
Passed through North Central Texas Council of Governments		
Solid Waste Grant	18-04-08	19,851
Texas Secretary of State		
Direct Programs		
Chapter 19 Funds	N/A	6,502
Texas Criminal Justice Division		
Direct Programs		
Body-Worn Camera Project	3457401	60,420
Total Expenditures of State Awards		$ 1,006,740

Note 1: Basis of Presentation

The accompanying schedule of expenditures of state awards includes the state grant activity of Wise County, Texas under programs of the State of Texas for the fiscal year ended September 30, 2018. The information in this schedule is presented in accordance with the requirements of the State of Texas *Uniform Grant Management Standards.* 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 position 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 the State of Texas *Uniform Grant Management Standards*, 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: Noncash Awards

The Texas Statewide Automated Victim Notification Service (SAVNS) program does not involve cash awards to Wise County.