WISE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2020

Wise County, Texas
Annual Financial Report
September 30, 2020

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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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wise County, Texas, as of September 30, 2020, 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 pension contributions and related ratios, and the schedule of changes in the total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wise County's basic financial statements. The combining and budget statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements.

The combining and budget statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and budget statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's 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
April 7, 2021

WISE COUNTY, TEXAS
Management's Discussion And Analysis

Management's discussion and analysis (MD&A) of Wise County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2020. 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 2020 by $46,189,053 (net position). Of this amount, $9,221,153 is restricted for specific purposes, $32,940,742 is the net investment in capital assets and $4,027,158 represents unrestricted net position.
- In contrast to the government-wide statements, the fund statements reported a combined fund balance at year-end of $25,748,302, a decrease of $669,493 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $7,718,819, or 24% of total general fund expenditures.
- The County's total long-term debt decreased by a net amount of $8,461,412 during the current fiscal year primarily as a result of a decrease in the net pension liability as well as the 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 $46,189,053 as of September 30, 2020.

A significant portion ($32,940,742) 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 $9,221,153 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	
	2020	2019
Current and other assets	$ 30,554,347	$ 31,030,573
Capital assets, net of depreciation	61,959,978	64,734,426
Total assets	92,514,325	95,764,999
Deferred outflows of resources	105,776	6,392,792
Long-term liabilities	43,689,954	52,151,366
Other liabilities	2,562,763	2,085,948
Total liabilities	46,252,717	54,237,314
Deferred inflows of resources	178,331	41,071
Net position:		
Net investment in capital assets	32,940,742	35,672,810
Restricted	9,221,153	8,214,389
Unrestricted	4,027,158	3,992,207
Total net position	$ 46,189,053	$ 47,879,406

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

Governmental Activities

The County's governmental activities net position decreased by $1,690,353 during the current fiscal year. The total cost of all governmental activities this year was $54,229,939. The amount that our taxpayers paid for these activities through property taxes was $30,495,601 or 56% of total governmental expenses.

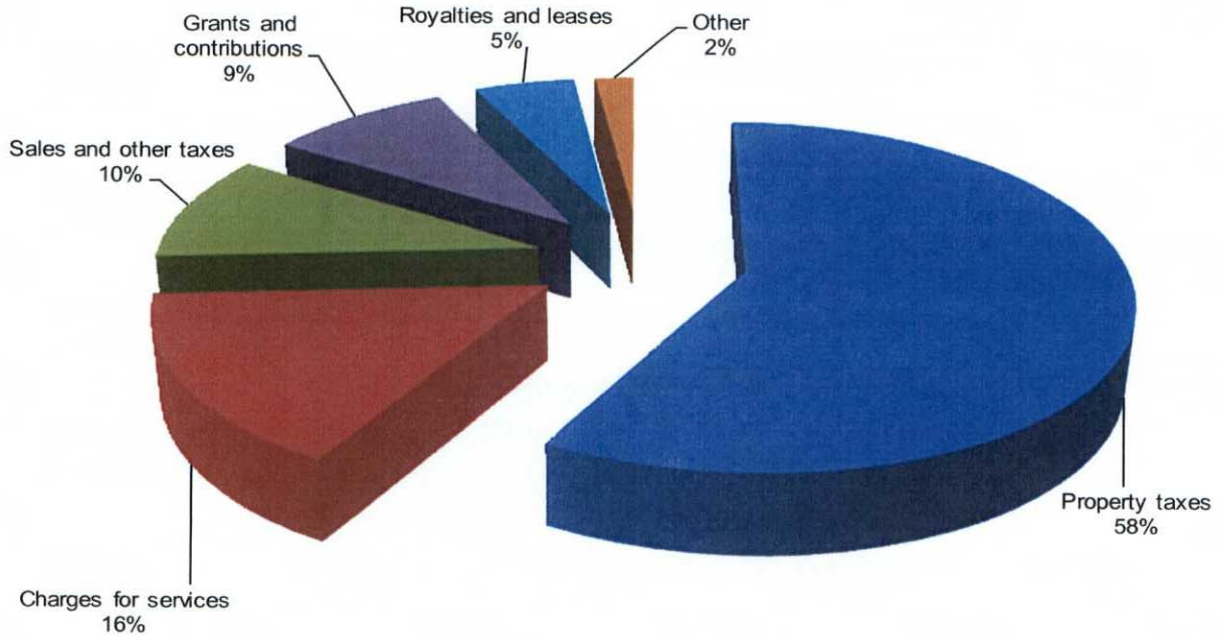
Changes in Net Position

	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	$ 8,430,073	$ 8,685,108
Operating grants and contributions	4,807,330	1,875,753
Capital grants and contributions	-	47,290
General revenues:		
Property taxes	30,495,601	29,299,174
Sales and other taxes	5,008,875	4,604,449
Investment earnings	377,489	788,477
Royalties and leases	2,859,363	2,861,179
Other	560,855	451,064
Total revenues	52,539,586	48,612,494
Expenses:		
General government	7,088,933	6,714,704
Judicial	4,187,268	4,252,105
Legal	2,406,069	2,300,213
Elections	544,594	385,758
Financial administration	3,096,869	2,645,443
Public facilities	3,852,959	3,849,273
Public safety	22,017,963	21,420,489
Public transportation	6,528,628	6,731,235
Health and welfare	1,255,218	1,311,660
Culture and recreation	583,443	663,693
Conservation	281,998	295,900
Interest and other costs	2,385,997	2,525,763
Total expenses	54,229,939	53,096,236
Change in net position	(1,690,353)	(4,483,742)
Net position-beginning	47,879,406	52,363,148
Net position-ending	$ 46,189,053	$ 47,879,406

Key elements of the analysis of government-wide revenues, expenses and decreases in net position include the following:

- Program revenues of $13,237,403 equaled 24% of government expenses. As expected, general revenues of $39,302,183 provided most of the required support and coverage for expenses;
- Public safety expenses increased $597,474 from the previous year. Public safety represents 41% of total expenses.
- The next largest category of expenses is general government at 13% of total expenses. General government expenses increased $374,229 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, 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 $25,748,302, a decrease of $669,493 in comparison with the prior year. A portion of fund balance $16,191,732 or 63% is restricted by external resources. $7,718,819 or 30% of the total fund balance represents unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is not available for new spending because it has already been committed for judicial ($22,486), and public safety ($30,548), and to fund special road projects ($998,404), and assigned to fund debt service ($545,450) and to fund indigent care ($240,863).

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 $7,718,819, which is 95% 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 24%, or slightly more than 88 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, 2020, the unassigned general fund balance represented 22% of subsequent year's general fund budgeted expenditures.

The fund balance of the County's general fund increased $1,972,118 during the current fiscal year. This increase is primarily due to increases in property tax and operating grant revenues.

The capital projects fund had an ending fund balance of $6,970,579, which is restricted for various capital projects. The decrease in fund balance during the period in the capital projects fund was $2,292,869, which was the effect of various capital project expenditures.

The lateral road has a total fund balance of $4,545,030, 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 $547,382, 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 $411,388 from the original to the final budget. Most of this difference resulted from an increase in general government expenditures.

The projected annual revenues increased by $633,739 from the original to the final budget. This was primarily due to increases in sales and other taxes and intergovernmental revenues.

Actual revenues were $82,328 less than amended budget amounts mainly due to intergovernmental revenues. Total expenditures for the year were $2,590,360 less than amended budget appropriations primarily due to general government and public safety expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The capital assets of the County are those assets (land, buildings, improvements, roads, bridges, machinery and equipment and construction in progress), which are used in the performance of the County's functions including current year expenditures for infrastructure assets. At September 30, 2020, net capital assets of the governmental activities totaled $61,959,878. Depreciation on capital assets is recognized in the government-wide financial statements. Annual depreciation for buildings, improvements, infrastructure and machinery and equipment totaled $5,964,117.

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

- Purchased of equipment for County Elections.
- Purchase of vehicles for various departments.

Wise County Capital Assets
(net of depreciation)

	Governmental Activities	
	2020	2019
Land	$ 4,023,105	$ 4,023,105
Construction in progress	1,106,017	1,613,429
Buildings and improvements	32,951,171	34,044,727
Infrastructure	16,123,549	18,313,360
Machinery and equipment	7,756,136	6,739,805
Total	$ 61,959,978	$ 64,734,426

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, 2020, outstanding balances for long term debt of the governmental activities totaled $43,689,954. Amounts for the components of this balance are as follows:

Wise County's Outstanding Debt

	Governmental Activities	
	2020	2019
Direct Borrowings - Tax notes	$ 6,820,000	$ 8,205,000
Lease revenue bonds	26,185,000	26,875,000
Certificates of obligation	2,225,000	2,315,000
Unamortized premium	759,815	930,064
Overpayment of sales tax	351,740	367,749
Net pension liability	5,281,105	11,666,925
Total OPEB liability	874,437	672,273
Compensated absences	1,192,857	1,119,355
Total	$ 43,689,954	$ 52,151,366

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 2021, the County Commissioners and management considered the following factors:

- Although the County fared well economically through the end of September 2020, the fiscal year 2021 budget was prepared with strong considerations for the economic uncertainty that exists with the COVID-19 pandemic.
- 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, 2020

	Primary Government
Assets	
Current assets	
Cash	$ 3,889,767
Investments	19,420,000
Receivables, taxes (net of allowance for uncollectible of $581,767)	1,029,298
Receivables, accounts (net of allowance for uncollectible of $166,760)	1,896,673
Due from other governments	1,818,609
Non-current assets	
Restricted cash and investments	2,500,000
Capital assets	
Land and construction in progress	5,129,122
Other capital assets, net of depreciation	56,830,856
Total capital assets	61,959,978
Total assets	92,514,325
Deferred Outflows of Resources	
Deferred outflows of resources - OPEB	105,776
Total deferred outflows of resources	105,776
Liabilities	
Current liabilities	
Accounts payable	906,386
Accrued salaries and benefits	966,166
Due to other governments	178,324
Deposits held and due to others	201,703
Accrued interest payable	310,184
Noncurrent liabilities	
Due within one year	3,262,574
Due in more than one year	40,427,380
Total liabilities	46,252,717
Deferred Inflows of Resources	
Deferred inflows of resources - pension	178,331
Total deferred inflows of resources	178,331
Net Position	
Net investment in capital assets	32,940,742
Restricted for	
General government	11,795
Debt service	2,500,000
State and federal programs	763,823
Records management	1,014,895
Legal	678,533
Public safety	464,054
Roads and bridges	3,546,626
Justice courts technology	241,427
Unrestricted	4,027,158
Total net position	$ 46,189,053

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

WISE COUNTY, TEXAS
Statement of Activities
For the Fiscal Year Ended September 30, 2020

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	$ 7,088,933	$ 1,513,282	$ 101,960	$ -	$ (5,473,691)
Judicial	4,187,268	608,414	219,033	-	(3,359,821)
Legal	2,406,069	361,906	222,823	-	(1,821,340)
Elections	544,594	25,127	-	-	(519,467)
Financial administration	3,096,869	1,119,660	-	-	(1,977,209)
Public facilities	3,852,959	276,090	-	-	(3,576,869)
Public safety	22,017,963	2,766,848	4,106,045	-	(15,145,070)
Public transportation	6,528,628	1,605,742	157,444	-	(4,765,442)
Health and welfare	1,255,218	18,500	-	-	(1,236,718)
Culture and recreation	583,443	134,504	25	-	(448,914)
Conservation	281,998	-	-	-	(281,998)
Interest/fees on long-term debt	2,385,997	-	-	-	(2,385,997)
Total primary government	$ 54,229,939	$ 8,430,073	$ 4,807,330	$ -	(40,992,536)

General revenues:	
Property taxes	30,495,601
Sales and other taxes	5,008,875
Investment earnings	377,489
Royalties and leases	2,859,363
Gain on disposal of assets	87,997
Other	472,858
Total general revenues	39,302,183
Change in net position	(1,690,353)
Net position, beginning of year	47,879,406
Net position, end of year	$ 46,189,053

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

WISE COUNTY, TEXAS
Balance Sheet
Governmental Funds
September 30, 2020

	General	Lateral Road Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	$ -	$ 1,062,430	$ 1,265,489	$ 2,112,824	$ 4,440,743
Investments	9,762,500	3,587,500	5,670,500	399,500	19,420,000
Receivables					
Property taxes (net of allowances of $581,767)	811,335	111,858	-	106,105	1,029,298
Accounts	310,794	24,141	51,228	9,673	395,836
Due from other governments	458,202	66,684	-	1,293,723	1,818,609
Restricted cash and investments	-	-	-	2,500,000	2,500,000
Total assets	$ 11,342,831	$ 4,852,613	$ 6,987,217	$ 6,421,825	$ 29,604,486
Liabilities, deferred inflows of resources, and fund balances					
Liabilities					
Cash overdraft	$ 550,976	$ -	$ -	$ -	$ 550,976
Accounts payable	752,334	65,107	16,638	72,307	906,386
Accrued salaries and benefits	856,962	107,287	-	1,917	966,166
Due to other governments	1,330	-	-	176,994	178,324
Deposits held and due to others	201,703	-	-	-	201,703
Total liabilities	2,363,305	172,394	16,638	251,218	2,803,555
Deferred inflows of resources					
Unavailable revenue - property taxes	811,335	111,858	-	106,105	1,029,298
Unavailable revenue - other	-	23,331	-	-	23,331
Total deferred inflows of resources	811,335	135,189	-	106,105	1,052,629
Fund balances					
Restricted for					
General government	11,795	-	-	-	11,795
Debt service	-	-	-	2,500,000	2,500,000
Capital projects	-	-	6,970,579	-	6,970,579
State and federal programs	-	-	-	763,823	763,823
Records management	95,495	-	-	919,400	1,014,895
Legal	10,858	-	-	667,675	678,533
Public safety	37,327	-	-	426,727	464,054
Roads and bridges	-	3,546,626	-	-	3,546,626
Justice courts technology	-	-	-	241,427	241,427
Committed to					
Special road projects	-	998,404	-	-	998,404
Judicial	22,486	-	-	-	22,486
Public safety	30,548	-	-	-	30,548
Assigned to					
Indigent care	240,863	-	-	-	240,863
Debt service	-	-	-	545,450	545,450
Unassigned	7,718,819	-	-	-	7,718,819
Total fund balances	8,168,191	4,545,030	6,970,579	6,064,502	25,748,302
Total liabilities, deferred inflows of resources, and fund balances	$ 11,342,831	$ 4,852,613	$ 6,987,217	$ 6,421,825	

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	61,959,978
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.	1,052,629
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.	1,500,837
Deferred outflows of resources for OPEB are not financial resources and, therefore, are not reported in the funds.	105,776
Deferred inflows of resources for pension are not financial resources and, therefore, are not reported in the funds.	(178,331)
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.	(44,000,138)
Net position of governmental activities - statement of net position	$ 46,189,053

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, 2020

	General	Lateral Road Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	$ 24,287,252	$ 3,379,991	$ -	$ 3,522,538	$ 31,189,781
Sales and other taxes	5,008,875	-	-	-	5,008,875
Licenses and permits	-	1,279,644	-	-	1,279,644
Intergovernmental	1,087,485	157,444	50,000	3,493,295	4,788,224
Fees of office	4,944,186	-	-	486,273	5,430,459
Fines and forfeitures	341,384	275,688	-	-	617,072
Interest	180,583	69,121	96,575	31,210	377,489
Royalties and leases	70,050	-	-	2,789,313	2,859,363
Solid waste fees	632,244	-	-	-	632,244
Miscellaneous revenues and donations	783,308	10,507	-	92,450	886,265
Total revenues	37,335,367	5,172,395	146,575	10,415,079	53,069,416
Expenditures					
Current:					
General government	3,397,148	-	145,652	3,522,538	7,065,338
Judicial	4,073,090	-	-	59,065	4,132,155
Legal	2,036,070	-	-	329,247	2,365,317
Elections	399,362	-	-	-	399,362
Financial administration	3,018,120	-	-	-	3,018,120
Public facilities	2,497,451	-	-	-	2,497,451
Public safety	15,055,933	-	-	3,691,064	18,746,997
Public transportation	135,917	5,301,147	-	-	5,437,064
Health and welfare	1,254,089	-	-	-	1,254,089
Culture and recreation	369,659	-	-	-	369,659
Conservation	280,151	-	-	-	280,151
Capital outlay	200,713	407,668	2,413,964	199,496	3,221,841
Debt service					
Principal retirement	16,009	-	-	2,165,000	2,181,009
Interest, issuance costs and fiscal charges	5,297	-	-	2,726,438	2,731,735
Total expenditures	32,739,009	5,708,815	2,559,616	12,692,848	53,700,288
Excess (deficiency) of revenues over (under) expenditures	4,596,358	(536,420)	(2,413,041)	(2,277,769)	(630,872)
Other financing sources (uses)					
Operating transfers in	2,477,658	-	32,000	2,648,125	5,157,783
Operating transfers out	(4,954,067)	(32,000)	-	(171,716)	(5,157,783)
Prior year property tax refunds	(158,790)	-	-	-	(158,790)
Sale of assets	10,959	21,038	88,172	-	120,169
Total other financing sources (uses)	(2,624,240)	(10,962)	120,172	2,476,409	(38,621)
Net change in fund balances	1,972,118	(547,382)	(2,292,869)	198,640	(669,493)
Fund balances, beginning of year	6,196,073	5,092,412	9,263,448	5,865,862	26,417,795
Fund balances, end of year	$ 8,168,191	$ 4,545,030	$ 6,970,579	$ 6,064,502	$ 25,748,302

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, 2020

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

Net change in fund balances - total governmental funds		$ (669,493)
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	3,221,841	
Depreciation expense	(5,964,117)	
		(2,742,276)
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.		(32,172)
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.		(459,037)
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	170,249	
Change in accrued interest payable	175,489	
Change in compensated absences payable	(73,502)	
		272,236
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.		(185,303)
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.		(55,317)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		2,181,009
Change in net position of governmental activities - statement of activities		$ (1,690,353)

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

WISE COUNTY, TEXAS
Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2020

Assets	
Cash	$ 3,352,527
Investments	1,223,609
Receivables:	
Property taxes - for other governments	3,691,156
Total assets	$ 8,267,292
Liabilities	
Deposits held and due to others	$ 4,576,136
Property taxes to be collected - due to other governments	3,691,156
Total liabilities	$ 8,267,292

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

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2020

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, 2020.

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, 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 the Debt Service Fund and 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.

Fiduciary Fund Financial Statements: These statements include fiduciary funds which are classified into private purpose trust and agency funds and use the economic resources measurement focus and the accrual basis of accounting. The County only has agency funds which are used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds.

Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Note A - Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

The County follows these procedures in establishing budgetary data reflected in the financial statements:

a) In the event the Commissioners' Court increases property taxes, a public hearing is required. If the Court increases taxes more than eight percent, taxes are subject to a rollback petition and election.

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

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

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

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

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

g) The budgeted amounts presented in these statements are as originally adopted, or as amended by, the Commissioners' Court during the year ended September 30, 2020.

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	15 - 40 years
Infrastructure	20 - 30 years
Machinery and equipment	3 - 20 years

Note A - Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognized debt premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Outflows/Inflows of Resources

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

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 2020, the unassigned General Fund balance was 22% of subsequent year's budgeted expenditures.

Note A - Summary of Significant Accounting Policies (Continued)

Net Position

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

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

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

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

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

The statement of net position includes $3,615,741 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.

Note B - Deposits, Securities and Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the County to invest its funds under a written investment policy (the "Investment Policy") that primarily emphasizes safety of principal, maintenance of adequate liquidity, diversification, maximization of interest earnings, and maturity. The investment policy defines what constitutes the legal list of investments allowed under the policy, which excludes certain investment instruments allowed under Chapter 2256 of the Texas Government Code. The County's deposits and investments are invested pursuant to the Investment Policy, which is approved annually by Commissioners' Court. The Investment Policy includes a list of authorized investments and a maximum allowable maturity of any individual investment. In addition, it includes an "Investments Strategy" that specifically addresses each fund's investment options and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification, yield, and maturity restrictions.

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

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

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

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

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

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

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

Public Funds Investment Pools

TexPool

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

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

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2020

Note B - Deposits, Securities and Investments (Continued)

As of September 30, 2020, the County had the following investments:

	Value	% of Total	Weighted Average Maturities
TexPool - Governmental Funds	$ 18,098,000	87.67%	38 days
Financial Northeastern - Certificates of Deposit	1,322,000	6.40%	< 2 years
TexPool - Agency Funds	790,000	3.83%	38 days
Certificates of Deposit- Agency Funds	433,609	2.10%	< 1 years
Total Investments	$ 20,643,609	100.00%	

Interest Rate Risk - Investments are exposed to interest rate risk if changes in market interest rates will adversely affect the fair value of an investment. As of September 30, 2020, 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, 2020, 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, 2020, 91.5% of the County's investments was included in local government investment pools and 8.5% was included in certificates of deposit. External investment pools are exempt from concentration of credit risk disclosures.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are not collateralized with securities held by the pledging financial institution or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name. As of September 30, 2020, 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.

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2020

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, 2020, to finance maintenance and operations (M&O) of the County was $.307500 per $100 valuation. During the fiscal year, the County levied $.042500 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, 2020:

Fund	Property Taxes Receivable (Net)
General- (M&O)	$ 811,335
Special Revenue- (WCBCMT)	106,105
Lateral Road	111,858
Total	$ 1,029,298

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.

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2020

Note F – Capital Assets

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balance 10/1/2019	Adjustments/ Additions	Adjustments/ Deletions	Balance 09/30/2020
Governmental activities				
Capital assets not being depreciated				
Land	$ 4,023,105	$ -	$ -	$ 4,023,105
Construction in progress	1,613,429	426,452	933,864	1,106,017
Total capital assets not being depreciated	5,636,534	426,452	933,864	5,129,122
Other capital assets				
Buildings and improvements	54,495,109	192,319	-	54,687,428
Infrastructure	78,896,330	389,178	-	79,285,508
Machinery and equipment	29,565,751	3,147,756	1,144,649	31,568,858
Total other capital assets	162,957,190	3,729,253	1,144,649	165,541,794
Less accumulated depreciation				
Building and improvements	20,450,382	1,285,875	-	21,736,257
Infrastructure	60,582,970	2,578,989	-	63,161,959
Machinery and equipment	22,825,946	2,099,253	1,112,477	23,812,722
Total accumulated depreciation	103,859,298	5,964,117	1,112,477	108,710,938
Other capital assets, net	59,097,892	(2,234,864)	32,172	56,830,856
Governmental activities capital assets, net	$ 64,734,426	$ (1,808,412)	$ 966,036	$ 61,959,978

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

Governmental activities:	
General government	$ 6,931
Judicial	17,859
Legal	20,388
Elections	142,960
Financial administration	57,328
Public facilities	1,339,716
Public safety	3,119,043
Public transportation	1,047,260
Culture and recreation	212,632
Total depreciation for governmental activities	$ 5,964,117

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2020

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 $26,185,000 at September 30, 2020.

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 $351,740 at September 30, 2020.

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 $6,820,000 at September 30, 2020.

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 $2,225,000 at September 30, 2020.

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2020

Note G - Long-Term Debt (Continued)

The following are changes by type of debt for the year ended September 30, 2020:

	Balance 10/1/2019	Increase	Decrease	Balance 09/30/2020	Amounts Due Within One Year
Direct Borrowings - Tax notes	$ 8,205,000	$ -	$ 1,385,000	$ 6,820,000	$ 1,580,000
Lease revenue bonds	26,875,000	-	690,000	26,185,000	810,000
Certificates of obligation	2,315,000	-	90,000	2,225,000	110,000
Unamortized bond premium	930,064	-	170,249	759,815	170,249
Overpayment of sales tax	367,749	-	16,009	351,740	16,130
Net pension liability	11,666,925	2,885,583	9,271,403	5,281,105	-
Total OPEB liability	672,273	233,603	31,439	874,437	-
Compensated absences	1,119,355	871,007	797,505	1,192,857	576,195
Totals	$ 52,151,366	$ 3,990,193	$ 12,451,605	$ 43,689,954	$ 3,262,574

The annual requirements to amortize long-term debt as of September 30, 2020 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
2021	$ 810,000	$ 2,051,474	$ 1,580,000	$ 301,500	$ 110,000	$ 86,800	$ 16,130	$ 5,176	$ 4,961,080
2022	925,000	1,994,775	1,660,000	220,500	115,000	82,300	32,995	9,617	5,040,187
2023	1,055,000	1,925,400	1,745,000	135,375	120,000	77,600	33,998	8,614	5,100,987
2024	1,195,000	1,846,276	1,835,000	45,875	125,000	72,700	35,033	7,580	5,162,464
2025	1,345,000	1,756,650	-	-	130,000	67,600	36,098	6,514	3,341,862
2026-2030	9,375,000	6,967,476	-	-	730,000	254,400	197,486	15,416	17,539,778
2031-2035	11,480,000	2,398,800	-	-	895,000	92,500	-	-	14,866,300
Totals	$ 26,185,000	$ 18,940,851	$ 6,820,000	$ 703,250	$ 2,225,000	$ 733,900	$ 351,740	$ 52,917	$ 56,012,658

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, 2020.

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, 2020, the value of the liability for compensated absences was $1,192,857. General fund revenues are used to liquidate the compensated absences liability.

Note I – Interfund Activity

Transfers To and From Other Funds

Interfund transfers during the fiscal year were as follows:

Fund	Transfers In	Transfers Out
General fund	$ 2,477,658	$ 4,954,067
Lateral road fund	-	32,000
Capital projects funds	32,000	-
Other governmental funds	2,648,125	171,716
Total transfers	$ 5,157,783	$ 5,157,783

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.

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2020

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 on a calendar year basis. The report 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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	176
Inactive employees entitled to but not yet receiving benefits	325
Active employees	427
Total	928

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 12.23% and 11.66% in calendar years 2020 and 2019, respectively. The County's contributions to TCDRS for the fiscal year ended September 30, 2020 were $2,700,280, and were equal to the required contributions.

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2019 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, 2019 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	8.00%, 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 0.50% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.60% 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, 2019 were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, except where required to be different by GASB 68.

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, 2019 actuarial valuation.

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 April 2020 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	14.50%	5.20%
Private Equity	20.00%	8.20%
Global Equities	2.50%	5.50%
International Equities - Developed	7.00%	5.20%
International Equities - Emerging	7.00%	5.70%
Investment-Grade Bonds	3.00%	-0.20%
Strategic Credit	12.00%	3.14%
Direct Lending	11.00%	7.16%
Distressed Debt	4.00%	6.90%
REIT Equities	3.00%	4.50%
Master Limited Partnerships (MLPs)	2.00%	8.40%
Private Real Estate Partnerships	6.00%	5.50%
Hedge Funds	8.00%	2.30%
Total	100.00%	

Discount Rate

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

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

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

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

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

Note J – Defined Benefit Pension Plans (Continued)

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

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

Changes in Net Pension Liability

Changes in the NPL	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2018	$ 86,374,852	$ 74,707,927	$11,666,925
Changes for the year:			
Service cost	2,856,561	-	2,856,561
Interest on total pension liability	7,098,237	-	7,098,237
Effect of plan changes	-	-	-
Effect of economic/demographic gains/losses	(97,176)	-	(97,176)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(395,883)	(395,883)	-
Benefit payments	(2,865,333)	(2,865,333)	-
Administrative expenses	-	(66,823)	66,823
Member contributions	-	1,502,344	(1,502,344)
Net investment income	-	12,267,775	(12,267,775)
Employer contributions	-	2,502,476	(2,502,476)
Other	-	37,670	(37,670)
Balance at 12/31/2019	$ 92,971,258	$ 87,690,153	$ 5,281,105

WISE COUNTY, TEXAS
Notes to Financial Statements
September 30, 2020

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	$ 105,519,653	$ 92,971,258	$ 82,448,798
Fiduciary net pension	87,690,153	87,690,153	87,690,153
Net pension liability / (asset)	$ 17,829,500	$ 5,281,105	$ (5,241,355)

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, 2019, the County recognized pension expense of $2,885,583. Details of the County's pension expense are as follows:

Pension Expense

Pension Expense	January 1, 2019 to December 31, 2019
Service cost	$ 2,856,561
Interest on total pension liability	7,098,237
Effect of plan changes	-
Administrative expenses	66,823
Member contributions	(1,502,344)
Expected investment return net of investment expenses	(6,079,714)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(353,432)
Recognition of assumption changes or inputs	175,638
Recognition of investment gains or losses	661,489
Other	(37,675)
Total Pension Expense	$ 2,885,583

Note J – Defined Benefit Pension Plans (Continued)

As of September 30, 2020, 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	$ 20,619	$ 338,121
Changes of assumptions	88,179	-
Net difference between project and actual earnings	-	2,016,898
Contributions made subsequent to measurement date	2,067,890	-
Total	$ 2,176,688	$2,355,019

Contributions made subsequent to the measurement date of $2,067,890 are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2021	$ (625,230)
2022	(624,967)
2023	241,589
2024	(1,237,613)
Total	$ (2,246,221)

Note K - Postemployment Benefits Other Than Pensions

Plan Description

The County participates in the retiree Group Term Life program 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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	148
Inactive employees entitled to but not yet receiving benefits	60
Active Employees	427
Total	635

Total OPEB Liability

The County's total OPEB liability was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 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 2.74% 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 - Postemployment Benefits Other Than Pensions (Continued)

The actuarial assumptions used in the December 31, 2019 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 12/31/2018	$ 672,273
Changes for the year:	
Service cost	28,037
Interest on total OPEB liability	28,364
Changes of benefit terms	-
Effect of economic/demographic gains/losses	(28,288)
Effect of assumptions changes or inputs	191,221
Benefit payments	(17,170)
Balance at 12/31/2019	$ 874,437

Sensitivity Analysis

The following presents the total OPEB liability of the County, calculated using the discount rate of 2.74%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.74%) or 1-percentage-point higher (3.74%) than the current rate:

	1% Decrease in Discount Rate (1.74%)	Current Discount Rate (2.74%)	1% Increase in Discount Rate (3.74%)
Total OPEB liability	$1,066,892	$ 874,437	$727,472

Note K - Postemployment Benefits Other Than Pensions (Continued)

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

For the measurement period ending December 31, 2019, the County recognized OPEB expense of $73,096. As of September 30, 2020, 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	$ 794	$ 31,072
Changes of assumptions	179,505	55,287
Contributions made subsequent to measurement date	11,836	-
Total	$ 192,135	$ 86,359

Contributions made subsequent to the measurement date of $11,836 are reported as deferred outflows of resources related to OPEB and will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:	
2021	$ 16,695
2022	16,695
2023	16,695
2024	16,697
2025	27,158
Total	$ 93,940

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 - Subsequent Events

The County has evaluated subsequent events through April 7, 2021, 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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	$ 24,747,000	$ 24,287,256	$ 24,287,252	$ (4)
Sales and other taxes	4,100,000	5,008,875	5,008,875	-
Intergovernmental	905,025	1,189,841	1,087,485	(102,356)
Fees of office	4,995,323	4,939,393	4,944,186	4,793
Fines and forfeitures	375,000	341,385	341,384	(1)
Interest	300,500	180,588	180,583	(5)
Royalties and leases	180,000	70,050	70,050	-
Solid waste fees	575,000	632,245	632,244	(1)
Miscellaneous revenues and donations	606,108	768,062	783,308	15,246
Total revenues	36,783,956	37,417,695	37,335,367	(82,328)
Expenditures				
Current:				
General government	3,495,626	3,971,257	3,397,148	574,109
Judicial	4,141,373	4,098,124	4,073,090	25,034
Legal	2,105,552	2,036,097	2,036,070	27
Elections	411,906	399,379	399,362	17
Financial administration	3,044,040	3,018,156	3,018,120	36
Public facilities	2,451,770	2,497,477	2,497,451	26
Public safety	17,293,088	16,999,825	15,055,933	1,943,892
Public transportation	73,985	135,919	135,917	2
Health and welfare	1,140,901	1,254,100	1,254,089	11
Culture and recreation	291,200	416,850	369,659	47,191
Conservation	307,416	280,164	280,151	13
Capital outlay	161,124	200,714	200,713	1
Debt service				
Principal retirement	-	16,009	16,009	-
Interest, issuance costs and fiscal charges	-	5,298	5,297	1
Total expenditures	34,917,981	35,329,369	32,739,009	2,590,360
Excess of revenues over expenditures	1,865,975	2,088,326	4,596,358	2,508,032
Other financing sources (uses)				
Operating transfers in	2,246,674	2,477,658	2,477,658	-
Operating transfers out	(4,298,144)	(4,954,067)	(4,954,067)	-
Prior year property tax refunds	-	(158,791)	(158,790)	1
Sale of assets	10,000	25,818	10,959	(14,859)
Total other financing sources (uses)	(2,041,470)	(2,609,382)	(2,624,240)	(14,858)
Net change in fund balances	(175,495)	(521,056)	1,972,118	$ 2,493,174
Fund balances, beginning of year	6,196,073	6,196,073	6,196,073	
Fund balances, end of year	$ 6,020,578	$ 5,675,017	$ 8,168,191	

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	$ 3,422,300	$ 3,379,998	$ 3,379,991	$ (7)
License and permits	1,180,000	1,419,736	1,279,644	(140,092)
Intergovernmental	92,800	101,964	157,444	55,480
Fines and forfeitures	416,000	275,691	275,688	(3)
Interest	126,000	69,126	69,121	(5)
Miscellaneous revenues and donations	1,000	10,505	10,507	2
Total revenues	5,238,100	5,257,020	5,172,395	(84,625)
Expenditures				
Current:				
Public transportation	6,687,390	5,465,246	5,301,147	164,099
Capital outlay	389,178	407,668	407,668	-
Total expenditures	7,076,568	5,872,914	5,708,815	164,099
Deficiency of revenues under expenditures	(1,838,468)	(615,894)	(536,420)	79,474
Other financing sources (uses)				
Operating transfers out	-	(1,032,000)	(32,000)	1,000,000
Sale of assets	-	21,038	21,038	-
Total other financing sources	-	(1,010,962)	(10,962)	1,000,000
Net change in fund balances	(1,838,468)	(1,626,856)	(547,382)	$ 1,079,474
Fund balances, beginning of year	5,092,412	5,092,412	5,092,412	
Fund balances, end of year	$ 3,253,944	$ 3,465,556	$ 4,545,030	

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 Six Fiscal Years**

Measurement Date - December 31st: *	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	$ 2,856,561	$ 2,812,410	$ 3,034,626	$ 3,244,855	$ 2,921,560	$ 2,824,612
Interest on total pension liability	7,098,237	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	(97,176)	(342,484)	51,548	(469,981)	(799,156)	(353,387)
Benefit payments/refunds of contributions	(3,261,216)	(2,800,123)	(2,462,383)	(1,964,882)	(1,698,702)	(1,903,707)
Net change in total pension liability	6,596,406	6,274,537	6,919,873	6,279,776	5,533,505	5,157,103
Total pension liability, beginning	86,374,852	80,100,315	73,180,442	66,900,666	61,367,161	56,210,058
Total pension liability, ending (a)	$ 92,971,258	$ 86,374,852	$ 80,100,315	$ 73,180,442	$ 66,900,666	$ 61,367,161
Plan Fiduciary Net Position						
Employer contributions	$ 2,502,476	$ 2,332,388	$ 2,161,062	$ 2,112,642	$ 2,172,311	$ 2,096,387
Member contributions	1,502,344	1,429,660	1,407,204	1,438,571	1,438,620	1,372,754
Net investment income	12,267,775	(1,390,620)	9,457,547	4,351,184	(892,941)	3,532,953
Benefit payments/refunds of contributions	(3,261,216)	(2,800,123)	(2,462,383)	(1,964,882)	(1,698,702)	(1,903,707)
Administrative expenses	(66,823)	(60,006)	(50,010)	(47,364)	(42,013)	(42,610)
Other	37,670	(2,492)	14,351	61,301	8,243	(1,387)
Net change in plan fiduciary net position	12,982,226	(491,193)	10,527,771	5,951,452	985,518	5,054,390
Plan fiduciary net position, beginning	74,707,927	75,199,120	64,671,349	58,719,897	57,734,379	52,679,989
Plan fiduciary net position, ending (b)	$ 87,690,153	$ 74,707,927	$ 75,199,120	$ 64,671,349	$ 58,719,897	$ 57,734,379
Net Pension Liability, ending (a) - (b)	$ 5,281,105	$ 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	94.32%	86.49%	93.88%	88.37%	87.77%	94.08%
Covered - payroll	$ 21,462,059	$ 20,423,716	$ 20,102,919	$ 20,551,020	$ 20,551,716	$ 19,610,771
Net pension liability as a percentage of covered - payroll	24.61%	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 Pension Contributions and Related Ratios
Last Six Fiscal Years**

Year Ended September 30th: *	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 2,700,280	$ 2,466,447	$ 2,270,295	$ 2,142,232	$ 2,142,114	$ 2,158,059
Contributions in relation to the actuarially determined amount	2,700,280	2,466,447	2,270,295	2,142,232	2,142,114	2,158,059
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 22,331,924	$ 21,260,545	$ 20,171,573	$ 20,146,958	$ 20,692,252	$ 20,360,478
Contributions as a percentage of covered payroll	12.1%	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 each 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	12.2 years
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
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. 2019: 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 Three Years **

Measurement Date - December 31st: *	2019	2018	2017
Total OPEB Liability			
Service cost	$ 28,037	$ 29,827	$ 27,188
Interest on total OPEB liability	28,364	25,315	25,391
Effect of plan changes	-	-	-
Effect of economic/demographic (gains) or losses	(28,288)	1,190	(13,121)
Effect of assumption changes or inputs	191,221	(82,931)	35,268
Benefit payments	(17,170)	(14,297)	(12,062)
Net change in total OPEB liability	202,164	(40,896)	62,664
Total OPEB liability, beginning	672,273	713,169	650,505
Total OPEB liability, ending	$ 874,437	$ 672,273	$ 713,169
Covered - payroll	$ 21,462,059	$ 20,423,716	$ 20,102,919
Total OPEB liability as a percentage of covered - payroll	4.07%	3.29%	3.55%

* The amounts presented above are as of the December 31st measurement date for the total OPEB 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, 2020

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	$ 261	$ 205,459	$ 6,395	$ 167,064	$ -	$ -	$ 1,000,000	$ -	$ 1,379,179
Investments	1,124,500	160,000	317,000	88,000	775,000	1,123,000	-	-	3,587,500
Receivables									
Property taxes (net of allowance of $127,278)	13,199	24,273	34,341	18,009	22,036	-	-	-	111,858
Accounts	23,576	49	84	19	172	241	-	-	24,141
Due from other governments	-	16,671	16,671	16,671	16,671	-	-	-	66,684
Total assets	$ 1,161,536	$ 406,452	$ 374,491	$ 289,763	$ 813,879	$ 1,123,241	$ 1,000,000	$ -	$ 5,169,362
Liabilities, deferred inflows of resources and fund balances									
Liabilities									
Cash Overdraft	$ -	$ -	$ -	$ -	$ 191,912	$ 124,837	$ -	$ -	$ 316,749
Accounts payable	48,646	3,929	5,709	5,077	1,746	-	-	-	65,107
Accrued salaries and benefits	-	25,850	31,485	26,204	23,748	-	-	-	107,287
Total liabilities	48,646	29,779	37,194	31,281	217,406	124,837	-	-	489,143
Deferred inflows of resources									
Unavailable revenue - property taxes	13,199	24,273	34,341	18,009	22,036	-	-	-	111,858
Unavailable revenue - other	23,331	-	-	-	-	-	-	-	23,331
Total deferred inflows of resources	36,530	24,273	34,341	18,009	22,036	-	-	-	135,189
Fund balances									
Restricted for									
Roads and bridges	1,076,360	352,400	302,956	240,473	574,437	-	1,000,000	-	3,546,626
Committed to									
Special road projects	-	-	-	-	-	998,404	-	-	998,404
Total fund balances	1,076,360	352,400	302,956	240,473	574,437	998,404	1,000,000	-	4,545,030
Total liabilities, deferred inflows of resources, and fund balances	$ 1,161,536	$ 406,452	$ 374,491	$ 289,763	$ 813,879	$ 1,123,241	$ 1,000,000	$ -	$ 5,169,362

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, 2020

	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	$ 397,647	$ 733,259	$1,038,573	$ 545,331	$ 665,181	$ -	$ -	$ -	$ 3,379,991
Licenses and permits	-	319,911	319,911	319,911	319,911	-	-	-	1,279,644
Intergovernmental	-	39,361	39,361	39,361	39,361	-	-	-	157,444
Fines and forfeitures	-	68,926	68,935	68,926	68,901	-	-	-	275,688
Interest	14,553	7,778	6,352	3,523	10,899	26,016	-	-	69,121
Miscellaneous revenues and donations	1,255	4,167	582	4,501	2	-	-	-	10,507
Total revenues	413,455	1,173,402	1,473,714	981,553	1,104,255	26,016	-	-	5,172,395
Expenditures									
Current:									
Public transportation	141,321	1,473,361	1,403,660	1,311,366	970,412	1,027	-	-	5,301,147
Capital outlay	305,618	12,300	6,190	-	83,560	-	-	-	407,668
Total expenditures	446,939	1,485,661	1,409,850	1,311,366	1,053,972	1,027	-	-	5,708,815
Excess (deficiency) of revenues over (under) expenditures	(33,484)	(312,259)	63,864	(329,813)	50,283	24,989	-	-	(536,420)
Other financing sources (uses)									
Operating transfers in	-	200,000	-	350,000	-	175,000	1,000,000	(1,725,000)	-
Operating transfers out	-	-	-	-	(175,000)	(1,582,000)	-	1,725,000	(32,000)
Sale of assets	-	-	13,838	7,200	-	-	-	-	21,038
Total other financing sources (uses)	-	200,000	13,838	357,200	(175,000)	(1,407,000)	1,000,000	-	(10,962)
Net change in fund balances	(33,484)	(112,259)	77,702	27,387	(124,717)	(1,382,011)	1,000,000	-	(547,382)
Fund balances, beginning of year	1,109,844	464,659	225,254	213,086	699,154	2,380,415	-	-	5,092,412
Fund balances, end of year	$1,076,360	$ 352,400	$ 302,956	$ 240,473	$ 574,437	$ 998,404	$ 1,000,000	$ -	$ 4,545,030

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	$ -	$ -	$ 50,000	$ 50,000
Interest	65,000	96,576	96,575	(1)
Miscellaneous revenues and donations	-	22,600	-	(22,600)
Total revenues	65,000	119,176	146,575	27,399
Expenditures				
General government	147,903	145,653	145,652	1
Capital outlay	2,692,097	2,413,970	2,413,964	6
Total expenditures	2,840,000	2,559,623	2,559,616	7
Deficiency of revenues under expenditures	(2,775,000)	(2,440,447)	(2,413,041)	27,406
Other financing uses				
Operating transfers in	-	32,000	32,000	-
Sale of assets	-	65,572	88,172	22,600
Total other financing uses	-	97,572	120,172	22,600
Net change in fund balances	(2,775,000)	(2,342,875)	(2,292,869)	$ 50,006
Fund balances, beginning of year	9,263,448	9,263,448	9,263,448	
Fund balances, end of year	$ 6,488,448	$ 6,920,573	$ 6,970,579	

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, 2020

	Debt Service Fund	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	$ 271,402	$ -	$ 897,872	$ 256,429	$ -	$ 1,548,447	$ 2,974,150
Investments	274,000	-	-	125,500	-	-	399,500
Receivables							
Property tax (net of allowance of $18,052)	-	-	-	-	106,105	-	106,105
Accounts	48	3,397	-	6,228	-	-	9,673
Due from other governments	-	1,293,723	-	-	-	-	1,293,723
Restricted cash and investments	2,500,000	-	-	-	-	-	2,500,000
Total assets	$ 3,045,450	$ 1,297,120	$ 897,872	$ 388,157	$ 106,105	$ 1,548,447	$ 7,283,151
Liabilities, deferred inflows of resources, and fund balances							
Liabilities							
Cash Overdraft	$ -	$ 861,326	$ -	$ -	$ -	$ -	$ 861,326
Accounts payable	-	58,211	7,826	-	-	6,270	72,307
Accrued salaries and benefits	-	1,917	-	-	-	-	1,917
Due to other funds	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	176,994	176,994
Deposits held and due to others	-	-	-	-	-	-	-
Total liabilities	-	921,454	7,826	-	-	183,264	1,112,544
Deferred inflows of resources							
Unavailable revenue - property taxes	-	-	-	-	106,105	-	106,105
Fund balances							
Restricted for							
Debt Service	2,500,000	-	-	-	-	-	2,500,000
State and federal programs	-	375,666	-	388,157	-	-	763,823
Records management	-	-	890,046	-	-	29,354	919,400
Legal	-	-	-	-	-	667,675	667,675
Public safety	-	-	-	-	-	426,727	426,727
Justice courts technology	-	-	-	-	-	241,427	241,427
Assigned to							
Debt Service	545,450	-	-	-	-	-	545,450
Total fund balances	3,045,450	375,666	890,046	388,157	-	1,365,183	6,064,502
Total liabilities, deferred inflows of resources, and fund balances	$ 3,045,450	$ 1,297,120	$ 897,872	$ 388,157	$ 106,105	$ 1,548,447	$ 7,283,151

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, 2020

	Special Revenue Funds						
	Debt Service Fund	County Grants	County Clerk Record Management	Juvenile Probation TJJD 17-249	WCWC Branch Maintenance Tax	Other Special Revenue	Total Nonmajor Governmental Funds
Revenues							
Property taxes	$ -	$ -	$ -	$ -	$ 3,522,538	$ -	$ 3,522,538
Intergovernmental	-	2,899,619	-	585,438	-	8,238	3,493,295
Fees of office	-	-	361,906	-	-	124,367	486,273
Interest	26,393	152	-	3,514	-	1,151	31,210
Royalties and leases	2,789,313	-	-	-	-	-	2,789,313
Miscellaneous revenues and donations	5,293	-	-	10,200	-	76,957	92,450
Total revenues	2,820,999	2,899,771	361,906	599,152	3,522,538	210,713	10,415,079
Expenditures							
Current:							
General government	-	-	-	-	3,522,538	-	3,522,538
Judicial	-	-	-	-	-	59,065	59,065
Legal	-	-	307,485	-	-	21,762	329,247
Public safety	-	2,719,638	-	949,712	-	21,714	3,691,064
Capital outlay	-	155,428	-	-	-	44,068	199,496
Debt service							
Principal retirement	2,165,000	-	-	-	-	-	2,165,000
Interest, issuance costs and fiscal charges	2,726,438	-	-	-	-	-	2,726,438
Total expenditures	4,891,438	2,875,066	307,485	949,712	3,522,538	146,609	12,692,848
Excess (deficiency) of revenues over (under) expenditures	(2,070,439)	24,705	54,421	(350,560)	-	64,104	(2,277,769)
Other financing sources (uses)							
Operating transfers in	2,095,625	228,816	-	323,684	-	-	2,648,125
Operating transfers out	-	-	(117,466)	-	-	(54,250)	(171,716)
Total other financing sources (uses)	2,095,625	228,816	(117,466)	323,684	-	(54,250)	2,476,409
Net change in fund balances	25,186	253,521	(63,045)	(26,876)	-	9,854	198,640
Fund balances, beginning of year	3,020,264	122,145	953,091	415,033	-	1,355,329	5,865,862
Fund balances, end of year	$ 3,045,450	$ 375,666	$ 890,046	$ 388,157	$ -	$ 1,365,183	$ 6,064,502

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	$ 56,500	$ 26,394	$ 26,393	$ (1)
Leases	2,788,922	2,789,313	2,789,313	-
Miscellaneous revenues and donations	-	5,280	5,293	13
Total revenues	2,845,422	2,820,987	2,820,999	12
Expenditures				
Debt service:				
Principal retirement	2,165,000	2,165,000	2,165,000	-
Interest and fiscal charges	2,776,047	2,751,627	2,726,438	25,189
Total expenditures	4,941,047	4,916,627	4,891,438	25,189
Deficiency of revenues under expenditures	(2,095,625)	(2,095,640)	(2,070,439)	25,201
Other financing sources				
Operating transfers in	2,095,625	2,095,640	2,095,625	(15)
Total other financing sources	2,095,625	2,095,640	2,095,625	(15)
Net change in fund balances	-	-	25,186	$ 25,186
Fund balance, beginning of year	3,020,264	3,020,264	3,020,264	
Fund balance, end of year	$ 3,020,264	$ 3,020,264	$ 3,045,450	

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	$ 3,500,000	$ 3,522,539	$ 3,522,538	$ (1)
Intergovernmental	559,063	3,442,158	3,493,295	51,137
Fees of office	462,500	486,282	486,273	(9)
Interest	8,500	4,816	4,817	1
Miscellaneous revenues and donations	209,600	87,509	87,157	(352)
Total revenues	4,739,663	7,543,304	7,594,080	50,776
Expenditures				
Current:				
General government	3,500,000	3,522,539	3,522,538	1
Judicial	53,100	71,634	59,065	12,569
Legal	773,970	354,234	329,247	24,987
Public safety	800,568	3,912,233	3,691,064	221,169
Capital outlay	157,128	200,792	199,496	1,296
Total expenditures	5,284,766	8,061,432	7,801,410	260,022
Deficiency of revenues under expenditures	(545,103)	(518,128)	(207,330)	310,798
Other financing sources (uses)				
Operating transfers in	43,400	552,500	552,500	-
Operating transfers out	(185,555)	(171,716)	(171,716)	-
Total other financing sources (uses)	(142,155)	380,784	380,784	-
Net change in fund balances	(687,258)	(137,344)	173,454	$ 310,798
Fund balances, beginning of year	2,845,598	2,845,598	2,845,598	
Fund balances, end of year	$ 2,158,340	$ 2,708,254	$ 3,019,052	

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, 2020

	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	$ 518,149	$ 33	$ 5,558	$ 18,032	$ 236,448	$ 37,349	$ 16,784	$ 5,531	$ 315,509
Investments	-	-	-	-	-	-	-	-	790,000
Receivables:									
Property Taxes - for other governments	-	-	-	-	-	-	-	-	-
Total assets	$ 518,149	$ 33	$ 5,558	$ 18,032	$ 236,448	$ 37,349	$ 16,784	$ 5,531	$ 1,105,509
Liabilities									
Deposits held and due to others	$ 518,149	$ 33	$ 5,558	$ 18,032	$ 236,448	$ 37,349	$ 16,784	$ 5,531	$ 1,105,509
Property taxes to be collected - due to other governments	-	-	-	-	-	-	-	-	-
Total liabilities	$ 518,149	$ 33	$ 5,558	$ 18,032	$ 236,448	$ 37,349	$ 16,784	$ 5,531	$ 1,105,509

BK 25 PG 100

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, 2020

	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	$ 1,148	$ 1,888	$ 355,855	$ 25,546	$ 36,649	$ 362,398	$ 8,355	$ 684,718	$ -
Investments	-	-	-	-	-	-	-	138,505	295,104
Receivables:									
Property Taxes - for other governments	-	-	-	-	-	-	-	-	-
Total assets	$ 1,148	$ 1,888	$ 355,855	$ 25,546	$ 36,649	$ 362,398	$ 8,355	$ 823,223	$ 295,104
Liabilities									
Deposits held and due to others	$ 1,148	$ 1,888	$ 355,855	$ 25,546	$ 36,649	$ 362,398	$ 8,355	$ 823,223	$ 295,104
Property taxes to be collected - due to other governments	-	-	-	-	-	-	-	-	-
Total liabilities	$ 1,148	$ 1,888	$ 355,855	$ 25,546	$ 36,649	$ 362,398	$ 8,355	$ 823,223	$ 295,104

BK 215 PG 101

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, 2020

	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
sets										
ash	$ 29,030	$ 87,300	$ 151,235	$ 90,379	$ 67,818	$ 256,343	$ 3,131	$ 37,341	$ -	$ 3,352,527
vestments	-	-	-	-	-	-	-	-	-	1,223,609
eceivables:										
Property Taxes - for other governments	-	-	-	-	-	-	-	-	3,691,156	3,691,156
Total assets	$ 29,030	$ 87,300	$ 151,235	$ 90,379	$ 67,818	$ 256,343	$ 3,131	$ 37,341	$ 3,691,156	$ 8,267,292
ilities										
eposits held and due to others	$ 29,030	$ 87,300	$ 151,235	$ 90,379	$ 67,818	$ 256,343	$ 3,131	$ 37,341	$ -	$ 4,576,136
roperty taxes to be collected - due to other governments	-	-	-	-	-	-	-	-	3,691,156	3,691,156
Total liabilities	$ 29,030	$ 87,300	$ 151,235	$ 90,379	$ 67,818	$ 256,343	$ 3,131	$ 37,341	$ 3,691,156	$ 8,267,292

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

BK 215 PG 102

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								
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
2020	36,198,656	1,656,831	3,131,393	1,279,644	5,430,459	617,072	377,489	2,859,363	632,244	886,265	53,069,416

BK 215 PG 104

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

Fiscal Year	General Government	Judicial	Legal	Elections	Financial Administration	Public Facilities	Public Safety	Public Transportation	Health and Welfare	Culture and Recreation	Conservation	Debt Service	Total
2011	$ 6,592,666	$ 2,789,808	$ 1,845,103	$ 296,174	$ 1,786,841	$ 3,009,134	$ 15,190,749	$ 9,756,738	$ 1,115,367	$ 302,629	$ 254,054	$ 3,921,362	$ 46,860,625
2012	6,855,686	3,086,855	1,866,922	373,741	1,808,081	2,955,195	14,949,596	9,603,525	1,203,003	274,898	306,977	6,100,029	49,384,508
2013	6,990,431	3,303,957	1,913,257	298,524	1,831,194	2,920,447	15,432,684	8,602,423	1,252,779	261,641	276,137	5,581,035	48,664,509
2014	7,000,061	3,422,964	2,029,334	355,081	1,921,293	2,997,257	16,261,813	7,104,993	1,415,999	351,971	286,942	5,827,183	48,974,891
2015	7,727,592	3,709,655	2,073,969	307,637	2,151,697	3,119,103	16,893,894	7,128,465	1,183,587	296,809	298,600	5,604,416	50,495,424
2016	6,919,032	3,753,242	2,131,120	394,744	2,194,052	3,007,463	16,977,454	7,178,002	1,418,149	277,686	293,350	5,689,805	50,234,099
2017	6,225,256	3,858,295	2,144,631	379,157	2,119,653	2,699,342	16,010,998	5,320,129	1,246,130	317,363	279,260	5,755,351	46,355,565
2018	6,116,014	3,978,074	2,125,510	393,400	2,358,929	2,487,623	16,410,640	5,127,958	1,205,316	363,989	282,178	5,823,865	46,673,496
2019	6,599,120	4,012,700	2,167,317	374,701	2,502,477	2,453,798	17,850,267	5,538,608	1,304,864	417,608	290,121	6,116,334	49,627,915
2020	7,065,338	4,132,155	2,365,317	399,362	3,018,120	2,497,451	18,746,997	5,437,064	1,254,089	369,659	280,151	4,912,744	50,478,447

BK 215 PG 105

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

Fiscal Year	Total Tax Levy (Including Supplements)	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2011	$ 32,528,854	$ 30,523,119	93.83%	$ 503,928	$ 31,027,047	95.38%	$ 1,510,093	4.64%
2012	32,002,034	30,305,093	94.70%	541,322	30,846,415	96.39%	1,454,133	4.54%
2013	31,293,318	30,997,207	99.05%	615,601	31,612,808	101.02%	1,520,154	4.86%
2014	30,741,854	30,395,131	98.87%	374,678	30,769,809	100.09%	1,552,750	5.05%
2015	32,251,426	31,797,095	98.59%	300,868	32,097,963	99.52%	1,622,451	5.03%
2016	31,927,411	31,519,519	98.72%	276,830	31,796,349	99.59%	1,784,451	5.59%
2017	26,191,818	25,794,026	98.48%	313,432	26,107,458	99.68%	1,898,653	7.25%
2018	26,843,237	26,369,171	98.23%	278,893	26,648,064	99.27%	2,144,066	7.99%
2019	29,233,044	28,823,123	98.60%	445,818	29,268,941	100.12%	2,253,790	7.71%
2020	30,995,417	30,534,500	98.51%	310,370	30,844,870	99.51%	1,611,065	5.20%

BK 25 PG 106

WISE COUNTY, TEXAS
Computation of Legal Debt Margin
September 30, 2020
(Unaudited)

Assessed valuation:		
Assessed valuation of property		$ 9,607,837,159
Less: Exemptions and Deductions		(1,588,058,864)
Taxable assessed value		$ 8,019,778,295
Legal debt margin:		
Debt limit (25% of taxable assessed value)		$2,004,944,574
Debt applicable to limitation:		
Total bonded debt		
Add: Tax notes	$6,820,000	
Certificates of obligation	2,225,000	
Less: Amount available for repayment of bonded debt	545,450	
Total debt applicable to limitation		8,499,550
Legal debt margin		$1,996,445,024

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
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
2020	69,984	8,019,778,295	9,045,000	545,450	8,499,550	0.106%	121.45

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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 7, 2021.

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) as a basis for designing 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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
April 7, 2021

WISE COUNTY, TEXAS
Schedule of Findings and Questioned Costs
September 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ____ yes __x__ no

Significant deficiencies identified that are not considered to be material weaknesses? ____ yes __x__ none reported

Noncompliance material to financial statements noted? ____ yes __x__ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ____ yes __x__ no

Significant deficiencies identified that are not considered to be material weaknesses? ____ yes __x__ none reported

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

Version of compliance supplement used in audit: August 2020 & December 2020 Addendum

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? ____ yes __x__ no

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
21.019	COVID-19 - Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as a low-risk auditee? ____ yes __x__ no

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questions Costs

None noted.

WISE COUNTY, TEXAS
Corrective Action Plan
September 30, 2020

A corrective action plan is not needed.

FEDERAL AWARDS SECTION

SNOWGARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Program

We have audited Wise County, Texas's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Wise County's major federal programs for the year ended September 30, 2020. Wise County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Wise County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wise County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Wise County's compliance.

Opinion on Each Major Federal Program

In our opinion, Wise County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

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Report on Internal Control over Compliance

Management of Wise County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Wise County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Wise County's internal control over compliance.

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

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

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

Snow Garrett Williams

Snow Garrett Williams
April 7, 2021

WISE COUNTY, TEXAS
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2020

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
Forest Service Schools and Roads Cluster				
U.S. Department of Agriculture				
Schools and Roads - Grants to Counties	10.666		$ 203,920	$ 101,960
Total U.S. Department of Agriculture			203,920	101,960
Total Forest Service Schools and Roads Cluster			203,920	101,960
Other Programs				
U.S. Department of Justice				
State Criminal Alien Assistance Program	16.606		12,680	-
Bulletproof Vest Partnership Program	16.607		4,748	-
Total U.S. Department of Justice			17,428	-
U.S. General Service Administration				
Passed through Texas Facilities Commission Surplus Property Program:				
Donation of Federal Surplus Personal Property (Non-cash)	39.003	25880	423	-
Total U.S. General Service Administration			423	-
U.S. Department of Health and Human Services				
Passed Through Texas Department of State Health Services:				
Public Health Emergency Preparedness	93.069	537-18-0146-00001	36,380	-
Total Passed Through Texas Department of State Health Services			36,380	-
Passed Through Texas Office of Attorney General:				
Child Support Enforcement	93.563		537	-
Total Passed Through Texas Office of Attorney General			537	-
Passed Through Texas Juvenile Justice Department:				
Foster Care Title IV-E	93.658	E-2020-249	41,805	-
Total Passed Through Texas Juvenile Justice Department			41,805	-
Total U.S. Department of Health and Human Services			78,722	-
U.S. Department of the Treasury				
Passed Through Texas Department of Emergency Management:				
COVID-19 - Coronavirus Relief Fund	21.019	FEMA-2020-SPA-TX	2,767,951	352,980
Total U.S. Department of the Treasury			2,767,951	352,980
U.S. Election Assistance Commission				
Passed Through Texas Secretary of State:				
COVID-19 - HAVA Election Security Grants	90.404	TX20101CARES-249	62,949	-
Total U.S. Election Assistance Commission			62,949	-
Total Other Programs			2,927,473	352,980
Total Expenditures of Federal Awards			$ 3,131,393	$ 454,940

The accompanying notes are an integral part of this schedule.

WISE COUNTY, TEXAS
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Wise County, Texas. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Wise County, Texas has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

SNOWGARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

April 7, 2021

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, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, 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 May 4, 2020. 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. No new accounting policies were adopted and the application of existing policies was not changed during 2020. 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.
>
> Management's estimate of the County's net pension liability related to TCDRS as well as the related deferred inflows and outflows is based on guidance from GASB Statement No. 68 and the plan's actuarial valuation. We evaluated the key factors and assumptions used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimates of the County's total OPEB liability as well as the related deferred inflows, deferred outflows and expense is based on guidance from GASB Statement No. 75 and the plans actuarial valuation. We evaluated the key factors and assumptions used to develop the liability in determining that it is 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 April 7, 2021.

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 pension 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

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