

SMITH COUNTY, TEXAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2013

COUNTY JUDGE – JOEL BAKER

Members of the Commissioners Court:

Jeff Warr – Commissioner, Pct. #1
Cary Nix – Commissioner, Pct. #2
Terry Phillips – Commissioner, Pct. #3
JoAnn Hampton – Commissioner, Pct. #4

Prepared by the
SMITH COUNTY AUDITOR'S OFFICE
County Auditor – Ann Wilson, CPA, CIO

SMITH COUNTY, TEXAS
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2013

TABLE OF CONTENTS

	<u>Exhibit or Schedule</u>	<u>Page(s)</u>
INTRODUCTORY SECTION		
Letter of Transmittal		i-iv
GFOA Certificate of Achievement for Excellence in Financial Reporting		v
Organizational Chart		vi
List of Principal Officials		vii
FINANCIAL SECTION		
Independent Auditors' Report		1-2
Management's Discussion and Analysis (Unaudited)		3-14
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	Exhibit 1	15
Statement of Activities	Exhibit 2	16
Fund Financial Statements:		
Balance Sheet – Governmental Funds	Exhibit 3	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Exhibit 1)	Exhibit 4	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	Exhibit 5	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit 2)	Exhibit 6	20
Statement of Net Position – Proprietary Funds	Exhibit 7	21
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	Exhibit 8	22
Statement of Cash Flows – Proprietary Funds	Exhibit 9	23
Statement of Fiduciary Assets and Liabilities – Agency Funds	Exhibit 10	24
Notes to the Basic Financial Statements		25-47
Required Supplementary Information:		
General Fund – Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	Schedule 1	48-50
Special Revenue Fund – Road and Bridge – Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	Schedule 2	51
Schedule of Funding Progress for the Retirement Plan for the Employees of Smith County	Schedule 3	52
Schedule of Funding Progress for the Retiree Health Plan for the Employees of Smith County	Schedule 4	53
Notes to Required Supplementary Information		54

SMITH COUNTY, TEXAS
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2013

TABLE OF CONTENTS

		<u>Page(s)</u>
Additional Supplemental Information:		
Nonmajor Governmental Funds:		
Combining and Individual Funds Statements and Schedules:		
Combining Balance Sheet – Nonmajor Governmental Funds	Schedule 5	55-60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	Schedule 6	61-66
Detailed Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:		
Jail Expansion Project Fund	Schedule 7	67
County Law Library Fund	Schedule 8	68
County Clerk Records Preservation Fund	Schedule 9	69
District Clerk Records Preservation Fund	Schedule 10	70
Graffiti Eradication Fund	Schedule 11	71
Courthouse Security Fund	Schedule 12	72
Justice Court Technology Fund	Schedule 13	73
County & District Court Technology Fund	Schedule 14	74
Community Policing Fund	Schedule 15	75
Forfeiture Interest 10% Fund	Schedule 16	76
Search & Rescue Fund	Schedule 17	77
JAC Maintenance Fund	Schedule 18	78
Facility Improvement Fund	Schedule 19	79
Debt Service Fund	Schedule 20	80
Internal Service Funds:		
Combining Statement of Net Position – Internal Service Funds	Schedule 21	81
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds	Schedule 22	82
Combining Statement of Cash Flows – Internal Service Funds	Schedule 23	83
Fiduciary Funds:		
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds	Schedule 24	84-85
Combining Statement of Changes in Assets and Liabilities – Agency Funds	Schedule 25	86-87
STATISTICAL SECTION (UNAUDITED)		
Description of Statistical Section		88
Net Position by Component	Table 1	89
Changes in Net Position	Table 2	90
Fund Balances of Governmental Funds	Table 3	91
Changes in Fund Balances of Governmental Funds	Table 4	92
Governmental Activities Tax Revenues by Source	Table 5	93
Taxable Assessed Valuations by Category	Table 6	94-95
Property Tax Rates	Table 7	96
Largest Tax Payers	Table 8	97
Property Tax Levies and Collections	Table 9	98
Ratios of Outstanding Debt by Type	Table 10	99
Direct and Overlapping Governmental Activities Debt	Table 11	100
Demographic and Economic Statistics	Table 12	101

SMITH COUNTY, TEXAS
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2013

TABLE OF CONTENTS

	<u>Page(s)</u>
STATISTICAL SECTION (UNAUDITED) - Continued	
Principal Employers	Table 13 102
Full-Time Equivalent County Government Employees by Function	Table 14 103
Operating Indicators by Function	Table 15 104
Capital Asset Statistics by Function	Table 16 105
 GOVERNMENTAL COMPLIANCE SECTION	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	106
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133 and the State of Texas Single Audit Circular	107-108
Schedule of Expenditures of Federal Awards	109-110
Schedule of Expenditures of State Awards	111
Notes to Schedule of Expenditures of Federal and State Awards	112
Schedule of Findings and Questioned Costs	113-114
Schedule of Prior Year Audit Findings and Questioned Costs	115



INTRODUCTORY SECTION



COUNTY OF SMITH

THE COUNTY AUDITOR
200 E. FERGUSON, SUITE 407
TYLER, TEXAS 75702

Ann W. Wilson, CPA, CIO
County Auditor

(903) 590-4700
Fax (903) 590-4716

March 10, 2014

The Honorable Board of District Judges and
The Honorable Commissioners Court
Smith County, Texas

Honorable Judges, Commissioners and Citizens of Smith County:

The Comprehensive Annual Financial Report of Smith County, Texas for the fiscal year ending September 30, 2013 is submitted in accordance to the requirements of Chapter 114.025 of the Local Government Code.

This report consists of management's representations concerning the finances of Smith County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, Smith County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Smith County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, Smith County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe that to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

Smith County's financial statements have been audited by Henry & Peters, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Smith County for the fiscal year ended September 30, 2013 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Smith County's financial statements for the fiscal year ended September

30, 2013, are presented fairly in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Smith County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the Single Audit section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Smith County's MD&A can be found immediately following the report of the independent auditors.

The financial section of this report also includes government-wide financial statements, fund financial statements, notes to the financial statement, required supplementary information and the combining and individual fund financial statements and schedules. The statistical section of the report includes selected financial and demographic information on a multi-year basis.

PROFILE OF SMITH COUNTY

The County of Smith was established in 1846 and is located in the north east section of the state. Smith County covers 932 square miles and serves a population of approximately 214,821. The City of Tyler is the county seat and the county's largest incorporated area with an estimated population of approximately 99,000 residents. Smith County also includes the Cities of Lindale, Whitehouse, Arp, Troup, Bullard, Winona, New Chapel Hill, Noonday, Overton, and Hide-away Lake.

Smith County is a political subdivision of the State of Texas. The governing body of the County is the Commissioners Court. The County Judge is the chairman of the court and the Commissioner from each of the four precincts are also members. Commissioners serve four year staggered terms, two members elected every two years. The County Judge is elected at large to serve a four year term. The Court has only such powers as are conferred upon it by the Constitution and the statutes or by necessary implication there from.

The Commissioners Court sets the tax rates, establishes policies for county operations, approves contracts for the county and develops and adopts the county budget within the resources as estimated by the County Auditor. The Commissioners Court is also responsible for approving financial commitments and appointments of various department officials. The management and leadership provided by members of the Commissioners Court and the elected and appointed officials of other key county offices is crucial to the success of Smith County in financial management and growth.

The County Auditor has responsibilities for prescribing the systems and procedures for handling the finances of the County and "examining, auditing, and approving" all disbursements from County funds prior to their submission to the Commissioners Court for approval.

The County provides a full range of services as authorized by the Constitution and Statutes of the State of Texas. The primary functions include general government, justice system, law enforcement, juvenile service, public transportation, public health, human services, and debt service.

The annual budget process serves as the foundation of the County's planning and control. All departments are required to submit requests to the budget officer during a defined period each year. The budget officer uses these requests as the starting point for developing a proposed budget. The proposed budget is then presented to the Commissioners Court for review. The Commissioners Court is required to hold public hearings on the proposed budget. The County is required to adopt a final budget by the first day of the new fiscal year. The appropriated budget is prepared by fund, function, and department. All transfers of appropriations other than inter-departmental operating category transfers require Commissioners Court approval. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy – Smith County continues to be the home to many major industries, including manufacturing, health care and higher education. While the effect of the national recession was felt locally, Smith County fared better than many in the country. As of December 2013, Smith County reports an unemployment rate of 5.8% which is significantly lower than the national unemployment rate of 6.7% in December 2013 according to the US Bureau of Labor Statistics.

Smith County has ten public independent school districts and is home to Tyler Junior College, the University of Texas at Tyler, Texas College, and the University of Texas Health Science Center.

As Smith County continues to grow, mobility issues are being addressed. Smith County is a founding member of the North East Texas Regional Mobility Authority (NET RMA) whose goal is to enhance mobility and create economic opportunity in the North East Texas Region. The Loop 49 project completed the construction of Segment 3B of the toll road which connects Texas Highway 31 West to Interstate 20 in a 32 mile segment. The connection to Interstate 20 has increased the usage of the loop and stimulated investment all along the route.

LONG TERM FINANCIAL PLANNING

Smith County has adopted several financial management policies to provide guidelines to insure its long-term financial health. The general fund balance policy sets a minimum level of reserve funds in the general fund at 17% of current budgeted expenditures and discourages any dependence on reserves to balance the general fund budget. The debt management policy establishes guidelines for debt issuance, debt levels, appropriate types of debt to issue, and debt repayment schedules. The County remains in compliance with these policies. Smith County maintains a formal Capital Improvement Plan for 2013.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Distinguished Budget Presentation Award to Smith County for its annual budget document dated October 1, 2012.

This was the 9th consecutive year. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories including as a policy document, a financial plan, an operations guide, and a communications device.

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to Smith County for the Comprehensive Annual Financial Report dated September 30, 2012. This was the 3rd consecutive year Smith County has applied and received this award.

Smith County has been awarded the Leadership Circle Gold Award by the Texas Comptroller of Public Accounts. The Leadership Circle recognizes local governments across Texas that are striving to meet a high standard for financial transparency online by opening their books to the public; providing a clear, consistent picture of spending; and sharing information in a user-friendly format. The Gold designation highlights those entities that are setting the bar in their transparency efforts.

This report would not have been possible without the efficient and dedicated services of the entire staff of the Auditor's office and the audit team of Henry & Peters, PC. I would like to express my appreciation to all members of the department who contributed to the preparation of this report. In addition, I would like to thank the Commissioners Court and the District Judges for their interest and continued support and for the responsive and progressive manner in which they support the financial position and operations of the County. Also, my gratitude goes to all elected officials and employees concerning all matters related to the operation of this office during the past year and for their efforts toward improving County business.

Respectfully submitted,

A handwritten signature in cursive script that reads "Ann W. Wilson".

Ann W. Wilson, CPA, CIO
County Auditor



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

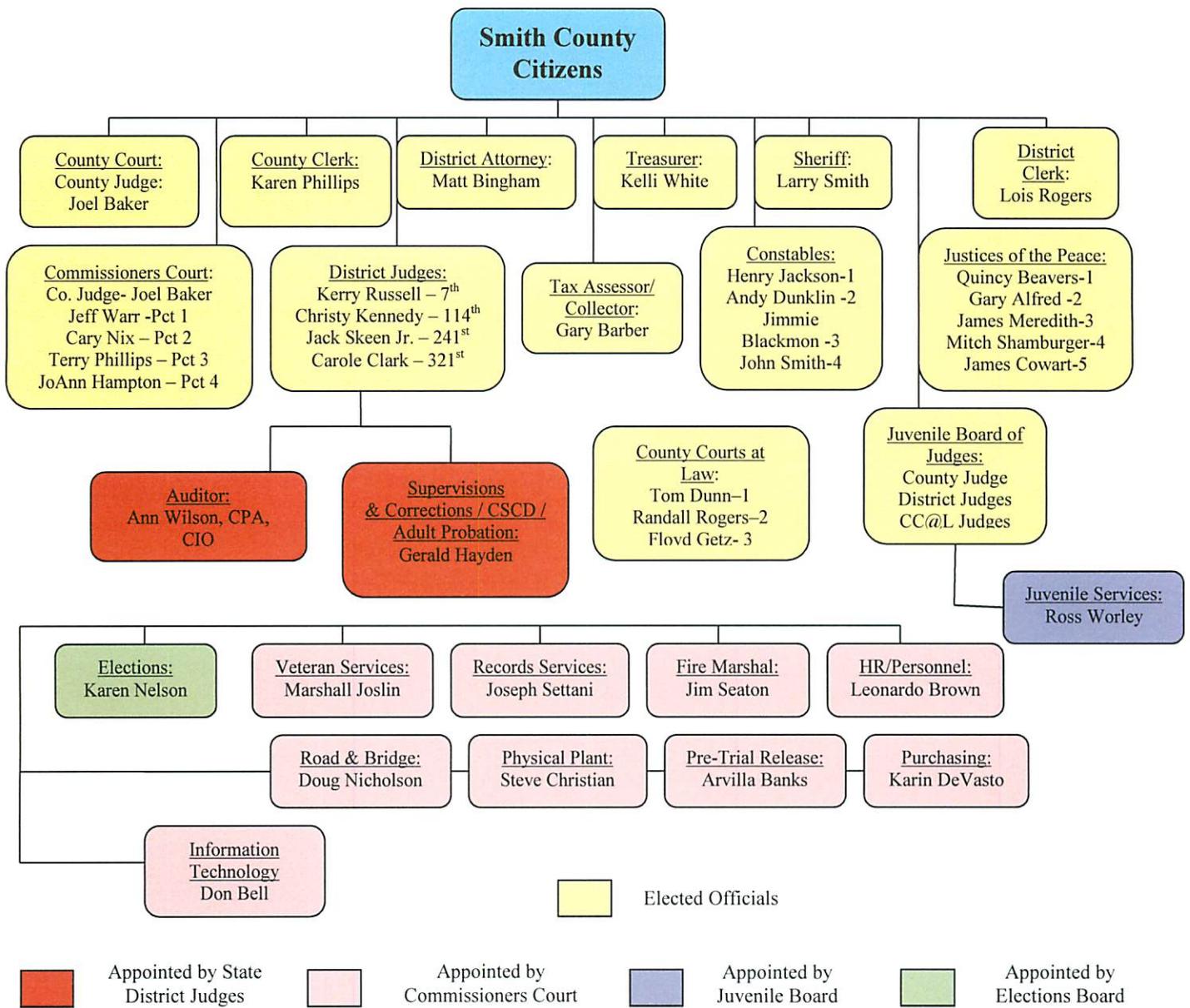
Presented to

**Smith County
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO



**SMITH COUNTY, TEXAS
PRINCIPAL OFFICIALS
September 30, 2013**

Commissioners Court

County Judge	Joel Baker
Commissioner - Precinct #1	Jeff Warr
Commissioner - Precinct #2	Cary Nix
Commissioner - Precinct #3	Terry Phillips
Commissioner - Precinct #4	JoAnn Hampton

Judicial

County Court	Judge Joel Baker
County Court at Law	Judge Thomas A. Dunn
County Court at Law #2	Judge Randall Rogers
County Court at Law #3	Judge Floyd T. Getz
7 th District Court	Judge Kerry Russell
114 th District Court	Judge Christy Kennedy
241 st District Court	Judge Jack Skeen, Jr.
321 st District Court	Judge Carole Clark

County & Precinct Officials

Constable - Precinct #1	Henry Jackson
Constable - Precinct #2	Andy Dunklin
Constable - Precinct #3	Jimmie Blackmon
Constable - Precinct #4	John Smith
Constable - Precinct #5	Dennis Taylor
County Clerk	Karen Phillips
District Attorney	Matt Bingham
District Clerk	Lois Rogers
Elections/Voter Registration	Karen Nelson
Justice of the Peace - Pct. #1	Judge Quincy Beavers, Jr.
Justice of the Peace - Pct. #2	Judge Gary Alfred
Justice of the Peace - Pct. #3	Judge James Meredith
Justice of the Peace - Pct. #4	Judge Mitch Shamburger
Justice of the Peace - Pct. #5	Judge James Cowart
Sheriff	Larry Smith
Tax Assessor-Collector	Gary Barber
County Treasurer	Kelli White
Adult Probation	Gerald Hayden
County Auditor	Ann W. Wilson, CPA
Juvenile Services	Ross Worley
Purchasing	Karin DeVasto



FINANCIAL SECTION

HENRY & PETERS, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Commissioners' Court of Smith County
Tyler, 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 Smith County, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Smith County, Texas, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of funding progress on pages 3-14 and 48-54 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 Smith County, Texas' basic financial statements. The introductory section, additional supplemental information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Texas Uniform Grant Management Standards Chapter IV, *Texas State Single Audit Circular*, and are also not a required part of the basic financial statements.

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

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2014, on our consideration of the Smith County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Smith County Texas' internal control over financial reporting and compliance.

Henry & Peters, P.C.

Tyler, Texas
March 10, 2014

SMITH COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

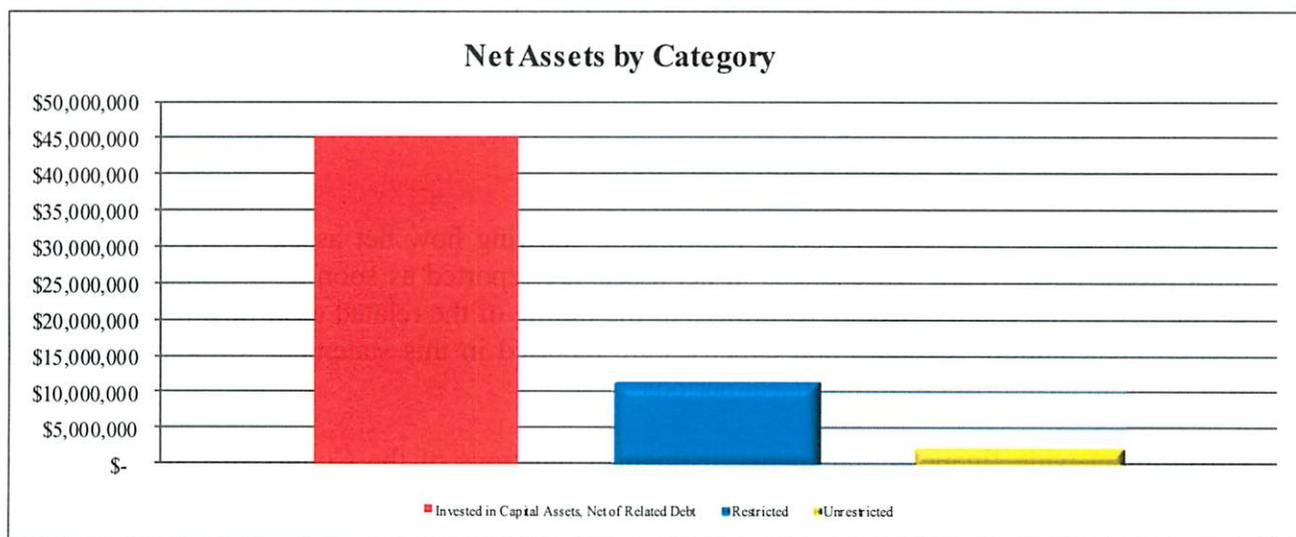
This discussion and analysis of the County of Smith's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2013. The MD&A should be read in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to those financial statements. The discussion and analysis includes comparative data for prior years of government-wide data.

FINANCIAL HIGHLIGHTS

Government-Wide:

The County's total net assets increased by \$4,317,531. The increase is primarily attributable to the investment in capital assets including the construction in progress of the jail expansion project. The Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds further details the increase in net assets.

- The total government-wide assets of the County exceeded the liabilities at September 30, 2013 by \$58,645,809 as is reported as total net assets of the primary government. Of this amount, \$11,273,480 is restricted for specific purposes (restricted net assets) of debt service, capital projects, and other purposes, while \$2,180,381 is unrestricted and \$45,191,948 is invested in capital assets, net of related debt.



Fund Financial Statements:

- At the end of the fiscal year, the combined fund balance for the County's operating funds (General, Road & Bridge, Juvenile General, Workforce Investment and Indigent Health Care) was \$28,742,022 or 45% of the combined expenditures.

Long-Term Debt:

- In fiscal year 2013, the County did not issue any additional long-term debt.
- Smith County's general obligation debt decreased by \$3,240,000. Total general obligation debt at the end of fiscal year 2013 is \$33,585,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to introduce the reader to the County's basic financial statements. These statements are comprised of three components 1) Government-wide financial statements; 2) Fund financial statements, and 3) Notes to the basic financial statements. Required supplementary information is included to the basic financial statements.

Government-wide Financial Statements are designed to provide readers with a broad overview of county finances, in a manner similar to a private-sector business. They include a Statement of Net Assets and a Statement of Activities. Both of these statements are presented using the accrual method of accounting; therefore, revenues and expenses are taken into account regardless of when cash is received or when liabilities are paid.

The statement of net assets presents information on all County assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets will serve the reader as a useful indicator of whether the financial position of the County is improving or deteriorating. There are other non-financial factors, such as changes in the County's property tax base and the condition of the County's roads and facilities that should be considered to assess the overall health of the County.

The Statement of Activities presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Due to a full accrual presentation, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (business-type activities).

The governmental activities of the County include general government, judicial, public safety/law enforcement, health and welfare, public transportation, and community and economic development. The County has no business-type activities and no component units.

Fund Financial Statements are groupings of related accounts that are 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 finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds 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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Road & Bridge Fund, Jail Expansion Project Fund, and Other Governmental Funds. The General Fund consists of the County's General Fund, Juvenile General Fund, Facility Improvement Fund, the Workforce Investment Fund, and the Indigent Health Care Trust Fund. Data from other governmental funds is combined into a single, aggregated presentation.

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The Internal Service Fund (a component of proprietary funds) is used to report activities that provide supplies and services for other programs and activities, such as the County's self-insurance program. Because these services predominantly benefit governmental rather than business-type functions, the Internal Service Fund is reported with governmental activities in the government-wide financial statements.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. The County's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. These activities are excluded from the County's other financial statements since the County cannot use these assets to finance its operations. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Basic Financial Statements provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information is in addition to the basic financial statements and accompanying notes and presents a budgetary comparison schedule, which includes the original and final amended budget and actual figures.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Of the County's total assets of \$135,957,715 the largest components are: (1) cash and investments of \$60,433,042 or 45% (2) receivables which largely represent the deferred taxes for FY2013 of \$7,393,898 or 5%, and (3) capital assets net of accumulated depreciation of \$67,288,619 or 50%. Capital assets are non-liquid assets and cannot be utilized to satisfy County obligations. Out of the total liabilities of \$77,311,906, approximately \$12,966,330 are current liabilities.

The County's assets exceeded liabilities by \$58,645,809 at the close of the most recent fiscal year. The County's net assets for fiscal year ended September 30, 2012 and 2013 are summarized as follows:

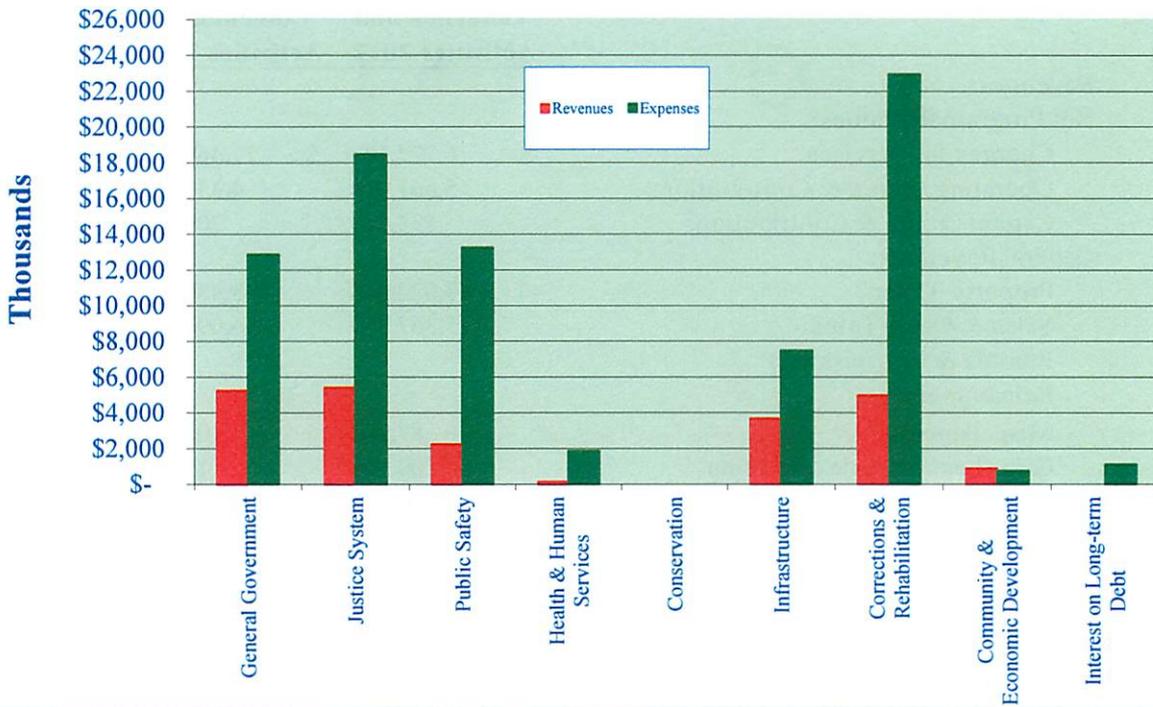
	Governmental Activities FY12	Governmental Activities FY13
Current & Other Assets	\$ 74,274,568	\$ 68,669,096
Capital Assets (net of depreciation)	53,858,905	67,288,619
Total Assets	\$ 128,133,473	\$ 135,957,715
Current & Other Liabilities	\$ 11,385,827	\$ 12,966,330
Long-term Liabilities	62,419,368	64,345,576
Total Liabilities	\$ 73,805,195	\$ 77,311,906
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 41,543,340	\$ 45,191,948
Restricted	11,457,212	11,273,480
Unrestricted	1,327,726	2,180,381
Total Net Assets	\$ 54,328,278	\$ 58,645,809

About 19% or \$11,273,480 of the County's net assets represent restricted net assets which are resources that are subject to external restrictions on how they may be used. Restrictions include statutory requirements, bond covenants, and granting conditions. The most significant portion (\$45,191,948) of the County's net assets reflects its investment in capital assets (e.g., land, buildings, machinery & equipment) net of related debt.

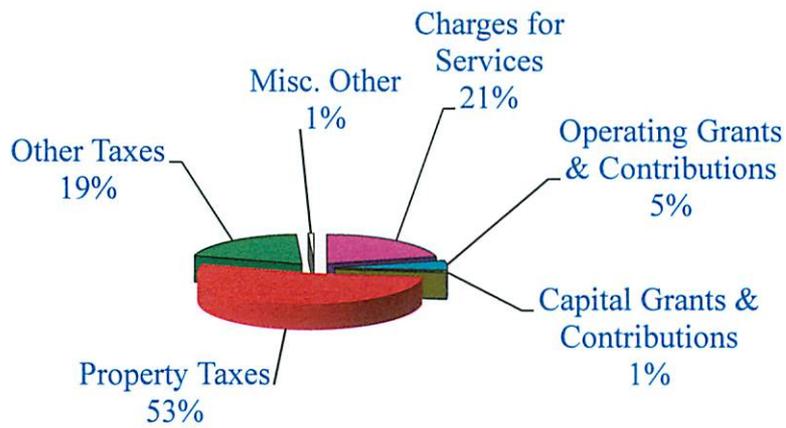
Smith County's Changes in Net Assets

	Governmental Activities 2012	Governmental Activities 2013
<i>Revenues:</i>		
Net Program Revenues:		
Charges for Services	\$ 16,777,164	\$ 17,469,598
Operating Grants & Contributions	5,661,016	4,333,248
Capital Grants & Contributions	134,023	709,537
General Revenues:		
Property Taxes	43,022,048	43,438,070
Sales & Other Taxes	15,367,369	16,098,612
Rentals & Commissions	-	-
Reimbursements	-	-
Miscellaneous	87,088	105,134
Gain (Loss) in Sale of Assets	200,366	12,412
Interest	370,443	546,554
Total Revenues	\$ 81,619,517	\$ 82,713,165
<i>Expenses:</i>		
General Government	\$ 13,728,952	\$ 12,834,578
Justice System	18,462,956	18,438,771
Public Safety	14,129,032	13,205,896
Health & Human Services	2,311,701	1,825,570
Conservation	-	-
Infrastructure	8,087,384	7,427,825
Corrections & Rehabilitation	23,001,543	22,895,180
Community & Economic Development	65,628	705,190
Interest on Long-term Debt	1,091,290	1,062,624
Total Expenses	\$ 80,878,486	\$ 78,395,634
Change in Net Assets	\$ 741,031	\$ 4,317,531
Net Assets - Beginning	53,587,247	54,328,278
Prior Period Adjustment	-	-
Other Increases (Decreases) in Fund Balance	-	-
Net Assets - Ending	\$ 54,328,278	\$ 58,645,809

Program Expenses & Revenues - Governmental Activities



Revenues by Source - Governmental Activities



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

- Program revenues of \$22,512,383 equaled 28% of governmental expenses of \$78,395,634. As expected, general revenues of \$60,200,782 and fund balance provided the additional support and coverage for expenses.
- Approximately 29% of the expenses are for Corrections & Rehabilitation (\$22,895,180) while this category provided about 6% of the total revenues of \$82,713,165.
- The next largest category of expenses is the Justice System (\$18,438,771) at 24%. The Justice System provided about 7% of total revenues. Justice System expense increases are primarily due to the mandated indigent defense legislation that resulted in changes regarding assignment of attorneys and is dependent upon the number and costs of cases.
- Public Safety activities accounted for 17% of governmental expenses while this category provided 3% of total revenues.
- Infrastructure (Road & Bridge) accounted for 9.5% of governmental expenses while this category provided 4.5% of total revenues.
- Grant revenues and contributions comprised about 6% of total revenues.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Fund accounting and budget controls provide the framework for the County's strong fiscal management and accountability. The County has an AA2/AA+ bond rating.

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$58,689,785. Approximately \$28,792,842 or 49% are restricted; \$5,338,335 or 9% are committed; \$2,740,314 or 5% are assigned; \$21,642,832 or 37% are unassigned and \$175,462 are non-spendable.

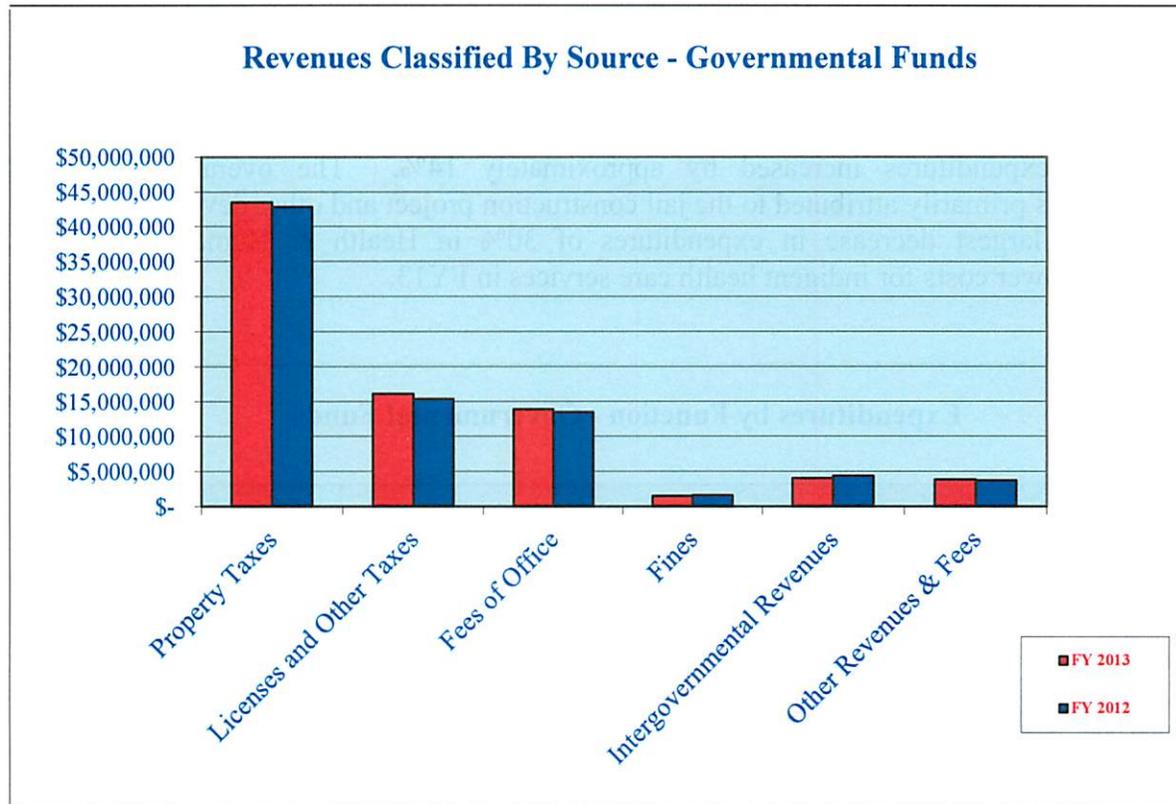
The County's General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance in the County's General Fund was \$21,642,832. As a measure of the general fund's liquidity, we compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance in the County's general fund (\$21,642,832) represents approx. 38% of the County's general fund expenditures. The minimum general fund budgetary target for reserves is 17% of expenditures. The fund balance of the County's general fund increased by \$4,576,336 during the current fiscal year. The increase was attributable to actual revenues exceeding budgetary estimates and actual expenditures at less than appropriated amounts.

The debt service fund has a total fund balance of \$1,560,558, an increase of \$55,205 as compared with the prior year.

The following table presents the amount of revenues from various sources as well as increases or decreases from the prior year.

Governmental Funds - Revenues Classified by Source

Revenues by Source	FY 2013	FY 2012	Increase (Decrease)	Percent of Change
Property Taxes	\$ 43,491,921	\$ 42,852,403	\$ 639,518	1.47%
Licenses and Other Taxes	16,112,734	15,373,326	739,408	4.59%
Fees of Office	13,894,901	13,485,803	409,098	2.94%
Fines	1,494,520	1,578,666	(84,146)	-5.63%
Intergovernmental Revenues	4,024,089	4,376,869	(352,780)	-8.77%
Other Revenues & Fees	3,837,093	3,694,866	142,227	3.71%
Total Revenues	\$ 82,855,258	\$ 81,361,933	\$ 1,493,325	1.80%

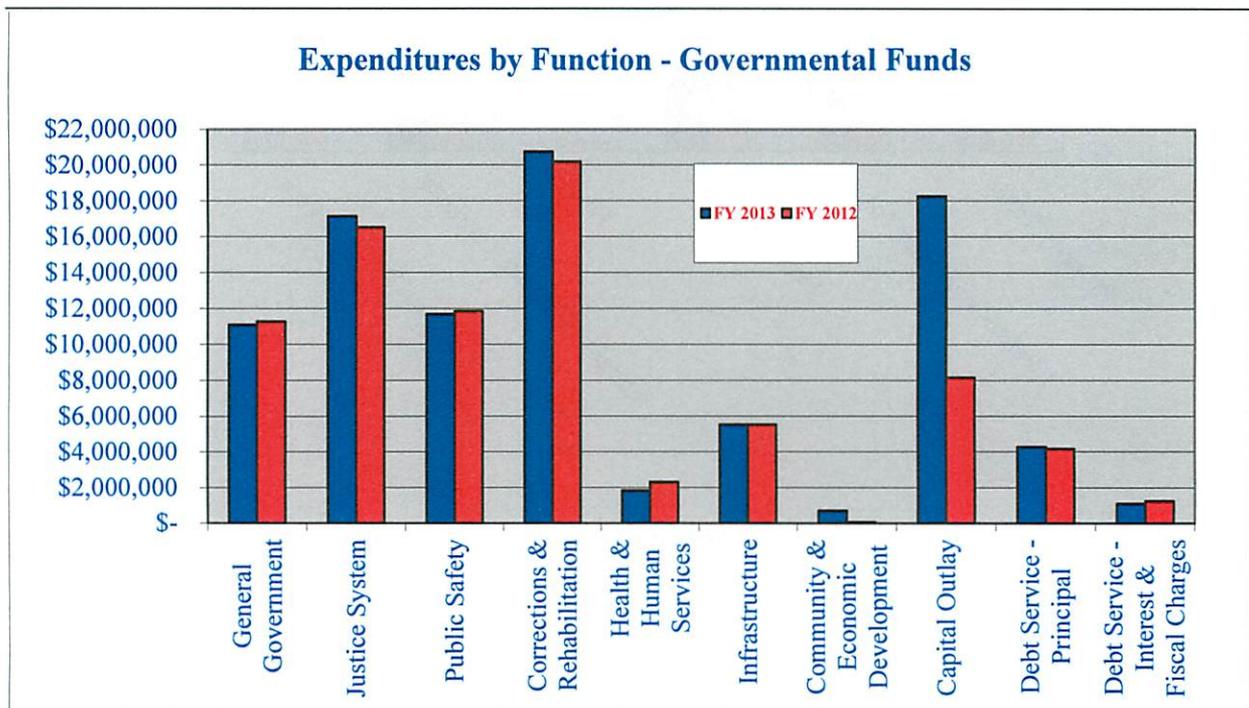


- Property Taxes - the increase of \$639,518 was primarily due to an increase in taxable values and collection rate.
- Licenses & Other Taxes - the increase is primarily due to the sales tax increases from the recovering economic conditions.
- The decrease in Intergovernmental Revenue is primarily due to FEMA funding received in FY12 for wildfire disaster declaration that was not received in FY13.

The following table presents expenditure by function compared to prior year amounts.

Expenditures by Function - Governmental Funds					
Expenditures by Function	FY 2013	FY 2012	Increase (Decrease)	Percent of Change	
General Government	\$ 11,084,803	\$ 11,263,202	\$ (178,399)	-1.58%	
Justice System	17,151,120	16,533,591	617,529	3.73%	
Public Safety	11,691,321	11,848,201	(156,880)	-1.32%	
Corrections & Rehabilitation	20,752,349	20,192,127	560,222	2.77%	
Health & Human Services	1,833,641	2,303,651	(470,010)	-20.40%	
Infrastructure	5,529,769	5,526,159	3,610	0.07%	
Community & Economic Development	705,190	65,628	639,562	974.53%	
Capital Outlay	18,245,035	8,157,654	10,087,381	123.66%	
Debt Service - Principal	4,275,406	4,164,856	110,550	2.65%	
Debt Service - Interest & Fiscal Charges	1,115,291	1,262,842	(147,551)	-11.68%	
	\$ 92,383,925	\$ 81,317,911	\$ 11,066,014	13.61%	

Overall, total expenditures increased by approximately 14%. The overall increase in expenditures was primarily attributed to the jail construction project and other development grant projects. The largest decrease in expenditures of 30% in Health & Human Services is attributable to lower costs for indigent health care services in FY13.



OPERATING FUNDS - BUDGETARY HIGHLIGHTS

The budget is prepared in accordance with accounting principles generally accepted in the United States of America by the County Budget Officer and approved by the Commissioners Court following a public hearing. Appropriated budgets are approved and employed as a management control device during the year. The County maintains strict budgetary controls and sets its appropriations at the category level (i.e. salaries, benefits, operating expenses, and capital) for each department. Appropriation transfers may be made between select categories or departments only with the approval of the Commissioners Court.

The following are significant variations between the final budget and actual amounts in the general operating funds.

Actual revenues were higher than budgeted by \$1,758,878 primarily due to the signs of slow economic recovery. Fiscal year budget estimates were calculated in a conservative manner and Smith County experienced increases in anticipated revenues from sales tax and the collection of fines and fees.

Actual expenditures were lower than budgeted by \$3,558,129. Savings from budgeted amounts were primarily from salary lag. The county also realized savings from budgeted fuel accounts where actual pricing did not reach budgeted expectations.

DEBT ADMINISTRATION AND CAPITAL ASSETS

Long-term Debt - At September 30, 2013, the County had general obligation bonds outstanding in the amount of \$33,585,000. The County's bond rating is AA2 from Moody's and AA+ from Standard and Poor's. In compliance with Governmental Accounting Standards Board (GASB) Statement 45, Smith County began reporting the Other Post Employment Benefit (OPEB) obligation in FY09.

The following represents the activity of the long-term debt of the County for FY2013.

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
General Obligation Bonds	\$ 36,825,000	\$ -	\$ 3,240,000	\$ 33,585,000
Bond Premium, Net	779,852	-	134,038	645,814
Compensated Absences	2,393,612	1,912,787	1,879,522	2,426,877
OPEB Obligation	24,164,009	4,791,970	-	28,955,979
Capital Leases	4,245,545	2,175,180	1,035,406	5,385,319
Total	\$ 68,408,018	\$ 8,879,937	\$ 6,288,966	\$ 70,998,989

Capital Assets - The capital assets of the County are those assets (land, buildings, improvements, roads & bridges, and machinery & equipment), which are used in the performance of the County's functions including infrastructure assets. At September 30, 2013, net capital assets of the governmental activities totaled \$67,288,619. Depreciation on capital assets is recognized in the Government-wide financial statements.

County's Capital Assets			
	Cost	Accumulated Depreciation	Net Capital Assets
Governmental Activities:			
Land	\$ 770,319	\$ -	\$ 770,319
Buildings & Improvements	49,139,210	27,242,776	21,896,434
Machinery & Equipment	22,415,945	18,018,200	4,397,745
Infrastructure	76,923,459	56,118,357	20,805,102
Construction in Progress	19,419,019	-	19,419,019
Total	\$ 168,667,952	\$ 101,379,333	\$ 67,288,619

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The annual budget is developed to provide efficient 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 FY2014, the County Commissioners and management considered the following factors:

- Property tax revenues are budgeted to remain approximately the same as FY13.
- Interest rates are planned to remain relatively unchanged.
- Expenditures are budgeted to provide zero dependence on fund balance for ongoing operations.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report, or need any additional financial information, contact the appropriate financial office (County Auditor, County Treasurer or County Judge) at 200 E. Ferguson St., Tyler, Texas 75702 or visit the County's website at www.smith-county.com.



BASIC FINANCIAL STATEMENTS

EXHIBIT 1

SMITH COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	<u>PRIMARY GOVERNMENT</u> <u>GOVERNMENTAL</u> <u>ACTIVITIES</u>
ASSETS	
Cash and cash equivalents	\$ 18,239,495
Investments	42,193,547
Receivables (net of allowance for doubtful accounts)	7,393,898
Investment in joint venture	517,239
Prepays and other assets	175,462
Bond issue costs, net	149,455
Capital assets (net of accumulated depreciation):	
Land	770,319
Buildings	13,774,769
Improvements	8,121,665
Machinery and equipment	4,397,745
Construction in progress	19,419,019
Infrastructure	<u>20,805,102</u>
Total Assets	135,957,715
LIABILITIES	
Vouchers payable	5,228,475
Salaries payable	888,326
Accrued interest payable	196,116
Long-term debt:	
Due within one year	6,653,413
Due in more than one year	<u>64,345,576</u>
Total Liabilities	<u>77,311,906</u>
NET POSITION	
Investment in capital assets, net of related debt	45,191,948
Restricted for:	
Records preservation	3,202,128
Law enforcement purposes	1,168,098
Adult probation	3,006,234
Juvenile services	933,098
Inmates	469,062
Courthouse security	385,765
Technology	204,121
Public services	14,173
Judicial support	189,170
Capital projects	141,073
Debt service	1,560,558
Unrestricted	<u>2,180,381</u>
Total Net Position	<u>\$ 58,645,809</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT 2

SMITH COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Functions/Programs	EXPENSES	CHARGES FOR SERVICES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
			OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
Primary Government:					
Governmental activities:					
General government	\$ 12,834,578	\$ 5,131,826	\$ 114,752	\$ -	\$ (7,588,000)
Justice system	18,438,771	3,913,891	1,447,351	61,007	(13,016,522)
Public safety	13,205,896	1,024,531	1,206,311	-	(10,975,054)
Corrections and rehabilitation	22,895,180	3,588,740	1,374,564	-	(17,931,876)
Health and human services	1,825,570	-	125,853	-	(1,699,717)
Infrastructure	7,427,825	3,667,550	-	-	(3,760,275)
Community and economic development	705,190	143,060	64,417	648,530	150,817
Interest on long-term debt	1,062,624	-	-	-	(1,062,624)
Total primary government	<u>\$ 78,395,634</u>	<u>\$ 17,469,598</u>	<u>\$ 4,333,248</u>	<u>\$ 709,537</u>	<u>\$ (55,883,251)</u>
General revenues:					
Property taxes					\$ 43,438,070
Sales taxes					15,650,035
Other taxes					448,577
Miscellaneous					105,134
Gain on sale of assets					12,412
Interest earned					546,554
Total general revenues					<u>60,200,782</u>
Change in net position					4,317,531
Net position - beginning of year					<u>54,328,278</u>
Net position - end of year					<u>\$ 58,645,809</u>

The notes to the basic financial statements are an integral part of this statement.

**SMITH COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	GENERAL	ROAD AND BRIDGE FUND - SPECIAL REVENUE	JAIL EXPANSION PROJECT FUND - CAPITAL PROJECTS	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	\$ 2,571,988	\$ 1,636,154	\$ 9,249,100	\$ 4,258,193	\$ 17,715,435
Investments	21,008,857	2,707,262	10,030,793	8,446,057	42,192,969
Receivables:					
Property taxes	1,969,659	177,934	-	355,582	2,503,175
Other	3,742,912	197,692	-	315,473	4,256,077
Prepaid and other assets	175,462	-	-	-	175,462
Due from other funds	121,813	-	-	-	121,813
Total assets	\$ 29,590,691	\$ 4,719,042	\$ 19,279,893	\$ 13,375,305	\$ 66,964,931
LIABILITIES AND FUND BALANCES					
Liabilities:					
Vouchers payable	\$ 2,316,320	\$ 444,849	\$ 1,760,531	\$ 357,272	\$ 4,878,972
Salaries payable	695,542	62,799	-	129,985	888,326
Due to other funds	7,795	-	-	121,813	129,608
Deferred revenues	1,871,353	169,053	-	337,834	2,378,240
Total liabilities	4,891,010	676,701	1,760,531	946,904	8,275,146
Fund Balances:					
Nonspendable:					
Prepays	175,462	-	-	-	175,462
Restricted for:					
District clerk	-	-	-	35,341	35,341
County law library	-	-	-	177,425	177,425
Records preservation	-	-	-	3,166,787	3,166,787
Graffiti eradication	-	-	-	3,842	3,842
Courthouse security	-	-	-	385,765	385,765
Law enforcement purposes	-	-	-	1,148,831	1,148,831
Drug court program	-	-	-	3,404	3,404
Adult probation	-	-	-	3,006,234	3,006,234
Juvenile services	-	-	-	933,098	933,098
Tobacco law enforcement	-	-	-	6,413	6,413
Technology	-	-	-	204,121	204,121
Law enforcement training	-	-	-	12,854	12,854
County judge training	-	-	-	4,499	4,499
Voting machines	-	-	-	7,557	7,557
Voter registration services	-	-	-	6,616	6,616
Inmates	-	-	-	469,062	469,062
Capital projects	141,073	-	17,519,362	-	17,660,435
Debt service	-	-	-	1,560,558	1,560,558
Committed to:					
Community policing contracted services	-	-	-	8,035	8,035
Care of animals	-	-	-	7	7
Major building repairs	-	-	-	1,021,048	1,021,048
Elections department	-	-	-	52,837	52,837
Capital projects	-	-	-	214,067	214,067
Road maintenance	-	4,042,341	-	-	4,042,341
Assigned to:					
Indigent healthcare	183,975	-	-	-	183,975
Workforce development	343,172	-	-	-	343,172
Juvenile services	2,213,167	-	-	-	2,213,167
Unassigned	21,642,832	-	-	-	21,642,832
Total fund balances	24,699,681	4,042,341	17,519,362	12,428,401	58,689,785
Total liabilities and fund balances	\$ 29,590,691	\$ 4,719,042	\$ 19,279,893	\$ 13,375,305	\$ 66,964,931

EXHIBIT 4

**SMITH COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION (EXHIBIT 1)
SEPTEMBER 30, 2013**

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

	TOTAL GOVERNMENTAL FUNDS
Total fund balances governmental funds (Exhibit 3)	\$ 58,689,785
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds balance sheet.	67,288,619
Equity in an affiliated joint venture is included in governmental activities in the statement of net position.	517,239
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds balance sheet.	2,234,311
Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in governmental funds balance sheet.	(196,116)
Internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	961,505
Net other post employment benefit obligation in governmental activities does not require current financial resources and therefore are not reported in the governmental funds balance sheet.	(28,955,979)
Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.	<u>(41,893,555)</u>
Net position of governmental activities	<u>\$ 58,645,809</u>

The notes to the basic financial statements are an integral part of this statement.

SMITH COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	GENERAL	ROAD AND BRIDGE FUND - SPECIAL REVENUE	JAIL EXPANSION PROJECT FUND - CAPITAL PROJECTS	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Property taxes	\$ 34,755,600	\$ 3,104,741	\$ -	\$ 5,631,580	\$ 43,491,921
Licenses and other taxes	16,112,734	-	-	-	16,112,734
Fees of office	6,689,503	2,914,182	-	4,291,216	13,894,901
Fines	759,991	734,529	-	-	1,494,520
Intergovernmental revenues	930,716	-	-	3,093,373	4,024,089
Other revenues and fees	2,706,819	78,261	124,080	927,933	3,837,093
Total revenues	61,955,363	6,831,713	124,080	13,944,102	82,855,258
EXPENDITURES					
Current:					
General government	10,723,426	-	-	361,377	11,084,803
Justice system	16,439,250	-	-	711,870	17,151,120
Public safety	10,744,222	-	-	947,099	11,691,321
Corrections and rehabilitation	14,604,810	-	-	6,147,539	20,752,349
Health and human services	1,693,434	-	-	140,207	1,833,641
Infrastructure and environmental	-	5,529,769	-	-	5,529,769
Community and economic development	-	-	-	705,190	705,190
Capital outlay	2,482,187	752,201	12,139,550	2,871,097	18,245,035
Debt service:					
Principal retirement	295,290	374,739	-	3,605,377	4,275,406
Interest and fiscal charges	12,476	39,137	-	1,063,678	1,115,291
Total expenditures	56,995,095	6,695,846	12,139,550	16,553,434	92,383,925
Excess (deficiency) of revenues over (under) expenditures	4,960,268	135,867	(12,015,470)	(2,609,332)	(9,528,667)
OTHER FINANCING SOURCES (USES)					
Capital lease proceeds	1,928,659	246,521	-	-	2,175,180
Transfers in	-	350,000	-	1,247,820	1,597,820
Transfers (out)	(1,597,820)	-	-	-	(1,597,820)
Total other financing sources (uses)	330,839	596,521	-	1,247,820	2,175,180
Net change in fund balances	5,291,107	732,388	(12,015,470)	(1,361,512)	(7,353,487)
Fund balances - beginning of year	19,408,574	3,309,953	29,534,832	13,789,913	66,043,272
Fund balances - end of year	\$ 24,699,681	\$ 4,042,341	\$ 17,519,362	\$ 12,428,401	\$ 58,689,785

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT 6

**SMITH COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (EXHIBIT 2)
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds	\$ (7,353,487)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay in the current period exceeded depreciation for County owned assets.	13,567,502
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(137,788)
The net increase of the equity in investment in an affiliated joint venture is reflected on the statement of activities.	69,194
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(53,851)
Governmental funds report all payments to other post employment benefits as expenditures. However, in the government-wide statement of activities the actuarial annually required contribution is considered an expense. Any deficit amount is considered a liability. Change in net other post employment benefits obligation.	(4,791,970)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,203,245
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds. This amount reflects the change in the accrued liability for compensated absences.	(33,265)
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.	(50,352)
Internal service fund is used by management to charge the costs of health insurance to individual funds. The net revenue of the internal service fund is reported with governmental activities.	898,303
Change in net position of governmental activities	<u>\$ 4,317,531</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT 7

**SMITH COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013**

	Governmental Activities - Internal Service Funds
ASSETS	
Current Assets:	
Cash	\$ 524,060
Investments	578
Accounts receivable	778,575
Due from other funds	<u>7,795</u>
 Total Current Assets	 <u>1,311,008</u>
 LIABILITIES	
Current Liabilities:	
Vouchers payable	<u>349,503</u>
 Total Current Liabilities	 <u>349,503</u>
 NET POSITION	
Unrestricted	<u>961,505</u>
 Total Net Position	 <u><u>\$ 961,505</u></u>

The notes to the basic financial statements are an integral part of this statement.

SMITH COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	<u>Governmental Activities - Internal Service Funds</u>
OPERATING REVENUES	
Premiums and reimbursements	\$ 7,588,619
Total Operating Revenues	<u>7,588,619</u>
OPERATING EXPENSES	
Insurance claims and administrative fees	<u>6,695,683</u>
Total Operating Expenses	<u>6,695,683</u>
Operating income	892,936
NON-OPERATING REVENUES	
Interest income and other	<u>5,367</u>
Change in net position	898,303
NET POSITION - SEPTEMBER 30, 2012	<u>63,202</u>
NET POSITION - SEPTEMBER 30, 2013	<u><u>\$ 961,505</u></u>

The notes to the basic financial statements are an integral part of this statement.

**SMITH COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2013**

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received for premiums	\$ 50,412,939
Cash paid to customers	(50,266,114)
	146,825
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(1)
Interest on investments	5,367
	5,366
Net cash provided by investing activities	5,366
Net increase in cash	152,191
Cash at beginning of year	371,869
CASH AT END OF YEAR	\$ 524,060
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 892,936
Adjustment to reconcile operating income to net cash provided by operating activities:	
Increase in accounts receivable	(713,971)
Decrease in prepaids	23,934
Increase in due from other funds	(7,795)
Decrease in vouchers payable	(46,284)
Decrease in deferred revenue	(1,995)
	(745,101)
Net cash provided by operating activities	\$ 146,825

The notes to the basic financial statements are an integral part of this statement.

SMITH COUNTY, TEXAS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
SEPTEMBER 30, 2013

	Agency Funds
ASSETS	
Cash	\$ 6,918,753
Investments	3,569,337
Accounts receivable	147,789
Total Assets	\$ 10,635,879
 LIABILITIES	
Vouchers payable	\$ 557,517
Due to other governments	413,442
Other liabilities	9,664,920
Total Liabilities	\$ 10,635,879

The notes to the financial statements are an integral part of this statement.

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Smith County (the County) is a public corporation and political subdivision of the State of Texas. The Commissioners' Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general government (e.g., tax collection), justice system (courts, juries, district attorney, etc.), public safety (sheriff, constables, etc.), corrections and rehabilitation (jail and community supervision), health and human services (assistance to indigents, veteran services, etc.), conservation, and infrastructure and environmental (streets and highways).

The accounting and reporting policies of the County relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *State and Local Governments – Audit and Accounting Guide* and by the Financial Accounting Standards Board (when applicable). As allowed in GASB's Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the County has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the County are described below.

The basic financial statements are prepared in conformity GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Significantly, the County's statement of net position includes both noncurrent assets and noncurrent liabilities of the County, which were previously recorded in the General Fixed Asset Account Group and General Long-term Debt Account Group. In addition, the government-wide statement of activities reflects depreciation expenses on the County's capital assets, including infrastructure.

For financial reporting purposes, based on standards established by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, this financial statement presents the County (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria; the primary government appoints the voting majority of its board and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. Under these standards, the County has no component units which are required to be reported, discretely or blended, in combination with the primary government.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The **government-wide financial statements** include the Statement of Net Position and the Statement of Activities. Government-wide statements report, except for County fiduciary activity, information on all of the activities of the County. The effect of interfund transfers has been removed from the government-wide statements, but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues are reported separate from certain legally separate component units for which the government is financially accountable.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary funds included in the fund financial statements. Under this measurement focus, 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. Fines and forfeitures are recognized when they have been assessed and adjudicated and earned. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

The Statement of Activities reflects the degree to which the direct expenses of the County's programs are offset by those programs' revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or function. Program revenues for governmental activities include those generated from general government, judicial, public safety, health and human service, corrections and rehabilitation, and community and economic development. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund, the Road and Bridge Fund and the Jail Expansion Fund are classified as **major governmental funds**. Each major fund is reported in separate columns in the fund financial statements. Non-major funds include Special Revenue, Capital Projects, and Debt Service funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for all non-major funds are presented within Combining Schedules.

FUND-LEVEL FINANCIAL STATEMENTS

Fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers revenues as available if they are collected within 60 days after the fiscal year ends. Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property tax revenues, the County's primary revenue source, is susceptible to accrual and is considered available to the extent of delinquent taxes collected within 60 days after the end of the fiscal period. Grant and entitlement revenues are also subject to accrual. Encumbrances are used during the year and any unliquidated items are reported as a reservation of fund balance.

Governmental funds are accounted for using the current financial resourced measurement focus. This means that only current assets, current liabilities, and current deferred outflows/inflows or resources are generally included on their balance sheet. Their reported fund balance (net current assets and current deferred outflows of resources) is considered a measure of "available spending resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and current deferred outflows of resources. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

All proprietary funds are accounted for 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. Claims incurred, but not reported are included in payables and expenses. All assets, liabilities, and deferred outflows/inflows of resources (current and noncurrent) associated with their activities are included in the fund's statement of net position.

The County's accounts are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, fund equity, revenues and expenses or expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, although the latter are excluded from the government-wide statements.

The government reports the following major governmental funds:

The **General Fund** is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general government, justice system, public safety, corrections and rehabilitation, health and human services, and infrastructure and environmental.

The **Road and Bridge Special Revenue Fund** accounts for the activities associated with the building, maintaining or improving roads, highways, and bridges within the County, including maintenance of road and bridge facilities. Major revenue sources include property taxes and charges for services.

The **Jail Expansion Project Capital Projects Fund** accounts for the activities associated with the expansion of the central jail facility, the renovation of the low risk facility and any other criminal justice facilities.

Other Fund types include proprietary and fiduciary funds which are considered as nonmajor funds. Non-major funds include special revenue funds, capital projects funds, and debt service funds.

Proprietary fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. Internal Service funds are used to account for the financing of goods or services provided by one department or agency of the County to other County departments or agencies on a cost reimbursement basis.

The County has two proprietary funds which are classified as internal service funds: 1) The Insurance Fund used to account for the County's group medical self-insurance program. Revenues are derived from County contributions, employee and retiree/COBRA premiums, investment of idle funds and stop loss collections. Expenses are for claims and administrative expenses. 2) The Payroll fund acts as an agent for the payroll processing of the County's departments. The fund operates as an agency fund, where liabilities are recorded when monies are received. However, this fund is the recipient of interest and incurs certain related expenses. The residual interest and related expenditures result in an equity balance which is inappropriate for agency funds recorded in the Fiduciary Statements.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

The **Proprietary funds** are accounted for using the accrual basis of accounting as follows:

1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
2. Current year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations (e.g. insurance payments).

Fiduciary fund level financial statements include fiduciary funds which are classified into private purpose trust and agency funds. The County has only agency funds which are used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County reports eleven agency funds as nonmajor fiduciary funds.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments. State statutes and the County's official Investment Policy authorize the County to invest in repurchase agreements, certificates of deposit, direct obligations of the U. S. Government and agency securities, money market mutual funds, and managed public funds investment pools.

The County records investments at fair market value in accordance with provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The reported value of the pool is the same as the fair value of the pool shares. All investment income is recognized as revenue in the appropriate fund's statement of activity and or statement of revenues, expenditures, and changes in fund balance.

2. Receivables and Payables

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1 and past due after January 31. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible amounts.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time eligibility requirements established by the grantor have been met.

Lending or borrowing between funds is reflected as "due to or due from" (current portion) or "advances to/from other funds" (non-current). Interfund activity reflected in "due to or due from" is eliminated on the government-wide statements.

(Continued)

**SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity - Continued

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The fund financial statements are offset by a reservation of fund balance which indicates they do not represent "available spendable resources." Prepaids are accounted for using the consumption method. Under the consumption method, prepaids are recorded as expenditures when they are used.

4. Capital Assets

Capital assets, which include land, buildings, 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 of \$5,000 or more and estimated useful lives in excess of one year. Infrastructure assets, which include County-owned roads and bridges, are capitalized with a cost of \$50,000 or more. Capital assets are recorded at historical costs 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 assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	15 to 25
Infrastructure	20 to 45
Machinery and equipment	3 to 15

5. Construction-in-Progress

Expenditures on incomplete capital projects have been capitalized as construction-in-progress. The assets resulting from these projects will be transferred from the construction-in-progress accounts to the appropriate asset account as the projects are completed.

6. Compensated Absences

A liability for unused vacation and sick time for all full time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- leave or compensation is attributable to services already rendered
- leave or compensation is not contingent on a specific event (such as illness)

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e., are due for payment). Compensated absences are accrued in the government-wide statements.

Permanent full-time employees earn vacation leave at the rate of one working day per month and may accumulate up to 18 days if years of service is less than 10 years or 24 days if years of service is 10 years or greater. Employees lose, without pay, unused vacation leave which exceeds this limit.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity - Continued

6. Compensated Absences - Continued

Each permanent full-time employee earns sick leave at the rate of one working day per month and may accumulate maximum sick leave of 80 working days. After an employee accumulates the maximum number of sick days, any excess may be converted to vacation days at an exchange rate of four sick days for one day of vacation. Outstanding sick leave balances are canceled, without recompensation, upon termination, resignation, retirement or death. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulated rights to receive sick pay benefits.

The regular workweek is based on 40 hours actually worked. Overtime, unless required to be paid by Federal statutes, is accumulated as compensatory (comp) time and earned at time and a half for non-exempt employees and at straight time for exempt employees. Comp time is accumulated and either taken off or paid at the employees' current rate of pay on termination, resignation, retirement or death.

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities. On new bonds issued, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

8. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County currently does not have any items that qualify for reporting in this category.

9. Fund Equity

In the fund financial statements, governmental funds report fund balance categorized as nonspendable, restricted, committed, assigned or unassigned.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity - Continued

9. Fund Equity - Continued

Nonspendable fund balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation.

Committed fund balance – represents amounts that can only be used for specific purposes imposed by an ordinance, which is the formal action of the County's highest level of decision-making authority, the Commissioners' Court. Committed resources cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by the same type of action previously used to commit those amounts.

Assigned fund balance – represents amounts the County intends to use for specific purposes as expressed by the Commissioners' Court. This is the residual classification for all governmental funds other than the general fund.

Unassigned fund balance – represents the residual classification for the general fund or deficit balances in other funds.

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The County's minimum fund balance policy requires that unassigned fund balances are maintained at a level adequate to provide for unanticipated expenditures of a nonrecurring nature and to meet unexpected increases in service delivery costs. The minimum level for General Fund unassigned fund balances is 17% of budgeted General Fund expenditures.

10. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows/inflows of resources and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

11. Deferred Bond Issue Costs

Deferred bond issue costs are amortized using the effective interest method over the remaining life of the bond.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Future Implementation of New Standards

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which improves financial reporting by reclassifying certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources, or as outflows or inflows of resources. This statement is effective for periods beginning after December 15, 2012. The County is evaluating the impact of this statement on the County's financial statements.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections-2012*, which improves financial reporting by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No.54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement is effective for periods beginning after December 15, 2012. The County is evaluating the impact of this statement on the County's financial statements.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, which improves financial reporting of public employee pensions. This statement is effective for periods beginning after June 15, 2013. The County is evaluating the impact of this statement on the County's financial statements.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which improves financial reporting of public employee pensions. This statement is effective for periods beginning after June 15, 2014. The County is evaluating the impact of this statement on the County's financial statements.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which improves financial reporting of combination arrangements. This statement is effective for periods beginning after December 15, 2013. The County is evaluating the impact of this statement on the County's financial statements.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which improves financial reporting of nonexchange financial guarantees. This statement is effective for periods beginning after June 15, 2013. The County is evaluating the impact of this statement on the County's financial statements.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This statement is effective for periods beginning after June 15, 2014. The County is evaluating the impact of this statement on the County's financial statements.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

II. RECONCILIATION OF GOVERNMENT WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between fund balance for total governmental funds and net position as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.” The details of this \$41,893,555 difference are as follows:

Bonds payable	\$ (33,585,000)
Bond premium, net	(645,814)
Deferred bond costs, net	149,455
Capital leases obligations	(5,385,319)
Compensated absences	<u>(2,426,877)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ (41,893,555)</u></u>

Another element of that reconciliation states that “capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds balance sheet.” The details of this \$67,288,619 difference are as follows:

Beginning balance of capital assets, net of accumulated depreciation	\$ 53,858,905
Capital asset additions, net of retirements	18,592,336
Depreciation of capital assets, current year	<u>(5,162,622)</u>
	<u><u>\$ 67,288,619</u></u>

B. Explanation of certain differences between the government fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The government fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation indicates that “governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$13,567,502 difference are as follows:

Capital outlay	\$ 18,730,124
Depreciation expense	<u>(5,162,622)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 13,567,502</u></u>

(Continued)

**SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

**II. RECONCILIATION OF GOVERNMENT WIDE AND FUND FINANCIAL STATEMENTS -
Continued**

B. Explanation of certain differences between the government fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities - Continued

Another element of that reconciliation states that “The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas the amounts are deferred and amortized in the statement of activities.” The details of this \$2,203,245 difference are as follows:

Capital lease proceeds	\$ (2,175,180)
Principal payments on long-term debt	4,275,406
Amortization of bond issuance costs and bond premium	<u>103,019</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 2,203,245</u></u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

- (1) Prior to September 1, the County Judge submits to the Commissioners’ Court a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. After adoption by Commissioners’ Court, the control for the detailed fee office/department budgets is at the department head or elected official level and by the County Auditor.
- (2) Public hearings are conducted to obtain taxpayer comment.
- (3) The budget is legally enacted through adoption by the Commissioners’ Court.
- (4) Budgets for the General, certain Special Revenue Funds (County Law Library, County Clerk Records Preservation, District Clerk Records Preservation, Graffiti Eradication, Courthouse Security, Justice Court Technology, County & District Court Technology, Community Policing, Forfeiture Interest 10%, Search & Rescue, JAC Maintenance, and Road & Bridge), Capital Projects, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) in the United States of America.
- (5) Encumbrances expire at fiscal year end, which is consistent with generally accepted accounting principles in the United States of America.
- (6) Comparison of budgeted and actual amounts as shown in Schedules 1 through 2 in the accompanying financial report include the General Fund and the Road and Bridge Special Revenue Fund which are two of the County’s major funds in the current fiscal year.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

A. Budgets and Budgetary Accounting - Continued

- (7) Budgetary data for certain Special Revenue funds encompassing various Federal and State programs are cumulative as opposed to annual budgets or the annual budgets have a fiscal year end consistent with the state program or agency from which they receive state funding rather than the County's fiscal year end. Therefore, budget and actual comparisons are not reported in the accompanying financial report for these funds.
- (8) In addition, certain Special Revenue funds are not required under the Texas Local Government Code to submit budgets under the County budgeting process. During the current year, these Smith County offices submitted a budget to Commissioners' Court for reporting purposes only.

The budgets as presented in the financial statements reflect all amendments approved by the Commissioners' Court for the year ended September 30, 2013, if designated as final budget.

B. Expenditures Over Appropriations

No funds had expenditures in excess of appropriations for the year ended September 30, 2013.

C. Deficit Fund Equity

As of September 30, 2013, there were no funds with a deficit fund balance.

IV. DEPOSITS AND INVESTMENTS

The carrying amount of the County's cash was \$18,239,495, and total bank balances equaled \$18,520,602. The carrying amount of the County's Trust and Agency cash was \$6,918,753 and total bank balances equaled \$7,657,914. The bank deposits were entirely covered by federal depository insurance or by collateral held by the depository bank in the County's name.

All deposits are held in the County's main depository or subdepository banks except funds held in trust by the Justice of the Peace offices number 2, 3 and 4, and Auto Registration, which are not under a subdepository contract.

The County's investment policies are governed by state statutes and county ordinance. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and repurchase agreements. The County holds investments in Local Government Investment Cooperative (LOGIC), and Texstar. Investments at LOGIC normally consist of U.S. T-bills, commercial paper, Treasury notes, collateralized certificates of deposit and repurchase agreements. Investments at Texstar consist of U.S. T-bills, T-notes, collateralized certificates of deposit and repurchase agreements. Both LOGIC and Texstar are managed in full compliance with the Texas Public Funds Investment Act. The County records all interest revenue earned from investment activities in the respective funds.

Both investment pools carry investments at amortized cost, which approximates fair value. Investments are priced daily and compared to carrying value. If the ratio of the fair value of the portfolio of investments to the carrying value of investments is less than .995 or greater than 1.005, the investment pools will sell investment securities, as required, to maintain the ratio at a point between .995 and 1.005.

(Continued)

**SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

IV. DEPOSITS AND INVESTMENTS - Continued

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the government or its agent in the government's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the government's name.

Investments are stated at fair value or amortized costs, which approximates fair value, and are held by the County's agent in the County's name. The County's deposits and investments at year end are shown below.

	<u>Fair Value</u>	<u>Weighted Average Maturity (days)</u>	<u>Credit Risk</u>
Local Government Investment Cooperative	\$ 28,832,687	57	AAAm
TexStar	13,350,085	52	AAAm
Southside - Certificate of Deposit	10,775	247	N/A
Cash in bank	18,520,602	N/A	N/A
Total fair value	<u>\$ 60,714,149</u>		
Portfolio weighted average maturity		39	

Credit risk – Credit risk is the risk that an issuer or other counter part to an investment will not fulfill its obligations. The County has limited credit risk, in conformance to state statutes and County ordinance, by investing in only the safest types of securities as permitted by the Public Funds Investment Act, using approved brokers and with different investment pools.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The County has no formal policy on interest rate risk.

Custodial credit risk – Custodial credit risk is the risk for deposits that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The County requires all bank deposits to be collateralized at a level not less than 100% of the total uninsured deposits. At September 30, 2013, the carrying amount of the County's cash was covered by pledged securities.

Foreign currency risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The County's investment policy does not permit securities listed in foreign denominations. Consequently, the County is not exposed to foreign currency risk.

V. PROPERTY TAXES AND OTHER RECEIVABLES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied prior to September 30, become due on October 1 and are delinquent after January 31. The County bills and collects its own property taxes and those for the City of Bullard, City of Tyler, City of Troup, City of Whitehouse, City of Winona, the Bullard Independent School District (ISD), Tyler ISD, Whitehouse ISD, Winona ISD, Tyler Junior College and the Smith County Water Control District. The County is the only entity controlled by the Commissioners' Court; the County acts only as an intermediary in the collection and distribution of property taxes to the other entities.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

V. PROPERTY TAXES AND OTHER RECEIVABLES - Continued

Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor/Collector's Agency Fund. Tax collections are recorded net of the entities' related collection commission paid to the County in this agency fund according to the levy year for which the taxes are collected. Tax collections deposited for the County are distributed on a monthly basis to the General and Debt Service Funds of the County.

This distribution is based upon the tax rate established for each fund by order of the Commissioners' Court for the tax year for which the collections are made.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
Deferred Property Tax Revenue:	
General fund	\$ 1,871,353
Road & Bridge fund	169,053
Facility improvement fund	73,501
Debt service fund	264,333
Total deferred revenue	\$ 2,378,240

The County is authorized by the tax laws of the State of Texas to levy taxes up to \$.444292 per \$100 of assessed valuation for general governmental services and the payment of principal and interest on certain permanent improvement long-term debt. The tax rate as of September 30, 2013 was \$.323564.

Receivables as of year end for the governmental activities, individual major governmental funds and nonmajor governmental funds, including the applicable allowances for uncollectible accounts, as required by GASB 34 are as follows:

	<u>Internal Service and General Fund</u>	<u>Road and Bridge Special Revenue Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Activities</u>
Receivables:				
Property taxes	\$ 1,969,659	\$ 177,934	\$ 355,582	\$ 2,503,175
Other	4,521,487	197,692	315,473	5,034,652
Gross receivables	6,491,146	375,626	671,055	7,537,827
Less: Allowance for uncollectibles	117,701	10,231	15,997	143,929
Net total receivables	\$ 6,373,445	\$ 365,395	\$ 655,058	\$ 7,393,898

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

VI. CAPITAL ASSETS

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. In accordance with GASB 34, depreciation policies were adopted to include useful lives and classification by function. Infrastructure assets are recorded at estimated acquisition costs by using indexes to discount estimated current replacement costs.

A summary of changes in capital assets follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 705,319	\$ 65,000	\$ -	\$ 770,319
Construction in progress	5,799,667	13,748,632	(129,280)	19,419,019
Total capital assets, not being depreciated	<u>6,504,986</u>	<u>13,813,632</u>	<u>(129,280)</u>	<u>20,189,338</u>
Capital assets, being depreciated:				
Infrastructure	75,896,599	1,026,860	-	76,923,459
Buildings	33,014,437	383,812	-	33,398,249
Improvements	13,673,643	2,067,318	-	15,740,961
Machinery and equipment	21,085,206	1,438,502	(107,763)	22,415,945
Total capital assets being depreciated	<u>143,669,885</u>	<u>4,916,492</u>	<u>(107,763)</u>	<u>148,478,614</u>
Less accumulated depreciation for:				
Infrastructure	(54,497,331)	(1,621,026)	-	(56,118,357)
Buildings	(18,590,067)	(1,033,413)	-	(19,623,480)
Improvements	(6,733,734)	(885,562)	-	(7,619,296)
Machinery and equipment	(16,494,834)	(1,622,621)	99,255	(18,018,200)
Total accumulated depreciation	<u>(96,315,966)</u>	<u>(5,162,622)</u>	<u>99,255</u>	<u>(101,379,333)</u>
Total capital assets, being depreciated, net	<u>47,353,919</u>	<u>(246,130)</u>	<u>(8,508)</u>	<u>47,099,281</u>
Governmental activities capital assets, net	<u>\$ 53,858,905</u>	<u>\$ 13,567,502</u>	<u>\$ (137,788)</u>	<u>\$ 67,288,619</u>

Depreciation expense for 2013 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 1,314,362
Public safety	591,222
Correction and rehabilitation	865,545
Health and human services	-
Infrastructure and environmental	2,266,156
Justice system	125,337
Total depreciation expense – governmental activities	<u>\$ 5,162,622</u>

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

VII. CONSTRUCTION COMMITMENTS

As of September 30, 2013, the County has active construction projects. At year end the County's commitments with contractors are as follows:

Project	Spent-to-Date	Estimated Remaining Commitments
Jail Expansion	\$ 12,106,315	\$ 14,000,000

The Jail Expansion project is funded by *General Obligation Bonds – 2011 Series*.

VIII. LONG-TERM DEBT

During the year ended September 30, 2011, the County issued \$39,955,000 *General Obligation Bonds - 2011 Series*. The proceeds from the sale of the bonds were used to fund the Jail Expansion project, to refund \$5,710,000 of the County's outstanding certificates of obligation to achieve debt service savings, and to pay the cost related to the issuance of the bonds.

General obligation bonds currently outstanding are as follows:

Description	Original Bond Amt	Interest Rates (%)	Date of Issue	Date of Maturity	Bonds Outstanding
General Obligation Bonds - 2011 Series	\$ 39,955,000	1.0 - 4.0	6/28/2011	8/15/2023	\$ 33,585,000
	\$ 39,955,000				\$ 33,585,000

The annual debt service requirements to maturity for general obligation bonds are as follows:

Years Ending September 30	Principal	Interest
2014	\$ 3,305,000	\$ 938,600
2015	3,375,000	872,500
2016	3,440,000	838,750
2017	3,545,000	769,950
2018	3,645,000	699,050
2019-2023	16,275,000	1,503,700
	\$ 33,585,000	\$ 5,622,550

General Obligation Bonds are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest tax regulations under these provisions.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

VIII. LONG-TERM DEBT - Continued

Changes in Long-Term Debt

Long-term liability for the year ended September 30, 2013 was as follows:

Governmental Activities:	Beginning			Ending	Due	Due in
	Balance 10/1/2012	Additions	Reductions	Balance 9/30/2013	Within One Year	More Than One Year
General obligation bonds	\$ 36,825,000	\$ -	\$ 3,240,000	\$ 33,585,000	\$ 3,305,000	\$ 30,280,000
Bond premium, net	779,852	-	134,038	645,814	-	645,814
Compensated absences	2,393,612	1,912,787	1,879,522	2,426,877	2,070,472	356,405
OPEB obligation	24,164,009	4,791,970	-	28,955,979	-	28,955,979
Capital leases	4,245,545	2,175,180	1,035,406	5,385,319	1,277,941	4,107,378
Total	<u>\$ 68,408,018</u>	<u>\$ 8,879,937</u>	<u>\$ 6,288,966</u>	<u>\$ 70,998,989</u>	<u>\$ 6,653,413</u>	<u>\$ 64,345,576</u>

The liabilities listed above for compensated absences and other post employment benefit obligation will be liquidated by the County's General Funds, Road and Bridge Fund, Adult Probation Funds, and Juvenile Probation Funds. The liability for capital leases will be liquidated by the General Funds and Road and Bridge Fund.

IX. LEASES

Operating Leases

The County operates under numerous lease agreements classified as operating leases. The leases contain annual renewals and include leases for copy machines, postage meter, and dump trucks. The combined annual expenditures for operating leases during the fiscal year ended September 30, 2013 was approximately \$460,000.

Capital Leases

During the year ended September 30, 2013, the County entered into six new lease agreements classified as a capital lease in addition to the other leases capitalized in prior years. The County obtained nine vehicles and dispatch software for the Sheriff's Department and two dump trucks and equipment for the Road and Bridge Department during the current year. The amount capitalized as equipment was \$2,175,180. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset:	Governmental Activities
Machinery and equipment	\$ 7,081,059
Improvements	3,354,679
Less: Accumulated depreciation	(5,716,988)
Total	<u>\$ 4,718,750</u>

Depreciation expense on assets under capital lease for the year ended September 30, 2013 was \$896,758.

(Continued)

**SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

IX. LEASES - Continued

Capital Leases- Continued

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013, were as follows:

Year Ending September 30	Governmental Activities
2014	\$ 1,403,186
2015	1,303,710
2016	1,130,100
2017	410,062
2018	410,062
2019-2023	1,241,908
Total minimum lease payments	5,899,028
Less: amount representing interest	(513,709)
Present value of minimum lease payments	\$ 5,385,319

X. INTERFUND RECEIVABLES, PAYABLE BALANCES AND TRANSFERS

In the fund financial statements, interfund balances are the result of normal transactions between funds and will be liquidated in the subsequent fiscal year. Balances between individual governmental funds are eliminated in the government-wide financial statements.

The composition of interfund balances as of September 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Non-major Governmental Funds	\$ 121,813	Supplement fund sources
Internal Service Fund	General Fund	7,795	Supplement fund sources
	Total	\$ 129,608	

The following summarized the County's transfers for the year ended September 30, 2013:

	Transfers In		Explanation
	Nonmajor Governmental Funds	Total	
Transfers Out:			
General Fund	\$ 1,597,820	\$ 1,597,820	Supplement fund sources
Totals	\$ 1,597,820	\$ 1,597,820	

(Continued)

**SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

XI. RETIREMENT COMMITMENTS

(a) PLAN DESCRIPTION

The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees is responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of 641 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employers, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the employer.

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

(b) FUNDING POLICY

The employer has elected the annually determined contribution rate (Variable Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 6.56% for the months of the accounting year 2013, and 6.12% for the months of the accounting year 2012.

The deposit rate payable by the employee members for calendar year 2013 is the rate of 7% as adopted by the governing body of the employer. The employee deposit rate and the employer deposit rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

(c) FUNDING STATUS AND PROGRESS

The funded status as of December 31, 2012, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a / b)	Unfunded AAL (UAAL) (c) = (b - a)	Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (e) = (c / d)
12/31/2012	\$ 73,891,810	\$ 89,295,986	82.75%	\$ 15,404,176	\$33,346,682	46.19%

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

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

XI. RETIREMENT COMMITMENTS - Continued

(d) ANNUAL PENSION COST

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2010, 2011 and 2012, the basis for determining the contributions rates for calendar years 2012 and 2013.

(e) ACTUARIAL METHODS AND ASSUMPTIONS

<u>Actuarial valuation date</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period	20 years	20 years	20 years
Asset valuation method	SAF: 10-yr smoothed value; ESF: fund value	SAF: 10-yr smoothed value; ESF: fund value	SAF: 10-yr smoothed value; ESF: fund value
Assumptions:			
Investment return (1)	8.0%	8.0%	8.0%
Projected salary increases (1)	5.4%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

(1) Includes inflation at the stated rate.

(f) TREND INFORMATION

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution Made</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/2011	\$ 2,334,372	\$ 2,334,372	100%	\$ -
9/30/2012	1,998,059	1,998,059	100%	-
9/30/2013	2,172,173	2,172,173	100%	-

XII. OTHER INFORMATION

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; injuries to employee; and natural disasters. The County maintains commercial insurance coverage for each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims did not exceed this commercial insurance coverage during the past three years.

CONTINGENT LIABILITIES

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. A contingent liability was not established because potential reimbursements are considered immaterial.

(Continued)

**SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

XII. OTHER INFORMATION - Continued

CONTINGENT LIABILITIES - Continued

Litigation

The County is involved in lawsuits and other claims in the ordinary course of operations. Such litigation included lawsuits alleging violations of the Texas Open Records Act, unlawful termination, and violations of civil rights. The County is aggressively defending these suits and believes that the loss, if any, resulting from the suits listed above will not have a material impact on the County's financial position, results of operations and cash flows in the future years.

JOINT VENTURE

The North Texas Public Health District was established, effective October 1, 1993, by a cooperative agreement between the City of Tyler and Smith County, Texas pursuant to authority by the Texas Health and Safety Code for the purpose of providing public health services previously provided by the participating entities. The District is considered a joint venture between the City and County with each retaining an equity interest based upon the percentage each contributed to the budget.

For the year ended September 30, 2013, the County budgeted funding of \$200,000 for the Health District. The County's equity interest in the Health District was \$517,239 at September 30, 2013. Financial statements for the Health District may be obtained at the entity's Administrative Offices.

DEFERRED COMPENSATION

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan assets are not a part of the County's financial statements because a third party administrator holds these plan assets in trust.

The market value and carrying value of deferred compensation plan assets is \$2,083,265 as of September 30, 2013.

HEALTH, DENTAL AND LIFE PLANS

The County implemented a self-insured health plan for employees, including dental and prescription benefits. The County pays the full amount of insurance premiums for their retirees except dependent coverage. The employees pay the cost of coverage for any dependents they enroll under the plan. The County maintains an Insurance Fund to track premiums and claim payments. The County has retained an insurance policy for specific and aggregate stop-loss coverage. There is an individual stop-loss of \$175,000 and aggregate protection at 175% of total health and prescription claims per year.

Changes in the estimated liability for medical claims for fiscal years 2012 and 2013 are presented below:

<u>Insurance Fund</u>	<u>Insurance Claims Payable At Beginning of Year</u>	<u>Current Year Claims and Changes In Estimates</u>	<u>Actual Claim Payments</u>	<u>Insurance Claims Payable At End of Year</u>
9/30/2012	\$ 361,884	\$ 6,927,453	\$ 6,945,687	\$ 343,650
9/30/2013	343,650	6,531,849	6,590,075	285,424

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

XIII. POST EMPLOYMENT BENEFITS

(a) HEALTH PLAN

Program Description

In addition to the pension benefits described in Note XI, as required by state law and defined by County Policy, the County makes available health care benefits, including medical/RX, dental, and life insurance, to all employees, and their spouses and children, who retire from the County and who are receiving benefits from a County sponsored retirement program (Texas County and District Retirement System (TCDRS)) through a single-employer defined benefit healthcare plan. The healthcare plan provides insurance to eligible retirees, their spouses, and children through the County's group health insurance plan, which covers both active and retired members, until age 65 when retirees become eligible and are required to enroll in Medicare Part B, at which time coverage supplements Medicare.

Current retirees in the health plan and at retirement, active employees that meet the conditions for retirement from TCDRS (age 60 and above with 8 years or more of service, 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more) and the retiree has worked for Smith County for 20 years, are eligible to remain in the health plan at the total blended contribution rate for active and retiree participants (Retiree Health Existing (Closed) Program).

Active employees hired after June 1, 2005 are not eligible to continue coverage in the County-sponsored medical/RX or dental plan, nor are they provided life insurance by the County. Under the provisions of GASB Statement 45, these employees who will not be eligible to continue coverage in the County's Health Plan do not receive an Other Post Employment Benefit. Accordingly, only those employees who are eligible to participate in the Retiree Health Existing (Closed) Program are included in the valuation results described below.

Funding Policy

Current retirees do not contribute to the Retiree Health Existing (Closed) Program unless their spouses or children are covered. The County contribution to the Retiree Health Existing (Closed) Program consists of pay-as-you-go claims for the full amount of the retiree premium and the amount in excess of the retiree contributions for spouse and children. Monthly retiree contribution rate for fiscal year 2013 for spouse and/or children ranged from \$130 to \$615. The County contributions to the plan for fiscal year 2013, which are also equal to claims in excess of premiums collected, were \$750,000.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other post employment benefit (OPEB) cost (expense) for the Retiree Health Existing (Closed) Program is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The County had its OPEB actuarial valuation performed for the fiscal year beginning October 1, 2012 as required by GASB. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

XIII. POST EMPLOYMENT BENEFITS - Continued

(a) HEALTH PLAN - Continued

Annual OPEB Cost and Net OPEB Obligation - Continued

	<u>9/30/2013</u>	<u>9/30/2012</u>
Annual required contribution (ARC)	\$ 5,988,273	\$ 8,531,026
Interest on net OPEB obligation	928,483	658,741
Adjustment to annual required contribution	<u>(1,374,786)</u>	<u>(966,981)</u>
Annual OPEB cost	5,541,970	8,222,786
Contributions made	<u>(750,000)</u>	<u>(919,818)</u>
Change in OPEB obligation	4,791,970	7,302,968
Net OPEB obligation - beginning of year	<u>24,164,009</u>	<u>16,861,041</u>
Net OPEB obligation - end of year	<u><u>\$ 28,955,979</u></u>	<u><u>\$ 24,164,009</u></u>

Trend Information

Fiscal Year Ended December 31	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation / (Asset)
2011	\$ 7,955,271	16%	\$ 16,861,041
2012	8,222,786	11%	24,164,009
2013	5,541,970	14%	28,955,979

Funded Status and Funding Progress

As of October 1, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$61,086,219 all of which was unfunded. There are no valuation assets available to offset the liabilities of the plan.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a / b)	Unfunded AAL (UAAL) (c) = (b - a)	Covered Payroll (d)	UAAL as a Percentage of Covered Payroll (e) = (c / d)
10/1/2012	\$ -	\$ 61,086,219	0%	\$ 61,086,219	\$ 14,100,000	433.24%

Actuarial values of the program involve estimates of the value of reported amounts and assumption of the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare costs trend. Amounts determined regarding the funded status of the program and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information (only one year presented in this year of implementation) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. As the County chose to close its program as of June 1, 2005 and not to establish an irrevocable trust, plan assets will always be reported under GASB Statement 45 as zero.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

XIII. POST EMPLOYMENT BENEFITS - Continued

(a) HEALTH PLAN - Continued

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2012, actuarial valuation, the projected unit credit, closed amortization period, level percent of payroll cost method was used. The actuarial assumptions included a 4.0% discount rate and an annual healthcare cost trend rate for medical/RX of 8.67% initially, reduced by decrements to an ultimate rate of 5.0% after 11 years, and the annual healthcare cost trend rate for dental of 6.0% initially, reduced by decrements to an ultimate rate of 5.0% after 4 years. Assumptions also include a 100% election of employees hired prior to June 1, 2005 to participate in the health insurance and dental insurance plans, and a 25% election of spousal coverage in both plans. Rates include a 4% inflation assumption. The County's unfunded actuarial accrued liability is being amortized as a level percent of active member payroll over a period of 30 years. A 30-year amortization period for unfunded actuarial accrued liabilities is the maximum period that complies with the GASB requirements.

(b) SUPPLEMENTAL DEATH BENEFITS PLAN

Plan Description

The County participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the Texas County and District Retirement System (TCDRS). This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB). Retired employees are insured for \$5,000.

The GTLF is a separate trust administered by the TCDRS board of trustees. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GTLF. This report is available at www.tcdrs.org. TCDRS' CAFR may also be obtained by writing to the Texas County & District Retirement System, P.O. Box 2034, Austin, TX 76768-2034, or by calling 800-823-7782.

Funding Policy

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The County's contributions to the GTLF for the years ended for the years ended September 30, 2013, 2012, and 2011 were \$101,185, \$100,535, \$105,652, respectively which equaled the contractually required contributions each year.

XIV. SUBSEQUENT EVENTS

Subsequent events were evaluated through March 10, 2014. On October 29, 2013, the County signed an amendment to a lease agreement with Bancorp South for dispatch software which reduced lease payments by approximately \$213,000. The reduction to the capital asset and capital lease liability has been recognized in this report.

This page left blank intentionally.



REQUIRED SUPPLEMENTARY INFORMATION

SMITH COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Property Taxes:				
Taxes - current	\$ 33,728,174	\$ 33,728,174	\$ 33,718,003	\$ (10,171)
Taxes - delinquent	690,114	690,114	551,973	(138,141)
Penalty and collection fees	450,000	450,000	485,624	35,624
Total Property Taxes	<u>34,868,288</u>	<u>34,868,288</u>	<u>34,755,600</u>	<u>(112,688)</u>
Licenses and Other Taxes:				
Liquor drink tax	350,000	350,000	389,345	39,345
Sales tax	15,000,000	15,000,000	15,650,035	650,035
Bingo taxes	55,000	55,000	59,232	4,232
Miscellaneous	3,500	3,500	14,122	10,622
Total Licenses and Other Taxes	<u>15,408,500</u>	<u>15,408,500</u>	<u>16,112,734</u>	<u>704,234</u>
Fees of Office:				
County Judge	5,000	5,000	5,163	163
Sheriff	335,000	335,000	350,338	15,338
Constables	270,000	270,000	288,460	18,460
County Clerk	1,352,300	1,352,300	1,463,073	110,773
Tax Assessor-Collector	180,000	180,000	197,638	17,638
Criminal District Attorney	50,000	50,000	50,319	319
District Clerk	450,000	450,000	434,298	(15,702)
Justices of the Peace	282,000	282,000	310,350	28,350
Vehicle sales tax commission	1,050,000	1,050,000	1,285,172	235,172
Auto registration	745,000	745,000	799,411	54,411
Records management	80,000	80,000	85,873	5,873
Court imposed fees	606,500	606,500	579,554	(26,946)
State imposed fees	175,200	175,200	177,843	2,643
Titles and certificates	272,000	272,000	292,370	20,370
Telephone coin station revenues	250,000	250,000	291,678	41,678
Miscellaneous	88,400	88,400	77,956	(10,444)
Total Fees of Office	<u>6,191,400</u>	<u>6,191,400</u>	<u>6,689,503</u>	<u>498,103</u>
Fines:				
District and county courts	754,500	754,500	759,991	5,491
Total Fines	<u>754,500</u>	<u>754,500</u>	<u>759,991</u>	<u>5,491</u>
Intergovernmental Revenues:				
Intergovernmental revenues	899,500	899,500	930,716	31,216
Total Intergovernmental Revenues	<u>899,500</u>	<u>899,500</u>	<u>930,716</u>	<u>31,216</u>
Other Revenues and Fees:				
Interest	100,200	100,200	115,418	15,218
Rentals	227,000	227,000	226,972	(28)
Sale of equipment	-	16,747	20,920	4,173
Donations	-	500	23,145	22,645
Reimbursements	422,800	422,800	714,242	291,442
Prisoner care	565,000	565,000	712,531	147,531
Other revenues	122,500	742,050	893,591	151,541
Total Other Revenues and Fees	<u>1,437,500</u>	<u>2,074,297</u>	<u>2,706,819</u>	<u>632,522</u>
Total Revenues	<u>59,559,688</u>	<u>60,196,485</u>	<u>61,955,363</u>	<u>1,758,878</u>

SMITH COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
EXPENDITURES				
General Government:				
Commissioners' Court	\$ 549,698	\$ 549,698	\$ 541,417	\$ 8,281
Record Service Bureau	155,422	155,422	146,655	8,767
County Auditor	681,564	681,564	661,410	20,154
Election division	471,244	471,244	426,989	44,255
County Treasurer	142,900	142,900	140,347	2,553
Tax Assessor-Collector	1,500,271	1,500,271	1,465,884	34,387
General operations	4,312,729	3,869,213	3,516,370	352,843
Physical plant	1,508,036	1,538,036	1,448,360	89,676
Personnel	170,074	173,674	173,115	559
Information services	1,886,807	1,899,009	1,817,511	81,498
Collections	62,035	62,035	58,476	3,559
Veterans' service office	152,141	152,140	127,927	24,213
Purchasing agent	212,630	212,629	198,965	13,664
Total General Government	<u>11,805,551</u>	<u>11,407,835</u>	<u>10,723,426</u>	<u>684,409</u>
Justice System:				
County Court	234,959	234,959	233,469	1,490
County Court at Law	373,057	373,707	373,696	11
County Court at Law #2	369,170	369,570	369,052	518
County Court at Law #3	374,814	374,814	370,826	3,988
County Clerk	1,126,101	1,126,101	1,083,440	42,661
District Courts	2,357,128	2,600,018	2,461,971	138,047
District Clerk	1,238,482	1,238,491	1,138,567	99,924
Justices of the Peace	1,307,515	1,364,515	1,321,425	43,090
Indigent defense	1,500,000	1,500,000	1,304,436	195,564
Pre-trial release	155,906	156,456	156,418	38
Juvenile probation	4,294,119	4,294,119	3,976,561	317,558
Criminal District Attorney	3,840,962	3,840,962	3,649,389	191,573
Total Justice System	<u>17,172,213</u>	<u>17,473,712</u>	<u>16,439,250</u>	<u>1,034,462</u>
Public Safety:				
Civil defense and rural fire aid	349,860	349,860	319,441	30,419
Constables	1,285,891	1,303,676	1,269,651	34,025
Sheriff's department	7,583,192	7,624,357	7,330,416	293,941
Warrant division	166,271	166,271	138,484	27,787
Litter abatement office	154,690	154,689	149,940	4,749
Dispatcher	1,822,996	1,826,660	1,536,290	290,370
Total Public Safety	<u>11,362,900</u>	<u>11,425,513</u>	<u>10,744,222</u>	<u>681,291</u>
Health and Human Services:				
Indigent health care	1,137,985	1,172,273	897,714	274,559
Agricultural extension	190,433	190,321	181,031	9,290
Public services	614,728	614,728	614,689	39
Total Health and Human Services	<u>1,943,146</u>	<u>1,977,322</u>	<u>1,693,434</u>	<u>283,888</u>

SMITH COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
EXPENDITURES (cont'd.)				
Corrections and Rehab:				
Jail	\$ 15,293,940	\$ 15,295,557	\$ 14,594,769	\$ 700,788
Community service & rehab	12,150	12,150	10,041	2,109
Total Corrections and Rehab	<u>15,306,090</u>	<u>15,307,707</u>	<u>14,604,810</u>	<u>702,897</u>
Capital Outlay:				
Equipment	420,250	2,653,369	2,482,187	171,182
Total Capital Outlay	<u>420,250</u>	<u>2,653,369</u>	<u>2,482,187</u>	<u>171,182</u>
Debt Service:				
Principal	295,290	295,290	295,290	-
Interest	12,476	12,476	12,476	-
Total Debt Service	<u>307,766</u>	<u>307,766</u>	<u>307,766</u>	<u>-</u>
Total Expenditures	<u>58,317,916</u>	<u>60,553,224</u>	<u>56,995,095</u>	<u>3,558,129</u>
Excess of Revenues Over Expenditures	1,241,772	(356,739)	4,960,268	5,317,007
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	1,928,659	1,928,659	-
Transfers out	(1,263,420)	(1,597,820)	(1,597,820)	-
Total Other Financing Sources (Uses)	<u>(1,263,420)</u>	<u>330,839</u>	<u>330,839</u>	<u>-</u>
Excess of Revenues and Other Financing Sources (Under) Over Expenditures and Other Financing Uses	(21,648)	(25,900)	5,291,107	5,317,007
FUND BALANCE, SEPTEMBER 30, 2012	<u>19,408,574</u>	<u>19,408,574</u>	<u>19,408,574</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30, 2013	<u>\$ 19,386,926</u>	<u>\$ 19,382,674</u>	<u>\$ 24,699,681</u>	<u>\$ 5,317,007</u>

SMITH COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SPECIAL REVENUE FUND - ROAD AND BRIDGE
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property Taxes:				
Taxes - current	\$ 3,046,917	\$ 3,046,917	\$ 3,056,628	\$ 9,711
Taxes - delinquent	60,938	60,938	48,113	(12,825)
Total Property Taxes	3,107,855	3,107,855	3,104,741	(3,114)
Fees of Office:				
Auto registration	2,675,000	2,675,000	2,742,915	67,915
Other fees	117,750	117,750	171,267	53,517
Total Fees of Office	2,792,750	2,792,750	2,914,182	121,432
Fines:				
Justices of the Peace	847,000	847,000	734,529	(112,471)
Total Fines	847,000	847,000	734,529	(112,471)
Other Revenues and Fees:				
Sale of equipment	-	-	6,300	6,300
Interest	11,000	11,000	17,524	6,524
Other revenue	10,000	28,160	54,437	26,277
Total Other Revenues and Fees	21,000	39,160	78,261	39,101
Total Revenues	6,768,605	6,786,765	6,831,713	44,948
EXPENDITURES				
Infrastructure and Environmental Services:				
Administrative	458,874	440,074	375,865	64,209
Labor Division	4,825,452	4,792,135	3,914,080	878,055
Equipment Division	1,317,746	1,350,022	1,239,824	110,198
Total Infrastructure and Environmental Services	6,602,072	6,582,231	5,529,769	1,052,462
Capital Outlay:				
Improvements	450,000	470,000	451,120	18,880
Equipment	36,576	301,097	301,081	16
Total Capital Outlay	486,576	771,097	752,201	18,896
Debt Service:				
Principal payments	374,739	374,739	374,739	-
Interest and fiscal charges	39,137	39,137	39,137	-
Total Debt Service	413,876	413,876	413,876	-
Total Expenditures	7,502,524	7,767,204	6,695,846	1,071,358
Excess of Revenues Over (Under) Expenditures	(733,919)	(980,439)	135,867	1,116,306
OTHER FINANCING SOURCES				
Capital lease proceeds	-	246,521	246,521	-
Transfers in	350,000	350,000	350,000	-
Total Other Financing Sources	350,000	596,521	596,521	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(383,919)	(383,918)	732,388	1,116,306
FUND BALANCE, SEPTEMBER 30, 2012	3,309,953	3,309,953	3,309,953	-
FUND BALANCE, SEPTEMBER 30, 2013	\$ 2,926,034	\$ 2,926,035	\$ 4,042,341	\$ 1,116,306

SCHEDULE 3

**SMITH COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREMENT PLAN
FOR THE EMPLOYEES OF SMITH COUNTY, TEXAS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (1) (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/2010	\$ 70,544,131	\$ 82,206,626	\$ 11,662,495	85.81%	\$ 34,566,592	33.74%
12/31/2011	72,494,886	85,801,796	13,306,910	84.49%	33,392,170	39.85%
12/31/2012	73,891,810	89,295,986	15,404,176	82.75%	33,346,682	46.19%

(1) The annual covered payroll is based on the employee deposits received by TCDRS for the year ending with the valuation date.

SCHEDULE 4

**SMITH COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
FOR THE EMPLOYEES OF SMITH COUNTY, TEXAS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2008	\$ -	\$ 65,995,677	\$ 65,995,677	0.00%	\$ 15,400,000	428.54%
10/1/2010	-	73,426,683	73,426,683	0.00%	15,000,000	489.51%
10/1/2012	-	61,086,219	61,086,219	0.00%	14,100,000	433.24%

(1) The annual covered payroll is the payroll related to those grandfathered employees who will be able to retire and continue health coverage under the retiree health plan.

SMITH COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2013

I. BUDGETS AND BUDGETARY ACCOUNTING

A. Budget Basis

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) in the United States of America.

This page left blank intentionally.



ADDITIONAL SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SMITH COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	SPECIAL REVENUE FUNDS							
	DISTRICT CLERK TITLE IV-D	COUNTY LAW LIBRARY	COUNTY CLERK RECORDS PRESERVATION	DISTRICT CLERK RECORDS PRESERVATION	GRAFFITI ERADICATION	COURTHOUSE SECURITY	DISTRICT ATTORNEY	COURT IMPROVEMENT
ASSETS								
Cash	\$ 35,234	\$ 29,859	\$ 925,781	\$ 110,312	\$ 3,748	\$ 381,497	\$ 80,251	\$ 13,404
Investments	-	151,286	2,209,987	-	-	-	-	-
Taxes receivable-delinquent, net	-	-	-	-	-	-	-	-
Accounts receivable	107	9,319	21,841	2,341	94	6,768	1,025	10,224
TOTAL ASSETS	\$ 35,341	\$ 190,464	\$ 3,157,609	\$ 112,653	\$ 3,842	\$ 388,265	\$ 81,276	\$ 23,628
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Vouchers payable	\$ -	\$ 11,388	\$ 103,475	\$ -	\$ -	\$ 2,500	\$ 528	\$ 10,224
Salaries payable	-	1,651	-	-	-	-	1,245	-
Due to other funds	-	-	-	-	-	-	-	10,000
Deferred revenue	-	-	-	-	-	-	-	-
Total Liabilities	-	13,039	103,475	-	-	2,500	1,773	20,224
FUND BALANCE								
Restricted for:								
District clerk	35,341	-	-	-	-	-	-	-
County law library	-	177,425	-	-	-	-	-	-
Records preservation	-	-	3,054,134	112,653	-	-	-	-
Graffiti eradication	-	-	-	-	3,842	-	-	-
Courthouse security	-	-	-	-	-	385,765	-	-
Law enforcement purposes	-	-	-	-	-	-	79,503	-
Drug court program	-	-	-	-	-	-	-	3,404
Adult probation	-	-	-	-	-	-	-	-
Juvenile services	-	-	-	-	-	-	-	-
Tobacco law enforcement	-	-	-	-	-	-	-	-
Technology	-	-	-	-	-	-	-	-
Law enforcement training	-	-	-	-	-	-	-	-
County judge training	-	-	-	-	-	-	-	-
Voting machines	-	-	-	-	-	-	-	-
Voter registration services	-	-	-	-	-	-	-	-
Inmates	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Committed to:								
Community policing contracted services	-	-	-	-	-	-	-	-
Care of animals	-	-	-	-	-	-	-	-
Major building repairs	-	-	-	-	-	-	-	-
Elections department	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total fund balance	35,341	177,425	3,054,134	112,653	3,842	385,765	79,503	3,404
TOTAL LIABILITIES AND FUND BALANCES	\$ 35,341	\$ 190,464	\$ 3,157,609	\$ 112,653	\$ 3,842	\$ 388,265	\$ 81,276	\$ 23,628

SMITH COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	SPECIAL REVENUE FUNDS							
	DISTRICT ATTORNEY DRUG FORFEITURE	DPS SEIZURES	DRUG FORFEITURE	LOCAL LAW ENFORCEMENT SEIZURES	DISTRICT ADULT PROBATION	EAST TEXAS AUTO CRUSHERS	TEXAS JUVENILE JUSTICE DEPARTMENT	CRIME VICTIM'S SERVICES
ASSETS								
Cash	\$ 135,551	\$ 120,466	\$ 117,756	\$ 53,199	\$ 513,160	\$ 43,689	\$ 162,153	\$ 68,975
Investments	-	-	-	-	2,603,887	-	776,082	-
Taxes receivable-delinquent, net	-	-	-	-	-	-	-	-
Accounts receivable	1,641	-	3,139	-	14,773	85,773	3	36
TOTAL ASSETS	\$ 137,192	\$ 120,466	\$ 120,895	\$ 53,199	\$ 3,131,820	\$ 129,462	\$ 938,238	\$ 69,011
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Vouchers payable	\$ 3,346	\$ -	\$ 3,280	\$ 4,982	\$ 20,779	\$ 13,606	\$ 23,883	\$ 174
Salaries payable	-	-	-	-	104,807	943	20,356	-
Due to other funds	-	-	-	-	-	80,000	11,813	-
Deferred revenue	-	-	-	-	-	-	-	-
Total Liabilities	3,346	-	3,280	4,982	125,586	94,549	56,052	174
FUND BALANCE								
Restricted for:								
District clerk	-	-	-	-	-	-	-	-
County law library	-	-	-	-	-	-	-	-
Records preservation	-	-	-	-	-	-	-	-
Graffiti eradication	-	-	-	-	-	-	-	-
Courthouse security	-	-	-	-	-	-	-	-
Law enforcement purposes	133,846	120,466	117,615	48,217	-	34,913	-	68,837
Drug court program	-	-	-	-	-	-	-	-
Adult probation	-	-	-	-	3,006,234	-	-	-
Juvenile services	-	-	-	-	-	-	882,186	-
Tobacco law enforcement	-	-	-	-	-	-	-	-
Technology	-	-	-	-	-	-	-	-
Law enforcement training	-	-	-	-	-	-	-	-
County judge training	-	-	-	-	-	-	-	-
Voting machines	-	-	-	-	-	-	-	-
Voter registration services	-	-	-	-	-	-	-	-
Inmates	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Committed to:								
Community policing contracted services	-	-	-	-	-	-	-	-
Care of animals	-	-	-	-	-	-	-	-
Major building repairs	-	-	-	-	-	-	-	-
Elections department	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total fund balance	133,846	120,466	117,615	48,217	3,006,234	34,913	882,186	68,837
TOTAL LIABILITIES AND FUND BALANCES	\$ 137,192	\$ 120,466	\$ 120,895	\$ 53,199	\$ 3,131,820	\$ 129,462	\$ 938,238	\$ 69,011

SMITH COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	SPECIAL REVENUE FUNDS						
	STEP TOBACCO GRANT	SHERIFF DEA TASK FORCE	JUSTICE COURT TECHNOLOGY FUND	COUNTY & DISTRICT COURT TECHNOLOGY FUND	JUVENILE JUSTICE ALTERNATIVE EDUCATION	JUVENILE ACCOUNTABILITY BLOCK GRANT	LEOSE FUND
ASSETS							
Cash	\$ 7,096	\$ 26,051	\$ 40,642	\$ 30,295	\$ 45,713	\$ 3,959	\$ 12,854
Investments	-	-	130,290	-	25	-	-
Taxes receivable-delinquent, net	-	-	-	-	-	-	-
Accounts receivable	-	3,176	1,805	1,089	-	1,929	-
TOTAL ASSETS	\$ 7,096	\$ 29,227	\$ 172,737	\$ 31,384	\$ 45,738	\$ 5,888	\$ 12,854
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Vouchers payable	\$ 300	\$ -	\$ -	\$ -	\$ -	\$ 714	\$ -
Salaries payable	383	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Total Liabilities	683	-	-	-	-	714	-
FUND BALANCE							
Restricted for:							
District clerk	-	-	-	-	-	-	-
County law library	-	-	-	-	-	-	-
Records preservation	-	-	-	-	-	-	-
Graffiti eradication	-	-	-	-	-	-	-
Courthouse security	-	-	-	-	-	-	-
Law enforcement purposes	-	29,227	-	-	-	-	-
Drug court program	-	-	-	-	-	-	-
Adult probation	-	-	-	-	-	-	-
Juvenile services	-	-	-	-	45,738	5,174	-
Tobacco law enforcement	6,413	-	-	-	-	-	-
Technology	-	-	172,737	31,384	-	-	-
Law enforcement training	-	-	-	-	-	-	12,854
County judge training	-	-	-	-	-	-	-
Voting machines	-	-	-	-	-	-	-
Voter registration services	-	-	-	-	-	-	-
Inmates	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Committed to:							
Community policing contracted services	-	-	-	-	-	-	-
Care of animals	-	-	-	-	-	-	-
Major building repairs	-	-	-	-	-	-	-
Elections department	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Total fund balance	6,413	29,227	172,737	31,384	45,738	5,174	12,854
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,096	\$ 29,227	\$ 172,737	\$ 31,384	\$ 45,738	\$ 5,888	\$ 12,854

SMITH COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

SPECIAL REVENUE FUNDS

	JUDICIAL EDUCATION	COMMUNITY POLICING	HOMELAND SECURITY	DA CRIME PREVENTION	FORFEITURE INTEREST 10%	SEARCH & RESCUE	JAC MAINTENANCE
ASSETS							
Cash	\$ 4,334	\$ 6,654	\$ 28,332	\$ 5,449	\$ 246,132	\$ 7	\$ 166,486
Investments	-	-	-	-	-	-	854,562
Taxes receivable-delinquent, net	-	-	-	-	-	-	-
Accounts receivable	165	1,981	-	-	608	-	-
TOTAL ASSETS	\$ 4,499	\$ 8,635	\$ 28,332	\$ 5,449	\$ 246,740	\$ 7	\$ 1,021,048
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Vouchers payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries payable	-	600	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Total Liabilities	-	600	-	-	-	-	-
FUND BALANCE							
Restricted for:							
District clerk	-	-	-	-	-	-	-
County law library	-	-	-	-	-	-	-
Records preservation	-	-	-	-	-	-	-
Graffiti eradication	-	-	-	-	-	-	-
Courthouse security	-	-	-	-	-	-	-
Law enforcement purposes	-	-	28,332	5,449	246,740	-	-
Drug court program	-	-	-	-	-	-	-
Adult probation	-	-	-	-	-	-	-
Juvenile services	-	-	-	-	-	-	-
Tobacco law enforcement	-	-	-	-	-	-	-
Technology	-	-	-	-	-	-	-
Law enforcement training	-	-	-	-	-	-	-
County judge training	4,499	-	-	-	-	-	-
Voting machines	-	-	-	-	-	-	-
Voter registration services	-	-	-	-	-	-	-
Inmates	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Committed to:							
Community policing contracted services	-	8,035	-	-	-	-	-
Care of animals	-	-	-	-	-	7	-
Major building repairs	-	-	-	-	-	-	1,021,048
Elections department	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Total fund balance	4,499	8,035	28,332	5,449	246,740	7	1,021,048
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,499	\$ 8,635	\$ 28,332	\$ 5,449	\$ 246,740	\$ 7	\$ 1,021,048

SMITH COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	SPECIAL REVENUE FUNDS						
	ELECTIONS VOTING MACHINE REPLACEMENT	ELECTION SERVICES CONTRACT	CHAPTER 19 VOTER REGISTRATION	EDWARD BYRNE MEMORIAL JAG GRANT	JAG RECOVERY GRANT	DA FEDERAL ASSETS	COMMISSARY FUND
ASSETS							
Cash	\$ 7,557	\$ 54,412	\$ 6,616	\$ 61,007	\$ -	\$ 196,269	\$ 429,652
Investments	-	-	-	-	-	-	10,775
Taxes receivable-delinquent, net	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	30,529
TOTAL ASSETS	\$ 7,557	\$ 54,412	\$ 6,616	\$ 61,007	\$ -	\$ 196,269	\$ 470,956
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Vouchers payable	\$ -	\$ 1,575	\$ -	\$ -	\$ -	\$ 21,590	\$ 1,894
Salaries payable	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Total Liabilities	-	1,575	-	-	-	21,590	1,894
FUND BALANCE							
Restricted for:							
District clerk	-	-	-	-	-	-	-
County law library	-	-	-	-	-	-	-
Records preservation	-	-	-	-	-	-	-
Graffiti eradification	-	-	-	-	-	-	-
Courthouse security	-	-	-	-	-	-	-
Law enforcement purposes	-	-	-	61,007	-	174,679	-
Drug court program	-	-	-	-	-	-	-
Adult probation	-	-	-	-	-	-	-
Juvenile services	-	-	-	-	-	-	-
Tobacco law enforcement	-	-	-	-	-	-	-
Technology	-	-	-	-	-	-	-
Law enforcement training	-	-	-	-	-	-	-
County judge training	-	-	-	-	-	-	-
Voting machines	7,557	-	-	-	-	-	-
Voter registration services	-	-	6,616	-	-	-	-
Inmates	-	-	-	-	-	-	469,062
Debt service	-	-	-	-	-	-	-
Committed to:							
Community policing contracted services	-	-	-	-	-	-	-
Care of animals	-	-	-	-	-	-	-
Major building repairs	-	-	-	-	-	-	-
Elections department	-	52,837	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Total fund balance	7,557	52,837	6,616	61,007	-	174,679	469,062
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,557	\$ 54,412	\$ 6,616	\$ 61,007	\$ -	\$ 196,269	\$ 470,956

SMITH COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	SPECIAL REVENUE FUNDS				CAPITAL PROJECT FUND	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	DISASTER RECOVERY	CAPITAL IMPROVEMENTS GRANTS	TRANSPORTATION GRANTS	TOTAL	FACILITY IMPROVEMENT	DEBT SERVICE FUND	
ASSETS							
Cash	\$ -	\$ -	\$ 20,000	\$ 4,194,552	\$ (46,501)	\$ 110,142	\$ 4,258,193
Investments	-	-	-	6,736,894	300,656	1,408,507	8,446,057
Taxes receivable-delinquent, net	-	-	-	-	77,363	278,219	355,582
Accounts receivable	-	-	-	198,366	89,084	28,023	315,473
TOTAL ASSETS	\$ -	\$ -	\$ 20,000	\$ 11,129,812	\$ 420,602	\$ 1,824,891	\$ 13,375,305
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Vouchers payable	\$ -	\$ -	\$ -	\$ 224,238	\$ 133,034	\$ -	\$ 357,272
Salaries payable	-	-	-	129,985	-	-	129,985
Due to other funds	-	-	20,000	121,813	-	-	121,813
Deferred revenue	-	-	-	-	73,501	264,333	337,834
Total Liabilities	-	-	20,000	476,036	206,535	264,333	946,904
FUND BALANCE							
Restricted for:							
District clerk	-	-	-	35,341	-	-	35,341
County law library	-	-	-	177,425	-	-	177,425
Records preservation	-	-	-	3,166,787	-	-	3,166,787
Graffiti eradication	-	-	-	3,842	-	-	3,842
Courthouse security	-	-	-	385,765	-	-	385,765
Law enforcement purposes	-	-	-	1,148,831	-	-	1,148,831
Drug court program	-	-	-	3,404	-	-	3,404
Adult probation	-	-	-	3,006,234	-	-	3,006,234
Juvenile services	-	-	-	933,098	-	-	933,098
Tobacco law enforcement	-	-	-	6,413	-	-	6,413
Technology	-	-	-	204,121	-	-	204,121
Law enforcement training	-	-	-	12,854	-	-	12,854
County judge training	-	-	-	4,499	-	-	4,499
Voting machines	-	-	-	7,557	-	-	7,557
Voter registration services	-	-	-	6,616	-	-	6,616
Inmates	-	-	-	469,062	-	-	469,062
Debt service	-	-	-	-	-	1,560,558	1,560,558
Committed to:							
Community policing contracted services	-	-	-	8,035	-	-	8,035
Care of animals	-	-	-	7	-	-	7
Major building repairs	-	-	-	1,021,048	-	-	1,021,048
Elections department	-	-	-	52,837	-	-	52,837
Capital projects	-	-	-	-	214,067	-	214,067
Total fund balance	-	-	-	10,653,776	214,067	1,560,558	12,428,401
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ -	\$ 20,000	\$ 11,129,812	\$ 420,602	\$ 1,824,891	\$ 13,375,305

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	SPECIAL REVENUE FUNDS							
	DISTRICT CLERK TITLE IV-D	COUNTY LAW LIBRARY	COUNTY CLERK RECORDS PRESERVATION	DISTRICT CLERK RECORDS PRESERVATION	GRAFFITI ERADICATION	COURTHOUSE SECURITY	DISTRICT ATTORNEY	COURT IMPROVEMENT
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees of office	-	143,060	633,364	25,170	621	139,374	34,453	-
Intergovernmental revenues	1,478	-	-	-	-	-	22,533	79,641
Other revenues and fees	224	5,529	7,395	633	22	2,156	23,129	66
Total Revenues	1,702	148,589	640,759	25,803	643	141,530	80,115	79,707
EXPENDITURES								
General government	-	-	267,336	-	-	-	-	-
Justice system	-	180,336	-	-	-	-	87,270	79,041
Public safety	-	-	-	-	-	47,437	-	-
Corrections and rehabilitation	-	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-	-
Capital outlay	-	-	80,753	-	-	-	-	-
Debt Service-principal retirement	-	-	-	-	-	-	-	-
Debt Service-interest and fiscal charges	-	-	-	-	-	-	-	-
Total Expenditures	-	180,336	348,089	-	-	47,437	87,270	79,041
Excess of Revenue Over (Under) Expenditures	1,702	(31,747)	292,670	25,803	643	94,093	(7,155)	666
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,702	(31,747)	292,670	25,803	643	94,093	(7,155)	666
FUND BALANCE, SEPTEMBER 30, 2012	33,639	209,172	2,761,464	86,850	3,199	291,672	86,658	2,738
FUND BALANCE, SEPTEMBER 30, 2013	\$ 35,341	\$ 177,425	\$ 3,054,134	\$ 112,653	\$ 3,842	\$ 385,765	\$ 79,503	\$ 3,404

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	SPECIAL REVENUE FUNDS							
	DISTRICT ATTORNEY DRUG FORFEITURE	DPS SEIZURES	DRUG FORFEITURE	LOCAL LAW ENFORCEMENT SEIZURES	DISTRICT ADULT PROBATION	EAST TEXAS AUTO CRUSHERS	TEXAS JUVENILE JUSTICE DEPARTMENT	CRIME VICTIM'S SERVICES
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees of office	-	-	-	-	3,251,151	-	-	-
Intergovernmental revenues	-	-	-	-	726,743	496,462	964,097	-
Other revenues and fees	63,001	82,970	66,438	11,731	183,402	487	3,083	6,812
Total Revenues	63,001	82,970	66,438	11,731	4,161,296	496,949	967,180	6,812
EXPENDITURES								
General government	-	-	-	-	-	-	-	-
Justice system	-	-	-	-	-	-	-	416
Public safety	129,920	45,560	94,003	36,198	-	501,699	-	-
Corrections and rehabilitation	-	-	-	-	4,942,148	-	1,179,934	-
Health and human services	-	-	-	-	-	-	124,207	-
Community and economic development	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	48,703	-
Debt Service-principal retirement	-	-	-	-	-	-	-	-
Debt Service-interest and fiscal charges	-	-	-	-	-	-	-	-
Total Expenditures	129,920	45,560	94,003	36,198	4,942,148	501,699	1,352,844	416
Excess of Revenue Over (Under) Expenditures	(66,919)	37,410	(27,565)	(24,467)	(780,852)	(4,750)	(385,664)	6,396
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	863,420	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	863,420	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(66,919)	37,410	(27,565)	(24,467)	82,568	(4,750)	(385,664)	6,396
FUND BALANCE, SEPTEMBER 30, 2012	200,765	83,056	145,180	72,684	2,923,666	39,663	1,267,850	62,441
FUND BALANCE, SEPTEMBER 30, 2013	\$ 133,846	\$ 120,466	\$ 117,615	\$ 48,217	\$ 3,006,234	\$ 34,913	\$ 882,186	\$ 68,837

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	SPECIAL REVENUE FUNDS						
	STEP TOBACCO GRANT	SHERIFF DEA TASK FORCE	JUSTICE COURT TECHNOLOGY FUND	COUNTY & DISTRICT COURT TECHNOLOGY FUND	JUVENILE JUSTICE ALTERNATIVE EDUCATION	JUVENILE ACCOUNTABILITY BLOCK GRANT	LEOSE FUND
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees of office	-	-	42,065	-	-	-	-
Intergovernmental revenues	14,100	29,328	-	-	-	19,445	-
Other revenues and fees	40	630	282	11,130	298	8,081	99
Total Revenues	14,140	29,958	42,347	11,130	298	27,526	99
EXPENDITURES							
General government	-	-	-	-	-	-	-
Justice system	-	-	6,560	-	-	-	-
Public safety	15,891	62,156	-	-	-	-	3,565
Corrections and rehabilitation	-	-	-	-	-	25,457	-
Health and human services	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-
Capital outlay	-	35,219	4,262	-	-	-	-
Debt Service-principal retirement	-	-	-	-	-	-	-
Debt Service-interest and fiscal charges	-	-	-	-	-	-	-
Total Expenditures	15,891	97,375	10,822	-	-	25,457	3,565
Excess of Revenue Over (Under) Expenditures	(1,751)	(67,417)	31,525	11,130	298	2,069	(3,466)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,751)	(67,417)	31,525	11,130	298	2,069	(3,466)
FUND BALANCE, SEPTEMBER 30, 2012	8,164	96,644	141,212	20,254	45,440	3,105	16,320
FUND BALANCE, SEPTEMBER 30, 2013	\$ 6,413	\$ 29,227	\$ 172,737	\$ 31,384	\$ 45,738	\$ 5,174	\$ 12,854

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	SPECIAL REVENUE FUNDS						
	JUDICIAL EDUCATION	COMMUNITY POLICING	HOMELAND SECURITY	DA CRIME PREVENTION	FORFEITURE INTEREST 10%	SEARCH & RESCUE	JAC MAINTENANCE
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees of office	-	-	-	-	-	-	-
Intergovernmental revenues	3,500	-	-	-	-	-	-
Other revenues and fees	28	63,277	185	35	15,986	81	1,729
Total Revenues	3,528	63,277	185	35	15,986	81	1,729
EXPENDITURES							
General government	-	64,501	-	-	-	-	-
Justice system	2,952	-	-	-	-	-	-
Public safety	-	-	-	-	-	10,670	-
Corrections and rehabilitation	-	-	-	-	-	-	-
Health and human services	-	-	-	-	16,000	-	-
Community and economic development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt Service-principal retirement	-	-	-	-	-	-	-
Debt Service-interest and fiscal charges	-	-	-	-	-	-	-
Total Expenditures	2,952	64,501	-	-	16,000	10,670	-
Excess of Revenue Over (Under) Expenditures	576	(1,224)	185	35	(14)	(10,589)	1,729
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	50,000
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	50,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	576	(1,224)	185	35	(14)	(10,589)	51,729
FUND BALANCE, SEPTEMBER 30, 2012	3,923	9,259	28,147	5,414	246,754	10,596	969,319
FUND BALANCE, SEPTEMBER 30, 2013	\$ 4,499	\$ 8,035	\$ 28,332	\$ 5,449	\$ 246,740	\$ 7	\$ 1,021,048

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	SPECIAL REVENUE FUNDS						
	ELECTIONS VOTING MACHINE REPLACEMENT	ELECTION SERVICES CONTRACT	CHAPTER 19 VOTER REGISTRATION	EDWARD BYRNE MEMORIAL JAG GRANT	JAG RECOVERY GRANT	DA FEDERAL ASSETS	COMMISSARY FUND
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees of office	-	21,958	-	-	-	-	-
Intergovernmental revenues	16,000	-	13,964	61,007	-	73,128	-
Other revenues and fees	-	368	-	-	-	2,954	188,332
Total Revenues	16,000	22,326	13,964	61,007	-	76,082	188,332
EXPENDITURES							
General government	-	11,842	14,941	-	-	-	-
Justice system	-	-	-	-	1	262,157	93,137
Public safety	-	-	-	-	-	-	-
Corrections and rehabilitation	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-
Capital outlay	16,000	-	-	86,852	-	195,925	33,235
Debt Service-principal retirement	-	-	-	-	-	-	-
Debt Service-interest and fiscal charges	-	-	-	-	-	-	-
Total Expenditures	16,000	11,842	14,941	86,852	1	458,082	126,372
Excess of Revenue Over (Under) Expenditures	-	10,484	(977)	(25,845)	(1)	(382,000)	61,960
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	10,484	(977)	(25,845)	(1)	(382,000)	61,960
FUND BALANCE, SEPTEMBER 30, 2012	7,557	42,353	7,593	86,852	1	556,679	407,102
FUND BALANCE, SEPTEMBER 30, 2013	\$ 7,557	\$ 52,837	\$ 6,616	\$ 61,007	\$ -	\$ 174,679	\$ 469,062

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	SPECIAL REVENUE FUNDS				CAPITAL PROJECT FUND	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	DISASTER RECOVERY	CAPITAL IMPROVEMENTS GRANTS	TRANSPORTATION GRANTS	TOTAL	FACILITY IMPROVEMENT	DEBT SERVICE FUND	
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,350,710	\$ 4,280,870	\$ 5,631,580
Fees of office	-	-	-	4,291,216	-	-	4,291,216
Intergovernmental revenues	2,757	509,773	59,417	3,093,373	-	-	3,093,373
Other revenues and fees	-	136,000	-	886,613	21,931	19,389	927,933
Total Revenues	2,757	645,773	59,417	8,271,202	1,372,641	4,300,259	13,944,102
EXPENDITURES							
General government	2,757	-	-	361,377	-	-	361,377
Justice system	-	-	-	711,870	-	-	711,870
Public safety	-	-	-	947,099	-	-	947,099
Corrections and rehabilitation	-	-	-	6,147,539	-	-	6,147,539
Health and human services	-	-	-	140,207	-	-	140,207
Community and economic development	-	645,773	59,417	705,190	-	-	705,190
Capital outlay	-	-	-	500,949	2,370,148	-	2,871,097
Debt Service-principal retirement	-	-	-	-	365,377	3,240,000	3,605,377
Debt Service-interest and fiscal charges	-	-	-	-	58,623	1,005,055	1,063,678
Total Expenditures	2,757	645,773	59,417	9,514,231	2,794,148	4,245,055	16,553,434
Excess of Revenue Over (Under) Expenditures	-	-	-	(1,243,029)	(1,421,507)	55,204	(2,609,332)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	913,420	334,400	-	1,247,820
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	913,420	334,400	-	1,247,820
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	(329,609)	(1,087,107)	55,204	(1,361,512)
FUND BALANCE, SEPTEMBER 30, 2012	-	-	-	10,983,385	1,301,174	1,505,354	13,789,913
FUND BALANCE, SEPTEMBER 30, 2013	\$ -	\$ -	\$ -	\$ 10,653,776	\$ 214,067	\$ 1,560,558	\$ 12,428,401

**DETAILED SCHEDULES OF REVENUES,
EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET TO ACTUAL**

**SMITH COUNTY, TEXAS
CAPITAL PROJECTS FUND - JAIL EXPANSION PROJECT
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Other Revenues and Fees:			
Interest	\$ 120,000	\$ 124,080	\$ 4,080
Total Other Revenues and Fees	<u>120,000</u>	<u>124,080</u>	<u>4,080</u>
Total Revenues	<u>120,000</u>	<u>124,080</u>	<u>4,080</u>
EXPENDITURES			
Capital Outlay:			
Improvements	25,000,000	12,139,550	12,860,450
Total Capital Outlay	<u>25,000,000</u>	<u>12,139,550</u>	<u>12,860,450</u>
Total Expenditures	<u>25,000,000</u>	<u>12,139,550</u>	<u>12,860,450</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (24,880,000)</u>	(12,015,470)	<u>\$ 12,864,530</u>
FUND BALANCE, SEPTEMBER 30, 2012		<u>29,534,832</u>	
FUND BALANCE, SEPTEMBER 30, 2013		<u>\$ 17,519,362</u>	

SCHEDULE 8

SMITH COUNTY, TEXAS
SPECIAL REVENUE FUND - COUNTY LAW LIBRARY FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Fees of Office:			
Law library fees	\$ 151,000	\$ 143,060	\$ (7,940)
Total Fees of Office	151,000	143,060	(7,940)
Other Revenues and Fees:			
Interest	500	529	29
Miscellaneous revenue	5,000	5,000	-
Total Other Revenues and Fees	5,500	5,529	29
Total Revenues	156,500	148,589	(7,911)
EXPENDITURES			
Justice System:			
Salaries and benefits	91,063	87,926	3,137
Supplies	1,550	-	1,550
Training	61,719	62,580	(861)
Operating expenses	3,850	3,900	(50)
Miscellaneous	26,150	25,930	220
Total Justice System	184,332	180,336	3,996
Total Expenditures	184,332	180,336	3,996
Excess of Revenues Over (Under) Expenditures	<u>\$ (27,832)</u>	(31,747)	<u>\$ (3,915)</u>
FUND BALANCE, SEPTEMBER 30, 2012		<u>209,172</u>	
FUND BALANCE, SEPTEMBER 30, 2013		<u>\$ 177,425</u>	

SMITH COUNTY, TEXAS
SPECIAL REVENUE FUND - COUNTY CLERK RECORDS PRESERVATION FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Fees of Office:			
Record preservation fees	\$ 570,000	\$ 633,364	\$ 63,364
Total Fees of Office	570,000	633,364	63,364
Other Revenues and Fees:			
Interest	4,500	7,395	2,895
Total Other Revenues and Fees	4,500	7,395	2,895
Total Revenues	<u>574,500</u>	<u>640,759</u>	<u>66,259</u>
EXPENDITURES			
General Government:			
Salaries and benefits	68,664	508	68,156
Supplies	10,000	-	10,000
Miscellaneous	70,000	1,258	68,742
Imaging / rebinding	800,000	265,570	534,430
Total General Government	<u>948,664</u>	<u>267,336</u>	<u>681,328</u>
Capital Outlay:			
Equipment	500,000	80,753	419,247
Total capital outlay	<u>500,000</u>	<u>80,753</u>	<u>419,247</u>
Total Expenditures	<u>1,448,664</u>	<u>348,089</u>	<u>1,100,575</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (874,164)</u>	292,670	<u>\$ 1,166,834</u>
FUND BALANCE, SEPTEMBER 30, 2012		<u>2,761,464</u>	
FUND BALANCE, SEPTEMBER 30, 2013		<u>\$ 3,054,134</u>	

SMITH COUNTY, TEXAS
SPECIAL REVENUE FUND - DISTRICT CLERK RECORDS PRESERVATION FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Fees of Office:			
Record preservation fees	\$ 23,500	\$ 25,170	\$ 1,670
Total Fees of Office	23,500	25,170	1,670
Other Revenues and Fees:			
Interest	400	633	233
Total Other Revenues and Fees	400	633	233
Total Revenues	23,900	25,803	1,903
EXPENDITURES			
Capital Outlay:			
Equipment	10,000	-	10,000
Total Capital Outlay	10,000	-	10,000
Total Expenditures	10,000	-	10,000
Excess of Revenues Over (Under) Expenditures	\$ 13,900	25,803	\$ 11,903
FUND BALANCE, SEPTEMBER 30, 2012		86,850	
FUND BALANCE, SEPTEMBER 30, 2013		\$ 112,653	

SMITH COUNTY, TEXAS
SPECIAL REVENUE FUND - GRAFFITI ERADICATION FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Fees of Office:			
Graffiti Eradication	\$ 400	\$ 621	\$ 221
Total Fees of Office	400	621	221
Other Revenues and Fees:			
Interest	5	22	17
Total Other Revenues and Fees	5	22	17
Total Revenues	<u>405</u>	<u>643</u>	<u>238</u>
EXPENDITURES			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 405</u>	643	<u>\$ 238</u>
FUND BALANCE, SEPTEMBER 30, 2012		<u>3,199</u>	
FUND BALANCE, SEPTEMBER 30, 2013		<u>\$ 3,842</u>	

SMITH COUNTY, TEXAS
SPECIAL REVENUE FUND - COURTHOUSE SECURITY FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Fees of Office:			
Courthouse security	\$ 92,000	\$ 96,658	\$ 4,658
Courthouse security - Precinct #1	43,000	42,716	(284)
Total Fees of Office	135,000	139,374	4,374
Other Revenues and Fees:			
Interest	1,500	2,156	656
Total Other Revenues and Fees	1,500	2,156	656
Total Revenues	136,500	141,530	5,030
EXPENDITURES			
Public Safety:			
Operating	80,000	16,862	63,138
Miscellaneous	50,000	30,575	19,425
Total Infrastructure and Environmental Services	130,000	47,437	82,563
Total Expenditures	130,000	47,437	82,563
Excess of Revenues Over (Under) Expenditures	<u>\$ 6,500</u>	94,093	<u>\$ 87,593</u>
FUND BALANCE, SEPTEMBER 30, 2012		<u>291,672</u>	
FUND BALANCE, SEPTEMBER 30, 2013		<u>\$ 385,765</u>	

SMITH COUNTY, TEXAS
SPECIAL REVENUE FUND - JUSTICE COURT TECHNOLOGY FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Fees of Office:			
Justice Court technology	\$ 44,000	\$ 42,065	\$ (1,935)
Total Fees of Office	44,000	42,065	(1,935)
Other Revenues and Fees:			
Interest	150	282	132
Total Other Revenues and Fees	150	282	132
Total Revenues	44,150	42,347	(1,803)
EXPENDITURES			
Justice System:			
Operating expenses	30,000	6,560	23,440
Total Justice System	30,000	6,560	23,440
Capital Outlay:			
Equipment	16,200	4,262	11,938
Total Capital Outlay	16,200	4,262	11,938
Total Expenditures	46,200	10,822	35,378
Excess of Revenues Over (Under) Expenditures	<u>\$ (2,050)</u>	31,525	<u>\$ 33,575</u>
FUND BALANCE, SEPTEMBER 30, 2012		141,212	
FUND BALANCE, SEPTEMBER 30, 2013		<u>\$ 172,737</u>	

SMITH COUNTY, TEXAS
SPECIAL REVENUE FUND - COUNTY & DISTRICT COURT TECHNOLOGY FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Other Revenues and Fees:			
Interest	\$ 50	\$ 162	\$ 112
Other revenue	<u>9,000</u>	<u>10,968</u>	<u>1,968</u>
Total Other Revenues and Fees	<u>9,050</u>	<u>11,130</u>	<u>2,080</u>
Total Revenues	<u>9,050</u>	<u>11,130</u>	<u>2,080</u>
EXPENDITURES			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 9,050</u>	11,130	<u>\$ 2,080</u>
FUND BALANCE, SEPTEMBER 30, 2012		<u>20,254</u>	
FUND BALANCE, SEPTEMBER 30, 2013		<u>\$ 31,384</u>	

**SMITH COUNTY, TEXAS
SPECIAL REVENUE FUND - COMMUNITY POLICING FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Other Revenues and Fees:			
Interest	\$ -	\$ 47	\$ 47
Other revenue	96,216	63,230	(32,986)
Total Other Revenues and Fees	96,216	63,277	(32,939)
Total Revenues	96,216	63,277	(32,939)
EXPENDITURES			
General Governmental:			
Salaries and benefits	59,486	59,408	78
Supplies	132	132	-
Travel and training	464	464	-
Operating expenses	4,796	4,497	299
Total General Governmental	64,878	64,501	377
Total Expenditures	64,878	64,501	377
Excess of Revenues Over (Under) Expenditures	\$ 31,338	(1,224)	\$ (32,562)
FUND BALANCE, SEPTEMBER 30, 2012		9,259	
FUND BALANCE, SEPTEMBER 30, 2013		\$ 8,035	

SMITH COUNTY, TEXAS
SPECIAL REVENUE FUND - FORFEITURE INTEREST 10% FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Other Revenues and Fees:			
Interest	\$ 1,000	\$ 1,745	\$ 745
Other revenue	20,000	14,241	(5,759)
Total Other Revenues and Fees	21,000	15,986	(5,014)
Total Revenues	21,000	15,986	(5,014)
EXPENDITURES			
Health and Human Services:			
Operating expenses	16,000	16,000	-
Total Health and Human Services	16,000	16,000	-
Total Expenditures	16,000	16,000	-
Excess of Revenues Over (Under) Expenditures	\$ 5,000	(14)	\$ (5,014)
FUND BALANCE, SEPTEMBER 30, 2012		246,754	
FUND BALANCE, SEPTEMBER 30, 2013		\$ 246,740	

**SMITH COUNTY, TEXAS
SPECIAL REVENUE FUND - SEARCH & RESCUE FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Other Revenues and Fees:			
Interest	\$ -	\$ 81	\$ 81
Total Other Revenues and Fees	-	81	81
Total Revenues	-	81	81
EXPENDITURES			
Public Safety:			
Miscellaneous	10,667	10,669	(2)
Operating Expenses	1	1	-
Total Public Safety	10,668	10,670	(2)
Total Expenditures	10,668	10,670	(2)
Excess of Revenues Over (Under) Expenditures	\$ (10,668)	(10,589)	\$ 79
FUND BALANCE, SEPTEMBER 30, 2012		10,596	
FUND BALANCE, SEPTEMBER 30, 2013		\$ 7	

SMITH COUNTY, TEXAS
SPECIAL REVENUE FUND - JAC MAINTENANCE FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Other Revenues and Fees:			
Interest	\$ 1,000	\$ 1,729	\$ 729
Total Other Revenues and Fees	1,000	1,729	729
Total Revenues	1,000	1,729	729
EXPENDITURES			
Total Expenditures	-	-	-
Excess of Revenues Over (Under) Expenditures	1,000	1,729	729
OTHER FINANCING SOURCES (USES)			
Transfers in	50,000	50,000	-
Total Other Financing Sources (Uses)	50,000	50,000	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 51,000	51,729	\$ 729
FUND BALANCE, SEPTEMBER 30, 2012		969,319	
FUND BALANCE, SEPTEMBER 30, 2013		\$ 1,021,048	

**SMITH COUNTY, TEXAS
CAPITAL PROJECTS FUND - FACILITY IMPROVEMENT FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Property Taxes:			
Taxes - current	\$ 1,324,746	\$ 1,328,980	\$ 4,234
Taxes - delinquent	26,495	21,730	(4,765)
Total Property Taxes	<u>1,351,241</u>	<u>1,350,710</u>	<u>(531)</u>
Other Revenues and Fees:			
Interest	3,500	4,577	1,077
Other revenue	16,000	17,354	1,354
Total Other Revenues and Fees	<u>19,500</u>	<u>21,931</u>	<u>2,431</u>
Total Revenues	<u>1,370,741</u>	<u>1,372,641</u>	<u>1,900</u>
EXPENDITURES			
Capital Outlay:			
Improvements	2,801,653	2,370,148	431,505
Total capital outlay	<u>2,801,653</u>	<u>2,370,148</u>	<u>431,505</u>
Debt Service:			
Principal	-	365,377	(365,377)
Interest	-	58,623	(58,623)
Total Debt Service	<u>-</u>	<u>424,000</u>	<u>(424,000)</u>
Total Expenditures	<u>2,801,653</u>	<u>2,794,148</u>	<u>7,505</u>
Excess of Revenues Over (Under) Expenditures	(1,430,912)	(1,421,507)	9,405
OTHER FINANCING SOURCES (USES)			
Transfers in	334,400	334,400	-
Total Other Financing Sources (Uses)	<u>334,400</u>	<u>334,400</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (1,096,512)</u>	(1,087,107)	<u>\$ 9,405</u>
FUND BALANCE, SEPTEMBER 30, 2012		<u>1,301,174</u>	
FUND BALANCE, SEPTEMBER 30, 2013		<u>\$ 214,067</u>	

**SMITH COUNTY, TEXAS
DEBT SERVICE FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Property Taxes:			
Taxes - current	\$ 4,187,610	\$ 4,205,850	\$ 18,240
Taxes - delinquent	<u>85,461</u>	<u>75,020</u>	<u>(10,441)</u>
Total Property Taxes	<u>4,273,071</u>	<u>4,280,870</u>	<u>7,799</u>
Other Revenues and Fees:			
Interest	<u>15,000</u>	<u>19,389</u>	<u>4,389</u>
Total Other Revenues and Fees	<u>15,000</u>	<u>19,389</u>	<u>4,389</u>
Total Revenues	<u>4,288,071</u>	<u>4,300,259</u>	<u>12,188</u>
EXPENDITURES			
Debt Service:			
Principal	3,240,000	3,240,000	-
Interest	<u>1,018,400</u>	<u>1,005,055</u>	<u>13,345</u>
Total Debt Service	<u>4,258,400</u>	<u>4,245,055</u>	<u>13,345</u>
Total Expenditures	<u>4,258,400</u>	<u>4,245,055</u>	<u>13,345</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 29,671</u>	55,204	<u>\$ 25,533</u>
FUND BALANCE, SEPTEMBER 30, 2012		<u>1,505,354</u>	
FUND BALANCE, SEPTEMBER 30, 2013		<u>\$ 1,560,558</u>	

INTERNAL SERVICE FUNDS

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2013

	<u>Governmental Activities</u>		
	<u>Insurance Fund</u>	<u>Payroll Fund</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash	\$ 406,334	\$ 117,726	\$ 524,060
Investments	578	-	578
Accounts receivable	777,337	1,238	778,575
Due from other funds	-	7,795	7,795
Total Current Assets	<u>1,184,249</u>	<u>126,759</u>	<u>1,311,008</u>
LIABILITIES			
Current Liabilities:			
Vouchers payable	<u>285,424</u>	<u>64,079</u>	<u>349,503</u>
Total Current Liabilities	<u>285,424</u>	<u>64,079</u>	<u>349,503</u>
NET POSITION			
Unrestricted	<u>898,825</u>	<u>62,680</u>	<u>961,505</u>
Total Net Position	<u>\$ 898,825</u>	<u>\$ 62,680</u>	<u>\$ 961,505</u>

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	<u>Governmental Activities</u>		
	<u>Insurance Fund</u>	<u>Payroll Fund</u>	<u>Total</u>
OPERATING REVENUES			
Premiums and reimbursements	\$ 7,588,619	\$ -	\$ 7,588,619
Total Operating Revenues	<u>7,588,619</u>	<u>-</u>	<u>7,588,619</u>
OPERATING EXPENSES			
Insurance claims and administrative fees	<u>6,695,683</u>	<u>-</u>	<u>6,695,683</u>
Total Operating Expenses	<u>6,695,683</u>	<u>-</u>	<u>6,695,683</u>
Operating income	892,936	-	892,936
NON-OPERATING REVENUES			
Interest income and other	<u>4,604</u>	<u>763</u>	<u>5,367</u>
Change in net position	897,540	763	898,303
NET POSITION - SEPTEMBER 30, 2012	<u>1,285</u>	<u>61,917</u>	<u>63,202</u>
NET POSITION - SEPTEMBER 30, 2013	<u>\$ 898,825</u>	<u>\$ 62,680</u>	<u>\$ 961,505</u>

**SMITH COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2013**

	<u>Governmental Activities</u>		
	<u>Insurance Fund</u>	<u>Payroll Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received for premiums	\$ 6,871,613	\$ 43,541,326	\$ 50,412,939
Cash paid to customers	(6,729,975)	(43,536,139)	(50,266,114)
Net cash provided by operating activities	<u>141,638</u>	<u>5,187</u>	<u>146,825</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments	(1)	-	(1)
Interest on investments	4,604	763	5,367
Net cash provided by investing activities	<u>4,603</u>	<u>763</u>	<u>5,366</u>
Net increase in cash	146,241	5,950	152,191
Cash at beginning of year	<u>260,093</u>	<u>111,776</u>	<u>371,869</u>
CASH AT END OF YEAR	<u>\$ 406,334</u>	<u>\$ 117,726</u>	<u>\$ 524,060</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 892,936	\$ -	\$ 892,936
Adjustment to reconcile operating income to net cash provided by operating activities:			
(Increase) decrease in accounts receivable	(715,011)	1,040	(713,971)
Decrease in prepaids	23,934	-	23,934
Increase in due from other funds	-	(7,795)	(7,795)
(Decrease) increase in vouchers payable	(58,226)	11,942	(46,284)
Decrease in deferred revenue	(1,995)	-	(1,995)
Net cash provided by operating activities	<u>\$ 141,638</u>	<u>\$ 5,187</u>	<u>\$ 146,825</u>

This page left blank intentionally.

FIDUCIARY FUNDS

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
SEPTEMBER 30, 2013

	<u>Trust & Agency Fund</u>	<u>Evidence Fund</u>	<u>ACH Clearing Fund</u>	<u>Tax Office Fee Account</u>	<u>District Clerk Fee Account</u>	<u>County Clerk Fee Account</u>
Assets						
Cash	\$ 823,170	\$ 5,577	\$ 1,928	\$ 2,738,946	\$ 1,211,967	\$ 1,826,681
Investments	-	-	-	-	1,012,450	2,556,887
Accounts receivable	147,789	-	-	-	-	-
Total assets	<u>\$ 970,959</u>	<u>\$ 5,577</u>	<u>\$ 1,928</u>	<u>\$ 2,738,946</u>	<u>\$ 2,224,417</u>	<u>\$ 4,383,568</u>
Liabilities						
Vouchers payable	\$ 557,517	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	413,442	-	-	-	-	-
Other liabilities	-	5,577	1,928	2,738,946	2,224,417	4,383,568
Total liabilities	<u>\$ 970,959</u>	<u>\$ 5,577</u>	<u>\$ 1,928</u>	<u>\$ 2,738,946</u>	<u>\$ 2,224,417</u>	<u>\$ 4,383,568</u>

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
SEPTEMBER 30, 2013

	<u>Sheriff Fee Account</u>	<u>Justices of the Peace Fee Account</u>	<u>Adult Probation Fee Account</u>	<u>Juvenile Probation Fee Account</u>	<u>District Attorney Fee Account</u>	<u>Total Agency Funds</u>
Assets						
Cash	\$ 108,575	\$ 46,615	\$ 155,294	\$ -	\$ -	\$ 6,918,753
Investments	-	-	-	-	-	3,569,337
Accounts receivable	-	-	-	-	-	147,789
Total assets	<u>\$ 108,575</u>	<u>\$ 46,615</u>	<u>\$ 155,294</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,635,879</u>
Liabilities						
Vouchers payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 557,517
Due to other governments	-	-	-	-	-	413,442
Other liabilities	108,575	46,615	155,294	-	-	9,664,920
Total liabilities	<u>\$ 108,575</u>	<u>\$ 46,615</u>	<u>\$ 155,294</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,635,879</u>

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	September 30, 2012	Additions	Deductions	September 30, 2013
Trust & Agency Fund				
Assets				
Cash	\$ 797,986	\$ 2,386,993	\$ 2,361,809	\$ 823,170
Accounts receivable	126,627	21,162	-	147,789
Total assets	\$ 924,613	\$ 2,408,155	\$ 2,361,809	\$ 970,959
Liabilities				
Vouchers payable	\$ 602,147	\$ 903,824	\$ 948,454	\$ 557,517
Due to other governments	322,466	1,504,331	1,413,355	413,442
Total liabilities	\$ 924,613	\$ 2,408,155	\$ 2,361,809	\$ 970,959
Evidence Fund				
Assets				
Cash	\$ 5,540	\$ 37	\$ -	\$ 5,577
Total assets	\$ 5,540	\$ 37	\$ -	\$ 5,577
Liabilities				
Other liabilities	\$ 5,540	\$ 37	\$ -	\$ 5,577
Total liabilities	\$ 5,540	\$ 37	\$ -	\$ 5,577
ACH Clearing Fund				
Assets				
Cash	\$ 1,859	\$ 2,477,855	\$ 2,477,786	\$ 1,928
Total assets	\$ 1,859	\$ 2,477,855	\$ 2,477,786	\$ 1,928
Liabilities				
Other liabilities	\$ 1,859	\$ 2,477,855	\$ 2,477,786	\$ 1,928
Total liabilities	\$ 1,859	\$ 2,477,855	\$ 2,477,786	\$ 1,928
Tax Office Fee Account				
Assets				
Cash	\$ 2,163,190	\$ 331,474,694	\$ 330,898,938	\$ 2,738,946
Total assets	\$ 2,163,190	\$ 331,474,694	\$ 330,898,938	\$ 2,738,946
Liabilities				
Other liabilities	\$ 2,163,190	\$ 331,474,694	\$ 330,898,938	\$ 2,738,946
Total liabilities	\$ 2,163,190	\$ 331,474,694	\$ 330,898,938	\$ 2,738,946
District Clerk Fee Account				
Assets				
Cash	\$ 1,312,951	\$ 3,547,716	\$ 3,648,700	\$ 1,211,967
Investments	1,093,932	259,509	340,991	1,012,450
Total assets	\$ 2,406,883	\$ 3,807,225	\$ 3,989,691	\$ 2,224,417
Liabilities				
Other liabilities	\$ 2,406,883	\$ 3,807,225	\$ 3,989,691	\$ 2,224,417
Total liabilities	\$ 2,406,883	\$ 3,807,225	\$ 3,989,691	\$ 2,224,417
County Clerk Fee Account				
Assets				
Cash	\$ 1,960,958	\$ 5,052,323	\$ 5,186,600	\$ 1,826,681
Investments	2,643,783	515,662	602,558	2,556,887
Total assets	\$ 4,604,741	\$ 5,567,985	\$ 5,789,158	\$ 4,383,568
Liabilities				
Other liabilities	\$ 4,604,741	\$ 5,567,985	\$ 5,789,158	\$ 4,383,568
Total liabilities	\$ 4,604,741	\$ 5,567,985	\$ 5,789,158	\$ 4,383,568

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	September 30, 2012	Additions	Deductions	September 30, 2013
Sherriff Fee Account				
Assets				
Cash	\$ 172,106	\$ 2,828,708	\$ 2,892,239	\$ 108,575
Total assets	\$ 172,106	\$ 2,828,708	\$ 2,892,239	\$ 108,575
Liabilities				
Other liabilities	\$ 172,106	\$ 2,828,708	\$ 2,892,239	\$ 108,575
Total liabilities	\$ 172,106	\$ 2,828,708	\$ 2,892,239	\$ 108,575
Justices of the Peace Fee Account				
Assets				
Cash	\$ 39,190	\$ 2,902,721	\$ 2,895,296	\$ 46,615
Total assets	\$ 39,190	\$ 2,902,721	\$ 2,895,296	\$ 46,615
Liabilities				
Other liabilities	\$ 39,190	\$ 2,902,721	\$ 2,895,296	\$ 46,615
Total liabilities	\$ 39,190	\$ 2,902,721	\$ 2,895,296	\$ 46,615
Adult Probation Fee Account				
Assets				
Cash	\$ 134,530	\$ 1,992,540	\$ 1,971,776	\$ 155,294
Total assets	\$ 134,530	\$ 1,992,540	\$ 1,971,776	\$ 155,294
Liabilities				
Other liabilities	\$ 134,530	\$ 1,992,540	\$ 1,971,776	\$ 155,294
Total liabilities	\$ 134,530	\$ 1,992,540	\$ 1,971,776	\$ 155,294
Juvenile Probation Fee Account				
Assets				
Cash	\$ 42	\$ 546	\$ 588	\$ -
Total assets	\$ 42	\$ 546	\$ 588	\$ -
Liabilities				
Other liabilities	\$ 42	\$ 546	\$ 588	\$ -
Total liabilities	\$ 42	\$ 546	\$ 588	\$ -
District Attorney Fee Account				
Assets				
Cash	\$ -	\$ 282,796	\$ 282,796	\$ -
Total assets	\$ -	\$ 282,796	\$ 282,796	\$ -
Liabilities				
Other liabilities	\$ -	\$ 282,796	\$ 282,796	\$ -
Total liabilities	\$ -	\$ 282,796	\$ 282,796	\$ -
Total - All Agency Funds				
Assets				
Cash	\$ 6,588,352	\$ 352,946,929	\$ 352,616,528	\$ 6,918,753
Investments	3,737,715	775,171	943,549	3,569,337
Accounts receivable	126,627	21,162	-	147,789
Total assets	\$ 10,452,694	\$ 353,743,262	\$ 353,560,077	\$ 10,635,879
Liabilities				
Vouchers payable	\$ 602,147	\$ 903,824	\$ 948,454	\$ 557,517
Due to other governments	322,466	1,504,331	1,413,355	413,442
Other liabilities	9,528,081	351,335,107	351,198,268	9,664,920
Total liabilities	\$ 10,452,694	\$ 353,743,262	\$ 353,560,077	\$ 10,635,879



STATISTICAL SECTION

**SMITH COUNTY, TEXAS
STATISTICAL SECTION**

This part of Smith County’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the County’s overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	89
Revenue Capacity	
These schedules contain information to help the reader assess the County’s most significant local revenue source, property taxes.	93
Debt Capacity	
These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.	99
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.	101
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.	103

Table 1

**SMITH COUNTY, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Invested in Capital Assets, net of related debt	\$ 14,626,952	\$ 18,877,959	\$ 27,880,686	\$ 33,410,463	\$ 35,484,517	\$38,706,007	\$ 41,641,439	\$ 41,344,486	\$ 41,543,340	\$ 45,191,948
Restricted	8,690,919	9,529,857	6,141,813	3,235,153	2,669,251	2,619,999	1,178,862	10,939,989	11,457,212	11,273,480
Unrestricted	17,486,550	16,672,934	16,284,071	21,036,147	27,043,288	20,707,155	11,223,734	1,302,772	1,327,726	2,180,381
Total governmental activities net position	\$ 40,804,421	\$ 45,080,750	\$ 50,306,570	\$ 57,681,763	\$ 65,197,056	\$62,033,161	\$ 54,044,035	\$ 53,587,247	\$ 54,328,278	\$ 58,645,809

Source: Government-wide Statement of Net Position

Table 2

**SMITH COUNTY, TEXAS
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<i>Expenses:</i>										
General government	\$ 7,291,686	\$ 7,505,881	\$ 9,095,728	\$ 10,562,099	\$ 12,277,826	\$ 15,254,066	\$ 15,296,017	\$ 14,371,733	\$ 13,728,952	\$ 12,834,578
Justice system	14,033,007	14,425,143	15,233,280	13,321,926	15,533,927	17,280,920	18,779,771	17,868,740	18,462,956	18,438,771
Public safety	6,634,514	7,417,029	7,826,792	9,469,038	10,674,578	15,195,201	13,898,214	13,361,846	14,129,032	13,205,896
Health & human services	2,591,414	3,267,779	2,953,574	2,931,395	3,110,244	2,137,004	3,594,974	1,980,055	2,311,701	1,825,570
Conservation	-	-	-	25,112	15,328	-	-	-	-	-
Infrastructure	6,367,850	4,332,439	4,543,461	6,787,532	6,576,941	8,565,139	7,644,779	8,205,372	8,087,384	7,427,825
Corrections & rehabilitation	14,855,604	15,734,815	18,619,469	18,083,700	20,750,890	23,944,201	26,843,276	24,998,840	23,001,543	22,895,180
Community & economic development	-	-	-	-	-	-	-	-	65,628	705,190
Interest on long-term debt	827,558	1,019,267	998,811	609,442	615,197	591,880	459,575	564,727	1,091,290	1,062,624
Total Governmental Activities Expenses	\$ 52,601,633	\$ 53,702,353	\$ 59,271,115	\$ 61,790,244	\$ 69,554,931	\$ 82,968,411	\$ 86,516,606	\$ 81,351,313	\$ 80,878,486	\$ 78,395,634
<i>Revenues:</i>										
Net Program Revenues:										
Charges for Services:										
General government	\$ 2,117,935	\$ 2,178,175	\$ 2,426,562	\$ 2,667,458	\$ 3,273,290	\$ 3,398,804	\$ 3,429,289	\$ 4,137,746	\$ 4,536,536	\$ 5,131,826
Justice system	3,323,368	3,319,752	3,852,411	3,798,594	4,065,826	4,041,662	3,843,444	3,781,583	3,686,302	3,913,891
Public safety	716,869	839,555	842,136	822,200	854,056	835,080	1,029,899	984,690	1,007,656	1,024,531
Health & human services	-	5	5	10	-	-	-	-	-	-
Infrastructure	4,351,775	4,744,108	4,703,213	4,746,757	4,611,315	4,383,023	3,945,405	3,815,663	3,931,043	3,667,550
Corrections & rehabilitation	2,622,798	2,827,040	3,107,186	3,121,680	3,456,577	3,411,496	3,532,706	3,327,735	3,460,997	3,588,740
Community & economic development	148,788	150,802	154,995	154,443	147,171	144,833	156,010	157,458	154,630	143,060
Operating grants & contributions	5,980,885	4,959,734	5,051,011	5,441,925	6,757,471	8,057,403	8,060,048	6,327,076	5,661,016	4,333,248
Capital grants & contributions	31,880	112,893	1,442,703	903,028	71,609	17,573	582,100	328,008	134,023	709,537
Total Governmental Activities Program revenues	19,294,298	19,132,064	21,580,222	21,656,095	23,237,315	24,289,874	24,578,901	22,859,959	22,572,203	22,512,383
Net (Expense)/Revenue:	\$ (33,307,335)	\$ (34,570,289)	\$ (37,690,893)	\$ (40,134,149)	\$ (46,317,616)	\$ (58,678,537)	\$ (61,937,705)	\$ (58,491,354)	\$ (58,306,283)	\$ (55,883,251)
General Revenues:										
Property taxes	\$ 22,498,083	\$ 24,486,652	\$ 26,427,379	\$ 30,751,982	\$ 35,633,927	\$ 37,881,773	\$ 38,448,339	\$ 42,132,195	\$ 43,022,048	\$ 43,438,070
Sales & other taxes	11,671,090	12,591,960	14,275,527	14,255,632	16,675,084	15,974,356	13,966,432	15,284,372	15,367,369	16,098,612
Rentals & commissions	868,933	792,444	686,611	620,441	592,221	632,439	532,540	-	-	-
Reimbursements	59,954	10,144	78,417	38,336	167,900	439,483	272,652	-	-	-
Miscellaneous	33,280	162,864	176,327	143,508	106,345	153,909	353,141	79,016	87,088	105,134
State shared	89,239	129,983	-	144,718	-	-	-	-	-	-
Gain in sale of assets	11,816	5,384	7,565	3,274	(341,031)	203,866	218,239	69,833	200,366	12,412
Loss on donation of assets	(42,000)	-	-	-	-	-	-	-	-	-
Interest	186,867	664,187	1,264,887	1,551,451	998,463	281,304	157,236	162,820	370,443	546,554
Total Governmental Activities	35,377,262	38,843,618	42,916,713	47,509,342	53,832,909	55,567,130	53,948,579	57,728,236	59,047,314	60,200,782
Change in net assets	2,069,927	4,273,329	5,225,820	7,375,193	7,515,293	(3,111,407)	(7,989,126)	(763,118)	741,031	4,317,531
Net position - beginning	38,737,775	40,804,421	45,080,750	50,306,570	57,681,763	65,197,056	62,033,161	54,044,035	53,587,247	54,328,278
Other increases (decreases) in fund balance	(3,281)	3,000	-	-	-	(52,488)	-	306,330	-	-
Net position- ending	\$ 40,804,421	\$ 45,080,750	\$ 50,306,570	\$ 57,681,763	\$ 65,197,056	\$ 62,033,161	\$ 54,044,035	\$ 53,587,247	\$ 54,328,278	\$ 58,645,809

Source: Statement of Activities

Table 3

SMITH COUNTY, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Fund Balances										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 304,894	\$ -	\$ 175,462
Assigned As:										
Indigent Health Care	1,053,145	1,177,692	1,378,509	1,644,337	1,846,279	1,994,397	300,017	343,265	139,271	183,975
Juvenile Services	1,457,793	1,414,544	1,155,834	1,180,223	894,266	698,860	901,877	1,326,370	1,880,633	2,213,167
Workforce Development	-	-	-	-	-	-	-	317,840	336,226	343,172
Unassigned	6,432,116	6,819,698	7,154,040	8,945,804	12,399,266	11,177,121	9,490,351	12,395,091	17,052,444	21,642,832
Restricted As:										
Capital Projects	-	-	-	-	-	-	-	-	-	141,073
Total General Fund	<u>\$ 8,943,054</u>	<u>\$ 9,411,934</u>	<u>\$ 9,688,383</u>	<u>\$ 11,770,364</u>	<u>\$ 15,139,811</u>	<u>\$ 13,870,378</u>	<u>\$ 10,692,245</u>	<u>\$ 14,687,460</u>	<u>\$ 19,408,574</u>	<u>\$ 24,699,681</u>
Road and Bridge Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,759	\$ -	\$ -
Committed	1,173,326	1,677,914	969,076	1,809,604	2,986,582	2,253,929	2,163,303	2,551,160	3,309,953	4,042,341
Total Road and Bridge Fund	<u>\$ 1,173,326</u>	<u>\$ 1,677,914</u>	<u>\$ 969,076</u>	<u>\$ 1,809,604</u>	<u>\$ 2,986,582</u>	<u>\$ 2,253,929</u>	<u>\$ 2,163,303</u>	<u>\$ 2,584,919</u>	<u>\$ 3,309,953</u>	<u>\$ 4,042,341</u>
Jail Expansion Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,292,057	\$ 29,534,832	\$ 17,519,362
Total Jail Expansion Fund	<u>\$ -</u>	<u>\$ 34,292,057</u>	<u>\$ 29,534,832</u>	<u>\$ 17,519,362</u>						
All Other Governmental Funds										
Debt Service Fund										
Restricted	\$ 395,836	\$ 327,026	\$ 774,808	\$ 1,227,199	\$ 1,599,898	\$ 1,921,211	\$ 1,111,647	\$ 1,472,562	\$ 1,505,354	\$ 1,560,558
Capital Project Funds										
Committed	10,120,429	9,202,831	5,367,005	2,007,954	1,069,353	698,788	67,215	96,097	1,301,174	1,295,994
Special Revenue Funds:										
Nonspendable	-	-	-	-	-	-	-	8,987	-	-
Committed	-	-	-	-	-	-	-	1,689,716	1,031,527	-
Restricted	4,606,788	5,262,468	6,061,201	7,353,858	8,592,070	9,433,150	10,269,047	9,424,092	9,951,858	9,571,849
Total All Other Governmental Funds	<u>\$ 15,123,053</u>	<u>\$ 14,792,325</u>	<u>\$ 12,203,014</u>	<u>\$ 10,589,011</u>	<u>\$ 11,261,321</u>	<u>\$ 12,053,149</u>	<u>\$ 11,447,909</u>	<u>\$ 12,691,454</u>	<u>\$ 13,789,913</u>	<u>\$ 12,428,401</u>

Source: Governmental Funds Balance Sheet

Table 4

SMITH COUNTY, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Property taxes	\$ 22,544,199	\$ 24,751,619	\$ 26,392,836	\$ 30,673,980	\$ 35,532,179	\$ 37,881,772	\$ 38,448,342	\$ 41,014,854	\$ 42,852,403	\$ 43,491,921
Licenses and other taxes	12,102,578	13,038,924	14,280,687	15,258,333	16,678,405	15,579,801	14,999,514	15,289,486	15,373,326	16,112,734
Fees of office	7,969,582	8,327,311	11,191,108	12,716,102	13,563,299	13,600,572	13,116,896	13,297,716	13,485,803	13,894,901
Fines	1,806,392	1,992,136	1,936,923	1,870,588	2,064,635	1,830,601	1,680,268	1,579,776	1,578,666	1,494,520
Intergovernmental revenues	6,271,055	5,474,492	5,457,707	4,317,179	4,043,632	3,994,127	5,686,766	4,058,250	4,376,869	4,024,089
Other revenues and fees	3,981,375	4,679,738	5,203,132	5,106,537	5,450,312	6,386,699	5,504,479	4,389,536	3,694,866	3,837,093
Total Revenues	\$ 54,675,181	\$ 58,264,220	\$ 64,462,393	\$ 69,942,719	\$ 77,332,462	\$ 79,273,572	\$ 79,436,265	\$ 79,629,618	\$ 81,361,933	\$ 82,855,258
EXPENDITURES										
Current:										
General government	\$ 7,221,999	\$ 7,439,789	\$ 8,244,300	\$ 8,065,066	\$ 9,713,382	\$ 11,514,944	\$ 11,247,975	\$ 10,648,052	\$ 11,263,202	\$ 11,084,803
Justice system	12,901,932	12,698,186	14,005,201	13,187,193	15,100,425	15,986,133	16,995,214	15,981,625	16,533,591	17,151,120
Public safety	6,494,988	8,123,191	7,251,811	8,993,405	10,280,652	13,714,061	12,110,392	11,793,429	11,848,201	11,691,321
Corrections and rehabilitation	13,807,053	15,058,288	17,953,557	19,180,368	20,401,531	21,505,263	24,188,157	22,013,924	20,192,127	20,752,349
Health and human services	2,646,118	2,181,419	2,896,398	3,009,062	3,098,054	2,083,805	3,541,691	1,949,226	2,303,651	1,833,641
Conservation	-	-	-	25,112	15,308	3	-	-	-	-
Infrastructure & environmental	6,103,245	6,539,127	6,188,899	7,444,547	6,618,657	8,619,006	8,020,534	5,829,170	5,526,159	5,529,769
Community & Economic Development	-	-	-	-	-	-	-	-	65,628	705,190
Capital outlay	2,975,641	2,110,970	8,742,763	5,640,453	4,029,595	6,205,822	4,113,472	4,418,149	8,157,654	18,245,035
Debt Service:										
Principal retirement	2,035,785	2,138,127	5,590,729	2,173,769	2,266,315	2,707,355	2,730,716	2,859,119	4,164,856	4,275,406
Interest & fiscal charges	879,841	1,020,116	935,618	716,713	618,924	542,561	533,122	526,294	1,262,842	1,115,291
Total Expenditures	\$ 55,066,602	\$ 57,309,213	\$ 71,809,276	\$ 68,435,688	\$ 72,142,843	\$ 82,878,953	\$ 83,481,273	\$ 76,018,988	\$ 81,317,911	\$ 92,383,925
Excess (deficiency) of revenues over (under expenditures)	\$ (391,421)	\$ 955,007	\$ (7,346,883)	\$ 1,507,031	\$ 5,189,619	\$ (3,605,381)	\$ (4,045,008)	\$ 3,610,630	\$ 44,022	\$ (9,528,667)
OTHER FINANCING SOURCES (USES)										
Transfers in	\$ 2,920,201	\$ 2,360,625	\$ 2,226,793	\$ 358,543	\$ 359,752	\$ 400,237	\$ 456,311	\$ 275,303	\$ 1,288,691	\$ 1,597,820
Transfers out	(3,345,201)	(2,860,625)	(2,626,793)	(758,543)	(759,752)	(400,237)	(456,311)	(275,303)	(1,288,691)	(1,597,820)
Premium on long-term debt	-	-	-	-	-	-	-	978,275	-	-
Payment to escrow agent for refunded bonds	-	-	-	-	-	-	-	(5,837,616)	-	-
Bond proceeds	6,500,000	-	-	-	-	-	-	39,955,000	-	-
Capital lease proceeds	407,278	200,889	4,725,183	201,476	429,116	2,447,611	171,009	1,246,144	1,743,359	2,175,180
Total Other Financing Sources (Uses)	\$ 6,482,278	\$ (299,111)	\$ 4,325,183	\$ (198,524)	\$ 29,116	\$ 2,447,611	\$ 171,009	\$ 36,341,803	\$ 1,743,359	\$ 2,175,180
Net change in fund balances	6,090,857	655,896	(3,021,700)	1,308,507	5,218,735	(1,157,770)	(3,873,999)	39,952,433	1,787,381	(7,353,487)
Fund balances - Beginning of year	19,151,857	25,239,433	25,882,173	22,860,473	24,168,980	29,387,715	28,177,457	24,303,458	64,255,891	66,043,272
Other increases (decreases) to fund balance	(3,281)	(13,156)	-	-	-	-	-	-	-	-
Prior period adjustment	-	-	-	-	-	(52,488)	-	-	-	-
Fund Balances - End of year	\$ 25,239,433	\$ 25,882,173	\$ 22,860,473	\$ 24,168,980	\$ 29,387,715	\$ 28,177,457	\$ 24,303,458	\$ 64,255,891	\$ 66,043,272	\$ 58,689,785
Debt Service as a Percentage of Noncapital Expenditures	5.3%	5.5%	9.1%	4.2%	4.0%	3.9%	3.9%	4.5%	6.7%	5.8%

Source: Government-wide Statement of Revenues, Expenditures and Changes in Fund Balance

**SMITH COUNTY, TEXAS
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Property taxes	\$ 22,498,083	\$ 24,486,652	\$ 26,427,379	\$ 30,751,982	\$ 35,633,927	\$ 37,881,772	\$ 38,448,339	\$ 42,132,195	\$ 43,022,048	\$ 43,438,070
Sales tax	11,346,014	12,255,436	13,901,878	14,868,168	16,260,126	15,548,524	13,536,414	14,827,226	14,952,458	15,650,035
Other taxes	325,076	339,524	373,649	387,464	414,958	425,833	430,018	457,146	414,911	448,577
Total Tax Revenue	\$ 34,169,173	\$ 37,081,612	\$ 40,702,906	\$ 46,007,614	\$ 52,309,011	\$ 53,856,129	\$ 52,414,771	\$ 57,416,567	\$ 58,389,417	\$ 59,536,682

Source: Government-wide Statement of Activities

Table 6
Page 1 of 2

SMITH COUNTY, TEXAS
TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	2013		2012		2011		2010		2009	
	Amount	% of Total								
Real, residential, single-family	\$ 7,533,980,526	41.38%	\$ 7,368,844,402	41.49%	\$ 7,290,020,159	45.86%	\$ 7,164,015,965	45.81%	\$ 7,118,238,266	45.33%
Real, residential, multi-family	607,376,411	3.34%	585,563,445	3.30%	577,350,602	3.63%	564,340,930	3.61%	577,504,002	3.68%
Real, vacant lots/tracts	325,512,277	1.79%	316,418,359	1.78%	314,078,686	1.98%	305,741,812	1.96%	331,048,016	2.11%
Real, acreage (land only)	1,895,165,170	10.41%	1,895,257,020	10.67%	1,840,319,602	11.58%	1,698,804,910	10.86%	1,580,353,300	10.06%
Real, farm and ranch improvements	815,063,196	4.48%	787,102,513	4.43%	781,867,857	4.92%	789,419,478	5.05%	725,751,341	4.62%
Real, commercial	2,323,696,408	12.76%	2,254,448,661	12.69%	2,246,869,924	14.13%	2,222,316,521	14.21%	2,233,883,705	14.23%
Real, industrial	318,667,955	1.75%	315,657,235	1.78%	254,115,499	1.60%	241,268,859	1.54%	241,970,158	1.54%
Real, oil, gas and other mineral reserves	336,761,438	1.85%	342,643,958	1.93%	384,537,816	2.42%	441,822,220	2.83%	498,828,810	3.18%
Real and tangible personal, utilities	36,675,149	0.20%	34,292,498	0.19%	351,377,665	2.21%	357,593,692	2.29%	357,686,381	2.28%
Tangible personal, business commercial	1,147,221,057	6.30%	1,696,530,712	9.55%	1,650,488,060	10.38%	1,638,601,148	10.48%	1,817,801,727	11.58%
Utilities, tangible personal, other	330,019,179	1.81%	310,695,729	1.75%	80,099,951	0.50%	80,480,293	0.51%	83,691,772	0.53%
Tangible personal, business industrial	553,111,984	3.04%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Tangible personal, other (mobile homes)	82,482,964	0.45%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Real property, inventory	55,254,705	0.30%	82,299,398	0.46%	74,545,208	0.47%	90,426,046	0.58%	81,499,272	0.52%
Real inventory	-	0.00%	62,373,976	0.35%	-	0.00%	-	0.00%	-	0.00%
Special inventory	59,541,837	0.33%	53,880,681	0.30%	51,024,344	0.32%	42,955,198	0.27%	53,232,569	0.34%
Tax Exempt Property, Real	1,787,895,521	9.82%	1,626,478,355	9.16%	-	0.00%	-	0.00%	-	0.00%
Tax Exempt Property, Personal	-	0.00%	25,357,249	0.14%	-	0.00%	-	0.00%	-	0.00%
Tax Exempt Property, Mineral	-	0.00%	2,587,597	0.01%	-	0.00%	-	0.00%	-	0.00%
Total Appraised Value Before Exemptions	\$ 18,208,425,777	100.00%	\$ 17,760,431,788	100.00%	\$ 15,896,695,373	100.00%	\$ 15,637,787,072	100.00%	\$ 15,701,489,319	100.00%
Less: total exemptions/reductions	4,091,181,762		3,974,179,812		2,267,135,381		2,120,377,484		2,130,576,196	
Add: Protested value not in dispute	12,117,194		-		-		-		-	
Taxable Assessed Value	<u>\$ 14,129,361,209</u>		<u>\$ 13,786,251,976</u>		<u>\$ 13,629,559,992</u>		<u>\$ 13,517,409,588</u>		<u>\$ 13,570,913,123</u>	
Total Direct Tax Rate	0.323564		0.323564		0.32394		0.31394		0.28894	
Estimated Actual Assessed Value	\$ 14,129,361,209		\$ 13,786,950,359		\$ 13,629,559,992		\$ 13,517,409,588		\$ 13,570,913,123	
Assessed Value as a Percentage of Actual Value	100.00%		100.00%		100.00%		100.00%		100.00%	

SMITH COUNTY, TEXAS
TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	2008		2007		2006		2005		2004	
	Amount	% of Total								
Real, residential, single-family	\$ 7,028,101,220	45.55%	\$ 6,626,306,190	45.77%	\$ 6,164,959,540	46.35%	\$ 5,540,299,660	46.40%	\$ 5,115,799,140	46.13%
Real, residential, multi-family	503,377,370	3.26%	457,396,960	3.16%	383,868,410	2.89%	357,096,620	2.99%	296,720,730	2.68%
Real, vacant lots/tracts	385,879,080	2.50%	319,393,970	2.21%	255,925,060	1.92%	208,718,470	1.75%	193,911,100	1.75%
Real, acreage (land only)	1,417,723,830	9.19%	1,360,792,920	9.40%	1,221,144,470	9.18%	1,142,859,500	9.57%	1,097,687,490	9.90%
Real, farm and ranch improvements	649,237,880	4.21%	606,903,560	4.19%	563,044,980	4.23%	509,824,140	4.27%	473,705,720	4.27%
Real, commercial	2,105,727,110	13.65%	1,939,794,210	13.40%	1,774,127,010	13.34%	1,590,440,330	13.32%	1,487,366,700	13.41%
Real, industrial	311,390,810	2.02%	229,860,120	1.59%	175,543,500	1.32%	169,713,690	1.42%	166,579,450	1.50%
Real, oil, gas and other mineral reserves	625,567,720	4.05%	597,447,430	4.13%	546,050,730	4.11%	321,432,030	2.69%	258,832,100	2.33%
Real and tangible personal, utilities	360,444,575	2.34%	353,260,441	2.44%	347,009,386	2.61%	334,352,098	2.80%	329,546,882	2.97%
Tangible personal, business commercial	1,833,286,394	11.88%	1,787,042,959	12.34%	1,686,011,418	12.68%	1,588,177,562	13.30%	-	0.00%
Utilities, tangible personal, other	77,838,340	0.50%	80,400,580	0.56%	80,570,090	0.61%	84,005,341	0.70%	88,951,805	0.80%
Tangible personal, business industrial	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Tangible personal, other (mobile homes)	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Real property, inventory	69,280,430	0.45%	117,745,039	0.81%	47,085,210	0.35%	45,370,240	0.38%	34,622,290	0.31%
Real inventory	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Special inventory	60,260,314	0.39%	-	0.00%	55,520,325	0.42%	47,248,174	0.40%	46,020,708	0.41%
Tax Exempt Property, Real	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Tax Exempt Property, Personal	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Tax Exempt Property, Mineral	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total Appraised Value Before Exemptions	\$ 15,428,115,073	100.00%	\$ 14,477,072,979	100.00%	\$ 13,300,860,129	100.00%	\$ 11,939,537,855	100.00%	\$ 11,090,513,132	100.00%
Less: total exemptions/reductions	2,005,305,336		1,934,992,052		1,794,609,415		1,696,822,360		1,595,047,506	
Add: Protested value not in dispute	-		-		-		-		-	
Taxable Assessed Value	\$ 13,422,809,737		\$ 12,542,080,927		\$ 11,506,250,714		\$ 10,242,715,495		\$ 9,495,465,626	
Total Direct Tax Rate	0.28894		0.28894		0.26828		0.255447		0.255447	
Estimated Actual Assessed Value	\$ 13,422,809,737		\$ 12,542,080,927		\$ 11,506,250,714		\$ 10,242,715,495		\$ 9,495,465,626	
Assessed Value as a Percentage of Actual Value	100.00%		100.00%		100.00%		100.00%		100.00%	

Table 7

**SMITH COUNTY, TEXAS
PROPERTY TAX RATES*
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year Ended	Smith County			Overlapping Rates					Total Direct and Overlapping Rates
	Debt			City of Tyler	Tyler ISD	Tyler Junior College	Chapel Hill ISD	Whitehouse ISD	
	Operating	Service	Total	Total	Total	Total	Total	Total	
2004	0.222140	0.032330	0.25447	0.24886	1.46000	0.12230	1.59000	1.50300	5.17863
2005	0.224780	0.029690	0.25447	0.24886	1.46000	0.12720	1.59000	1.50300	5.18353
2006	0.224050	0.030420	0.25447	0.23838	1.54020	0.12720	1.59000	1.52800	5.27825
2007	0.242520	0.025760	0.26828	0.22366	1.48800	0.12720	1.24000	1.20000	4.54714
2008	0.265190	0.023750	0.28894	0.19900	1.21500	0.12717	1.24000	1.19800	4.26811
2009	0.266450	0.022490	0.28894	0.20400	1.21000	0.12717	1.26500	1.19300	4.28811
2010	0.275890	0.013050	0.28894	0.20400	1.37500	0.13695	1.27000	1.19300	4.46789
2011	0.291171	0.022769	0.31394	0.20887	1.37500	0.18218	1.26000	1.19300	4.53298
2012	0.287601	0.035963	0.32356	0.20771	1.37500	0.19993	1.24500	1.19300	4.54420
2013	0.288352	0.035212	0.32356	0.22000	1.37500	0.19993	1.25300	1.19300	4.56449

Sources: Smith County Appraisal District

Note:

* Rates are per \$100 valuation.

Table 8**SMITH COUNTY, TEXAS
LARGEST TAX PAYERS**

<u>Name of Taxpayer</u>	<u>Nature of Property</u>	2013 Tax Year Taxable Assessed Valuation	% of Net Taxable Assessed Valuation
Delek Refining	Refinery	\$ 265,142,207	1.88%
Brookshire Grocery	Grocery Wholesaler/Retailer	140,430,906	0.99%
Oncor Electric Delivery Co.	Utility	142,795,884	1.01%
Trane-American Standard	Manufacturer	96,573,046	0.68%
Dayton Hudson/Target	Retail	95,561,632	0.68%
Genecov Investment Group	Financial	84,090,942	0.60%
Walmart/Sam's East	Wholesaler/Retailer	75,059,017	0.53%
Simon Property Group	Property Management	42,815,000	0.30%
Linn Operating, Inc.	Oil & Gas Production	39,623,876	0.28%
Vess Oil Corporation	Oil & Gas Production	37,117,978	0.26%
		<u>\$ 1,019,210,488</u>	<u>7.21%</u>

\$14,129,361,209.00 2013 Tax Year Net Taxable Appraised Valuation

Table 9

**SMITH COUNTY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS**

Tax Year	Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2003	2004	\$ 22,135,827	\$21,525,380	97.24%	\$ 294,251	\$ 21,819,631	98.57%
2004	2005	24,135,331	23,578,176	97.69%	436,416	24,014,592	99.50%
2005	2006	26,039,833	25,444,193	97.71%	428,831	25,873,024	99.36%
2006	2007	30,447,161	29,735,345	97.66%	519,609	30,254,954	99.37%
2007	2008	35,222,010	34,457,450	97.83%	626,075	35,083,525	99.61%
2008	2009	37,617,488	36,754,222	97.71%	599,533	37,353,755	99.30%
2009	2010	38,050,173	37,210,326	97.79%	717,424	37,927,750	99.68%
2010	2011	40,950,877	40,066,257	97.84%	704,922	40,771,179	99.56%
2011	2012	42,578,284	41,723,457	97.99%	767,272	42,490,729	99.79%
2012	2013	43,151,979	42,335,407	98.11%	692,312	43,027,719	99.71%
2013	2014 *	44,234,982	41,623,043	94.10%	329,928	41,952,971	94.84%

* Collections as of 2/28/2014

Source: Smith County Tax Assessor/Collector

Table 10

**SMITH COUNTY, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended 9/30</u>	<u>Estimated Population⁽¹⁾</u>	<u>G.O. Tax Debt Outstanding at End of Year</u>	<u>Capital Leases</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income⁽²⁾</u>	<u>Per Capita</u>
2004	187,658	\$ 23,350,000	\$ 361,610	\$ 23,711,610	1.10%	126.36
2005	187,658	21,400,000	404,731	21,804,731	0.98%	116.19
2006	190,000	16,100,000	4,588,649	20,688,649	0.90%	108.89
2007	190,000	14,210,000	3,143,323	17,353,323	0.74%	91.33
2008	194,635	12,210,000	2,867,239	15,077,239	0.62%	77.46
2009	198,705	10,110,000	4,297,258	14,407,258	0.58%	72.51
2010	201,277	8,010,000	3,425,941	11,435,941	0.44%	56.82
2011	209,714	39,955,000	3,489,944	43,444,944	1.64%	207.16
2012	213,381	37,604,852	4,245,545	41,850,397	1.53%	196.13
2013	214,821	34,230,814	5,385,319	39,616,133	1.41%	184.41

(1) Source: Texas Association of Counties - County Information Project

(2) Calculated from personal income data as presented in Table 12

Table 11

**SMITH COUNTY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2013**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Tyler Independent School District	\$ 321,157,780	71.04%	\$ 228,150,487
Tyler Junior College	77,164,185	65.00%	50,156,720
Chapel Hill Independent School District	23,542,619	19.15%	4,508,412
Whitehouse Independent School District	31,525,076	27.37%	8,628,413
Subtotal, overlapping debt			<u>291,444,032</u>
Smith County (direct debt) **	39,616,133	100%	39,616,133
Total direct and overlapping debt			<u>\$ 331,060,165</u>

Source: Debt outstanding data provided by each governmental unit.

Note:

* The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the government's boundaries and dividing it by the County's total taxable assessed value.

** Direct debt includes general obligation debt and capital leases.

Table 12

**SMITH COUNTY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Estimated Population¹</u>	<u>Estimated Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age²</u>	<u>Education Level in Years of Formal Schooling²</u>	<u>School Enrollment³</u>	<u>Unemployment Rate²</u>
2004	187,658	\$ 2,159,927	\$ 11,510	34.1	n/a	17,394	5.4%
2005	187,658	2,224,725	11,855	34.1	n/a	17,489	5.0%
2006	190,000	2,291,467	12,060	34.1	13.6	17,548	4.7%
2007	190,000	2,360,211	12,422	34.1	13.6	18,040	4.2%
2008	194,635	2,431,017	12,490	34.1	13.6	18,015	5.0%
2009	198,705	2,503,948	12,601	34.1	13.6	18,090	7.6%
2010	201,277	2,579,066	12,814	34.1	13.6	18,344	7.9%
2011	209,714	2,656,438	12,667	35.5	13.6	18,600	7.3%
2012	213,381	2,736,131	12,823	35.5	13.6	18,403	7.8%
2013	214,821	2,818,215	13,119	35.5	13.6	18,336	5.8%

Data sources:

¹Bureau of Census/Population Study

²Texas Labor Market Report

³Tyler Independent School District

Note: Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year.

Personal income information is from the 2000 year census using a 3.0% growth rate and adjusting for the 2004 population study results.

Unemployment rate information is an adjusted yearly average.

School enrollment is based on the census at the start of the school year.

n/a - Data not available.

Table 13

**SMITH COUNTY, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Employer	2013			2003		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (2)
Trinity Mother Francis *	3,775	1	3.6%	3,384	1	3.9%
East Texas Medical Center *	3,153	2	3.0%	3,214	2	3.7%
Brookshire Grocery Company *	2,599	3	2.5%	2,576	3	3.0%
Tyler Independent School District	2,468	4	2.4%	2,228	4	2.6%
Trane Company *	1,500	5	1.4%	-	-	0.0%
SuddenLink*	1,500	6	1.4%	2,000	5	2.3%
Wal-Mart	1,311	7	1.3%	-	-	0.0%
UT Texas - Tyler	1,121	8	1.1%	-	-	0.0%
UT Health Center At Tyler	925	9	0.9%	1,247	6	1.4%
Tyler Junior College	862	10	0.8%	-	-	0.0%
Kelly Springfield	-	-	-	1,206	7	1.4%
Tyler Pipe	-	-	-	1,100	8	1.3%
Carrier Corporation	-	-	-	1,000	9	1.1%
Target Distribution Center	-	-	-	929	10	1.1%
Total	19,214		18.5%	18,884		21.6%

Source: Tyler Economic Development Council

* Headquarters located in Tyler.

(1) total county employment of 103,700

(2) total county employment of 87,265

Table 14

**SMITH COUNTY, TEXAS
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

	Full Time Equivalent at the Beginning of Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	87	86	90	91	93	99	101	97	96	97
Judicial	137	134	134	134	144	145	145	140	141	141
Law Enforcement	108	114	119	125	126	165	166	162	165	162
Corrections	232	255	259	259	278	295	293	293	291	304
Roads & Transportation	68	64	64	87	93	93	93	76	76	77
Other	6	6	6	6	6	6	6	4	4	3
	638	659	672	702	740	803	804	772	773	784

Table 15

**SMITH COUNTY, TEXAS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function:										
General Government:										
County Clerk:										
Number of Criminal Cases Filed	6,448	5,566	4,412	5,530	6,215	5,431	5,985	4,376	4,397	4,629
Number of Civil Cases Filed	1,397	1,408	1,581	1,724	1,245	1,129	1,394	1,384	1,324	1,150
Human Resources:										
Applications Accepted	2,563				965	1,344	2,305	3,213	2,032	1,862
Purchasing:										
Purchase Orders Issued				5,267	6,423	7,474	4,962	4,572	4,656	4,204
Annual Contracts Awarded/RFB				31	34	28	27	25	34	10
Information Technology:										
Help Desk Calls Processed					3,146	3,889	4,025	3,847	3,844	3,880
Number of Computers Supported					525	686	688	668	820	935
Elections Administration:										
Voter applications processed	23,665	15,936	25,057	27,000	8,514	9,650	4,309	4,785	4,785	15,355
Elections Held	7	4	5	10	9	11	12	12	11	6
County Auditor:										
Accounts Payable Checks Processed					26,699	25,519	24,604	25,416	23,872	22,386
Grants Administered					24	18	29	21	23	21
Tax Assessor/Collector										
Motor Vehicle Registrations	183,891	183,891	194,393	199,709	206,280	202,082	204,915	205,297	206,626	210,950
Titles	55,972	55,972	61,279	59,379	59,552	60,058	50,479	50,994	54,553	56,670
Judicial:										
District Courts:										
Criminal Cases Disposed		2,623	3,330	3,466	2,821	2,638	2,885	2,606	1,792	
Civil Cases Disposed		3,773	3,659	3,484	3,515	3,508	3,506	1,393	874	
County Courts										
Criminal Cases Disposed		5,725	6,315	6,492	8,070	7,688	7,190	5,895	5,142	
Civil Cases Disposed		3,387	3,733	3,169	3,090	3,327	3,345	3,322	2,813	
Juvenile Cases Disposed		514	554	543	553	490	469	295	274	
Justices of the Peace										
Cases Filed	30,480	31,248	32,949	27,857	23,476	23,479	18,932	18,885	17,606	
Law Enforcement:										
Sheriff - Calls for Service	28,477	32,118	30,886	29,987	31,246	16,589	45,998	30,601		
Sheriff - Active CID cases	4,684	4,948	4,255	5,651	5,366	5,008	4,978	5,879		
Corrections:										
Prisoners Booked	14,190	12,282	13,739	13,195	13,297	13,599	12,112	7,793		
Roads & Transportation:										
Field Work Orders Completed					4,631	4,912	4,122	4,078	3,554	3,930
Shop Work Orders Completed						3,743	3,221	2,960	2,519	3,179

Table 16

**SMITH COUNTY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

<i>Function/Program</i>	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<i>General Government</i>										
Buildings	4	4	4	4	4	4	4	4	4	7
Plazas	1	1	1	1	1	1	1	2	2	2
Vehicles	10	10	10	10	10	10	15	18	13	12
<i>Infrastructure</i>										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	48	48	48	48	48	48	48	48	41	41
Dump Trucks	43	43	43	43	43	43	43	43	33	32
<i>Justice System</i>										
Buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	5	5	5	5	10	9	10	11	9	8
<i>Public Safety</i>										
Buildings	4	4	4	4	4	4	4	5	5	5
Vehicles	88	88	88	101	112	139	151	159	163	164
<i>Corrections & Rehabilitation</i>										
Jails	2	2	2	2	2	2	2	2	2	2
Juvenile Detention Centers	1	1	1	1	1	1	1	1	1	1
Adult Probation Center	0	0	0	0	0	0	0	0	0	1
Vehicles - Jail	1	1	1	1	1	1	2	1	2	4
Vehicles - Juvenile Probation	5	5	5	5	5	5	5	5	6	6
Vehicles - Adult Probation	8	8	8	8	8	8	8	8	17	15

This page left blank intentionally.



GOVERNMENTAL COMPLIANCE SECTION

HENRY & PETERS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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*

The Honorable Commissioners' Court of Smith County
Tyler, 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 Smith County, Texas as of and for the year ended September 30, 2013, which collectively comprise Smith County, Texas' basic financial statements and have issued our report thereon dated March 10, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Smith County, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.



Tyler, Texas
March 10, 2014

HENRY & PETERS, PC
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE
STATE OF TEXAS SINGLE AUDIT CIRCULAR**

The Honorable Commissioners' Court of Smith County
Tyler, Texas

Report on Compliance for Each Major Federal and State Program

We have audited Smith County, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, and the State of Texas Single Audit Circular that could have a direct and material effect on each of Smith County, Texas' major federal and state programs for the year ended September 30, 2013. Smith County, Texas' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Smith County, Texas' major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State of Texas Single Audit Circular. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Smith County, Texas' 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 and state program. However, our audit does not provide a legal determination of Smith County, Texas' compliance.

Opinion on Each Major Federal and State Program

In our opinion, Smith County, Texas, 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 and state programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of Smith County, Texas 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 Smith County, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular, 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 Smith County, Texas' 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 or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Henry & Peters, P.C.

Tyler, Texas
March 10, 2014

**SMITH COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2013**

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS- THROUGH GRANTORS NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed through Texas Department of Rural Affairs (TDRA):			
Community Development Block Grant	14.228	DRS010175	\$ 2,757 *
Passed through Texas Department of Agriculture:			
CDBG - Lindale Rural	14.228	711449	380,160 *
CDBG - Lindale Rural/ Duck Creek	14.228	712036	63,040 *
Texas Capital Grant Funds - Distant Lands	14.228	711042	202,573 *
Total passed through the Texas Department Of Agriculture			<u>645,773</u>
Total U.S. Department of Housing and Urban Development			<u>648,530</u>
<u>U. S. DEPARTMENT OF JUSTICE</u>			
Direct Programs:			
JAG Program Cluster:			
2010 Justice Assistance Grant Program	16.738		1,007
2011 Justice Assistance Grant Program	16.738		19,100
2012 Justice Assistance Grant Program	16.738		66,745
Total JAG Program Cluster			<u>86,852</u>
Passed through Texas Juvenile Probation Commission			
Juvenile Accountability Block Grant	16.523	JB-2633201	19,767
Passed Through City of Kilgore:			
DEA Task Force	16.579	N/A	17,202
Total U.S. Department of Justice			<u>123,821</u>

**SMITH COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2013**

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS- THROUGH GRANTORS NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through Texas Secretary of State:			
Voting Access for Individuals with Disabilities	93.617	N/A	\$ 16,000
Passed through Texas Department of Family and Protective Services:			
Foster Care Title IV-E	93.658	23939009	23,923
Total U.S. Department of Health and Human Services			<u>39,923</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 812,274</u>

* Denotes Major Program

**SMITH COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2013**

<u>STATE GRANTOR/PROGRAM TITLE</u>	<u>GRANT CONTRACT NUMBER</u>	<u>STATE EXPENDITURES</u>
<u>STATE OF TEXAS - OFFICE OF THE ATTORNEY GENERAL</u>		
Texas VINE Automated Victim Notification Services	1337526	\$ <u>29,174</u>
<u>STATE OF TEXAS - OFFICE OF THE GOVERNOR CRIMINAL JUSTICE DIVISION</u>		
Drug Court Grant	DC-13-A10-19762-06	<u>79,041</u>
<u>TEXAS STATEWIDE TOBACCO EDUCATION AND PREVENTION</u>		
Tobacco Funds	---	<u>11,641</u>
<u>AUTOMOBILE THEFT PREVENTION AUTHORITY</u>		
East Texas Auto Theft Task Force	SA-T01-10064-13	<u>448,904</u>
<u>TASK FORCE ON INDIGENT DEFENSE</u>		
Indigent Defense Formula Grant	212-11-212	166,899 *
Indigent Defense Extraordinary Disbursement	---	<u>100,000 *</u>
Total Indigent Defense		266,899
<u>BUREAU OF JUSTICE ASSISTANCE</u>		
State Criminal Alien Assistance Program (SCAPP)	2013-AP-BX-0599	<u>72,224</u>
<u>SECRETARY OF STATE</u>		
Chapter 19 Voter Registration	FY2012	14,941
<u>TEXAS DEPARTMENT OF TRANSPORTATION</u>		
Voucher Grant - 5310 Funds	51210F7188	59,417
<u>EAST TEXAS COUNCIL OF GOVERNMENTS</u>		
Governor's Office - Criminal Justice Division Regional Evaluation Services for Juveniles	SF-25417-01	3,600
TOTAL EXPENDITURES OF STATE AWARDS		\$ <u><u>985,841</u></u>

* Denotes Major Program

SMITH COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2013

NOTE A - BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards include the federal grant activity and state grant activity of Smith County, Texas and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Uniform Grants Management Standards Chapter IV "Texas State Single Audit Circular." Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - NON-CASH ASSISTANCE, INSURANCE AND LOANS

Smith County did not receive any non-cash assistance through federal or state awards during the year ended September 30, 2013. There were no federal or state loans or loan guarantees outstanding at year end.

Certain federal and state awards require Smith County to maintain adequate insurance coverage. Following is a summary of the Smith County's insurance policies and the liability limits:

<u>Type of Coverage</u>	<u>Liability Limit</u>
Property	\$132,621,148
Commercial General Liability	700,000
Automobile	400,000
Crime	340,000
Equipment	1,000,000
Public Officials Liability	2,000,000
Law Enforcement Liability	2,000,000

**SMITH COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDED SEPTEMBER 30, 2013**

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	<i>Unmodified</i>	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	_____ Yes	<u> X </u> No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	<u> X </u> None reported
Type of auditors' report issued on compliance for major programs?	<i>Unmodified</i>	
Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A - 133?	_____ Yes	<u> X </u> No

Identification of major programs:

<u>Name of Major Federal Programs:</u>	<u>CFDA Number</u>
Community Development Block Grant	14.228

Dollar threshold used to distinguish between type A and type B	<u>\$ 300,000</u>
--	-------------------

Auditee qualified as low - risk auditee?	<u> X </u> Yes	_____ No
--	------------------	----------

**SMITH COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDED SEPTEMBER 30, 2013**

I. Summary of Auditors' Results - Continued
State Awards

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None reported
Type of auditors' report issued on compliance for major programs?	<i>Unmodified</i>	
Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of the State of Texas Single Audit Circular?	_____ Yes	_____ <u>X</u> No

Identification of major programs:
Name of Major State Programs:
Texas Indigent Defense Grant

CFDA Number
N/A

Dollar threshold used to distinguish between type A and type B

_____ \$ 300,000

Auditee qualified as low - risk auditee?

_____ X Yes _____ No

II. Financial Statement Findings

No matters requiring reporting under *Government Auditing Standards* were noted.

III. Federal Award Findings and Questioned Costs

No matters requiring reporting were noted.

**SMITH COUNTY, TEXAS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDED SEPTEMBER 30, 2013**

None

This page left blank intentionally.