

SNOWGARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

Management Letter

March 17, 2020

Members of the Commissioners' Court
Wise County, Texas

In connection with our audit of the financial statements of Wise County, Texas as of September 30, 2019, we have made a review of accounting procedures and internal control. While the primary objective of such a review is to afford us a basis of determining the scope of our audit procedures, it nevertheless presents us with an opportunity to submit, for management's consideration, suggestions for changes in procedures, which, in our opinion, could strengthen internal control or contribute to the improvement of operating efficiency.

The comments in this letter are based upon observations made in the course of such a review. The review was not designed for the purpose of expressing an opinion on internal control, and it would not necessarily disclose all weaknesses in the system. The matters discussed herein were considered during our audit of the above-mentioned financial statements, and they did not modify the opinion expressed in our report on those financial statements. However, we offer for your review, recommendations as noted on the following pages and our proposed solutions thereto.

We have discussed the following comments in detail with the appropriate staff of the County to insure understanding of the comments and implementation of recommendations. If you have any questions regarding these or any other matters, please feel free to contact us.

This letter is intended solely for the information and use of Commissioners' Court and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Finally, we take this opportunity to thank you and your staff for your courtesy and cooperation during our audit. Thank you for your business.

Sincerely,

Snow Garrett Williams

Snow Garrett Williams

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

CURRENT YEAR COMMENTS

Adjusting Journal Entries

Comment: As a result of our audit procedures and testing, we proposed audit adjustments and entries to the County's funds that were necessary to correctly report financial statement amounts.

Recommendation: We encourage the County to continue reviewing the content of the audit adjustments in order to understand the purpose of the adjustments, reclassifications or corrections and incorporate these entries into the County's monthly and year-end accounting transactions. We suggest that the County continue analyzing transactions and accounts throughout the year in order to record transactions as they occur and that any resulting adjustments be reviewed by the County Auditor prior to commencement of the outside audit.

Fund Balance Reporting

Comment: As a result of audit procedures related to fund balance reporting, we noted that the County did not meet the minimum fund balance goal as set forth in its Amended Fund Balance Policy that was approved by Commissioners' Court Order on August 27, 2018. The Policy establishes a goal to achieve and maintain an unassigned general fund balance equal to 20% of budgeted expenditures for the following year. At the end of fiscal year 2019, the County had an unassigned general fund balance of 17% of the general fund 2020 budgeted expenditures, which was an increase of 3% from the prior fiscal year. Additionally, we noted that Section 4.0 of the County's Fund Balance Policy states that, "the County shall plan to adjust budget resources in subsequent fiscal years to restore the balance."

Recommendation: We recommend that the County continue striving to reduce expenditures and transfers in subsequent years' budgets to meet its minimum fund balance policy goal.

Custodial Credit Risk

Comment: During our review of cash, we noted on the day with the highest cash balance during the year that the County's deposits were not fully secured by FDIC and pledged collateral. However, the County's cash deposits were fully secured at September 30, 2019.

Recommendation: We recommend that the County closely monitor the depository bank to ensure that deposits are fully secured throughout the year.

OBJECTIVE OF INTERNAL CONTROL

The objective of internal control is to provide reasonable, but not absolute, assurance that the County's assets will be safeguarded against loss from unauthorized use or disposition, and that the reliability of financial records for preparing financial statements and maintaining accountability for assets will be preserved. The concept of reasonable assurance recognizes that the cost of a system of internal control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

Because of inherent limitations in any internal control, misstatements due to error or fraud may occur and not be detected. Control procedures whose effectiveness depends upon the segregation of duties can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projections of any evaluation of the internal control over financial reporting to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



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SNOWGARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

March 17, 2020

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wise County, Texas for the year ended September 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards,* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 12, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Wise County are described in Note A to the financial statements. The District adopted new Statement of Governmental Accounting Standards (GASB) No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* during fiscal year 2019. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the County's financial statements were:

> Management's estimate of the allowance for doubtful accounts is based on historical collection rates and analysis of the collectability of the County's receivables. We evaluated the key factors and assumptions used to develop the allowances in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 17, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to 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, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and budget statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the statistical section, which accompanies the financial statements but is not RSI. Such information 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.

Restriction on Use

This information is intended solely for the information and use of Wise County Commissioners' Court members and management of Wise County, Texas, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Snow Garrett Williams

Snow Garrett Williams

WISE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2019

BK209 PG24

Wise County, Texas
Annual Financial Report
September 30, 2019

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Wise County, Texas
Annual Financial Report
September 30, 2019

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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, 2019, 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, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, 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 combining and budget statements 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 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 17, 2020, 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 17, 2020

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, 2019. 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 and deferred inflows at the close of fiscal year 2019 by $47,879,406 (net position). Of this amount, $8,214,389 is restricted for specific purposes, $35,672,810 is the net investment in capital assets and $3,992,207 represents unrestricted net position.
- In contrast to the government-wide statements, the fund statements reported a combined fund balance at year-end of $26,417,795, an increase of $6,761,675 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $5,721,897, or 17% of total general fund expenditures.
- The County's total long-term debt increased by a net amount of $14,357,102 during the current fiscal year primarily as a result of the issuance of tax notes and certificates of obligation and an increase in the net pension liability offset by scheduled annual debt service payments .

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 outflows of resources of the County as well as all liabilities (including long-term debt) and deferred inflows of resources. 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, liabilities, and deferred inflows of resources 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 pension 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 and deferred inflows of resources by $47,879,406 as of September 30, 2019.

A significant portion ($35,672,810) 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 $8,214,389 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	
	2019	2018
Current and other assets	$ 31,030,573	$ 25,706,605
Capital assets, net of depreciation	64,734,426	66,432,571
Total assets	95,764,999	92,139,176
Deferred outflows of resources	6,392,792	955,730
Long-term liabilities	52,151,366	37,794,264
Other liabilities	2,085,948	2,937,494
Total liabilities	54,237,314	40,731,758
Deferred inflows of resources	41,071	-
Net position:		
Net investment in capital assets	35,672,810	39,206,361
Restricted	8,214,389	8,836,303
Unrestricted	3,992,207	4,320,484
Total net position	$ 47,879,406	$ 52,363,148

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

WISE COUNTY, TEXAS
Management's Discussion and Analysis - Continued

Governmental Activities

The County's governmental activities net position decreased by $4,483,742 during the current fiscal year. The total cost of all governmental activities this year was $53,096,236. The amount that our taxpayers paid for these activities through property taxes was $29,299,174 or 55% of total governmental expenses.

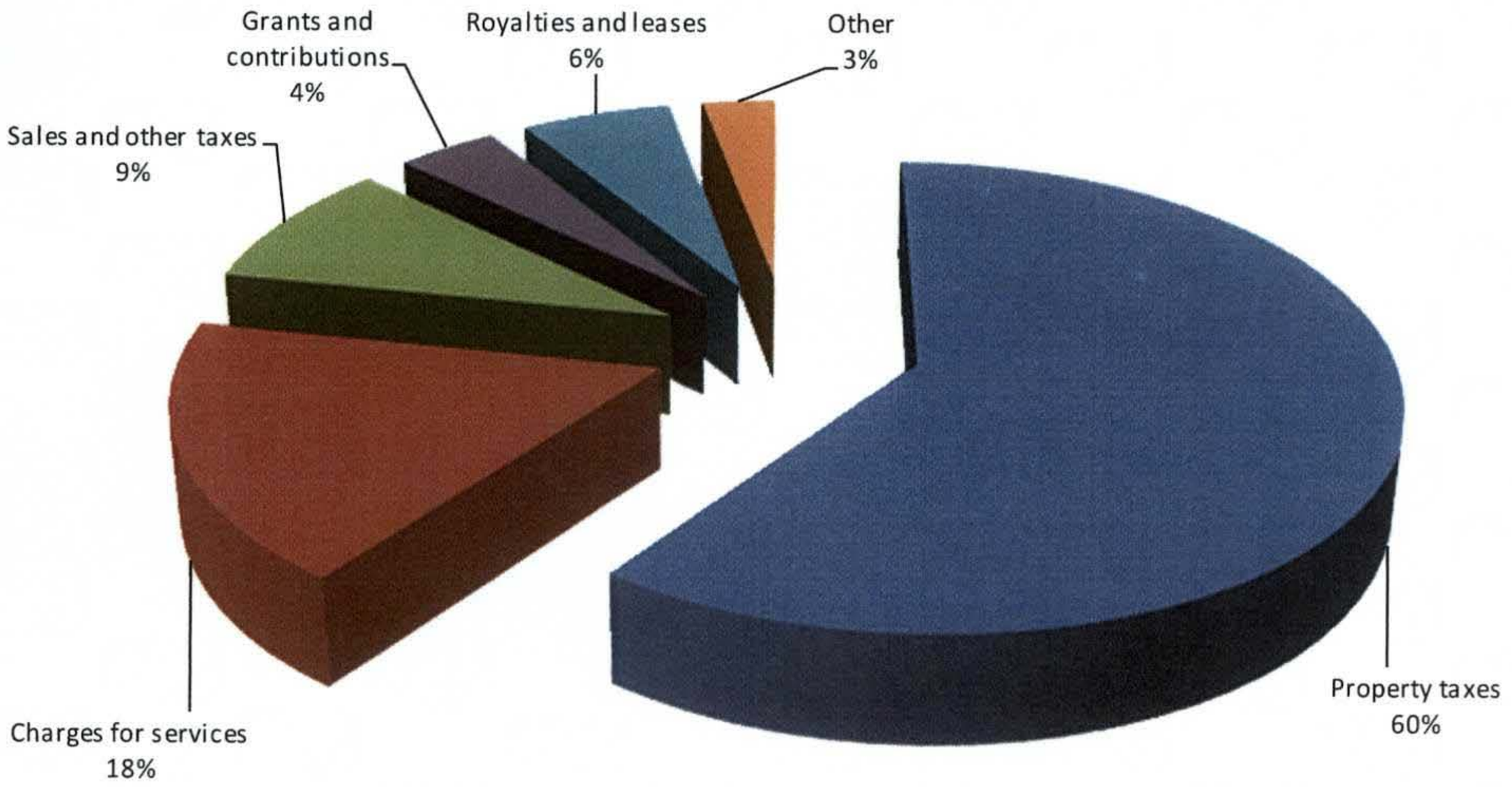
Changes in Net Position

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	$ 8,685,108	$ 7,992,300
Operating grants and contributions	1,875,753	1,686,424
Capital grants and contributions	47,290	810,305
General revenues:		
Property taxes	29,299,174	27,179,580
Sales and other taxes	4,604,449	4,210,721
Investment earnings	788,477	518,869
Royalties and leases	2,861,179	2,916,556
Other	451,064	377,120
Total revenues	48,612,494	45,691,875
Expenses:		
General government	6,714,704	6,174,635
Judicial	4,252,105	4,071,615
Legal	2,300,213	2,183,506
Elections	385,758	399,567
Financial administration	2,645,443	2,422,124
Public facilities	3,849,273	3,875,448
Public safety	21,420,489	19,926,624
Public transportation	6,731,235	6,219,931
Health and welfare	1,311,660	1,208,242
Culture and recreation	663,693	612,749
Conservation	295,900	286,318
Interest and other costs	2,525,763	2,234,804
Total expenses	53,096,236	49,615,563
Change in net position	(4,483,742)	(3,923,688)
Net position-beginning	52,363,148	56,928,261
Prior period adjustment	-	(641,425)
Net position-beginning, restated	52,363,148	56,286,836
Net position-ending	$47,879,406	$52,363,148

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

- Program revenues of $10,608,151 equaled 20% of government expenses. As expected, general revenues ($38,004,343) provided most of the required support and coverage for expenses;
- Public safety expenses increased $1,493,865 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 increased $511,304 from the previous year.

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 $26,417,795, an increase of $6,761,675 in comparison with the prior year. A portion of fund balance $17,468,045 or 66% is restricted by external resources. $5,721,897 or 22% 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 restricted for general government ($9,792), records management ($98,925), legal ($10,750), and for public safety ($37,327), committed to fund public safety needs ($32,989), and to fund special road projects ($2,380,415), and assigned to fund debt service ($520,264) and to fund indigent care ($284,393).

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 $5,721,897, which is 92% 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 17%, or slightly more than 62 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, 2019, the unassigned general fund balance represented 17% of subsequent year's general fund budgeted expenditures.

The fund balance of the County's general fund increased $1,196,702 during the current fiscal year. This increase is primarily due to increases in property tax and sales and other tax revenues.

The debt service fund has a total fund balance of $3,020,264, 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 $73,972, which is attributable to increases in revenues from interest and royalties and leases. Expenditures for debt principal, interest and fiscal charges in the debt service fund totaled $5,854,238.

The capital projects fund had an ending fund balance of $9,263,448, which is restricted for various capital projects.

The lateral road has a total fund balance of $5,092,412, all of which is restricted or committed to the maintenance and construction of County roads and bridges. The net decrease in fund balance during the current year was $629,247, which is attributable to expenditures for public transportation.

GENERAL FUND BUDGETARY HIGHLIGHTS

In total, the original general fund budget and the final general fund amended budget for expenditures increased by $1,175,786 from the original to the final budget. Most of this difference resulted from an increase in general government, public safety and health and welfare expenditures.

The projected annual revenues increased by $1,754,129 from the original to the final budget. This was primarily due to increases in sales and other taxes, fees of office and interest revenues.

Actual revenues were $16,194 more than amended budget amounts mainly due to the net effect of amounts in excess of budget for miscellaneous revenues and donations decreased by under budgeted amounts for intergovernmental revenues. Total expenditures for the year were $951,970 less than amended budget appropriations primarily due to general government and health and welfare 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, 2019, net capital assets of the governmental activities totaled $64,734,426. Depreciation on capital assets is recognized in the government-wide financial statements. Annual depreciation for buildings, improvements, infrastructure and machinery and equipment totaled $5,832,601.

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

- Purchased land for courts center and entered began construction of the Courts Center Building.
- Purchase of vehicles for the various departments of the County.

Wise County Capital Assets
(net of depreciation)

	Governmental Activities	
	2019	2018
Land	$ 4,023,105	$ 3,850,605
Construction in progress	1,613,429	82,382
Buildings and improvements	34,044,727	35,299,176
Infrastructure	18,313,360	20,892,350
Machinery and equipment	6,739,805	6,308,058
Total	$ 64,734,426	$ 66,432,571

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, 2019, outstanding balances for long term debt of the governmental activities totaled $52,151,366. Amounts for the components of this balance are as follows:

Wise County's Outstanding Debt

	Governmental Activities	
	2019	2018
Direct Borrowings - Tax notes	$ 8,205,000	$ 3,075,000
Lease revenue bonds	26,875,000	27,455,000
Certificates of obligation	2,315,000	-
Unamortized premium	930,064	29,172
Overpayment of sales tax	367,749	398,821
Net pension liability	11,666,925	4,901,195
Total OPEB liability	672,273	713,169
Compensated absences	1,119,355	1,221,907
Total	$ 52,151,366	$ 37,794,264

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 2020, 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- make 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 construction 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, 2019

	Primary Government
Assets	
Current assets	
Cash	$ 2,925,523
Investments	21,837,450
Receivables, taxes (net of allowance for uncollectible of $689,102)	1,564,688
Receivables, accounts (net of allowance for uncollectible of $158,276)	1,604,149
Due from other governments	598,763
Non-current assets	
Restricted cash and investments	2,500,000
Capital assets	
Land and construction in progress	5,636,534
Other capital assets, net of depreciation	59,097,892
Total capital assets	64,734,426
Total assets	95,764,999
Deferred Outflows of Resources	
Deferred outflows of resources - pension	6,392,792
Total deferred outflows of resources	6,392,792
Liabilities	
Current liabilities	
Accounts payable	387,443
Accrued salaries and benefits	731,861
Due to other governments	193,946
Deposits held and due to others	194,267
Accrued interest payable	485,673
Unearned revenues	92,758
Noncurrent liabilities	
Due within one year	2,888,278
Due in more than one year	49,263,088
Total liabilities	54,237,314
Deferred Inflows of Resources	
Deferred inflows of resources - OPEB	41,071
Total deferred inflows of resources	41,071
Net Position	
Net investment in capital assets	35,672,810
Restricted for	
General government	9,792
Debt service	2,500,000
State and federal programs	537,178
Records management	1,068,808
Legal	639,293
Public safety	463,665
Roads and bridges	2,711,997
Justice courts technology	283,656
Unrestricted	3,992,207
Total net position	$ 47,879,406

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

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WISE COUNTY, TEXAS
Statement of Activities
For the Fiscal Year Ended September 30, 2019

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	$ 6,714,704	$ 1,460,380	$ 120,288	$ -	$ (5,134,036)
Judicial	4,252,105	593,066	232,751	-	(3,426,288)
Legal	2,300,213	319,171	145,330	-	(1,835,712)
Elections	385,758	16,839	-	-	(368,919)
Financial administration	2,645,443	1,197,478	-	-	(1,447,965)
Public facilities	3,849,273	287,970	7,499	-	(3,553,804)
Public safety	21,420,489	2,845,610	1,246,347	47,290	(17,281,242)
Public transportation	6,731,235	1,805,705	120,288	-	(4,805,242)
Health and welfare	1,311,660	26,503	-	-	(1,285,157)
Culture and recreation	663,693	132,386	3,250	-	(528,057)
Conservation	295,900	-	-	-	(295,900)
Interest/fees on long-term debt	2,525,763	-	-	-	(2,525,763)
Total primary government	$ 53,096,236	$ 8,685,108	$ 1,875,753	$ 47,290	(42,488,085)
General revenues:					
Property taxes					29,299,174
Sales and other taxes					4,604,449
Investment earnings					788,477
Royalties and leases					2,861,179
Gain on disposal of assets					156,786
Other					294,278
Total general revenues					38,004,343
Change in net position					(4,483,742)
Net position, beginning of year					52,363,148
Net position, end of year					$ 47,879,406

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

WISE COUNTY, TEXAS
Balance Sheet
Governmental Funds
September 30, 2019

	General	Lateral Road Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash	$ -	$ -	$ 1,672,132	$ 262,243	$ 2,911,122	$ 4,845,497
Investments	8,608,500	5,259,500	7,575,000	253,950	140,500	21,837,450
Receivables						
Property taxes (net of allowances of $689,102)	1,210,902	190,012	-	-	163,774	1,564,688
Accounts	95,785	49,962	16,502	4,071	13,345	179,665
Due from other funds	19,879	-	-	-	-	19,879
Due from other governments	514,155	84,608	-	-	-	598,763
Restricted cash and investments	-	-	-	2,500,000	-	2,500,000
Total assets	$ 10,449,221	$ 5,584,082	$ 9,263,634	$ 3,020,264	$ 3,228,741	$ 31,545,942
Liabilities, deferred inflows of resources, and fund balances						
Liabilities						
Cash overdraft	$ 1,819,806	$ 100,168	$ -	$ -	$ -	$ 1,919,974
Accounts payable	278,060	102,293	186	-	6,904	387,443
Accrued salaries and benefits	655,995	75,866	-	-	-	731,861
Due to other funds	-	-	-	-	19,879	19,879
Due to other governments	1,370	-	-	-	192,576	193,946
Unearned Revenue	92,758	-	-	-	-	92,758
Deposits held and due to others	194,257	-	-	-	10	194,267
Total liabilities	3,042,246	278,327	186	-	219,369	3,540,128
Deferred inflows of resources						
Unavailable revenue - property taxes	1,210,902	190,012	-	-	163,774	1,564,688
Unavailable revenue - other	-	23,331	-	-	-	23,331
Total deferred inflows of resources	1,210,902	213,343	-	-	163,774	1,588,019
Fund balances						
Restricted for						
General government	9,792	-	-	-	-	9,792
Debt service	-	-	-	2,500,000	-	2,500,000
Capital projects	-	-	9,263,448	-	-	9,263,448
State and federal programs	-	-	-	-	537,178	537,178
Records management	98,925	-	-	-	969,883	1,068,808
Legal	10,750	-	-	-	628,543	639,293
Public safety	37,327	-	-	-	426,338	463,665
Roads and bridges	-	2,711,997	-	-	-	2,711,997
Justice courts technology	-	-	-	-	283,656	283,656
Committed to						
Special road projects	-	2,380,415	-	-	-	2,380,415
Public safety	32,989	-	-	-	-	32,989
Assigned to						
Indigent care	284,393	-	-	-	-	284,393
Debt service	-	-	-	520,264	-	520,264
Unassigned	5,721,897	-	-	-	-	5,721,897
Total fund balances	6,196,073	5,092,412	9,263,448	3,020,264	2,845,598	26,417,795
Total liabilities, deferred inflows of resources, and fund balances	$ 10,449,221	$ 5,584,082	$ 9,263,634	$ 3,020,264	$ 3,228,741	

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	64,734,426
Property taxes receivable and other receivables, net of allowance are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,588,019
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.	1,424,484
Deferred outflows of resources for pension are not financial resources and, therefore, are not reported in the funds.	6,392,792
Deferred inflows of resources for OPEB are not financial resources and, therefore, are not reported in the funds.	(41,071)
Some liabilities, including tax notes, bonds, overpayment of sales tax payable, certificates of obligations, premiums on debt, 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.	(52,637,039)
Net position of governmental activities - statement of net position	$ 47,879,406

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, 2019

	General	Lateral Road Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	$ 23,604,859	$ 2,783,484	$ -	$ -	$ 3,269,285	$ 29,657,628
Sales and other taxes	4,604,449	-	-	-	-	4,604,449
Licenses and permits	-	1,358,229	-	-	-	1,358,229
Intergovernmental	1,018,994	120,288	-	-	737,042	1,876,324
Fees of office	5,316,015	-	-	-	481,370	5,797,385
Fines and forfeitures	377,425	364,979	-	-	-	742,404
Interest	372,406	165,665	163,178	78,522	8,706	788,477
Royalties and leases	143,441	-	-	2,717,738	-	2,861,179
Solid waste fees	598,874	-	-	-	-	598,874
Miscellaneous revenues and donations	817,312	6,547	2,039	-	27,408	853,306
Total revenues	36,853,775	4,799,192	165,217	2,796,260	4,523,811	49,138,255
Expenditures						
Current:						
General government	3,320,541	-	9,294	-	3,269,285	6,599,120
Judicial	3,942,556	-	-	-	70,144	4,012,700
Legal	1,979,930	-	-	-	187,387	2,167,317
Elections	374,701	-	-	-	-	374,701
Financial administration	2,502,477	-	-	-	-	2,502,477
Public facilities	2,453,798	-	-	-	-	2,453,798
Public safety	16,549,403	-	354,896	-	945,968	17,850,267
Public transportation	69,273	5,469,335	-	-	-	5,538,608
Health and welfare	1,304,864	-	-	-	-	1,304,864
Culture and recreation	417,608	-	-	-	-	417,608
Conservation	290,121	-	-	-	-	290,121
Capital outlay	122,587	42,321	3,983,342	-	30,534	4,178,784
Debt service						
Principal retirement	31,072	-	-	3,655,000	-	3,686,072
Interest, issuance costs and fiscal charges	11,540	-	219,484	2,199,238	-	2,430,262
Total expenditures	33,370,471	5,511,656	4,567,016	5,854,238	4,503,318	53,806,699
Excess (deficiency) of revenues over (under) expenditures	3,483,304	(712,464)	(4,401,799)	(3,057,978)	20,493	(4,668,444)
Other financing sources (uses)						
Operating transfers in	2,673,249	-	-	3,131,950	360,946	6,166,145
Operating transfers out	(4,674,468)	-	(1,300,000)	-	(191,677)	(6,166,145)
Issuance of tax notes	-	-	8,205,000	-	-	8,205,000
Premium on issuance of tax notes	-	-	742,944	-	-	742,944
Issuance of certificate of obligation	-	-	2,315,000	-	-	2,315,000
Premium on issuance of certificate of obligation	-	-	264,614	-	-	264,614
Prior year property tax refunds	(332,243)	-	-	-	-	(332,243)
Sale of assets	46,860	83,217	104,727	-	-	234,804
Total other financing sources (uses)	(2,286,602)	83,217	10,332,285	3,131,950	169,269	11,430,119
Net change in fund balances	1,196,702	(629,247)	5,930,486	73,972	189,762	6,761,675
Fund balances, beginning of year	4,877,359	5,721,659	3,332,962	2,946,292	2,777,848	19,656,120
Prior period adjustment	122,012	-	-	-	(122,012)	-
Fund balances, beginning of year, restated	4,999,371	5,721,659	3,332,962	2,946,292	2,655,836	19,656,120
Fund balances, end of year	$ 6,196,073	$ 5,092,412	$ 9,263,448	$ 3,020,264	$ 2,845,598	$ 26,417,795

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, 2019

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

Net change in fund balances - total governmental funds		$ 6,761,675
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	4,178,784	
Depreciation expense	(5,832,601)	
		(1,653,817)
The net effect of various miscellaneous transactions involving capital assets (i.e., proceeds from sales, trade-ins, gain on sales, disposals, donations) decreases net position.		(44,328)
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.		(383,994)
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	106,666	
Change in accrued interest payable	(202,167)	
Change in compensated absences payable	102,552	
		7,051
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.		(1,299,044)
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.		(29,799)
The issuance of long-term debt, including premiums, is reported as other financing sources in the governmental funds and thus, increases fund balance. In the government-wide statements, however issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities.		(11,527,558)
Repayment of long-term debt principal is an expenditure in the governmental funds,		3,686,072
Change in net position of governmental activities - statement of activities		$ (4,483,742)

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

WISE COUNTY, TEXAS
Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2019

Assets	
Cash	$ 3,434,014
Investments	1,454,112
Receivables:	
Property taxes - for other governments	3,319,380
Total assets	$ 8,207,506
Liabilities	
Deposits held and due to others	$ 4,888,126
Property taxes to be collected - due to other governments	3,319,380
Total liabilities	$ 8,207,506

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

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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, 2019.

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.

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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, 2019.

Capital Assets

Capital assets, which include land, buildings and improvements, machinery and 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	20 - 30 years
Machinery and equipment	3 - 10 years

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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 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 the OPEB plan reported in the statement of net position. The County currently has deferred inflows of resources reported in the Governmental Funds Balance Sheet related to unavailable revenue from property taxes and liens placed on properties for reimbursement of road repairs.

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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 resource 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 2019, the unassigned General Fund balance was 17% of subsequent year's budgeted expenditures.

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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 $4,540,759 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 the current fiscal year, the County implemented the following new standard. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the note to the financial statements.

GASB 88 – Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements

The Primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowing and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

Note A - Summary of Significant Accounting Policies (Continued)

This statement defines debt for purposes of disclosures in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date of contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to the financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowing and direct placements of debt separately from other debt.

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.

Note B - Deposits, Securities and Investments (Continued)

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.

As of September 30, 2019, the County had the following investments:

	Value	% of Total	Weighted Average Maturities
TexPool - Governmental Funds	$ 20,343,450	87.34%	34 days
Financial Northeastern - CDs	1,494,000	6.41%	< 2 years
TexPool - Agency Funds	800,000	3.43%	34 days
Certificates of Deposit- Agency Funds	654,112	2.81%	< 1 years
Total Investments	$ 23,291,562	100%	

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, 2019, 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, 2019, 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, 2019, 90.78% of the County's investments was included in local government investment pools and 9.22% 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, 2019, 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, 2019, 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, 2019:

Fund	Property Taxes Receivable (Net)
General- (M&O)	$ 1,210,902
Special Revenue- (WCBCMT)	163,774
Lateral Road	190,012
Total	$ 1,564,688

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, 2019 was as follows:

	Balance 10/1/2018	Adjustments/ Additions	Adjustments/ Deletions	Balance 09/30/2019
Governmental activities				
Capital assets not being depreciated				
Land	$ 3,850,605	$ 172,500	$ -	$ 4,023,105
Construction in progress	82,382	1,613,429	82,382	1,613,429
Total capital assets not being depreciated	3,932,987	1,785,929	82,382	5,636,534
Other capital assets				
Buildings and improvements	54,487,619	57,490	50,000	54,495,109
Infrastructure	78,896,330	-	-	78,896,330
Machinery and equipment	29,096,475	2,451,438	1,982,162	29,565,751
Total other capital assets	162,480,424	2,508,928	2,032,162	162,957,190
Less accumulated depreciation				
Building and improvements	19,188,443	1,281,939	20,000	20,450,382
Infrastructure	58,003,980	2,578,990	-	60,582,970
Machinery and equipment	22,788,417	1,971,672	1,934,143	22,825,946
Total accumulated depreciation	99,980,840	5,832,601	1,954,143	103,859,298
Other capital assets, net	62,499,584	(3,323,673)	78,019	59,097,892
Governmental activities capital assets, net	$ 66,432,571	$ (1,537,744)	$ 160,401	$ 64,734,426

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

Governmental activities:	
General government	$ 6,931
Judicial	24,885
Legal	6,255
Financial administration	12,188
Public facilities	1,343,649
Public safety	3,173,034
Public transportation	1,019,574
Culture and recreation	246,085
Total depreciation for governmental activities	$ 5,832,601

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 certificates of obligation, 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.
- Interest rate ranges from 4.50% to 8.00%.
- Outstanding principal balance of $26,875,000 at September 30, 2019.

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 $367,749 at September 30, 2019.

Tax Notes – 2019 Series

- For the remodeling of existing buildings and the purchase of equipment.
- $8,205,000 originally issued.
- Interest rate at 5%.
- Outstanding principal balance of $8,205,000 at September 30, 2019.

Certificate of Obligation – 2019 Series

- Funds are for purchasing, renovating and equipping the county and district court facilities.
- $2,315,000 originally issued.
- Interest rate at 4%.
- Outstanding principal balance of $2,315,000 at September 30, 2019.

Note G - Long-Term Debt (Continued)

The following are changes by type of debt for the year ended September 30, 2019:

	Balance 10/1/2018	Increase	Decrease	Balance 09/30/2019	Amounts Due Within One Year
Direct Borrowings - Tax notes	$ 3,075,000	$ 8,205,000	$ 3,075,000	$ 8,205,000	$ 1,385,000
Lease revenue bonds	27,455,000	-	580,000	26,875,000	690,000
Certificates of obligation	-	2,315,000	-	2,315,000	90,000
Unamortized bond premium	29,172	1,007,558	106,666	930,064	170,249
Overpayment of sales tax	398,821	-	31,072	367,749	32,018
Net Pension Liability	4,901,195	9,098,118	2,332,388	11,666,925	-
Total OPEB liability	713,169	55,142	96,038	672,273	-
Compensated absences	1,221,907	832,115	934,667	1,119,355	521,011
Totals	$37,794,264	$21,512,933	$ 7,155,831	$52,151,366	$ 2,888,278

The annual requirements to amortize long-term debt as of September 30, 2019 are as follows:

	Lease Revenue Bonds		Direct Borrowings - Tax Notes		Certificates of Obligation		Overpayment of Sales Tax		
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2020	$ 690,000	$ 2,098,912	$ 1,385,000	$ 512,375	$ 90,000	$ 113,950	$ 32,018	$ 10,595	$ 4,932,850
2021	810,000	2,051,474	1,580,000	301,500	110,000	86,800	32,991	9,621	4,982,386
2022	925,000	1,994,775	1,660,000	220,500	115,000	82,300	33,995	8,617	5,040,187
2023	1,055,000	1,925,400	1,745,000	135,375	120,000	77,600	35,029	7,583	5,100,987
2024	1,195,000	1,846,276	1,835,000	45,875	125,000	72,700	36,094	6,518	5,162,463
2025-2029	8,450,000	7,624,126	-	-	700,000	283,000	197,622	15,438	17,270,186
2030-2034	13,750,000	3,498,000	-	-	860,000	127,600	-	-	18,235,600
2035-2039	-	-	-	-	195,000	3,900	-	-	198,900
Totals	$26,875,000	$21,038,963	$ 8,205,000	$ 1,215,625	$ 2,315,000	$ 847,850	$ 367,749	$ 58,372	$60,923,559

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.

The County did not have any unused lines of credit, assets pledged as collateral for debt, or terms specified in debt agreements related to significant events of default or termination with finance-related consequences, or subjective acceleration clauses as of September 30, 2019.

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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 and is therefore not booked as a liability. At September 30, 2019, the value of the liability for compensated absences was $1,119,355. 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, 2019 were as follows:

Receivable From	Payable To	Amount
Other governmental funds	General fund	$ 19,879

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	$ 2,673,249	$ 4,674,468
Lateral road fund	-	-
Capital projects funds	-	1,300,000
Debt service fund	3,131,950	-
Other governmental funds	360,946	191,677
Total transfers	$ 6,166,145	$ 6,166,145

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 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.

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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	169
Inactive employees entitled to but not yet receiving benefits	295
Active employees	419
Total	883

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Note J – Defined Benefit Pension Plans (Continued)

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 11.66% and 11.42% in calendar years 2019 and 2018, respectively. The County's contributions to TCDRS for the fiscal year ended September 30, 2019 were $2,466,447, and were equal to the required contributions.

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2018 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, 2018 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.

Note J – Defined Benefit Pension Plans (Continued)

- 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.
- 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, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016.

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 or actuarial assumptions reflected in the December 31, 2018 actuarial valuation.

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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 2019 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	10.50%	5.40%
Private Equity	18.00%	8.40%
Global Equities	2.50%	5.70%
International Equities - Developed	10.00%	5.40%
International Equities - Emerging	7.00%	5.90%
Investment-Grade Bonds	3.00%	1.60%
Strategic Credit	12.00%	4.39%
Direct Lending	11.00%	7.95%
Distressed Debt	2.00%	7.20%
REIT Equities	2.00%	4.15%
Master Limited Partnerships (MLPs)	3.00%	5.35%
Private Real Estate Partnerships	6.00%	6.30%
Hedge Funds	13.00%	3.90%
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.

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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 12/31/2017	$80,100,315	$75,199,120	$ 4,901,195
Changes for the year:			
Service cost	2,812,410	-	2,812,410
Interest on total pension liability	6,604,734	-	6,604,734
Effect of plan changes	-	-	-
Effect of economic/demographic gains/losses	(342,484)	-	(342,484)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(293,422)	(293,422)	-
Benefit payments	(2,506,701)	(2,506,701)	-
Administrative expenses	-	(60,006)	60,006
Member contributions	-	1,429,660	(1,429,660)
Net investment income	-	(1,390,620)	1,390,620
Employer contributions	-	2,332,388	(2,332,388)
Other	-	(2,492)	2,492
Balance at 12/31/2018	$86,374,852	$74,707,927	$11,666,925

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	$ 98,158,356	$ 86,374,852	$ 76,500,765
Fiduciary net pension	74,707,922	74,707,927	74,707,922
Net pension liability / (asset)	$ 23,450,434	$ 11,666,925	$ 1,792,843

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 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, 2018, the County recognized pension expense of $3,765,490. Details of the County's pension expense are as follows:

Pension Expense

Pension Expense	January 1, 2018 to December 31, 2018
Service cost	$ 2,812,410
Interest on total pension liability	6,604,734
Effect of plan changes	-
Administrative expenses	60,006
Member contributions	(1,429,660)
Expected investment return net of investment expenses	(6,126,846)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(399,815)
Recognition of assumption changes or inputs	175,637
Recognition of investment gains or losses	2,066,532
Other	2,492
Total Pension Expense	$ 3,765,490

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Note J – Defined Benefit Pension Plans (Continued)

As of the measurement period December 31, 2018, 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	$ 30,929	$ 604,687
Changes of assumptions	263,815	-
Net difference between project and actual earnings	4,832,649	-
Contributions made subsequent to measurement date	1,870,086	-
Total	$ 6,997,479	$ 604,687

Contributions made subsequent to the measurement date of $1,870,086 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, 2020. 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:	
2020	$1,745,601
2021	636,676
2022	636,939
2023	1,503,490
Total	$4,522,706

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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	143
Inactive employees or beneficiaries entitled to but not yet receiving benefit payments	62
Active Plan Members	419
Total	624

Total OPEB Liability

The County's total OPEB liability was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 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 4.10% 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, 2018 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 12/31/2017	$ 713,169
Changes for the year:	
Service cost	29,827
Interest on total OPEB liability	25,315
Changes of beneftit terms	-
Effect of economic/demographic gains/losses	1,190
Effect of assumptions changes or inputs	(82,931)
Benefit payments	(14,297)
Balance at 12/31/2018	$ 672,273

Sensitivity Analysis

The following presents the total OPEB liability of the County, calculated using the discount rate of 4.10%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.10%) or 1-percentage-point higher (5.10%) than the current rate:

	1% Decrease in Discount Rate (3.10%)	Current Discount Rate (4.10%)	1% Increase in Discount Rate (5.10%)
Total OPEB liability	$803,810	$672,273	$570,109

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, 2018, the County recognized OPEB expense of $44,682. At December 31, 2018, 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	$ 992	$ 9,372
Changes of assumptions	25,191	69,109
Contributions made subsequent to measurement date	11,227	-
Total	$ 37,410	$ 78,481

Contributions made subsequent to the measurement date of $11,227 are reported as deferred outflows of resources related to OPEB and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2020. 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:	
2020	$ (10,460)
2021	(10,460)
2022	(10,460)
2023	(10,460)
2024	(10,458)
Total	$ (52,298)

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.

Note L - Risk Management (Continued)

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

In fiscal year 2019, the County changed the fund type classifications for funds previously classified as special revenue funds to be included in the general fund classification. Due to these changes, beginning fund balances as of October 1, 2018 were required to be restated. The details of the restated beginning fund balances are as follows:

	General Fund	Other Governmental Funds
Beginning Fund Balances	$ 4,877,359	$ 2,777,848
Prior period adjustment for fund type classifications		
From Other Governmental Funds to General Fund	122,012	(122,012)
Beginning fund balances, as restated	$ 4,999,371	$ 2,655,836

Note O - Subsequent Events

The County has evaluated subsequent events through March 17, 2020, 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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	$ 23,705,000	$ 23,604,859	$ 23,604,859	$ -
Sales and other taxes	3,858,000	4,604,450	4,604,449	(1)
Intergovernmental	871,244	1,124,228	1,018,994	(105,234)
Fees of office	4,720,300	5,308,173	5,316,015	7,842
Fines and forfeitures	390,000	377,427	377,425	(2)
Interest	158,800	372,407	372,406	(1)
Royalties and leases	210,000	143,442	143,441	(1)
Solid waste fees	560,000	598,876	598,874	(2)
Miscellaneous revenues and donations	610,108	703,719	817,312	113,593
Total revenues	35,083,452	36,837,581	36,853,775	16,194
Expenditures				
Current:				
General government	3,562,183	4,099,728	3,320,541	779,187
Judicial	4,002,246	3,943,730	3,942,556	1,174
Legal	2,080,116	1,981,731	1,979,930	1,801
Elections	353,938	392,414	374,701	17,713
Financial administration	2,543,464	2,511,228	2,502,477	8,751
Public facilities	2,564,771	2,459,970	2,453,798	6,172
Public safety	16,161,051	16,560,954	16,549,403	11,551
Public transportation	84,000	84,513	69,273	15,240
Health and welfare	1,190,355	1,433,249	1,304,864	128,385
Culture and recreation	288,400	471,652	417,608	54,044
Conservation	296,000	290,138	290,121	17
Capital outlay	20,131	50,522	122,587	(72,065)
Debt service				
Principal retirement	-	31,072	31,072	-
Interest, issuance costs and fiscal charges	-	11,540	11,540	-
Total expenditures	33,146,655	34,322,441	33,370,471	951,970
Excess of revenues over expenditures	1,936,797	2,515,140	3,483,304	968,164
Other financing sources (uses)				
Operating transfers in	2,039,353	2,771,213	2,673,249	(97,964)
Operating transfers out	(3,890,198)	(5,054,366)	(4,674,468)	379,898
Prior year property tax refunds	-	(332,244)	(332,243)	1
Sale of assets	20,000	24,389	46,860	22,471
Total other financing sources (uses)	(1,830,845)	(2,591,008)	(2,286,602)	304,406
Net change in fund balances	105,952	(75,868)	1,196,702	$ 1,272,570
Fund balances, beginning of year	4,877,359	4,877,359	4,877,359	
Prior period adjustment	122,012	122,012	122,012	
Fund balances, beginning of year, restated	4,999,371	4,999,371	4,999,371	
Fund balances, end of year	$ 5,105,323	$ 4,923,503	$ 6,196,073	

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	$ 2,780,800	$ 2,783,494	$ 2,783,484	$ (10)
License and permits	1,180,000	1,273,621	1,358,229	84,608
Intergovernmental	80,000	120,292	120,288	(4)
Fines and forfeitures	556,000	364,985	364,979	(6)
Interest	86,000	165,666	165,665	(1)
Miscellaneous revenues and donations	500	41,818	6,547	(35,271)
Total revenues	4,683,300	4,749,876	4,799,192	49,316
Expenditures				
Current:				
Public transportation	6,431,100	6,156,449	5,469,335	687,114
Capital outlay	2,544	42,321	42,321	-
Total expenditures	6,433,644	6,198,770	5,511,656	687,114
Deficiency of revenues under expenditures	(1,750,344)	(1,448,894)	(712,464)	736,430
Other financing sources				
Sale of assets	-	47,944	83,217	35,273
Total other financing sources	-	47,944	83,217	35,273
Net change in fund balances	(1,750,344)	(1,400,950)	(629,247)	$ 771,703
Fund balances, beginning of year	5,721,659	5,721,659	5,721,659	
Fund balances, end of year	$ 3,971,315	$ 4,320,709	$ 5,092,412	

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 Five Fiscal Years**

Measurement Date - December 31st: *	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	$ 2,812,410	$ 3,034,626	$ 3,244,855	$ 2,921,560	$ 2,824,612
Interest on total pension liability	6,604,734	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	(342,484)	51,548	(469,981)	(799,156)	(353,387)
Benefit payments/refunds of contributions	(2,800,123)	(2,462,383)	(1,964,882)	(1,698,702)	(1,903,707)
Net change in total pension liability	6,274,537	6,919,873	6,279,776	5,533,505	5,157,103
Total pension liability, beginning	80,100,315	73,180,442	66,900,666	61,367,161	56,210,058
Total pension liability, ending (a)	$ 86,374,852	$ 80,100,315	$ 73,180,442	$ 66,900,666	$ 61,367,161
Plan Fiduciary Net Position					
Employer contributions	$ 2,332,388	$ 2,161,062	$ 2,112,642	$ 2,172,311	$ 2,096,387
Member contributions	1,429,660	1,407,204	1,438,571	1,438,620	1,372,754
Investment income net of investment expenses	(1,390,620)	9,457,547	4,351,184	(892,941)	3,532,953
Benefit payments/refunds of contributions	(2,800,123)	(2,462,383)	(1,964,882)	(1,698,702)	(1,903,707)
Administrative expenses	(60,006)	(50,010)	(47,364)	(42,013)	(42,610)
Other	(2,492)	14,351	61,301	8,243	(1,387)
Net change in plan fiduciary net position	(491,193)	10,527,771	5,951,452	985,518	5,054,390
Plan fiduciary net position, beginning	75,199,120	64,671,349	58,719,897	57,734,379	52,679,989
Plan fiduciary net position, ending (b)	$ 74,707,927	$ 75,199,120	$ 64,671,349	$ 58,719,897	$ 57,734,379
Net Pension Liability, ending (a) - (b)	$ 11,666,925	$ 4,901,195	$ 8,509,093	$ 8,180,769	$ 3,632,782
Plan's fiduciary net position as a percentage of total pension liability	86.49%	93.88%	88.37%	87.77%	94.08%
Covered - payroll	$ 20,423,716	$ 20,102,919	$ 20,551,020	$ 20,551,716	$ 19,610,771
Net pension liability as a percentage of covered - payroll	57.12%	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 Five Fiscal Years**

Year Ended September 30th: *	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 2,466,447	$ 2,270,295	$ 2,142,232	$ 2,142,114	$ 2,158,059
Contributions in relation to the actuarially determined amount	2,466,447	2,270,295	2,142,232	2,142,114	2,158,059
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 21,260,545	$ 20,171,573	$ 20,146,958	$ 20,692,252	$ 20,360,478
Contributions as a percentage of covered payroll	11.6%	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 calculated 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	13.3 years
Asset Valuation Method	5-year smoothed 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. 2018: No changes in plan provisions were reflected in the Schedule.

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

Measurement Date - December 31st: *	2018	2017
Total OPEB Liability		
Service cost	$ 29,827	$ 27,188
Interest on total pension liability	25,315	25,391
Effect of plan changes	-	-
Effect of economic/ demographic gains or losses	1,190	(13,121)
Effect of assumption changes or inputs	(82,931)	35,268
Benefit payments	(14,297)	(12,062)
Net change in total OPEB liability	(40,896)	62,664
Total OPEB liability, beginning	713,169	650,505
Total OPEB liability, ending (a)	$ 672,273	$ 713,169
Covered - payroll	$ 20,423,716	$ 20,102,919
Total OPEB liability as a percentage of covered - payroll	3.29%	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, 2019

Assets	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
Cash	$ 119,634	$ -	$ 22,427	$ 150,380	$ -	$ -	$ -	$ -	$ 292,441
Investments	990,000	715,000	272,500	60,000	1,287,000	1,935,000	-	-	5,259,500
Receivables									
Property taxes (net of allowance of $149,780)	6,804	44,495	64,172	33,745	40,796	-	-	-	190,012
Accounts	25,281	5,611	4,708	4,209	6,536	3,617	-	-	49,962
Due from other funds	-	-	-	-	-	587,000	-	(587,000)	-
Due from other governments	-	21,152	21,152	21,152	21,152	-	-	-	84,608
Total assets	$ 1,141,719	$ 786,258	$ 384,959	$ 269,486	$ 1,355,484	$ 2,525,617	$ -	$ (587,000)	$ 5,876,523
Liabilities, deferred inflows of resources and fund balances									
Liabilities									
Cash Overdraft	$ -	$ 245,312	$ -	$ -	$ 2,095	$ 145,202	$ -	$ -	$ 392,609
Accounts payable	1,740	14,514	75,116	1,678	9,245	-	-	-	102,293
Accrued salaries and benefits	-	17,278	20,417	20,977	17,194	-	-	-	75,866
Due to other funds	-	-	-	-	587,000	-	-	(587,000)	-
Total liabilities	1,740	277,104	95,533	22,655	615,534	145,202	-	(587,000)	570,768
Deferred inflows of resources									
Unavailable revenue - property taxes	6,804	44,495	64,172	33,745	40,796	-	-	-	190,012
Unavailable revenue - other	23,331	-	-	-	-	-	-	-	23,331
Total deferred inflows of resources	30,135	44,495	64,172	33,745	40,796	-	-	-	213,343
Fund balances									
Restricted for									
Roads and bridges	1,109,844	464,659	225,254	213,086	699,154	-	-	-	2,711,997
Committed to									
Special road projects	-	-	-	-	-	2,380,415	-	-	2,380,415
Total fund balances	1,109,844	464,659	225,254	213,086	699,154	2,380,415	-	-	5,092,412
Total liabilities, deferred inflows of resources, and fund balances	$ 1,141,719	$ 786,258	$ 384,959	$ 269,486	$ 1,355,484	$ 2,525,617	$ -	$ (587,000)	$5,876,523

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

WISE COUNTY, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Lateral Road Fund
For the Fiscal Year Ended September 30, 2019

	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	$ 371,053	$ 593,157	$ 840,050	$ 441,180	$ 538,044	$ -	$ -	$ -	$ 2,783,484
Licenses and permits	-	339,558	339,557	339,558	339,556	-	-	-	1,358,229
Intergovernmental	-	30,072	30,072	30,072	30,072	-	-	-	120,288
Fines and forfeitures	-	91,247	91,247	91,243	91,242	-	-	-	364,979
Interest	25,888	22,401	16,227	9,075	35,248	53,211	3,615	-	165,665
Miscellaneous revenues and donations	1,570	1	1	4,974	1	-	-	-	6,547
Total revenues	398,511	1,076,436	1,317,154	916,102	1,034,163	53,211	3,615	-	4,799,192
Expenditures									
Current:									
Public transportation	88,395	1,299,583	1,533,595	1,526,656	1,021,106	-	-	-	5,469,335
Capital outlay	-	39,767	2,554	-	-	-	-	-	42,321
Total expenditures	88,395	1,339,350	1,536,149	1,526,656	1,021,106	-	-	-	5,511,656
Excess (deficiency) of revenues over (under) expenditures	310,116	(262,914)	(218,995)	(610,554)	13,057	53,211	3,615	-	(712,464)
Other financing sources (uses)									
Operating transfers in	-	269,820	269,820	719,820	269,820	587,000	-	(2,116,280)	-
Operating transfers out	-	-	-	-	(587,000)	(450,000)	(1,079,280)	2,116,280	-
Sale of assets	-	56,217	-	-	-	27,000	-	-	83,217
Total other financing sources (uses)	-	326,037	269,820	719,820	(317,180)	164,000	(1,079,280)	-	83,217
Net change in fund balances	310,116	63,123	50,825	109,266	(304,123)	217,211	(1,075,665)	-	(629,247)
Fund balances, beginning of year	799,728	401,536	174,429	103,820	1,003,277	2,163,204	1,075,665	-	5,721,659
Fund balances, end of year	$1,109,844	$ 464,659	$ 225,254	$ 213,086	$ 699,154	$ 2,380,415	$ -	$ -	$ 5,092,412

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

WISE COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual -
Capital Projects Fund
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	$ 60,000	$ 163,180	$ 163,178	$ (2)
Miscellaneous revenues and donations	-	20,762	2,039	(18,723)
Total revenues	60,000	183,942	165,217	(18,725)
Expenditures				
Public safety	6,158	9,293	9,294	(1)
Public safety	334,798	381,173	354,896	26,277
Capital outlay	671,044	13,220,507	3,983,342	9,237,165
Debt service - issuance costs	-	219,485	219,484	1
Total expenditures	1,012,000	13,830,458	4,567,016	9,263,442
Deficiency of revenues under expenditures	(952,000)	(13,646,516)	(4,401,799)	9,244,717
Other financing uses				
Issuance of tax notes	-	8,205,000	8,205,000	-
Premium on issuance of tax notes	-	742,945	742,944	(1)
Issuance of certificate of obligation	-	2,315,000	2,315,000	-
Premium on issuance of certificate of obligation	-	264,614	264,614	-
Sale of assets	-	86,005	104,727	18,722
Operating transfers out	(1,300,000)	(1,300,010)	(1,300,000)	(10)
Total other financing uses	(1,300,000)	10,313,554	10,332,285	18,711
Net change in fund balances	(2,252,000)	(3,332,962)	5,930,486	$ 9,263,428
Fund balances, beginning of year	3,332,962	3,332,962	3,332,962	
Fund balances, end of year	$ 1,080,962	$ -	$ 9,263,448	

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	$ 23,700	$ 78,522	$ 78,522	$ -
Leases	2,716,238	2,717,738	2,717,738	-
Total revenues	2,739,938	2,796,260	2,796,260	-
Expenditures				
Debt service:				
Principal retirement	3,655,000	3,655,000	3,655,000	-
Interest and fiscal charges	2,216,888	2,273,210	2,199,238	73,972
Total expenditures	5,871,888	5,928,210	5,854,238	73,972
Deficiency of revenues under expenditures	(3,131,950)	(3,131,950)	(3,057,978)	73,972
Other financing sources				
Operating transfers in	3,131,950	3,131,950	3,131,950	-
Total other financing sources	3,131,950	3,131,950	3,131,950	-
Net change in fund balances	-	-	73,972	$ 73,972
Fund balance, beginning of year	2,946,292	2,946,292	2,946,292	
Fund balance, end of year	$ 2,946,292	$ 2,946,292	$ 3,020,264	

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

NONMAJOR GOVERNMENTAL FUNDS COMBINING AND BUDGETARY COMPARISON STATEMENTS

WISE COUNTY, TEXAS
Combining Balance Sheet -
Nonmajor Governmental Funds
September 30, 2019

	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	$ 120,326	$ 958,936	$ 263,017	$ -	$ 1,568,843	$ 2,911,122
Investments	-	-	140,500	-	-	140,500
Receivables						
Property tax (net of allowance of $28,237)	-	-	-	163,774	-	163,774
Accounts	1,819	-	11,526	-	-	13,345
Total assets	$122,145	$ 958,936	$ 415,043	$ 163,774	$ 1,568,843	$ 3,228,741
Liabilities, deferred inflows of resources, and fund balances						
Liabilities						
Accounts payable	$ -	$ 5,845	$ -	$ -	$ 1,059	$ 6,904
Due to other funds	-	-	-	-	19,879	19,879
Due to other governments	-	-	-	-	192,576	192,576
Deposits held and due to others	-	-	10	-	-	10
Total liabilities	-	5,845	10	-	213,514	219,369
Deferred inflows of resources						
Unavailable revenue - property taxes	-	-	-	163,774	-	163,774
Fund balances						
Restricted for						
State and federal programs	122,145	-	415,033	-	-	537,178
Records management	-	953,091	-	-	16,792.00	969,883
Legal	-	-	-	-	628,543.00	628,543
Public safety	-	-	-	-	426,338.00	426,338
Justice courts technology	-	-	-	-	283,656.00	283,656
Total fund balances	122,145	953,091	415,033	-	1,355,329	2,845,598
Total liabilities, deferred inflows of resources, and fund balances	$ 122,145	$ 958,936	$ 415,043	$ 163,774	$ 1,568,843	$ 3,228,741

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

WISE COUNTY, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2019

	Special Revenue Funds					Total Nonmajor Governmental Funds
	County Grants	County Clerk Record Management	Juvenile Probation TJJD 17-249	WCWC Branch Maintenance Tax	Other Special Revenue	
Revenues						
Property taxes	$ -	$ -	$ -	$ 3,269,285	$ -	$ 3,269,285
Intergovernmental	63,457	-	662,535	-	11,050	737,042
Fees of office	-	319,171	-	-	162,199	481,370
Interest	-	-	6,168	-	2,538	8,706
Miscellaneous revenues and donations	-	-	6,044	-	21,364	27,408
Total revenues	63,457	319,171	674,747	3,269,285	197,151	4,523,811
Expenditures						
Current:						
General government	-	-	-	3,269,285	-	3,269,285
Judicial	-	-	-	-	70,144	70,144
Legal	-	167,027	-	-	20,360	187,387
Public safety	91,835	-	819,829	-	34,304	945,968
Capital outlay	7,498	-	-	-	23,036	30,534
Total expenditures	99,333	167,027	819,829	3,269,285	147,844	4,503,318
Excess (deficiency) of revenues over (under) expenditures	(35,876)	152,144	(145,082)	-	49,307	20,493
Other financing sources (uses)						
Operating transfers in	48,946	-	300,000	-	12,000	360,946
Operating transfers out	-	(117,477)	-	-	(74,200)	(191,677)
Total other financing sources (uses)	48,946	(117,477)	300,000	-	(62,200)	169,269
Net change in fund balances	13,070	34,667	154,918	-	(12,893)	189,762
Fund balances, beginning of year	109,075	918,424	260,115	-	1,490,234	2,777,848
Prior period adjustment	-	-	-	-	(122,012)	(122,012)
Fund balances, beginning of year, restated	109,075	918,424	260,115	-	1,368,222	2,655,836
Fund balances, end of year	$ 122,145	$ 953,091	$ 415,033	$ -	$ 1,355,329	$ 2,845,598

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 -
Nonmajor - Special Revenue Funds
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	$ 3,194,000	$ 3,269,286	$ 3,269,285	$ (1)
Intergovernmental	527,958	598,236	737,042	138,806
Fees of office	476,800	481,380	481,370	(10)
Interest	4,400	8,876	8,706	(170)
Miscellaneous revenues and donations	20,500	82,478	27,408	(55,070)
Total revenues	4,223,658	4,440,256	4,523,811	83,555
Expenditures				
Current:				
General government	3,194,000	3,269,286	3,269,285	1
Judicial	66,440	78,086	70,144	7,942
Legal	718,050	241,877	187,387	54,490
Public safety	877,599	1,016,252	945,968	70,284
Capital outlay	30,801	48,782	30,534	18,248
Total expenditures	4,886,890	4,654,283	4,503,318	150,965
Deficiency of revenues under expenditures	(663,232)	(214,027)	20,493	234,520
Other financing sources (uses)				
Operating transfers in	58,946	360,946	360,946	-
Operating transfers out	(186,158)	(191,677)	(191,677)	-
Total other financing sources (uses)	(127,212)	169,269	169,269	-
Net change in fund balances	(790,444)	(44,758)	189,762	$ 234,520
Fund balances, beginning of year	2,777,848	2,777,848	2,777,848	
Prior period adjustment	(122,012)	(122,012)	(122,012)	
Fund balances, beginning of year, restated	2,655,836	2,655,836	2,655,836	
Fund balances, end of year	$ 1,865,392	$ 2,611,078	$ 2,845,598	

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

AGENCY FUNDS

WISE COUNTY, TEXAS
Combining Statement of Fiduciary Assets and Liabilities -
All Agency Funds
September 30, 2019

	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	$ 289,778	$ 32	$ 5,185	$ 18,505	$ 276,513	$ 34,383	$ 13,022	$ 9,326	$ 285,598
Investments	-	-	-	-	-	-	-	-	800,000
Receivables:									
Property Taxes - for other governments	-	-	-	-	-	-	-	-	-
Total assets	$ 289,778	$ 32	$ 5,185	$ 18,505	$ 276,513	$ 34,383	$ 13,022	$ 9,326	$ 1,085,598
Liabilities									
Deposits held and due to others	$ 289,778	$ 32	$ 5,185	$ 18,505	$ 276,513	$ 34,383	$ 13,022	$ 9,326	$ 1,085,598
Property taxes to be collected - due to other governments	-	-	-	-	-	-	-	-	-
Total liabilities	$ 289,778	$ 32	$ 5,185	$ 18,505	$ 276,513	$ 34,383	$ 13,022	$ 9,326	$ 1,085,598

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

BK 209 PG 84

WISE COUNTY, TEXAS
Combining Statement of Fiduciary Assets and Liabilities -
All Agency Funds
September 30, 2019

	District Attorney Restitution	Sherriff's Department Bond and Fine	Tax A/C Special Inventory	Special Inventory	Inmate Trust Fund	Tax A/C Auto Registration	County Attorney Forfeiture	District Clerk Trust	County Clerk Trust
Assets									
Cash	$ 724	$ 907	$ 386,604	$ 22,278	$ 18,098	$ 280,682	$ 8,289	$ 1,175,123	$ -
Investments	-	-	-	-	-	-	-	246,252	407,860
Receivables:									
Property Taxes - for other governments	-	-	-	-	-	-	-	-	-
Total assets	$ 724	$ 907	$ 386,604	$ 22,278	$ 18,098	$ 280,682	$ 8,289	$ 1,421,375	$ 407,860
Liabilities									
Deposits held and due to others	$ 724	$ 907	$ 386,604	$ 22,278	$ 18,098	$ 280,682	$ 8,289	$ 1,421,375	$ 407,860
Property taxes to be collected - due to other governments	-	-	-	-	-	-	-	-	-
Total liabilities	$ 724	$ 907	$ 386,604	$ 22,278	$ 18,098	$ 280,682	$ 8,289	$ 1,421,375	$ 407,860

BK 209 PG 87

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, 2019

	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	$ 1,630	$ 27,714	$ 134,858	$ 122,598	$ 66,262	$ 219,729	$ 4,832	$ 31,344	$ -	$ 3,434,014
Investments	-	-	-	-	-	-	-	-	-	1,454,112
Receivables:										
Property Taxes - for other governments	-	-	-	-	-	-	-	-	3,319,380	3,319,380
Total assets	$ 1,630	$ 27,714	$ 134,858	$ 122,598	$ 66,262	$ 219,729	$ 4,832	$ 31,344	$ 3,319,380	$ 8,207,506
Liabilities										
Deposits held and due to others	$ 1,630	$ 27,714	$ 134,858	$ 122,598	$ 66,262	$ 219,729	$ 4,832	$ 31,344	$ -	$ 4,888,126
Property taxes to be collected - due to other governments	-	-	-	-	-	-	-	-	3,319,380	3,319,380
Total liabilities	$ 1,630	$ 27,714	$ 134,858	$ 122,598	$ 66,262	$ 219,729	$ 4,832	$ 31,344	$ 3,319,380	$ 8,207,506

BK 209 PG 88

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								
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
2019	34,262,077	1,520,297	356,027	1,358,229	5,797,385	742,404	788,477	2,861,179	598,874	853,306	49,138,255

BK 288 PG 90

WISE COUNTY, TEXAS
Computation of Legal Debt Margin
September 30, 2019
(Unaudited)

Assessed valuation:		
Assessed valuation of property		$ 8,697,465,648
Less: Exemptions and Deductions		(1,373,035,357)
Taxable assessed value		$ 7,324,430,291
Legal debt margin:		
Debt limit (25% of taxable assessed value)		$1,831,107,573
Debt applicable to limitation:		
Total bonded debt		
Add: Tax notes	$8,205,000	
Certificates of Obligation	2,315,000	
Less: Amount available for repayment of bonded debt	520,264	
Total debt applicable to limitation		9,999,736
Legal debt margin		$ 1,821,107,837

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
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
2019	68,305	7,324,430,291	10,520,000	520,264	9,999,736	0.137%	146.40

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, 2019, 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 17, 2020.

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 17, 2020