

SMITH COUNTY, TEXAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014

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, 2014

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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

February 20, 2015

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, 2014 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, 2014 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, 2014, 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 216,080. The City of Tyler is the county seat and Smith County's largest incorporated area with an estimated population of approximately 107,405 residents. Smith County also includes the Cities of Lindale, Whitehouse, Arp, Troup, Bullard, Winona, New Chapel Hill, Nooday, Overton, and Hide-a-way 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 2014, Smith County reports an unemployment rate of 4.7% which is lower than the national unemployment rate of 5.7% in December 2014 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 2014.

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, 2013.

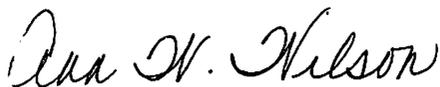
This was the 10th consecutive year. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories including as a policy document, a financial plan, an operations guide, and a communications device.

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, 2013. This was the 4th consecutive year Smith County has applied and received this award.

Smith County has been awarded the Leadership Circle Platinum Member 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 Platinum 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,



Ann W. Wilson, CPA, CIO
Smith County Auditor



Government Finance Officers Association

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

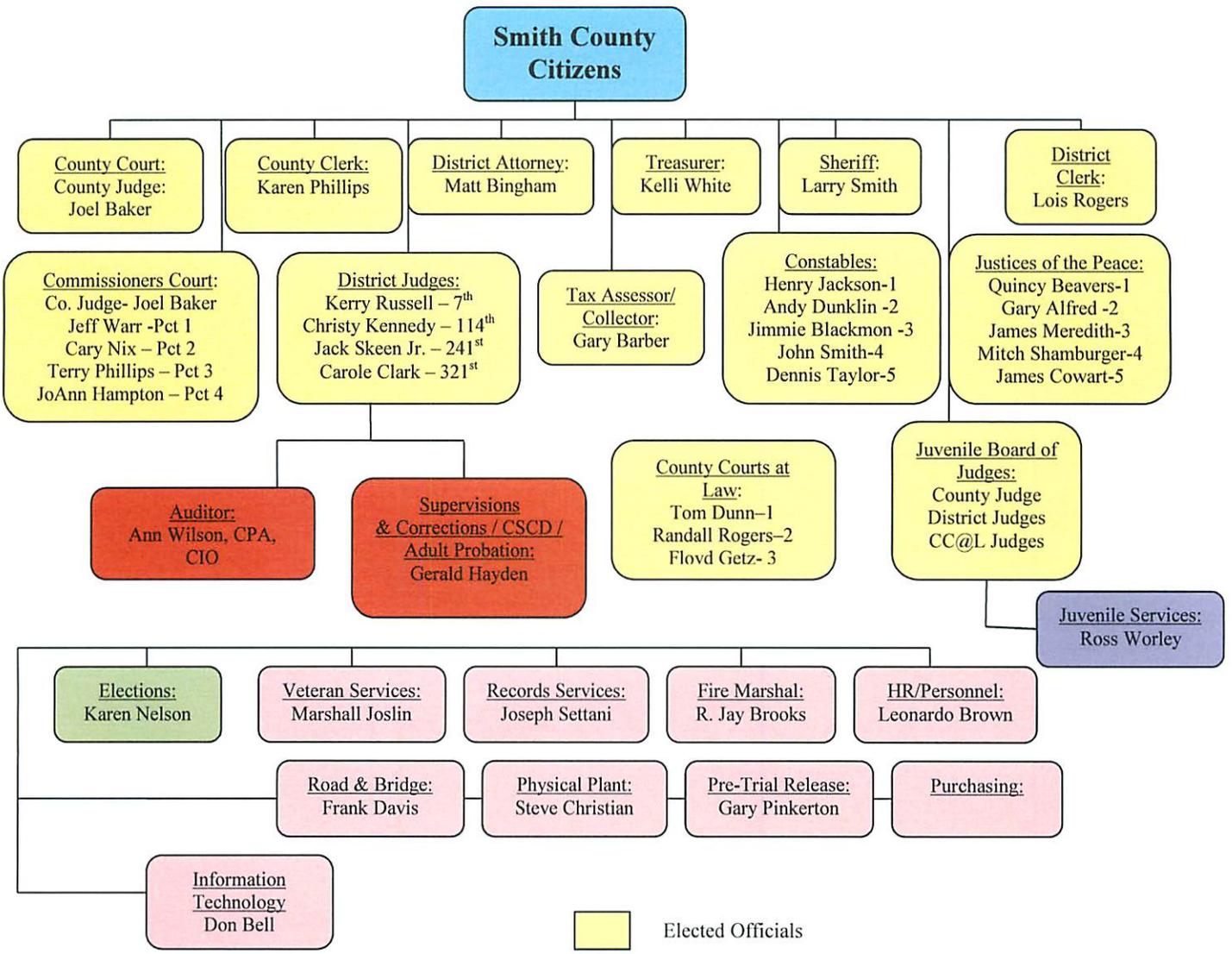
Presented to

**Smith County
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO



- Elected Officials

- Appointed by State District Judges
- Appointed by Commissioners Court
- Appointed by Juvenile Board
- Appointed by Elections Board

**SMITH COUNTY, TEXAS
PRINCIPAL OFFICIALS
September 30, 2014**

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	Kenneth Bibby
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, 2014, 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, 2014, 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 February 20, 2015, 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
February 20, 2015

SMITH COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

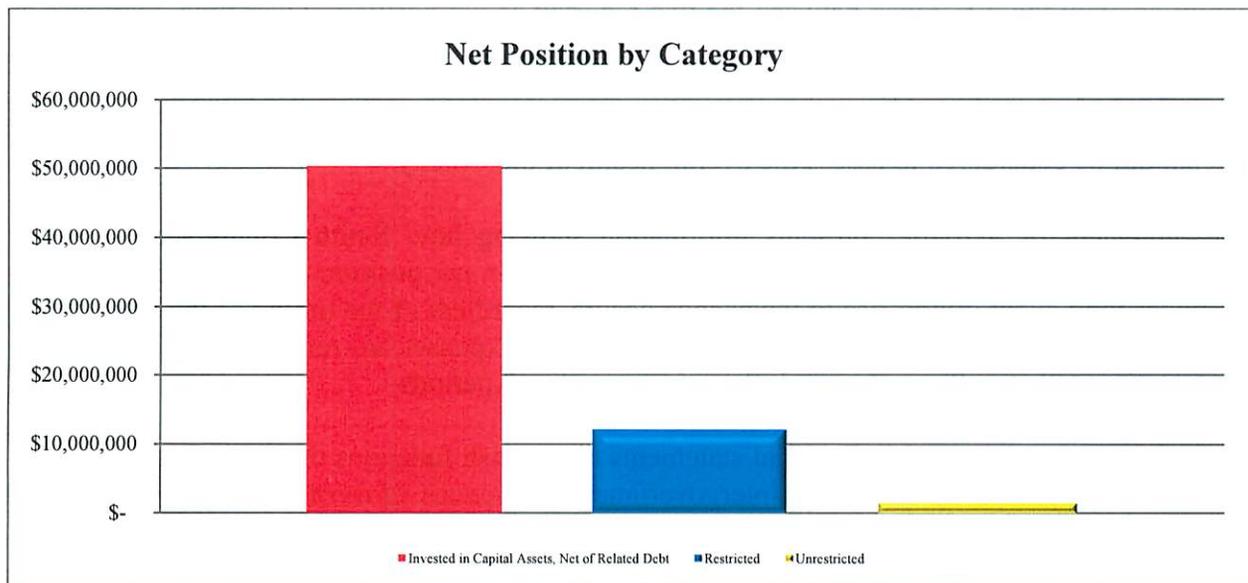
This discussion and analysis of the County of Smith's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2014. The MD&A should be read in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to those financial statements. The discussion and analysis includes comparative data for prior years of government-wide data.

FINANCIAL HIGHLIGHTS

Government-Wide:

Smith County's total net position increased by \$5,305,396 at the close of the fiscal year ending September 30, 2014. The increase is primarily attributable to the investment in capital assets which includes the construction in progress of the jail expansion project that has a scheduled completion and occupation date of February, 2015. The Jail Expansion Project began construction in FY11 and is currently in the final stages of completion. The Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds further details the increase in net position.

- The total government-wide assets of the County exceeded the liabilities at September 30, 2014 by \$63,801,750 as is reported as total net position of the primary government. Of this amount, \$12,046,080 is restricted for specific purposes of debt service, capital projects, and other purposes, while \$1,476,020 is unrestricted and \$50,279,650 is the net investment in capital assets.



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 \$26,614,651 or 46% of the combined expenditures.

Long-Term Debt:

- In fiscal year 2014, the County did not issue any additional long-term debt.
- Smith County's general obligation debt decreased by \$3,305,000. Total general obligation debt at the end of fiscal year 2014 is \$30,280,000.

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 Smith County's finances, in a manner similar to a private-sector business. They include a *Statement of Net Position* 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 Position* presents information on all of Smith County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Smith 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 Smith County's net position changed during the most recent fiscal year. All changes in net position 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.

Both of the government-wide financial statements distinguish functions of Smith 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 Smith 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. Smith County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of Smith 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. Smith 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 \$139,936,793 the largest components are: (1) cash and investments of \$49,354,753 or 35% (2) receivables which largely represent the taxes for FY2014 of \$7,494,847 or 6%, and (3) capital assets net of accumulated depreciation of \$82,407,258 or 59%. Capital assets are non-liquid assets and cannot be utilized to satisfy County obligations. Out of the total liabilities of \$76,135,043, approximately \$11,420,783 are current liabilities.

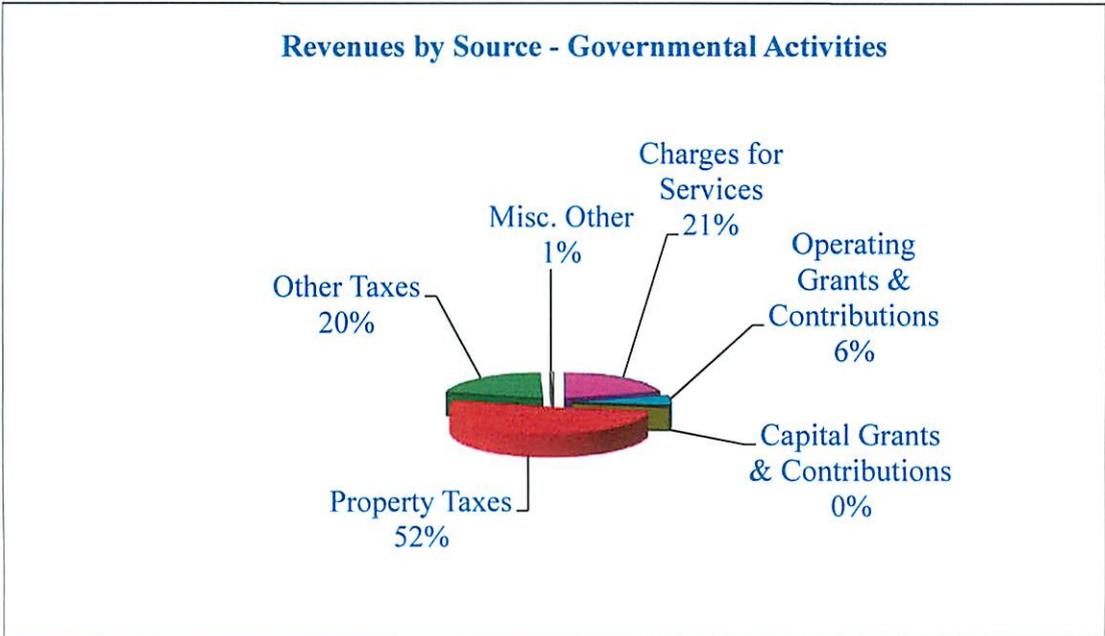
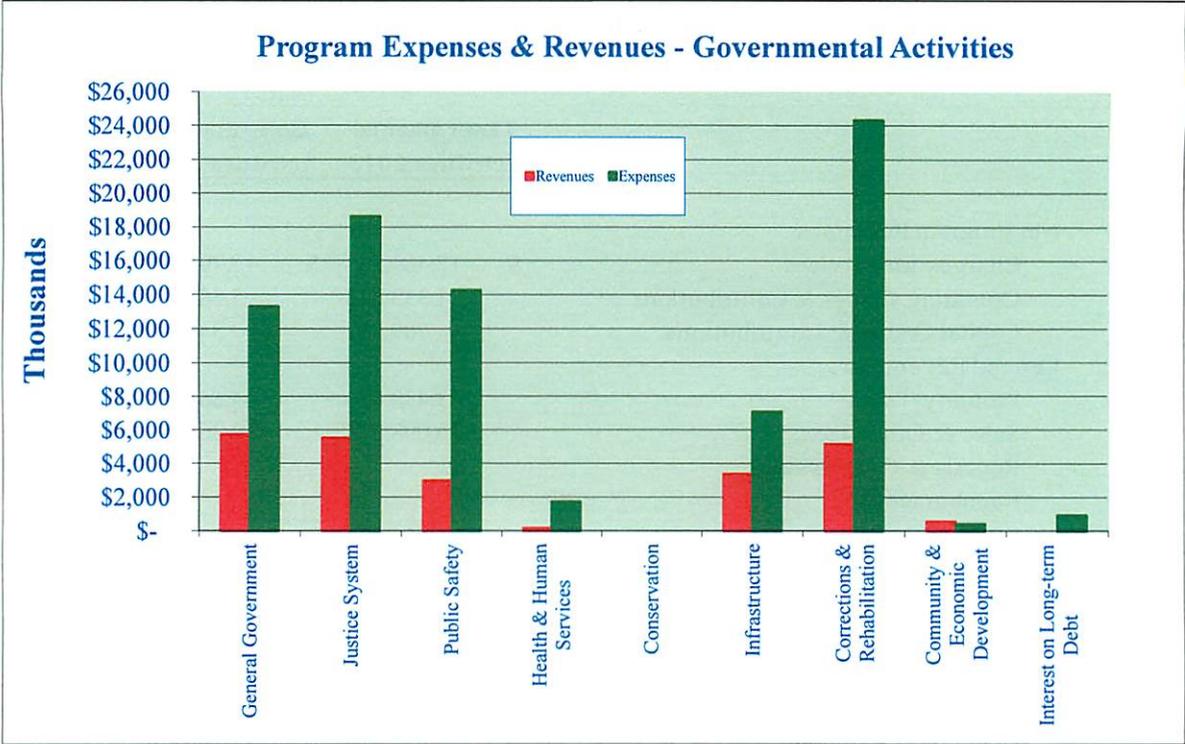
The County's assets exceeded liabilities by \$63,801,750 at the close of the most recent fiscal year. The County's net position for fiscal year ended September 30, 2013 and 2014 are summarized as follows:

Current & Other Assets	\$	68,669,096	\$	57,529,535
Capital Assets (net of depreciation)		67,288,619		82,407,258
Total Assets		\$ 135,957,715		\$ 139,936,793
Current & Other Liabilities	\$	12,966,330	\$	11,420,783
Long-term Liabilities		64,345,576		64,714,260
Total Liabilities		\$ 77,311,906		\$ 76,135,043
Net Position:				
Invested in Capital Assets, Net of Related Debt	\$	45,191,948	\$	50,279,650
Restricted		11,273,480		12,046,080
Unrestricted		2,180,381		1,476,020
Total Net Position		\$ 58,645,809		\$ 63,801,750

About 19% or \$12,046,080 of the Smith County's total assets represent 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 (\$50,279,650) of the Smith County's net position reflects its net investment in capital assets (e.g., land, buildings, machinery & equipment).

Smith County's Changes in Net Position

	<u>Governmental Activities 2013</u>	<u>Governmental Activities 2014</u>
Net Program Revenues:		
Charges for Services	\$ 17,469,598	\$ 17,704,080
Operating Grants & Contributions	4,333,248	5,589,457
Capital Grants & Contributions	709,537	346,022
General Revenues:		
Property Taxes	43,438,070	44,562,723
Sales & Other Taxes	16,098,612	17,368,276
Rentals & Commissions	-	-
Reimbursements	-	-
Miscellaneous	105,134	217,938
Gain (Loss) in Sale of Assets	12,412	64,921
Interest	546,554	176,107
Total Revenues	<u>\$ 82,713,165</u>	<u>\$ 86,029,524</u>
Expenses:		
General Government	\$ 12,834,578	\$ 13,288,738
Justice System	18,438,771	18,633,229
Public Safety	13,205,896	14,250,079
Health & Human Services	1,825,570	1,733,055
Conservation	-	-
Infrastructure	7,427,825	7,094,425
Corrections & Rehabilitation	22,895,180	24,339,547
Community & Economic Development	705,190	437,030
Interest on Long-term Debt	1,062,624	948,025
Total Expenses	<u>\$ 78,395,634</u>	<u>\$ 80,724,128</u>
Change in Net Position	\$ 4,317,531	\$ 5,305,396
Net Position - Beginning	54,328,278	58,645,809
Prior Period Adjustment	-	(149,455)
Net Position - Ending	<u>\$ 58,645,809</u>	<u>\$ 63,801,750</u>



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

- Program revenues of \$23,639,559 equaled 29% of governmental expenses of \$80,724,128. As expected, general revenues of \$62,389,965 and net position provided the additional support and coverage for expenses.
- Approximately 30% of the expenses are for Corrections & Rehabilitation (\$24,339,547) while this category provided about 6% of the total revenues of \$86,029,524.
- The next largest category of expenses is the Justice System (\$18,633,229) at 23%. The Justice System provided about 6% 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 18% of governmental expenses while this category provided 3% of total revenues.
- Infrastructure (Road & Bridge) accounted for 9% of governmental expenses while this category provided 4.3% of total revenues.
- Grant revenues and contributions comprised about 7% 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 Smith County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Smith 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 \$48,790,584. Approximately \$14,936,549 or 31% are restricted; \$7,239,384 or 15% are committed; \$2,896,406 or 6% are assigned; \$23,639,616 or 48% are unassigned and \$78,629 are non-spendable.

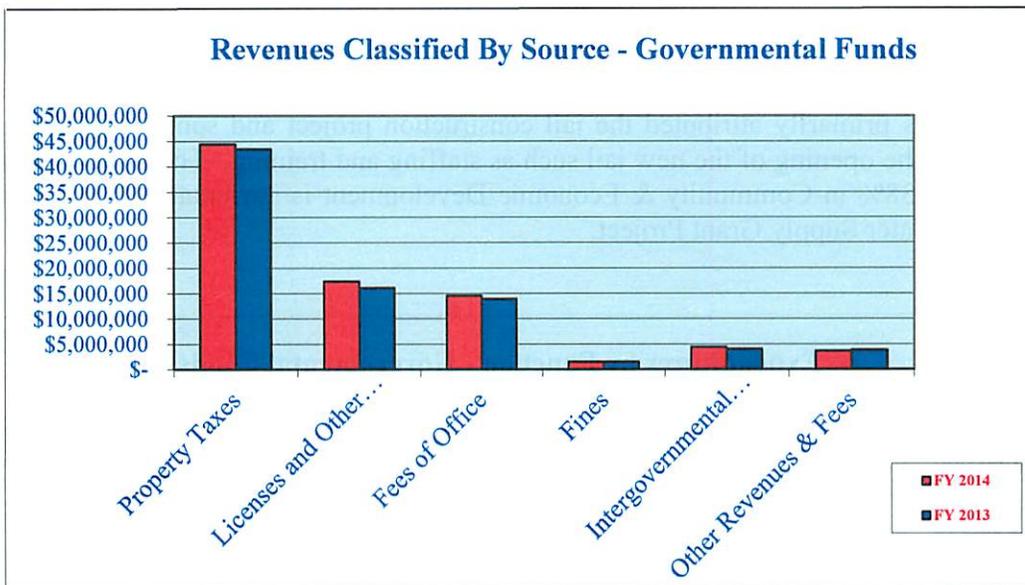
Smith County's General Fund is the primary operating fund of the County. At the end of the current fiscal year, unassigned fund balance in the County's General Fund was \$23,639,616. As a measure of the general fund's liquidity, we compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance in the County's general fund (\$23,639,616) represents approximately 41% 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 \$1,742,377 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 \$1,587,380, an increase of \$26,822 as compared with the prior year.

The jail expansion project fund has a total fund balance of \$2,890,469, a decrease of \$14,628,893 as compared with the prior year. Decrease is primarily attributable to capital outlay, which represents the construction in progress of the jail expansion project that has a scheduled completion and occupation date of February, 2015.

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

Revenues by Source	FY 2014	FY 2013	Increase (Decrease)	Percent of Change
Property Taxes	\$ 44,447,153	\$ 43,491,921	\$ 955,232	2.20%
Licenses and Other Taxes	17,375,869	16,112,734	1,263,135	7.84%
Fees of Office	14,567,863	13,894,901	672,962	4.84%
Fines	1,492,331	1,494,520	(2,189)	-0.15%
Intergovernmental Revenues	4,393,404	4,024,089	369,315	9.18%
Other Revenues & Fees	3,652,503	3,837,093	(184,590)	-4.81%
Total Revenues	\$ 85,929,123	\$ 82,855,258	\$ 3,073,865	3.71%

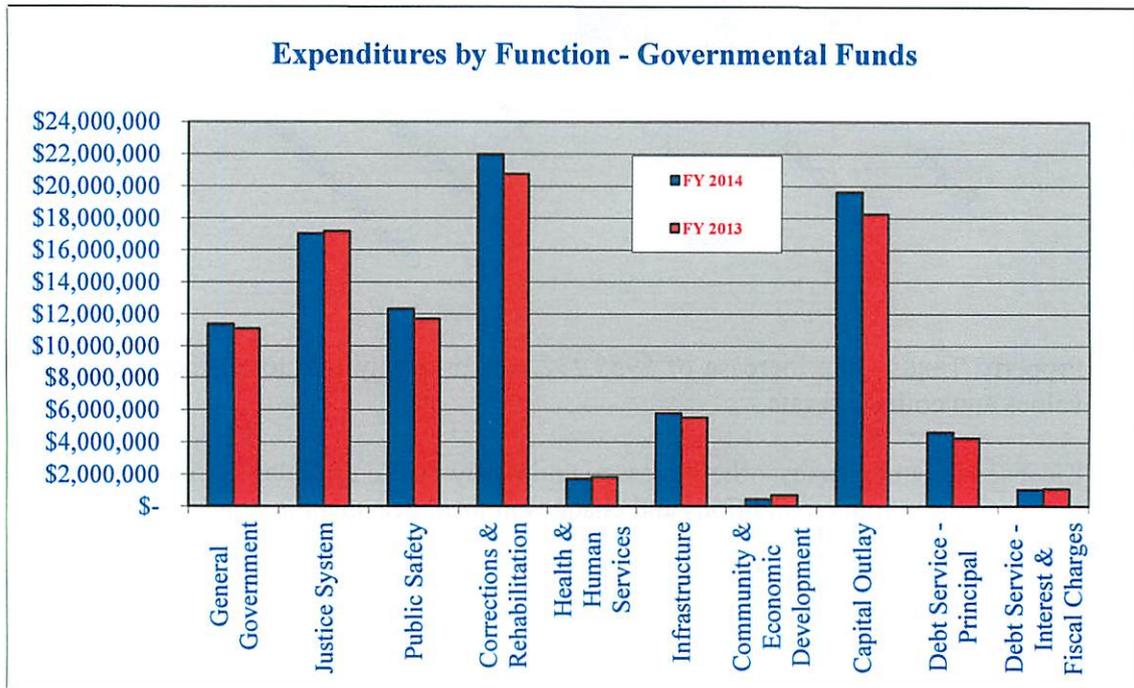


- Property Taxes - the increase of \$955,232 was primarily due to an increase in taxable values and collection rate.
- Licenses & Other Taxes – the increase is primarily due to the sales tax increases from the recovering economic conditions and changes in localized spending options.
- The increase in Intergovernmental Revenue is primarily due to increases received from the Texas Juvenile Justice Department.

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

Expenditures by Function	FY 2014	FY 2013	Increase (Decrease)	Percent of Change
General Government	\$ 11,377,443	\$ 11,084,803	\$ 292,640	2.64%
Justice System	17,022,271	17,151,120	(128,849)	-0.75%
Public Safety	12,332,830	11,691,321	641,509	5.49%
Corrections & Rehabilitation	21,976,306	20,752,349	1,223,957	5.90%
Health & Human Services	1,722,653	1,833,641	(110,988)	-6.05%
Infrastructure	5,799,789	5,529,769	270,020	4.88%
Community & Economic Development	437,030	705,190	(268,160)	-38.03%
Capital Outlay	19,625,860	18,245,035	1,380,825	7.57%
Debt Service - Principal	4,631,457	4,275,406	356,051	8.33%
Debt Service - Interest & Fiscal Charges	1,065,246	1,115,291	(50,045)	-4.49%
	<u>\$ 95,990,885</u>	<u>\$ 92,383,925</u>	<u>\$ 3,606,960</u>	<u>3.90%</u>

Overall, total expenditures increased by approximately 3.9%. The overall increase in expenditures was primarily attributed the jail construction project and some overlapping costs associated with the opening of the new jail such as staffing and training. The largest decrease in expenditures of 38% in Community & Economic Development is attributable to completion of Lindale Rural Water Supply Grant Project.



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 \$2.2M primarily due to increases in sales tax revenue. Fiscal year budget estimates were calculated in a conservative manner and Smith County experienced unanticipated increases in sales tax collections for the year.

Actual expenditures were 93% of the amended budget. Operations savings from budgeted amounts were primarily from salary lag, unused contingency funds, and the delayed opening of the new jail.

DEBT ADMINISTRATION AND CAPITAL ASSETS

Long-term Debt - At September 30, 2014, Smith County had general obligation bonds outstanding in the amount of \$30,280,000. 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 FY2014.

	Beginning Balance		Additions	Reductions	Ending Balance
Governmental Activities:					
General Obligation Bonds	\$ 33,585,000	\$ -	\$ 3,305,000		\$ 30,280,000
Bond Premium, Net	645,814	-	122,245		523,569
Compensated Absences	2,426,877	1,840,896	1,788,440		2,479,333
OPEB Obligation	28,955,979	4,966,356	-		33,922,335
Capital Leases	5,385,319	162,561	1,333,373		4,214,507
Total	<u>\$ 70,998,989</u>	<u>\$ 6,969,813</u>	<u>\$ 6,549,058</u>		<u>\$ 71,419,744</u>

Additional information on the County's long-term debt can be found in note VIII of this report.

Capital Assets - The capital assets of Smith 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, 2014, net capital assets of the governmental activities totaled \$82,407,258. Depreciation on capital assets is recognized in the Government-wide financial statements.

Smith County's Capital Assets			
	Cost	Accumulated Depreciation	Net Capital Assets
Governmental Activities:			
Land	\$ 1,126,005	\$ -	\$ 1,126,005
Buildings & Improvements	50,070,787	29,215,846	20,854,941
Machinery & Equipment	24,568,195	19,511,213	5,056,982
Infrastructure	79,026,770	57,806,351	21,220,419
Construction in Progress	34,148,911	-	34,148,911
Total	\$ 188,940,668	\$ 106,533,410	\$ 82,407,258

Additional information on the County's capital assets can be found in note VI of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The annual budget is developed to provide efficient and economic uses of Smith 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 Smith County budget for FY2015, the County Commissioners and management considered the following factors:

- Property tax revenues are budgeted to increase in FY15 due to a slight tax increase that is solely dedicated to road maintenance.
- 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, 2014**

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	\$ 20,376,959
Investments	28,977,794
Receivables (net of allowance for doubtful accounts)	7,494,847
Investment in joint venture	601,306
Prepays and other assets	78,629
Capital assets (net of accumulated depreciation):	
Land	1,126,005
Buildings	13,620,168
Improvements	7,234,773
Machinery and equipment	5,056,982
Construction in progress	34,148,911
Infrastructure	21,220,419
Total Assets	139,936,793
LIABILITIES	
Vouchers payable	3,408,395
Salaries payable	1,098,848
Accrued interest payable	208,056
Long-term debt:	
Due within one year	6,705,484
Due in more than one year	64,714,260
Total Liabilities	76,135,043
NET POSITION	
Net investment in capital assets	50,279,650
Restricted for:	
Records preservation	3,805,437
Law enforcement purposes	1,477,986
Adult probation	2,939,012
Juvenile services	877,649
Inmates	502,785
Courthouse security	426,006
Technology	246,969
Public services	14,320
Judicial support	168,536
Debt service	1,587,380
Unrestricted	1,476,020
Total Net Position	\$ 63,801,750

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

**SMITH COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

EXHIBIT 2

Functions/Programs	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
					PRIMARY GOVERNMENT
					GOVERNMENTAL ACTIVITIES
Primary Government:					
Governmental activities:					
General government	\$ 13,288,738	\$ 5,640,093	\$ 111,021	\$ -	\$ (7,537,624)
Justice system	18,633,229	3,809,999	1,734,466	-	(13,088,764)
Public safety	14,250,079	1,043,872	1,963,817	-	(11,242,390)
Corrections and rehabilitation	24,339,547	3,399,786	1,510,179	-	(19,429,582)
Health and human services	1,733,055	-	178,966	-	(1,554,089)
Infrastructure	7,094,425	3,668,169	-	-	(3,426,256)
Community and economic development	437,030	142,161	91,008	346,022	142,161
Interest on long-term debt	948,025	-	-	-	(948,025)
Total primary government	\$ 80,724,128	\$ 17,704,080	\$ 5,589,457	\$ 346,022	\$ (57,084,569)
General revenues:					
Property taxes					\$ 44,562,723
Sales taxes					16,827,874
Other taxes					540,402
Miscellaneous					217,938
Gain on sale of assets					64,921
Interest earned					176,107
Total general revenues					62,389,965
Change in net position					5,305,396
Net position - beginning of year					58,645,809
Prior period adjustment					(149,455)
Net position - end of year					\$ 63,801,750

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

SMITH COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	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	\$ 9,113,920	\$ 1,506,403	\$ 1,471,593	\$ 7,365,520	\$ 19,457,436
Investments	16,008,024	2,709,089	2,007,572	8,252,531	28,977,216
Receivables:					
Property taxes	2,086,434	187,929	-	369,419	2,643,782
Other	3,812,855	190,583	-	234,062	4,237,500
Prepaid and other assets	78,629	-	-	-	78,629
Due from other funds	110,000	-	-	-	110,000
Total assets	\$ 31,209,862	\$ 4,594,004	\$ 3,479,165	\$ 16,221,532	\$ 55,504,563
LIABILITIES					
Vouchers payable	\$ 1,748,584	\$ 438,712	\$ 588,696	\$ 219,213	\$ 2,995,205
Salaries payable	865,830	82,500	-	150,518	1,098,848
Due to other funds	-	-	-	110,000	110,000
Total liabilities	2,614,414	521,212	588,696	479,731	4,204,053
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	1,980,797	178,414	-	350,715	2,509,926
Total Deferred Inflows of Resources	1,980,797	178,414	-	350,715	2,509,926
FUND BALANCES					
Nonspendable:					
Prepays	78,629	-	-	-	78,629
Restricted for:					
District clerk	-	-	-	36,515	36,515
County law library	-	-	-	155,598	155,598
Records preservation	-	-	-	3,768,922	3,768,922
Graffiti eradication	-	-	-	4,082	4,082
Courthouse security	-	-	-	426,006	426,006
Law enforcement purposes	-	-	-	1,457,474	1,457,474
Drug court program	-	-	-	3,447	3,447
Adult probation	-	-	-	2,939,012	2,939,012
Juvenile services	-	-	-	877,649	877,649
Tobacco law enforcement	-	-	-	11,285	11,285
Technology	-	-	-	246,969	246,969
Law enforcement training	-	-	-	9,227	9,227
County judge training	-	-	-	5,409	5,409
Voting machines	-	-	-	7,557	7,557
Voter registration services	-	-	-	6,763	6,763
Inmates	-	-	-	502,785	502,785
Capital projects	-	-	2,890,469	-	2,890,469
Debt service	-	-	-	1,587,380	1,587,380
Committed to:					
Community policing contracted services	-	-	-	11,688	11,688
Major building repairs	-	-	-	1,072,122	1,072,122
Elections department	-	-	-	65,536	65,536
Capital projects	-	-	-	2,195,660	2,195,660
Road maintenance	-	3,894,378	-	-	3,894,378
Assigned to:					
Indigent healthcare	221,719	-	-	-	221,719
Workforce development	322,965	-	-	-	322,965
Juvenile services	2,351,722	-	-	-	2,351,722
Unassigned	23,639,616	-	-	-	23,639,616
Total fund balances	26,614,651	3,894,378	2,890,469	15,391,086	48,790,584
Total liabilities, deferred inflows of resources, and fund balances	\$ 31,209,862	\$ 4,594,004	\$ 3,479,165	\$ 16,221,532	\$ 55,504,563

EXHIBIT 4

**SMITH COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION (EXHIBIT 1)
SEPTEMBER 30, 2014**

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

Total fund balances governmental funds (Exhibit 3)	\$ 48,790,584
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds balance sheet.	82,407,258
Equity in an affiliated joint venture is included in governmental activities in the statement of net position.	601,306
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds balance sheet.	2,349,882
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.	(208,056)
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.	1,280,520
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.	(33,922,335)
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>(37,497,409)</u>
Net position of governmental activities	<u>\$ 63,801,750</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, 2014

	GENERAL	ROAD AND BRIDGE FUND - SPECIAL REVENUE	JAIL EXPANSION PROJECT FUND - CAPITAL PROJECTS	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Property taxes	\$ 35,633,021	\$ 3,174,440	\$ -	\$ 5,639,692	\$ 44,447,153
Licenses and other taxes	17,375,869	-	-	-	17,375,869
Fees of office	6,993,258	2,870,109	-	4,704,496	14,567,863
Fines	717,367	774,964	-	-	1,492,331
Intergovernmental revenues	994,217	-	-	3,399,187	4,393,404
Other revenues and fees	2,242,744	58,115	24,925	1,326,719	3,652,503
Total revenues	63,956,476	6,877,628	24,925	15,070,094	85,929,123
EXPENDITURES					
Current:					
General government	10,837,721	-	-	539,722	11,377,443
Justice system	16,529,137	-	-	493,134	17,022,271
Public safety	11,299,675	-	-	1,033,155	12,332,830
Corrections and rehabilitation	15,536,331	-	-	6,439,975	21,976,306
Health and human services	1,696,730	-	-	25,923	1,722,653
Infrastructure and environmental	-	5,799,789	-	-	5,799,789
Community and economic development	-	-	-	437,030	437,030
Capital outlay	767,109	811,926	14,653,818	3,393,007	19,625,860
Debt service:					
Principal retirement	557,725	381,940	-	3,691,792	4,631,457
Interest and fiscal charges	49,702	31,936	-	983,608	1,065,246
Total expenditures	57,274,130	7,025,591	14,653,818	17,037,346	95,990,885
Excess (deficiency) of revenues over (under) expenditures	6,682,346	(147,963)	(14,628,893)	(1,967,252)	(10,061,762)
OTHER FINANCING SOURCES (USES)					
Capital lease proceeds	162,561	-	-	-	162,561
Transfers in	-	-	-	4,979,937	4,979,937
Transfers (out)	(4,929,937)	-	-	(50,000)	(4,979,937)
Total other financing sources (uses)	(4,767,376)	-	-	4,929,937	162,561
Net change in fund balances	1,914,970	(147,963)	(14,628,893)	2,962,685	(9,899,201)
Fund balances - beginning of year	24,699,681	4,042,341	17,519,362	12,428,401	58,689,785
Fund balances - end of year	\$ 26,614,651	\$ 3,894,378	\$ 2,890,469	\$ 15,391,086	\$ 48,790,584

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, 2014

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

Net change in fund balances - total governmental funds	\$ (9,899,201)
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.	15,126,006
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(7,367)
The net increase of the equity in investment in an affiliated joint venture is reflected on the statement of activities.	84,067
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	115,571
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.	(4,966,356)
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 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.	4,598,057
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.	(52,456)
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 an expenditure in governmental funds.	(11,940)
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.	<u>319,015</u>
Change in net position of governmental activities	<u>\$ 5,305,396</u>

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

**SMITH COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014**

	<u>Governmental Activities - Internal Service Funds</u>
ASSETS	
Current Assets:	
Cash	\$ 919,523
Investments	578
Accounts receivable	<u>773,609</u>
Total Current Assets	<u>1,693,710</u>
 LIABILITIES	
Current Liabilities:	
Vouchers payable	<u>413,190</u>
Total Current Liabilities	<u>413,190</u>
 NET POSITION	
Unrestricted	<u>1,280,520</u>
Total Net Position	<u><u>\$ 1,280,520</u></u>

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

EXHIBIT 8

SMITH COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	Governmental Activities - Internal Service Funds
OPERATING REVENUES	
Premiums and reimbursements	<u>\$ 7,745,583</u>
Total Operating Revenues	<u>7,745,583</u>
OPERATING EXPENSES	
Insurance claims and administrative fees	<u>7,430,817</u>
Total Operating Expenses	<u>7,430,817</u>
Operating income	314,766
NON-OPERATING REVENUES	
Interest income and other	<u>4,249</u>
Change in net position	319,015
NET POSITION - SEPTEMBER 30, 2013	<u>961,505</u>
NET POSITION - SEPTEMBER 30, 2014	<u><u>\$ 1,280,520</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, 2014**

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received for premiums	\$ 53,453,392
Cash paid to customers	<u>(53,062,178)</u>
Net cash provided by operating activities	<u>391,214</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>4,249</u>
Net cash provided by investing activities	<u>4,249</u>
Net increase in cash	395,463
Cash at beginning of year	<u>524,060</u>
CASH AT END OF YEAR	<u><u>\$ 919,523</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 314,766
Adjustment to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	4,966
Decrease in due from other funds	7,795
Increase in vouchers payable	<u>63,687</u>
Net cash provided by operating activities	<u><u>\$ 391,214</u></u>

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, 2014**

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 7,463,031
Investments	2,790,727
Accounts receivable	<u>128,222</u>
Total Assets	<u><u>\$ 10,381,980</u></u>
 LIABILITIES	
Vouchers payable	\$ 620,107
Due to other governments	405,667
Other liabilities	<u>9,356,206</u>
Total Liabilities	<u><u>\$ 10,381,980</u></u>

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

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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). 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, 2014

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 of 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, 2014

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, 2014

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, 2014**

I. 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.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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

Permanent full-time employees earn vacation leave at an established rate according to their years of service and may accumulate up to 18 days if years of service are less than 10 years, 24 days if years of service are 10-20 years, and 30 days if years of service are greater than 20 years. Employees lose, without pay, unused vacation leave which exceeds this limit.

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 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 expensed as incurred.

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 has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

9. Fund Equity

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

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.

(Continued)

**SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Future Implementation of New Standards

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 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.

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 \$37,497,409 difference are as follows:

Bonds payable	\$ (30,280,000)
Bond premium, net	(523,569)
Capital leases obligations	(4,214,507)
Compensated absences	<u>(2,479,333)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (37,497,409)</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 \$82,407,258 difference are as follows:

Beginning balance of capital assets, net of accumulated depreciation	\$ 67,288,619
Capital asset additions, net of retirements	20,670,270
Depreciation of capital assets, current year	<u>(5,551,631)</u>
	<u>\$ 82,407,258</u>

(Continued)

**SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

**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

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 \$15,126,006 difference are as follows:

Capital outlay	\$ 20,677,637
Depreciation expense	<u>(5,551,631)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 15,126,006</u>

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 \$4,598,057 difference are as follows:

Capital lease proceeds	\$ (162,561)
Principal payments on long-term debt	4,638,373
Amortization of bond premium	<u>122,245</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 4,598,057</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.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

A. Budgets and Budgetary Accounting - Continued

- (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%, 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.
- (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, 2014, if designated as final budget.

B. Expenditures Over Appropriations

No funds had expenditures in excess of appropriations for the year ended September 30, 2014.

C. Deficit Fund Equity

As of September 30, 2014, there were no funds with a deficit fund balance.

IV. DEPOSITS AND INVESTMENTS

The carrying amount of the County's cash was \$20,376,959, and total bank balances equaled \$21,001,693. The carrying amount of the County's Trust and Agency cash was \$7,463,031 and total bank balances equaled \$8,217,655. 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.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

IV. DEPOSITS AND INVESTMENTS - Continued

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, T-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.

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	\$ 20,827,429	57	AAAm
TexStar	8,139,458	50	AAAm
Southside - Certificate of Deposit	10,907	247	N/A
Cash in bank	20,376,959	N/A	N/A
Total fair value	<u>\$ 49,354,753</u>		
Portfolio weighted average maturity		32	

Credit risk – Credit risk is the risk that an issuer or other counterpart 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, 2014, the carrying amount of the County's cash was covered by pledged securities.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

IV. DEPOSITS AND INVESTMENTS - Continued

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.

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 unavailable 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 unavailable revenue reported in the governmental funds were as follows:

Unavailable revenue:	
General fund	\$ 1,980,797
Road & Bridge fund	178,414
Facility improvement fund	77,571
Debt service fund	273,144
Total unavailable revenue	<u>\$ 2,509,926</u>

The County is authorized by the tax laws of the State of Texas to levy taxes up to \$.479505 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, 2014 was \$.323564.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

V. PROPERTY TAXES AND OTHER RECEIVABLES - Continued

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:

	Internal Service and General Fund	Road and Bridge Special Revenue Fund	Other Nonmajor Funds	Total Governmental Activities
Receivables:				
Property taxes	\$ 2,086,434	\$ 187,929	\$ 369,419	\$ 2,643,782
Other	4,586,464	190,583	234,062	5,011,109
Gross receivables	6,672,898	378,512	603,481	7,654,891
Less: Allowance for uncollectibles	131,251	11,376	17,417	160,044
Net total receivables	<u>\$ 6,541,647</u>	<u>\$ 367,136</u>	<u>\$ 586,064</u>	<u>\$ 7,494,847</u>

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:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 770,319	\$ 355,686	\$ -	\$ 1,126,005
Construction in progress	19,419,019	16,372,209	(1,642,317)	34,148,911
Total capital assets, not being depreciated	20,189,338	16,727,895	(1,642,317)	35,274,916
Capital assets, being depreciated:				
Infrastructure	76,923,459	2,103,311	-	79,026,770
Buildings	33,398,249	884,749	-	34,282,998
Improvements	15,740,961	46,828	-	15,787,789
Machinery and equipment	22,415,945	914,854	1,237,396	24,568,195
Total capital assets being depreciated	148,478,614	3,949,742	1,237,396	153,665,752
Less accumulated depreciation for:				
Infrastructure	(56,118,357)	(1,687,994)	-	(57,806,351)
Buildings	(19,623,480)	(1,039,350)	-	(20,662,830)
Improvements	(7,619,296)	(933,720)	-	(8,553,016)
Machinery and equipment	(18,018,200)	(1,890,567)	397,554	(19,511,213)
Total accumulated depreciation	(101,379,333)	(5,551,631)	397,554	(106,533,410)
Total capital assets, being depreciated, net	47,099,281	(1,601,889)	1,634,950	47,132,342
Governmental activities capital assets, net	<u>\$ 67,288,619</u>	<u>\$ 15,126,006</u>	<u>\$ (7,367)</u>	<u>\$ 82,407,258</u>

(Continued)

**SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

VI. CAPITAL ASSETS - Continued

Depreciation expense for 2014 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 1,192,013
Public safety	1,004,520
Correction and rehabilitation	955,648
Health and human services	-
Infrastructure and environmental	2,268,039
Justice system	<u>131,411</u>
Total depreciation expense – governmental activities	<u><u>\$ 5,551,631</u></u>

VII. CONSTRUCTION COMMITMENTS

As of September 30, 2014, 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	\$ 32,440,233	\$ 2,500,000

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	<u>\$ 39,955,000</u>	1.0 - 4.0	6/28/2011	8/15/2023	<u>\$ 30,280,000</u>
	<u><u>\$ 39,955,000</u></u>				<u><u>\$ 30,280,000</u></u>

(Continued)

**SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

VIII. LONG-TERM DEBT - Continued

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

Years Ending September 30	Principal	Interest
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	3,665,000	589,700
2020-2023	12,610,000	914,000
	<u>\$ 30,280,000</u>	<u>\$ 4,683,950</u>

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.

Changes in Long-Term Debt

Long-term liability for the year ended September 30, 2014 was as follows:

	Beginning			Ending		Due	
	Balance 10/1/2013	Additions	Reductions	Balance 9/30/2014	Within One Year	Due in More Than One Year	
Governmental Activities:							
General obligation bonds	\$ 33,585,000	\$ -	\$ 3,305,000	\$ 30,280,000	\$ 3,375,000	\$ 26,905,000	
Bond premium, net	645,814	-	122,245	523,569	-	523,569	
Compensated absences	2,426,877	1,840,896	1,788,440	2,479,333	2,095,876	383,457	
OPEB obligation	28,955,979	4,966,356	-	33,922,335	-	33,922,335	
Capital leases	5,385,319	162,561	1,333,373	4,214,507	1,234,608	2,979,899	
Total	<u>\$ 70,998,989</u>	<u>\$ 6,969,813</u>	<u>\$ 6,549,058</u>	<u>\$ 71,419,744</u>	<u>\$ 6,705,484</u>	<u>\$ 64,714,260</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 and postage meters. The combined annual expenditures for operating leases during the fiscal year ended September 30, 2014 was approximately \$316,000.

(Continued)

**SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

IX. LEASES - Continued

Capital Leases

During the year ended September 30, 2014, the County entered into one new lease agreement classified as a capital lease in addition to the other leases capitalized in prior years. The County obtained six vehicles for the Sheriff's Department during the current year. The amount capitalized as equipment was \$162,561. 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:

	Governmental Activities
Asset:	
Machinery and equipment	\$ 7,243,620
Improvements	3,354,679
Less: Accumulated depreciation	(6,970,628)
Total	\$ 3,627,671

Depreciation expense on assets under capital lease for the year ended September 30, 2014 was \$1,253,640.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014, were as follows:

Year Ending September 30	Governmental Activities
2015	\$ 1,359,141
2016	1,185,531
2017	410,062
2018	410,062
2019	410,062
2020-2024	831,846
Total minimum lease payments	4,606,704
Less: amount representing interest	(392,197)
Present value of minimum lease payments	\$ 4,214,507

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, 2014 is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Non-major Governmental Funds	\$ 110,000	Supplement fund sources
	Total	\$ 110,000	

(Continued)

**SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

X. INTERFUND RECEIVABLES, PAYABLE BALANCES AND TRANSFERS - Continued

The following summarized the County's transfers for the year ended September 30, 2014:

	Transfers In		Explanation
	Nonmajor Governmental Funds	Total	
Transfers Out:			
General Fund	\$ 4,929,937	\$ 4,929,937	Supplement fund sources
Totals	\$ 4,979,937	\$ 4,979,937	

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 656 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 8.24% for the months of the accounting year 2014, and 6.56% for the months of the accounting year 2013.

The deposit rate payable by the employee members for calendar year 2014 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.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

XI. RETIREMENT COMMITMENTS - Continued

(c) FUNDING STATUS AND PROGRESS

The funded status as of December 31, 2013, 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)
12/31/2013	\$ 79,356,829	\$ 95,284,993	83.28%	\$ 15,928,164	\$33,767,556	47.17%

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.

(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, 2011, 2012 and 2013, the basis for determining the contributions rates for calendar years 2013 and 2014.

(e) ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuation date	12/31/2011	12/31/2012	12/31/2013
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: 5-yr smoothed value; ESF: fund value
Assumptions:			
Investment return (1)	8.0%	8.0%	8.0%
Projected salary increases (1)	5.4%	5.4%	4.9%
Inflation	3.5%	3.5%	3.0%
Cost-of-living adjustments	0.0%	0.0%	0.0%

(1) Includes inflation at the stated rate.

(f) TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation
9/30/2012	\$ 1,998,059	\$ 1,998,059	100%	\$ -
9/30/2013	2,172,173	2,172,173	100%	-
9/30/2014	2,744,644	2,744,644	100%	-

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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.

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, 2014, the County budgeted funding of \$200,000 for the Health District. The County's equity interest in the Health District was \$601,306 at September 30, 2014. 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 \$2,302,920 as of September 30, 2014.

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.

(Continued)

**SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

XII. OTHER INFORMATION - Continued

HEALTH, DENTAL AND LIFE PLANS - Continued

Changes in the estimated liability for medical claims for fiscal years 2013 and 2014 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>
9/30/2013	\$ 343,650	\$ 6,531,849	\$ 6,590,075	\$ 285,424
9/30/2014	285,424	7,246,045	7,162,089	369,380

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 retirees that have 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 2014 for spouse and/or children ranged from \$130 to \$615. The County contributions to the plan for fiscal year 2014, which are also equal to claims in excess of premiums collected, were \$755,000.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

XIII. POST EMPLOYMENT BENEFITS - Continued

(a) HEALTH PLAN - Continued

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.

	<u>9/30/2014</u>	<u>9/30/2013</u>
Annual required contribution (ARC)	\$ 6,273,432	\$ 5,988,273
Interest on net OPEB obligation	1,107,870	928,483
Adjustment to annual required contribution	<u>(1,659,946)</u>	<u>(1,374,786)</u>
Annual OPEB cost	5,721,356	5,541,970
Contributions made	<u>(755,000)</u>	<u>(750,000)</u>
Change in OPEB obligation	4,966,356	4,791,970
Net OPEB obligation - beginning of year	<u>28,955,979</u>	<u>24,164,009</u>
Net OPEB obligation - end of year	<u><u>\$ 33,922,335</u></u>	<u><u>\$ 28,955,979</u></u>

Trend Information

Fiscal Year Ended December 31	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation / (Asset)
2012	\$ 8,222,786	11%	\$ 24,164,009
2013	5,541,970	14%	28,955,979
2014	5,721,356	13%	33,922,335

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%

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

XIII. POST EMPLOYMENT BENEFITS - Continued

(a) HEALTH PLAN - Continued

Funded Status and Funding Progress - Continued

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.

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.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

XIII. POST EMPLOYMENT BENEFITS - Continued

(b) SUPPLEMENTAL DEATH BENEFITS PLAN - Continued

Funding Policy

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The County's contributions to the GTLF for the years ended for the years ended September 30, 2014, 2013, and 2012 were \$110,179, \$101,185, \$100,535, respectively which equaled the contractually required contributions each year.

XIV. PRIOR PERIOD ADJUSTMENT

During the year, the County implemented GASB Statement No. 65 "*Items Previously Reported as Assets and Liabilities*". Under GASB Statement No. 65, bond issuance costs which were previously amortized over the life of the bond issue are now expensed as incurred. As of September 30, 2013, the County had unamortized bond issuance costs of \$149,455. The remaining unamortized balance was written off as a prior period adjustment upon implementation of GASB Statement No. 65. The prior period adjustment for governmental activities was \$149,455, which resulted in a decrease to net position.

XV. SUBSEQUENT EVENTS

Subsequent events were evaluated through February 20, 2015.

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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, 2014

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Property Taxes:				
Taxes - current	\$ 34,696,130	\$ 34,696,130	\$ 34,649,550	\$ (46,580)
Taxes - delinquent	709,914	709,914	482,734	(227,180)
Penalty and collection fees	450,000	450,000	500,737	50,737
Total Property Taxes	<u>35,856,044</u>	<u>35,856,044</u>	<u>35,633,021</u>	<u>(223,023)</u>
Licenses and Other Taxes:				
Liquor drink tax	400,000	400,000	483,217	83,217
Sales tax	15,500,000	15,500,000	16,827,874	1,327,874
Bingo taxes	60,000	60,000	57,185	(2,815)
Miscellaneous	10,500	10,500	7,593	(2,907)
Total Licenses and Other Taxes	<u>15,970,500</u>	<u>15,970,500</u>	<u>17,375,869</u>	<u>1,405,369</u>
Fees of Office:				
County Judge	4,800	4,800	4,694	(106)
Sheriff	320,000	320,000	348,935	28,935
Constables	262,000	262,000	315,789	53,789
County Clerk	1,387,500	1,387,500	1,410,913	23,413
Tax Assessor-Collector	190,000	190,000	194,743	4,743
Criminal District Attorney	45,000	45,000	48,757	3,757
District Clerk	425,000	425,000	456,273	31,273
Justices of the Peace	290,000	290,000	308,845	18,845
County Courts at Law	-	-	20	20
Vehicle sales tax commission	1,350,000	1,350,000	1,564,743	214,743
Auto registration	760,000	760,000	778,195	18,195
Records management	83,000	83,000	79,107	(3,893)
Court imposed fees	583,500	583,500	627,567	44,067
State imposed fees	173,700	173,700	175,691	1,991
Titles and certificates	267,500	267,500	308,545	41,045
Telephone coin station revenues	260,000	260,000	269,512	9,512
Miscellaneous	80,400	80,400	100,929	20,529
Total Fees of Office	<u>6,482,400</u>	<u>6,482,400</u>	<u>6,993,258</u>	<u>510,858</u>
Fines:				
District and county courts	714,000	714,000	717,367	3,367
Total Fines	<u>714,000</u>	<u>714,000</u>	<u>717,367</u>	<u>3,367</u>
Intergovernmental Revenues:				
Intergovernmental revenues	953,500	991,191	994,217	3,026
Total Intergovernmental Revenues	<u>953,500</u>	<u>991,191</u>	<u>994,217</u>	<u>3,026</u>
Other Revenues and Fees:				
Interest	104,950	104,950	96,500	(8,450)
Rentals	232,400	232,400	241,137	8,737
Sale of equipment	-	37,633	72,288	34,655
Donations	-	-	1,000	1,000
Reimbursements	443,500	443,500	781,641	338,141
Prisoner care	655,000	655,000	481,581	(173,419)
Other revenues	113,500	283,773	568,597	284,824
Total Other Revenues and Fees	<u>1,549,350</u>	<u>1,757,256</u>	<u>2,242,744</u>	<u>485,488</u>
Total Revenues	<u>61,525,794</u>	<u>61,771,391</u>	<u>63,956,476</u>	<u>2,185,085</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, 2014

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
EXPENDITURES				
General Government:				
Commissioners' Court	\$ 565,925	\$ 565,925	\$ 553,731	\$ 12,194
Record Service Bureau	158,367	158,367	151,768	6,599
County Auditor	723,653	723,653	676,976	46,677
Election division	485,853	487,153	478,447	8,706
County Treasurer	152,513	152,513	149,487	3,026
Tax Assessor-Collector	1,567,784	1,577,784	1,534,608	43,176
General operations	4,263,188	4,185,766	3,245,468	940,298
Physical plant	1,579,096	1,614,934	1,478,137	136,797
Personnel	168,501	172,251	170,437	1,814
Information services	2,189,705	2,193,455	1,976,038	217,417
Collections	80,718	80,718	78,179	2,539
Veterans' service office	167,098	167,098	146,727	20,371
Purchasing agent	202,982	202,982	197,718	5,264
Total General Government	<u>12,305,383</u>	<u>12,282,599</u>	<u>10,837,721</u>	<u>1,444,878</u>
Justice System:				
County Court	256,462	256,462	242,673	13,789
County Court at Law	402,093	402,093	378,398	23,695
County Court at Law #2	406,855	406,855	392,799	14,056
County Court at Law #3	403,192	403,192	398,444	4,748
County Clerk	1,159,432	1,159,432	1,071,876	87,556
District Courts	2,380,488	2,382,488	1,999,499	382,989
District Clerk	1,239,990	1,239,990	1,170,896	69,094
Justices of the Peace	1,392,110	1,403,690	1,357,397	46,293
Indigent defense	1,500,000	1,500,000	1,439,515	60,485
Pre-trial release	162,395	161,530	156,847	4,683
Juvenile probation	4,501,534	4,501,534	4,194,897	306,637
Criminal District Attorney	3,976,126	3,976,126	3,725,896	250,230
Total Justice System	<u>17,780,677</u>	<u>17,793,392</u>	<u>16,529,137</u>	<u>1,264,255</u>
Public Safety:				
Civil defense and rural fire aid	396,829	396,829	374,183	22,646
Constables	1,489,420	1,537,260	1,494,920	42,340
Sheriff's department	7,645,881	7,692,615	7,504,200	188,415
Warrant division	151,846	150,346	150,220	126
Litter abatement office	156,807	156,806	153,884	2,922
Dispatcher	1,860,238	1,953,439	1,622,268	331,171
Total Public Safety	<u>11,701,021</u>	<u>11,887,295</u>	<u>11,299,675</u>	<u>587,620</u>
Health and Human Services:				
Indigent health care	1,244,985	1,244,985	1,092,100	152,885
Agricultural extension	193,953	193,953	182,069	11,884
Public services	422,028	422,028	422,561	(533)
Total Health and Human Services	<u>1,860,966</u>	<u>1,860,966</u>	<u>1,696,730</u>	<u>164,236</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, 2014

	<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	\$ 16,200,567	\$ 16,198,479	\$ 15,516,282	\$ 682,197
Community service & rehab	47,150	47,150	20,049	27,101
Total Corrections and Rehab	<u>16,247,717</u>	<u>16,245,629</u>	<u>15,536,331</u>	<u>709,298</u>
Capital Outlay:				
Equipment	507,500	832,606	767,109	65,497
Total Capital Outlay	<u>507,500</u>	<u>832,606</u>	<u>767,109</u>	<u>65,497</u>
Debt Service:				
Principal	557,725	557,725	557,725	-
Interest	49,702	49,702	49,702	-
Total Debt Service	<u>607,427</u>	<u>607,427</u>	<u>607,427</u>	<u>-</u>
Total Expenditures	<u>61,010,691</u>	<u>61,509,914</u>	<u>57,274,130</u>	<u>4,235,784</u>
Excess of Revenues Over Expenditures	515,103	261,477	6,682,346	6,420,869
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	162,561	162,561	-
Transfers out	(4,879,937)	(4,929,937)	(4,929,937)	-
Total Other Financing Sources (Uses)	<u>(4,879,937)</u>	<u>(4,767,376)</u>	<u>(4,767,376)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources (Under) Over Expenditures and Other Financing Uses	(4,364,834)	(4,505,899)	1,914,970	6,420,869
FUND BALANCE, SEPTEMBER 30, 2013	<u>24,699,681</u>	<u>24,699,681</u>	<u>24,699,681</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30, 2014	<u>\$ 20,334,847</u>	<u>\$ 20,193,782</u>	<u>\$ 26,614,651</u>	<u>\$ 6,420,869</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, 2014

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property Taxes:				
Taxes - current	\$ 3,125,141	\$ 3,125,141	\$ 3,130,986	\$ 5,845
Taxes - delinquent	62,503	62,503	43,454	(19,049)
Total Property Taxes	<u>3,187,644</u>	<u>3,187,644</u>	<u>3,174,440</u>	<u>(13,204)</u>
Fees of Office:				
Auto registration	2,680,000	2,680,000	2,681,965	1,965
Other fees	125,000	125,000	188,144	63,144
Total Fees of Office	<u>2,805,000</u>	<u>2,805,000</u>	<u>2,870,109</u>	<u>65,109</u>
Fines:				
Justices of the Peace	770,500	770,500	774,964	4,464
Total Fines	<u>770,500</u>	<u>770,500</u>	<u>774,964</u>	<u>4,464</u>
Other Revenues and Fees:				
Sale of equipment	-	-	9,308	9,308
Interest	10,000	10,000	13,385	3,385
Other revenue	9,000	12,081	35,422	23,341
Total Other Revenues and Fees	<u>19,000</u>	<u>22,081</u>	<u>58,115</u>	<u>36,034</u>
Total Revenues	<u>6,782,144</u>	<u>6,785,225</u>	<u>6,877,628</u>	<u>92,403</u>
EXPENDITURES				
Infrastructure and Environmental Services:				
Administrative	519,540	688,540	432,294	256,246
Labor Division	5,247,561	5,161,642	4,132,735	1,028,907
Equipment Division	1,402,114	1,402,114	1,234,760	167,354
Total Infrastructure and Environmental Services	<u>7,169,215</u>	<u>7,252,296</u>	<u>5,799,789</u>	<u>1,452,507</u>
Capital Outlay:				
Improvements	915,000	835,000	811,926	23,074
Total Capital Outlay	<u>915,000</u>	<u>835,000</u>	<u>811,926</u>	<u>23,074</u>
Debt Service:				
Principal payments	381,940	381,940	381,940	-
Interest and fiscal charges	31,936	31,936	31,936	-
Total Debt Service	<u>413,876</u>	<u>413,876</u>	<u>413,876</u>	<u>-</u>
Total Expenditures	<u>8,498,091</u>	<u>8,501,172</u>	<u>7,025,591</u>	<u>1,475,581</u>
Excess of Revenues Over (Under) Expenditures	(1,715,947)	(1,715,947)	(147,963)	1,567,984
FUND BALANCE, SEPTEMBER 30, 2013	<u>4,042,341</u>	<u>4,042,341</u>	<u>4,042,341</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30, 2014	<u>\$ 2,326,394</u>	<u>\$ 2,326,394</u>	<u>\$ 3,894,378</u>	<u>\$ 1,567,984</u>

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, 2014**

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)
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	90,267,300 (2)	16,375,490	81.86%	33,346,682	49.11%
12/31/2013	79,356,829	95,284,993	15,928,164	83.28%	33,767,556	47.17%

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

(2) Adjusted due to plan changes effective 1/1/2014.

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, 2014**

<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>
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, 2014

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.

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ADDITIONAL SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SMITH COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	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
ASSETS							
Cash	\$ 36,515	\$ 8,850	\$ 1,387,579	\$ 134,162	\$ 4,078	\$ 429,331	\$ 65,854
Investments	-	151,431	2,211,428	-	-	-	-
Taxes receivable-delinquent, net	-	-	-	-	-	-	-
Accounts receivable	-	10,057	58,504	806	4	6,547	547
TOTAL ASSETS	\$ 36,515	\$ 170,338	\$ 3,657,511	\$ 134,968	\$ 4,082	\$ 435,878	\$ 66,401
LIABILITIES							
Vouchers payable	\$ -	\$ 11,238	\$ 23,557	\$ -	\$ -	\$ 9,872	\$ 516
Salaries payable	-	3,502	-	-	-	-	1,494
Due to other funds	-	-	-	-	-	-	-
Total Liabilities	-	14,740	23,557	-	-	9,872	2,010
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
FUND BALANCE							
Restricted for:							
District clerk	36,515	-	-	-	-	-	-
County law library	-	155,598	-	-	-	-	-
Records preservation	-	-	3,633,954	134,968	-	-	-
Graffiti eradication	-	-	-	-	4,082	-	-
Courthouse security	-	-	-	-	-	426,006	-
Law enforcement purposes	-	-	-	-	-	-	64,391
Drug court program	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-
Major building repairs	-	-	-	-	-	-	-
Elections department	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Total fund balance	36,515	155,598	3,633,954	134,968	4,082	426,006	64,391
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 36,515	\$ 170,338	\$ 3,657,511	\$ 134,968	\$ 4,082	\$ 435,878	\$ 66,401

SMITH COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	SPECIAL REVENUE FUNDS						
	COURT IMPROVEMENT	DISTRICT ATTORNEY DRUG FORFEITURE	DPS SEIZURES	DRUG FORFEITURE	LOCAL LAW ENFORCEMENT SEIZURES	DISTRICT ADULT PROBATION	EAST TEXAS AUTO CRUSHERS
ASSETS							
Cash	\$ 903	\$ 326,368	\$ 46,010	\$ 409,414	\$ 49,736	\$ 453,195	\$ 48,272
Investments	-	-	-	-	-	2,606,375	-
Taxes receivable-delinquent, net	-	-	-	-	-	-	-
Accounts receivable	12,544	-	-	-	-	12,293	70,693
TOTAL ASSETS	\$ 13,447	\$ 326,368	\$ 46,010	\$ 409,414	\$ 49,736	\$ 3,071,863	\$ 118,965
LIABILITIES							
Vouchers payable	\$ -	\$ 2,621	\$ -	\$ 8,061	\$ -	\$ 13,663	\$ 27,827
Salaries payable	-	-	-	-	-	119,188	1,119
Due to other funds	10,000	-	-	-	-	-	80,000
Total Liabilities	10,000	2,621	-	8,061	-	132,851	108,946
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
FUND BALANCE							
Restricted for:							
District clerk	-	-	-	-	-	-	-
County law library	-	-	-	-	-	-	-
Records preservation	-	-	-	-	-	-	-
Graffiti eradication	-	-	-	-	-	-	-
Courthouse security	-	-	-	-	-	-	-
Law enforcement purposes	-	323,747	46,010	401,353	49,736	-	10,019
Drug court program	3,447	-	-	-	-	-	-
Adult probation	-	-	-	-	-	2,939,012	-
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	-	-	-	-	-	-	-
Major building repairs	-	-	-	-	-	-	-
Elections department	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Total fund balance	3,447	323,747	46,010	401,353	49,736	2,939,012	10,019
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 13,447	\$ 326,368	\$ 46,010	\$ 409,414	\$ 49,736	\$ 3,071,863	\$ 118,965

SMITH COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	SPECIAL REVENUE FUNDS						
	TEXAS JUVENILE JUSTICE DEPARTMENT	CRIME VICTIM'S SERVICES	STEP TOBACCO GRANT	SHERIFF DEA TASK FORCE	JUSTICE COURT TECHNOLOGY FUND	COUNTY & DISTRICT COURT TECHNOLOGY FUND	JUVENILE JUSTICE ALTERNATIVE EDUCATION
ASSETS							
Cash	\$ 116,190	\$ 75,541	\$ 11,494	\$ 176,701	\$ 79,901	\$ 41,203	\$ 45,905
Investments	776,626	-	-	-	130,335	-	25
Taxes receivable-delinquent, net	-	-	-	-	-	-	-
Accounts receivable	2,550	300	-	-	1,630	578	-
TOTAL ASSETS	\$ 895,366	\$ 75,841	\$ 11,494	\$ 176,701	\$ 211,866	\$ 41,781	\$ 45,930
LIABILITIES							
Vouchers payable	\$ 46,336	\$ -	\$ -	\$ 16,967	\$ 6,678	\$ -	\$ -
Salaries payable	23,413	-	209	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total Liabilities	69,749	-	209	16,967	6,678	-	-
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes	-	-	-	-	-	-	-
Total Deferred inflows of Resources	-	-	-	-	-	-	-
FUND BALANCE							
Restricted for:							
District clerk	-	-	-	-	-	-	-
County law library	-	-	-	-	-	-	-
Records preservation	-	-	-	-	-	-	-
Graffiti eradication	-	-	-	-	-	-	-
Courthouse security	-	-	-	-	-	-	-
Law enforcement purposes	-	75,841	-	159,734	-	-	-
Drug court program	-	-	-	-	-	-	-
Adult probation	-	-	-	-	-	-	-
Juvenile services	825,617	-	-	-	-	-	45,930
Tobacco law enforcement	-	-	11,285	-	-	-	-
Technology	-	-	-	-	205,188	41,781	-
Law enforcement training	-	-	-	-	-	-	-
County judge training	-	-	-	-	-	-	-
Voting machines	-	-	-	-	-	-	-
Voter registration services	-	-	-	-	-	-	-
Inmates	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Committed to:							
Community policing contracted services	-	-	-	-	-	-	-
Major building repairs	-	-	-	-	-	-	-
Elections department	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Total fund balance	825,617	75,841	11,285	159,734	205,188	41,781	45,930
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 895,366	\$ 75,841	\$ 11,494	\$ 176,701	\$ 211,866	\$ 41,781	\$ 45,930

SMITH COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	SPECIAL REVENUE FUNDS						
	JUVENILE ACCOUNTABILITY BLOCK GRANT	LEOSE FUND	JUDICIAL EDUCATION	COMMUNITY POLICING	HOMELAND SECURITY	DA CRIME PREVENTION	FORFEITURE INTEREST 10%
ASSETS							
Cash	\$ 5,675	\$ 9,227	\$ 5,029	\$ 13,667	\$ 28,451	\$ 5,472	\$ 251,777
Investments	-	-	-	-	-	-	-
Taxes receivable-delinquent, net	-	-	-	-	-	-	-
Accounts receivable	427	-	380	-	-	-	349
TOTAL ASSETS	\$ 6,102	\$ 9,227	\$ 5,409	\$ 13,667	\$ 28,451	\$ 5,472	\$ 252,126
LIABILITIES							
Vouchers payable	\$ -	\$ -	\$ -	\$ 386	\$ -	\$ -	\$ -
Salaries payable	-	-	-	1,593	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total Liabilities	-	-	-	1,979	-	-	-
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
FUND BALANCE							
Restricted for:							
District clerk	-	-	-	-	-	-	-
County law library	-	-	-	-	-	-	-
Records preservation	-	-	-	-	-	-	-
Graffiti eradication	-	-	-	-	-	-	-
Courthouse security	-	-	-	-	-	-	-
Law enforcement purposes	-	-	-	-	28,451	5,472	252,126
Drug court program	-	-	-	-	-	-	-
Adult probation	-	-	-	-	-	-	-
Juvenile services	6,102	-	-	-	-	-	-
Tobacco law enforcement	-	-	-	-	-	-	-
Technology	-	-	-	-	-	-	-
Law enforcement training	-	9,227	-	-	-	-	-
County judge training	-	-	5,409	-	-	-	-
Voting machines	-	-	-	-	-	-	-
Voter registration services	-	-	-	-	-	-	-
Inmates	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Committed to:							
Community policing contracted services	-	-	-	11,688	-	-	-
Major building repairs	-	-	-	-	-	-	-
Elections department	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Total fund balance	6,102	9,227	5,409	11,688	28,451	5,472	252,126
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 6,102	\$ 9,227	\$ 5,409	\$ 13,667	\$ 28,451	\$ 5,472	\$ 252,126

SMITH COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	SPECIAL REVENUE FUNDS						
	SEARCH & RESCUE	JAC MAINTENANCE	ELECTIONS VOTING MACHINE REPLACEMENT	ELECTION SERVICES CONTRACT	CHAPTER 19 VOTER REGISTRATION	EDWARD BYRNE MEMORIAL JAG GRANT	DA FEDERAL ASSETS
ASSETS							
Cash	\$ -	\$ 217,262	\$ 7,557	\$ 65,536	\$ 6,763	\$ 36	\$ 44,155
Investments	-	854,860	-	-	-	-	-
Taxes receivable-delinquent, net	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	6,380
TOTAL ASSETS	\$ -	\$ 1,072,122	\$ 7,557	\$ 65,536	\$ 6,763	\$ 36	\$ 50,535
LIABILITIES							
Vouchers payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,977
Salaries payable	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	9,977
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
FUND BALANCE							
Restricted for:							
District clerk	-	-	-	-	-	-	-
County law library	-	-	-	-	-	-	-
Records preservation	-	-	-	-	-	-	-
Graffiti eradication	-	-	-	-	-	-	-
Courthouse security	-	-	-	-	-	-	-
Law enforcement purposes	-	-	-	-	-	36	40,558
Drug court program	-	-	-	-	-	-	-
Adult probation	-	-	-	-	-	-	-
Juvenile services	-	-	-	-	-	-	-
Tobacco law enforcement	-	-	-	-	-	-	-
Technology	-	-	-	-	-	-	-
Law enforcement training	-	-	-	-	-	-	-
County judge training	-	-	-	-	-	-	-
Voting machines	-	-	7,557	-	-	-	-
Voter registration services	-	-	-	-	6,763	-	-
Inmates	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Committed to:							
Community policing contracted services	-	-	-	-	-	-	-
Major building repairs	-	1,072,122	-	-	-	-	-
Elections department	-	-	-	65,536	-	-	-
Capital projects	-	-	-	-	-	-	-
Total fund balance	-	1,072,122	7,557	65,536	6,763	36	40,558
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ -	\$ 1,072,122	\$ 7,557	\$ 65,536	\$ 6,763	\$ 36	\$ 50,535

SMITH COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	SPECIAL REVENUE FUNDS				CAPITAL PROJECT FUND	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	COMMISSARY FUND	CAPITAL IMPROVEMENTS GRANTS	TRANSPORTATION GRANTS	TOTAL	FACILITY IMPROVEMENT	DEBT SERVICE FUND	
ASSETS							
Cash	\$ 476,978	\$ -	\$ 20,000	\$ 5,104,787	\$ 2,108,797	\$ 151,936	\$ 7,365,520
Investments	10,907	-	-	6,741,987	100,692	1,409,852	8,252,531
Taxes receivable-delinquent, net	-	-	-	-	81,708	287,711	369,419
Accounts receivable	29,134	-	4,799	218,522	4,515	11,025	234,062
TOTAL ASSETS	\$ 517,019	\$ -	\$ 24,799	\$ 12,065,296	\$ 2,295,712	\$ 1,860,524	\$ 16,221,532
LIABILITIES							
Vouchers payable	\$ 14,234	\$ -	\$ 4,799	\$ 196,732	\$ 22,481	\$ -	\$ 219,213
Salaries payable	-	-	-	150,518	-	-	150,518
Due to other funds	-	-	20,000	110,000	-	-	110,000
Total Liabilities	14,234	-	24,799	457,250	22,481	-	479,731
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes	-	-	-	-	77,571	273,144	350,715
Total Deferred Inflows of Resources	-	-	-	-	77,571	273,144	350,715
FUND BALANCE							
Restricted for:							
District clerk	-	-	-	36,515	-	-	36,515
County law library	-	-	-	155,598	-	-	155,598
Records preservation	-	-	-	3,768,922	-	-	3,768,922
Graffiti eradication	-	-	-	4,082	-	-	4,082
Courthouse security	-	-	-	426,006	-	-	426,006
Law enforcement purposes	-	-	-	1,457,474	-	-	1,457,474
Drug court program	-	-	-	3,447	-	-	3,447
Adult probation	-	-	-	2,939,012	-	-	2,939,012
Juvenile services	-	-	-	877,649	-	-	877,649
Tobacco law enforcement	-	-	-	11,285	-	-	11,285
Technology	-	-	-	246,969	-	-	246,969
Law enforcement training	-	-	-	9,227	-	-	9,227
County judge training	-	-	-	5,409	-	-	5,409
Voting machines	-	-	-	7,557	-	-	7,557
Voter registration services	-	-	-	6,763	-	-	6,763
Inmates	502,785	-	-	502,785	-	-	502,785
Debt service	-	-	-	-	-	1,587,380	1,587,380
Committed to:							
Community policing contracted services	-	-	-	11,688	-	-	11,688
Major building repairs	-	-	-	1,072,122	-	-	1,072,122
Elections department	-	-	-	65,536	-	-	65,536
Capital projects	-	-	-	-	2,195,660	-	2,195,660
Total fund balance	502,785	-	-	11,608,046	2,195,660	1,587,380	15,391,086
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 517,019	\$ -	\$ 24,799	\$ 12,065,296	\$ 2,295,712	\$ 1,860,524	\$ 16,221,532

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	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
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees of office	-	142,150	986,979	21,796	222	132,377	25,350
Intergovernmental revenues	1,023	-	-	-	-	-	22,304
Other revenues and fees	151	251	5,819	519	18	1,734	22,220
Total Revenues	1,174	142,401	992,798	22,315	240	134,111	69,874
EXPENDITURES							
General government	-	-	412,978	-	-	-	-
Justice system	-	164,228	-	-	-	-	84,986
Public safety	-	-	-	-	-	93,870	-
Corrections and rehabilitation	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt Service-principal retirement	-	-	-	-	-	-	-
Debt Service-interest and fiscal charges	-	-	-	-	-	-	-
Total Expenditures	-	164,228	412,978	-	-	93,870	84,986
Excess of Revenue Over (Under) Expenditures	1,174	(21,827)	579,820	22,315	240	40,241	(15,112)
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	1,174	(21,827)	579,820	22,315	240	40,241	(15,112)
FUND BALANCE, SEPTEMBER 30, 2013	35,341	177,425	3,054,134	112,653	3,842	385,765	79,503
FUND BALANCE, SEPTEMBER 30, 2014	\$ 36,515	\$ 155,598	\$ 3,633,954	\$ 134,968	\$ 4,082	\$ 426,006	\$ 64,391

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	SPECIAL REVENUE FUNDS						
	COURT IMPROVEMENT	DISTRICT ATTORNEY DRUG FORFEITURE	DPS SEIZURES	DRUG FORFEITURE	LOCAL LAW ENFORCEMENT SEIZURES	DISTRICT ADULT PROBATION	EAST TEXAS AUTO CRUSHERS
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees of office	-	-	-	-	-	3,322,654	-
Intergovernmental revenues	59,212	-	-	-	-	827,801	505,108
Other revenues and fees	43	319,502	19,819	400,654	25,338	195,538	325
Total Revenues	59,255	319,502	19,819	400,654	25,338	4,345,993	505,433
EXPENDITURES							
General government	-	-	-	-	-	-	-
Justice system	59,212	-	-	-	-	-	-
Public safety	-	129,601	94,275	64,822	23,819	-	530,327
Corrections and rehabilitation	-	-	-	-	-	5,193,152	-
Health and human services	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-
Capital outlay	-	-	-	52,094	-	-	-
Debt Service-principal retirement	-	-	-	-	-	-	-
Debt Service-interest and fiscal charges	-	-	-	-	-	-	-
Total Expenditures	59,212	129,601	94,275	116,916	23,819	5,193,152	530,327
Excess of Revenue Over (Under) Expenditures	43	189,901	(74,456)	283,738	1,519	(847,159)	(24,894)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	779,937	-
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	779,937	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	43	189,901	(74,456)	283,738	1,519	(67,222)	(24,894)
FUND BALANCE, SEPTEMBER 30, 2013	3,404	133,846	120,466	117,615	48,217	3,006,234	34,913
FUND BALANCE, SEPTEMBER 30, 2014	\$ 3,447	\$ 323,747	\$ 46,010	\$ 401,353	\$ 49,736	\$ 2,939,012	\$ 10,019

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	SPECIAL REVENUE FUNDS						
	TEXAS JUVENILE JUSTICE DEPARTMENT	CRIME VICTIM'S SERVICES	STEP TOBACCO GRANT	SHERIFF DEA TASK FORCE	JUSTICE COURT TECHNOLOGY FUND	COUNTY & DISTRICT COURT TECHNOLOGY FUND	JUVENILE JUSTICE ALTERNATIVE EDUCATION
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees of office	-	-	-	-	45,109	-	-
Intergovernmental revenues	1,213,087	-	25,125	231,739	-	-	-
Other revenues and fees	1,892	7,550	30	1,179	299	10,397	192
Total Revenues	1,214,979	7,550	25,155	232,918	45,408	10,397	192
EXPENDITURES							
General government	-	-	-	-	-	-	-
Justice system	-	546	-	-	766	-	-
Public safety	-	-	20,283	26,500	-	-	-
Corrections and rehabilitation	1,234,680	-	-	-	-	-	-
Health and human services	9,923	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-
Capital outlay	26,945	-	-	75,911	12,191	-	-
Debt Service-principal retirement	-	-	-	-	-	-	-
Debt Service-interest and fiscal charges	-	-	-	-	-	-	-
Total Expenditures	1,271,548	546	20,283	102,411	12,957	-	-
Excess of Revenue Over (Under) Expenditures	(56,569)	7,004	4,872	130,507	32,451	10,397	192
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	(56,569)	7,004	4,872	130,507	32,451	10,397	192
FUND BALANCE, SEPTEMBER 30, 2013	882,186	68,837	6,413	29,227	172,737	31,384	45,738
FUND BALANCE, SEPTEMBER 30, 2014	\$ 825,617	\$ 75,841	\$ 11,285	\$ 159,734	\$ 205,188	\$ 41,781	\$ 45,930

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	SPECIAL REVENUE FUNDS						
	JUVENILE ACCOUNTABILITY BLOCK GRANT	LEOSE FUND	JUDICIAL EDUCATION	COMMUNITY POLICING	HOMELAND SECURITY	DA CRIME PREVENTION	FORFEITURE INTEREST 10%
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees of office	-	-	-	-	-	-	-
Intergovernmental revenues	28,566	-	3,690	-	-	-	-
Other revenues and fees	4,557	15,557	22	64,932	119	23	21,386
Total Revenues	33,123	15,557	3,712	64,932	119	23	21,386
EXPENDITURES							
General government	-	-	-	61,279	-	-	-
Justice system	-	-	2,802	-	-	-	-
Public safety	-	19,184	-	-	-	-	-
Corrections and rehabilitation	12,143	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	16,000
Community and economic development	-	-	-	-	-	-	-
Capital outlay	20,052	-	-	-	-	-	-
Debt Service-principal retirement	-	-	-	-	-	-	-
Debt Service-interest and fiscal charges	-	-	-	-	-	-	-
Total Expenditures	32,195	19,184	2,802	61,279	-	-	16,000
Excess of Revenue Over (Under) Expenditures	928	(3,627)	910	3,653	119	23	5,386
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	928	(3,627)	910	3,653	119	23	5,386
FUND BALANCE, SEPTEMBER 30, 2013	5,174	12,854	4,499	8,035	28,332	5,449	246,740
FUND BALANCE, SEPTEMBER 30, 2014	\$ 6,102	\$ 9,227	\$ 5,409	\$ 11,688	\$ 28,451	\$ 5,472	\$ 252,126

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	SPECIAL REVENUE FUNDS						
	SEARCH & RESCUE	JAC MAINTENANCE	ELECTIONS VOTING MACHINE REPLACEMENT	ELECTION SERVICES CONTRACT	CHAPTER 19 VOTER REGISTRATION	EDWARD BYRNE MEMORIAL JAG GRANT	DA FEDERAL ASSETS
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees of office	-	-	-	27,859	-	-	-
Intergovernmental revenues	-	-	-	-	34,144	-	10,358
Other revenues and fees	-	1,074	-	228	-	-	527
Total Revenues	-	1,074	-	28,087	34,144	-	10,885
EXPENDITURES							
General government	-	-	-	15,388	33,997	-	-
Justice system	-	-	-	-	-	-	30,171
Public safety	7	-	-	-	-	30,467	-
Corrections and rehabilitation	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	30,504	114,835
Debt Service-principal retirement	-	-	-	-	-	-	-
Debt Service-interest and fiscal charges	-	-	-	-	-	-	-
Total Expenditures	7	-	-	15,388	33,997	60,971	145,006
Excess of Revenue Over (Under) Expenditures	(7)	1,074	-	12,699	147	(60,971)	(134,121)
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	(7)	51,074	-	12,699	147	(60,971)	(134,121)
FUND BALANCE, SEPTEMBER 30, 2013	7	1,021,048	7,557	52,837	6,616	61,007	174,679
FUND BALANCE, SEPTEMBER 30, 2014	\$ -	\$ 1,072,122	\$ 7,557	\$ 65,536	\$ 6,763	\$ 36	\$ 40,558

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUND	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	COMMISSARY FUND	CAPITAL IMPROVEMENTS GRANTS	TRANSPORTATION GRANTS	TOTAL	FACILITY IMPROVEMENT		DEBT SERVICE FUND
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,380,205	\$ 4,259,487	\$ 5,639,692
Fees of office	-	-	-	4,704,496	-	-	4,704,496
Intergovernmental revenues	-	346,022	91,008	3,399,187	-	-	3,399,187
Other revenues and fees	184,146	-	-	1,306,041	8,343	12,335	1,326,719
Total Revenues	184,146	346,022	91,008	9,409,724	1,388,548	4,271,822	15,070,094
EXPENDITURES							
General government	-	-	-	523,642	16,080	-	539,722
Justice system	150,423	-	-	493,134	-	-	493,134
Public safety	-	-	-	1,033,155	-	-	1,033,155
Corrections and rehabilitation	-	-	-	6,439,975	-	-	6,439,975
Health and human services	-	-	-	25,923	-	-	25,923
Community and economic development	-	346,022	91,008	437,030	-	-	437,030
Capital outlay	-	-	-	332,532	3,060,475	-	3,393,007
Debt Service-principal retirement	-	-	-	-	386,792	3,305,000	3,691,792
Debt Service-interest and fiscal charges	-	-	-	-	43,608	940,000	983,608
Total Expenditures	150,423	346,022	91,008	9,285,391	3,506,955	4,245,000	17,037,346
Excess of Revenue Over (Under) Expenditures	33,723	-	-	124,333	(2,118,407)	26,822	(1,967,252)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	829,937	4,150,000	-	4,979,937
Transfers out	-	-	-	-	(50,000)	-	(50,000)
Total Other Financing Sources (Uses)	-	-	-	829,937	4,100,000	-	4,929,937
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	33,723	-	-	954,270	1,981,593	26,822	2,962,685
FUND BALANCE, SEPTEMBER 30, 2013	469,062	-	-	10,653,776	214,067	1,560,558	12,428,401
FUND BALANCE, SEPTEMBER 30, 2014	\$ 502,785	\$ -	\$ -	\$ 11,608,046	\$ 2,195,660	\$ 1,587,380	\$ 15,391,086

**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, 2014**

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Other Revenues and Fees:			
Interest	\$ 25,000	\$ 21,382	\$ (3,618)
Other revenue	-	3,543	3,543
	<u>25,000</u>	<u>24,925</u>	<u>(75)</u>
Total Other Revenues and Fees			
	<u>25,000</u>	<u>24,925</u>	<u>(75)</u>
Total Revenues	<u>25,000</u>	<u>24,925</u>	<u>(75)</u>
EXPENDITURES			
Capital Outlay:			
Improvements	16,500,000	14,653,818	1,846,182
	<u>16,500,000</u>	<u>14,653,818</u>	<u>1,846,182</u>
Total Capital Outlay			
	<u>16,500,000</u>	<u>14,653,818</u>	<u>1,846,182</u>
Total Expenditures	<u>16,500,000</u>	<u>14,653,818</u>	<u>1,846,182</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (16,475,000)</u>	<u>(14,628,893)</u>	<u>\$ 1,846,107</u>
FUND BALANCE, SEPTEMBER 30, 2013		<u>17,519,362</u>	
FUND BALANCE, SEPTEMBER 30, 2014		<u>\$ 2,890,469</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, 2014**

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Fees of Office:			
Law library fees	\$ 163,500	\$ 142,150	\$ (21,350)
Total Fees of Office	163,500	142,150	(21,350)
Other Revenues and Fees:			
Interest	500	251	(249)
Miscellaneous revenue	5,000	-	(5,000)
Total Other Revenues and Fees	5,500	251	(5,249)
Total Revenues	169,000	142,401	(26,599)
EXPENDITURES			
Justice System:			
Salaries and benefits	80,479	80,957	(478)
Supplies	3,000	2,865	135
Training	66,038	60,935	5,103
Operating expenses	4,180	2,781	1,399
Miscellaneous	17,100	16,690	410
Total Justice System	170,797	164,228	6,569
Total Expenditures	170,797	164,228	6,569
Excess of Revenues Over (Under) Expenditures	<u>\$ (1,797)</u>	(21,827)	<u>\$ (20,030)</u>
FUND BALANCE, SEPTEMBER 30, 2013		<u>177,425</u>	
FUND BALANCE, SEPTEMBER 30, 2014		<u>\$ 155,598</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, 2014

	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Fees of Office:			
Record preservation fees	\$ 585,000	\$ 986,979	\$ 401,979
Total Fees of Office	585,000	986,979	401,979
Other Revenues and Fees:			
Interest	6,800	5,819	(981)
Total Other Revenues and Fees	6,800	5,819	(981)
Total Revenues	591,800	992,798	400,998
EXPENDITURES			
General Government:			
Salaries and benefits	69,984	-	69,984
Supplies	10,000	4,928	5,072
Miscellaneous	70,000	-	70,000
Imaging / rebinding	800,000	408,050	391,950
Total General Government	949,984	412,978	537,006
Capital Outlay:			
Equipment	500,000	-	500,000
Total capital outlay	500,000	-	500,000
Total Expenditures	1,449,984	412,978	1,037,006
Excess of Revenues Over (Under) Expenditures	\$ (858,184)	579,820	\$ 1,438,004
FUND BALANCE, SEPTEMBER 30, 2013		3,054,134	
FUND BALANCE, SEPTEMBER 30, 2014		\$ 3,633,954	

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, 2014

	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Fees of Office:			
Record preservation fees	\$ 23,000	\$ 21,796	\$ (1,204)
Total Fees of Office	23,000	21,796	(1,204)
Other Revenues and Fees:			
Interest	500	519	19
Total Other Revenues and Fees	500	519	19
Total Revenues	23,500	22,315	(1,185)
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	\$ 13,500	22,315	\$ 8,815
FUND BALANCE, SEPTEMBER 30, 2013		112,653	
FUND BALANCE, SEPTEMBER 30, 2014		\$ 134,968	

**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, 2014**

	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Fees of Office:			
Graffiti Eradication	\$ 500	\$ 222	\$ (278)
Total Fees of Office	500	222	(278)
Other Revenues and Fees:			
Interest	20	18	(2)
Total Other Revenues and Fees	20	18	(2)
Total Revenues	520	240	(280)
EXPENDITURES			
Total Expenditures	-	-	-
Excess of Revenues Over (Under) Expenditures	\$ 520	240	\$ (280)
FUND BALANCE, SEPTEMBER 30, 2013		3,842	
FUND BALANCE, SEPTEMBER 30, 2014		\$ 4,082	

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, 2014

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Fees of Office:			
Courthouse security	\$ 90,000	\$ 86,981	\$ (3,019)
Courthouse security - Precinct #1	<u>42,000</u>	<u>45,396</u>	<u>3,396</u>
Total Fees of Office	132,000	132,377	377
Other Revenues and Fees:			
Interest	<u>2,000</u>	<u>1,734</u>	<u>(266)</u>
Total Other Revenues and Fees	<u>2,000</u>	<u>1,734</u>	<u>(266)</u>
Total Revenues	<u>134,000</u>	<u>134,111</u>	<u>111</u>
EXPENDITURES			
Public Safety:			
Salaries and benefits	12,000	1,948	10,052
Operating	268,000	61,140	206,860
Miscellaneous	<u>50,000</u>	<u>30,782</u>	<u>19,218</u>
Total Infrastructure and Environmental Services	<u>330,000</u>	<u>93,870</u>	<u>236,130</u>
Total Expenditures	<u>330,000</u>	<u>93,870</u>	<u>236,130</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (196,000)</u>	40,241	<u>\$ 236,241</u>
FUND BALANCE, SEPTEMBER 30, 2013		<u>385,765</u>	
FUND BALANCE, SEPTEMBER 30, 2014		<u>\$ 426,006</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, 2014

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Fees of Office:			
Justice Court technology	\$ 42,000	\$ 45,109	\$ 3,109
Total Fees of Office	42,000	45,109	3,109
Other Revenues and Fees:			
Interest	250	299	49
Total Other Revenues and Fees	250	299	49
Total Revenues	42,250	45,408	3,158
EXPENDITURES			
Justice System:			
Operating expenses	3,000	766	2,234
Total Justice System	3,000	766	2,234
Capital Outlay:			
Equipment	57,000	12,191	44,809
Total Capital Outlay	57,000	12,191	44,809
Total Expenditures	60,000	12,957	47,043
Excess of Revenues Over (Under) Expenditures	<u>\$ (17,750)</u>	32,451	<u>\$ 50,201</u>
FUND BALANCE, SEPTEMBER 30, 2013		<u>172,737</u>	
FUND BALANCE, SEPTEMBER 30, 2014		<u>\$ 205,188</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, 2014

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Other Revenues and Fees:			
Interest	\$ 150	\$ 153	\$ 3
Other revenue	<u>9,500</u>	<u>10,244</u>	<u>744</u>
Total Other Revenues and Fees	<u>9,650</u>	<u>10,397</u>	<u>747</u>
Total Revenues	<u>9,650</u>	<u>10,397</u>	<u>747</u>
EXPENDITURES			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 9,650</u>	10,397	<u>\$ 747</u>
FUND BALANCE, SEPTEMBER 30, 2013		<u>31,384</u>	
FUND BALANCE, SEPTEMBER 30, 2014		<u>\$ 41,781</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, 2014**

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Other Revenues and Fees:			
Interest	\$ -	\$ 52	\$ 52
Other revenue	64,880	64,880	-
Total Other Revenues and Fees	<u>64,880</u>	<u>64,932</u>	<u>52</u>
Total Revenues	<u>64,880</u>	<u>64,932</u>	<u>52</u>
EXPENDITURES			
General Governmental:			
Salaries and benefits	57,384	55,145	2,239
Supplies	319	148	171
Travel and training	1,000	968	32
Operating expenses	5,175	5,018	157
Total General Governmental	<u>63,878</u>	<u>61,279</u>	<u>2,599</u>
Total Expenditures	<u>63,878</u>	<u>61,279</u>	<u>2,599</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 1,002</u>	3,653	<u>\$ 2,651</u>
FUND BALANCE, SEPTEMBER 30, 2013		<u>8,035</u>	
FUND BALANCE, SEPTEMBER 30, 2014		<u>\$ 11,688</u>	

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, 2014

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Other Revenues and Fees:			
Interest	\$ 1,500	\$ 1,071	\$ (429)
Other revenue	<u>5,000</u>	<u>20,315</u>	<u>15,315</u>
Total Other Revenues and Fees	<u>6,500</u>	<u>21,386</u>	<u>14,886</u>
Total Revenues	<u>6,500</u>	<u>21,386</u>	<u>14,886</u>
EXPENDITURES			
Health and Human Services:			
Operating expenses	<u>16,000</u>	<u>16,000</u>	<u>-</u>
Total Health and Human Services	<u>16,000</u>	<u>16,000</u>	<u>-</u>
Total Expenditures	<u>16,000</u>	<u>16,000</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (9,500)</u>	5,386	<u>\$ 14,886</u>
FUND BALANCE, SEPTEMBER 30, 2013		<u>246,740</u>	
FUND BALANCE, SEPTEMBER 30, 2014		<u>\$ 252,126</u>	

**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, 2014**

	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Other Revenues and Fees:			
Interest	\$ 1,700	\$ 1,074	\$ (626)
Total Other Revenues and Fees	1,700	1,074	(626)
Total Revenues	1,700	1,074	(626)
EXPENDITURES			
Capital Outlay:			
Equipment	205,000	-	205,000
Total Capital Outlay	205,000	-	205,000
Total Expenditures	205,000	-	205,000
Excess of Revenues Over (Under) Expenditures	(203,300)	1,074	204,374
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	\$ (153,300)	51,074	\$ 204,374
FUND BALANCE, SEPTEMBER 30, 2013		1,021,048	
FUND BALANCE, SEPTEMBER 30, 2014		\$ 1,072,122	

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, 2014

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Property Taxes:			
Taxes - current	\$ 1,358,757	\$ 1,361,312	\$ 2,555
Taxes - delinquent	27,175	18,893	(8,282)
Total Property Taxes	<u>1,385,932</u>	<u>1,380,205</u>	<u>(5,727)</u>
Other Revenues and Fees:			
Interest	4,000	8,343	4,343
Total Other Revenues and Fees	<u>4,000</u>	<u>8,343</u>	<u>4,343</u>
Total Revenues	<u>1,389,932</u>	<u>1,388,548</u>	<u>(1,384)</u>
EXPENDITURES			
General Government:			
Operating expenses	16,080	16,080	-
Miscellaneous	402,448	-	402,448
Total general government	<u>418,528</u>	<u>16,080</u>	<u>402,448</u>
Capital Outlay:			
Improvements	5,173,872	3,060,475	2,113,397
Total capital outlay	<u>5,173,872</u>	<u>3,060,475</u>	<u>2,113,397</u>
Debt Service:			
Principal	-	386,792	(386,792)
Interest	-	43,608	(43,608)
Total Debt Service	<u>-</u>	<u>430,400</u>	<u>(430,400)</u>
Total Expenditures	<u>5,592,400</u>	<u>3,506,955</u>	<u>2,085,445</u>
Excess of Revenues Over (Under) Expenditures	(4,202,468)	(2,118,407)	2,084,061
OTHER FINANCING SOURCES (USES)			
Transfers in	4,150,000	4,150,000	-
Transfers (out)	(50,000)	(50,000)	-
Total Other Financing Sources (Uses)	<u>4,100,000</u>	<u>4,100,000</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (102,468)</u>	1,981,593	<u>\$ 2,084,061</u>
FUND BALANCE, SEPTEMBER 30, 2013		<u>214,067</u>	
FUND BALANCE, SEPTEMBER 30, 2014		<u>\$ 2,195,660</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, 2014**

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Property Taxes:			
Taxes - current	\$ 4,189,006	\$ 4,198,646	\$ 9,640
Taxes - delinquent	<u>85,490</u>	<u>60,841</u>	<u>(24,649)</u>
Total Property Taxes	<u>4,274,496</u>	<u>4,259,487</u>	<u>(15,009)</u>
Other Revenues and Fees:			
Interest	<u>17,000</u>	<u>12,335</u>	<u>(4,665)</u>
Total Other Revenues and Fees	<u>17,000</u>	<u>12,335</u>	<u>(4,665)</u>
Total Revenues	<u>4,291,496</u>	<u>4,271,822</u>	<u>(19,674)</u>
EXPENDITURES			
Debt Service:			
Principal	3,305,000	3,305,000	-
Interest	<u>953,600</u>	<u>940,000</u>	<u>13,600</u>
Total Debt Service	<u>4,258,600</u>	<u>4,245,000</u>	<u>13,600</u>
Total Expenditures	<u>4,258,600</u>	<u>4,245,000</u>	<u>13,600</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 32,896</u>	26,822	<u>\$ (6,074)</u>
FUND BALANCE, SEPTEMBER 30, 2013		<u>1,560,558</u>	
FUND BALANCE, SEPTEMBER 30, 2014		<u>\$ 1,587,380</u>	

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INTERNAL SERVICE FUNDS

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2014

	<u>Governmental Activities</u>		
	<u>Insurance Fund</u>	<u>Payroll Fund</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash	\$ 812,817	\$ 106,706	\$ 919,523
Investments	578	-	578
Accounts receivable	773,412	197	773,609
Total Current Assets	<u>1,586,807</u>	<u>106,903</u>	<u>1,693,710</u>
LIABILITIES			
Current Liabilities:			
Vouchers payable	369,380	43,810	413,190
Total Current Liabilities	<u>369,380</u>	<u>43,810</u>	<u>413,190</u>
NET POSITION			
Unrestricted	1,217,427	63,093	1,280,520
Total Net Position	<u>\$ 1,217,427</u>	<u>\$ 63,093</u>	<u>\$ 1,280,520</u>

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	<u>Governmental Activities</u>		
	<u>Insurance Fund</u>	<u>Payroll Fund</u>	<u>Total</u>
OPERATING REVENUES			
Premiums and reimbursements	\$ 7,745,583	\$ -	\$ 7,745,583
Total Operating Revenues	<u>7,745,583</u>	<u>-</u>	<u>7,745,583</u>
OPERATING EXPENSES			
Insurance claims and administrative fees	<u>7,430,817</u>	<u>-</u>	<u>7,430,817</u>
Total Operating Expenses	<u>7,430,817</u>	<u>-</u>	<u>7,430,817</u>
Operating income	314,766	-	314,766
NON-OPERATING REVENUES			
Interest income and other	<u>3,836</u>	<u>413</u>	<u>4,249</u>
Change in net position	318,602	413	319,015
NET POSITION - SEPTEMBER 30, 2013	<u>898,825</u>	<u>62,680</u>	<u>961,505</u>
NET POSITION - SEPTEMBER 30, 2014	<u>\$ 1,217,427</u>	<u>\$ 63,093</u>	<u>\$ 1,280,520</u>

**SMITH COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2014**

	<u>Governmental Activities</u>		
	<u>Insurance Fund</u>	<u>Payroll Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received for premiums	\$ 7,749,508	\$ 45,703,884	\$ 53,453,392
Cash paid to customers	(7,346,861)	(45,715,317)	(53,062,178)
Net cash provided by (used in) operating activities	<u>402,647</u>	<u>(11,433)</u>	<u>391,214</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>3,836</u>	<u>413</u>	<u>4,249</u>
Net cash provided by investing activities	<u>3,836</u>	<u>413</u>	<u>4,249</u>
Net increase (decrease) in cash	406,483	(11,020)	395,463
Cash at beginning of year	<u>406,334</u>	<u>117,726</u>	<u>524,060</u>
CASH AT END OF YEAR	<u>\$ 812,817</u>	<u>\$ 106,706</u>	<u>\$ 919,523</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 314,766	\$ -	\$ 314,766
Adjustment to reconcile operating income to net cash provided by operating activities:			
Decrease in accounts receivable	3,925	1,041	4,966
Decrease in due from other funds	-	7,795	7,795
(Increase) decrease in vouchers payable	<u>83,956</u>	<u>(20,269)</u>	<u>63,687</u>
Net cash provided by (used in) operating activities	<u>\$ 402,647</u>	<u>\$ (11,433)</u>	<u>\$ 391,214</u>

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FIDUCIARY FUNDS

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
SEPTEMBER 30, 2014

	<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	\$ 897,552	\$ 5,600	\$ 1,941	\$ 2,965,650	\$ 1,349,986	\$ 1,958,088
Investments	-	-	-	-	972,670	1,818,057
Accounts receivable	128,222	-	-	-	-	-
Total assets	<u>\$ 1,025,774</u>	<u>\$ 5,600</u>	<u>\$ 1,941</u>	<u>\$ 2,965,650</u>	<u>\$ 2,322,656</u>	<u>\$ 3,776,145</u>
Liabilities						
Vouchers payable	\$ 620,107	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	405,667	-	-	-	-	-
Other liabilities	-	5,600	1,941	2,965,650	2,322,656	3,776,145
Total liabilities	<u>\$ 1,025,774</u>	<u>\$ 5,600</u>	<u>\$ 1,941</u>	<u>\$ 2,965,650</u>	<u>\$ 2,322,656</u>	<u>\$ 3,776,145</u>

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
SEPTEMBER 30, 2014

	<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	\$ 130,063	\$ 53,730	\$ 100,409	\$ 12	\$ -	\$ 7,463,031
Investments	-	-	-	-	-	2,790,727
Accounts receivable	-	-	-	-	-	128,222
Total assets	<u>\$ 130,063</u>	<u>\$ 53,730</u>	<u>\$ 100,409</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 10,381,980</u>
Liabilities						
Vouchers payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 620,107
Due to other governments	-	-	-	-	-	405,667
Other liabilities	130,063	53,730	100,409	12	-	9,356,206
Total liabilities	<u>\$ 130,063</u>	<u>\$ 53,730</u>	<u>\$ 100,409</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 10,381,980</u>

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	September 30, 2013	Additions	Deductions	September 30, 2014
Trust & Agency Fund				
Assets				
Cash	\$ 823,170	\$ 2,641,290	\$ 2,566,908	\$ 897,552
Accounts receivable	147,789	-	19,567	128,222
Total assets	\$ 970,959	\$ 2,641,290	\$ 2,586,475	\$ 1,025,774
Liabilities				
Vouchers payable	\$ 557,517	\$ 1,107,172	\$ 1,044,582	\$ 620,107
Due to other governments	413,442	1,534,118	1,541,893	405,667
Total liabilities	\$ 970,959	\$ 2,641,290	\$ 2,586,475	\$ 1,025,774
Evidence Fund				
Assets				
Cash	\$ 5,577	\$ 23	\$ -	\$ 5,600
Total assets	\$ 5,577	\$ 23	\$ -	\$ 5,600
Liabilities				
Other liabilities	\$ 5,577	\$ 23	\$ -	\$ 5,600
Total liabilities	\$ 5,577	\$ 23	\$ -	\$ 5,600
ACH Clearing Fund				
Assets				
Cash	\$ 1,928	\$ 2,702,540	\$ 2,702,527	\$ 1,941
Total assets	\$ 1,928	\$ 2,702,540	\$ 2,702,527	\$ 1,941
Liabilities				
Other liabilities	\$ 1,928	\$ 2,702,540	\$ 2,702,527	\$ 1,941
Total liabilities	\$ 1,928	\$ 2,702,540	\$ 2,702,527	\$ 1,941
Tax Office Fee Account				
Assets				
Cash	\$ 2,738,946	\$ 347,036,446	\$ 346,809,742	\$ 2,965,650
Total assets	\$ 2,738,946	\$ 347,036,446	\$ 346,809,742	\$ 2,965,650
Liabilities				
Other liabilities	\$ 2,738,946	\$ 347,036,446	\$ 346,809,742	\$ 2,965,650
Total liabilities	\$ 2,738,946	\$ 347,036,446	\$ 346,809,742	\$ 2,965,650
District Clerk Fee Account				
Assets				
Cash	\$ 1,211,967	\$ 3,238,754	\$ 3,100,735	\$ 1,349,986
Investments	1,012,450	-	39,780	972,670
Total assets	\$ 2,224,417	\$ 3,238,754	\$ 3,140,515	\$ 2,322,656
Liabilities				
Other liabilities	\$ 2,224,417	\$ 3,238,754	\$ 3,140,515	\$ 2,322,656
Total liabilities	\$ 2,224,417	\$ 3,238,754	\$ 3,140,515	\$ 2,322,656
County Clerk Fee Account				
Assets				
Cash	\$ 1,826,681	\$ 5,553,678	\$ 5,422,271	\$ 1,958,088
Investments	2,556,887	-	738,830	1,818,057
Total assets	\$ 4,383,568	\$ 5,553,678	\$ 6,161,101	\$ 3,776,145
Liabilities				
Other liabilities	\$ 4,383,568	\$ 5,553,678	\$ 6,161,101	\$ 3,776,145
Total liabilities	\$ 4,383,568	\$ 5,553,678	\$ 6,161,101	\$ 3,776,145

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	September 30, 2013	Additions	Deductions	September 30, 2014
Sherriff Fee Account				
Assets				
Cash	\$ 108,575	\$ 2,751,541	\$ 2,730,053	\$ 130,063
Total assets	\$ 108,575	\$ 2,751,541	\$ 2,730,053	\$ 130,063
Liabilities				
Other liabilities	\$ 108,575	\$ 2,751,541	\$ 2,730,053	\$ 130,063
Total liabilities	\$ 108,575	\$ 2,751,541	\$ 2,730,053	\$ 130,063
Justices of the Peace Fee Account				
Assets				
Cash	\$ 46,615	\$ 2,990,773	\$ 2,983,658	\$ 53,730
Total assets	\$ 46,615	\$ 2,990,773	\$ 2,983,658	\$ 53,730
Liabilities				
Other liabilities	\$ 46,615	\$ 2,990,773	\$ 2,983,658	\$ 53,730
Total liabilities	\$ 46,615	\$ 2,990,773	\$ 2,983,658	\$ 53,730
Adult Probation Fee Account				
Assets				
Cash	\$ 155,294	\$ 2,009,668	\$ 2,064,553	\$ 100,409
Total assets	\$ 155,294	\$ 2,009,668	\$ 2,064,553	\$ 100,409
Liabilities				
Other liabilities	\$ 155,294	\$ 2,009,668	\$ 2,064,553	\$ 100,409
Total liabilities	\$ 155,294	\$ 2,009,668	\$ 2,064,553	\$ 100,409
Juvenile Probation Fee Account				
Assets				
Cash	\$ -	\$ 513	\$ 501	\$ 12
Total assets	\$ -	\$ 513	\$ 501	\$ 12
Liabilities				
Other liabilities	\$ -	\$ 513	\$ 501	\$ 12
Total liabilities	\$ -	\$ 513	\$ 501	\$ 12
District Attorney Fee Account				
Assets				
Cash	\$ -	\$ 211,785	\$ 211,785	\$ -
Total assets	\$ -	\$ 211,785	\$ 211,785	\$ -
Liabilities				
Other liabilities	\$ -	\$ 211,785	\$ 211,785	\$ -
Total liabilities	\$ -	\$ 211,785	\$ 211,785	\$ -
Total - All Agency Funds				
Assets				
Cash	\$ 6,918,753	\$ 369,137,011	\$ 368,592,733	\$ 7,463,031
Investments	3,569,337	-	778,610	2,790,727
Accounts receivable	147,789	-	19,567	128,222
Total assets	\$ 10,635,879	\$ 369,137,011	\$ 369,390,910	\$ 10,381,980
Liabilities				
Vouchers payable	\$ 557,517	\$ 1,107,172	\$ 1,044,582	\$ 620,107
Due to other governments	413,442	1,534,118	1,541,893	405,667
Other liabilities	9,664,920	366,495,721	366,804,435	9,356,206
Total liabilities	\$ 10,635,879	\$ 369,137,011	\$ 369,390,910	\$ 10,381,980



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.

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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.	88
Revenue Capacity	
These schedules contain information to help the reader assess the County’s most significant local revenue source, property taxes.	92
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.	98
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.	102
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.	104

Table 1

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

	<i>Fiscal Year</i>									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$50,279,650
Restricted	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	12,046,080
Unrestricted	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	1,476,020
Total Governmental Activities Net Position	\$ 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	\$63,801,750

Source: Government-wide Statement of Net Position

Table 2

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<i>Expenses:</i>										
General government	\$ 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	\$ 13,288,738
Justice system	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	18,633,229
Public safety	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	14,250,079
Health & human services	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	1,733,055
Conservation	-	-	25,112	15,328	-	-	-	-	-	-
Infrastructure	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	7,094,425
Corrections & rehabilitation	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	24,339,547
Community & economic development	-	-	-	-	-	-	-	65,628	705,190	437,030
Interest on long-term debt	1,019,267	998,811	609,442	615,197	591,880	459,575	564,727	1,091,290	1,062,624	948,025
Total Governmental Activities Expenses	\$ 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	\$ 80,724,128
<i>Revenues:</i>										
Net Program Revenues:										
Charges for Services:										
General government	\$ 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	\$ 5,640,093
Justice system	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	3,809,999
Public safety	839,555	842,136	822,200	854,056	835,080	1,029,899	984,690	1,007,656	1,024,531	1,043,872
Health & human services	5	5	10	-	-	-	-	-	-	-
Infrastructure	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	3,668,169
Corrections & rehabilitation	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	3,399,786
Community & economic development	150,802	154,995	154,443	147,171	144,833	156,010	157,458	154,630	143,060	142,161
Operating grants & contributions	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	5,589,457
Capital grants & contributions	112,893	1,442,703	903,028	71,609	17,573	582,100	328,008	134,023	709,537	346,022
Total Governmental Activities Program revenues	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	23,639,559
Net (Expense)/Revenue:	\$ (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)	\$ (57,084,569)
General Revenues:										
Property taxes	\$ 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	\$ 44,562,723
Sales & other taxes	12,591,960	14,275,527	15,255,632	16,675,084	15,974,356	13,966,432	15,284,372	15,367,369	16,098,612	17,368,276
Rentals & commissions	792,444	686,611	620,441	592,221	632,439	532,540	-	-	-	-
Reimbursements	10,144	78,417	38,336	167,900	439,483	272,652	-	-	-	-
Miscellaneous	162,864	176,327	143,508	106,345	153,909	353,141	79,016	87,088	105,134	217,938
State shared	129,983	-	144,718	-	-	-	-	-	-	-
Gain in sale of assets	5,384	7,565	3,274	(341,031)	203,866	218,239	69,833	200,366	12,412	64,921
Loss on donation of assets	-	-	-	-	-	-	-	-	-	-
Interest	664,187	1,264,887	1,551,451	998,463	281,304	157,236	162,820	370,443	546,554	176,107
Total Governmental Activities	38,843,618	42,916,713	48,509,342	53,832,909	55,567,130	53,948,579	57,728,236	59,047,314	60,200,782	62,389,965
Change in Net Position	4,273,329	5,225,820	8,375,193	7,515,293	(3,111,407)	(7,989,126)	(763,118)	741,031	4,317,531	5,305,396
Net Position - Beginning	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
Other increases (decreases) in fund balance	3,000	-	-	-	(52,488)	-	306,330	-	-	(149,455)
Net Position - Ending	\$ 45,080,750	\$ 50,306,570	\$ 58,681,763	\$ 65,197,056	\$ 62,033,161	\$ 54,044,035	\$ 53,587,247	\$ 54,328,278	\$ 58,645,809	\$ 63,801,750

Source: Statement of Activities

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Fund Balances										
Nondisposable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 304,894	\$ -	\$ 175,462	\$ 78,629
Assigned As:										
Indigent Health Care	1,177,692	1,378,509	1,644,337	1,846,279	1,994,397	300,017	343,265	139,271	183,975	221,719
Juvenile Services	1,414,544	1,155,834	1,180,223	894,266	698,860	901,877	1,326,370	1,880,633	2,213,167	2,351,722
Workforce Development	-	-	-	-	-	-	317,840	336,226	343,172	322,965
Unassigned	6,832,854	7,154,040	8,945,804	12,399,266	11,177,121	9,490,351	12,395,091	17,052,444	21,642,832	23,639,616
Restricted As:										
Capital Projects	-	-	-	-	-	-	-	-	141,073	-
Total General Fund	\$ 9,425,090	\$ 9,688,383	\$ 11,770,364	\$ 15,139,811	\$ 13,870,378	\$ 10,692,245	\$ 14,687,460	\$ 19,408,574	\$ 24,699,681	\$ 26,614,651
Road and Bridge Fund										
Nondisposable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,759	\$ -	\$ -	\$ -
Committed	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	3,894,378
Total Road and Bridge Fund	\$ 1,677,914	\$ 969,076	\$ 1,809,604	\$ 2,986,582	\$ 2,253,929	\$ 2,163,303	\$ 2,584,919	\$ 3,309,953	\$ 4,042,341	\$ 3,894,378
Jail Expansion Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,292,057	\$ 29,534,832	\$ 17,519,362	\$ 2,890,469
Total Jail Expansion Fund	\$ -	\$ 34,292,057	\$ 29,534,832	\$ 17,519,362	\$ 2,890,469					
All Other Governmental Funds										
Debt Service Fund										
Restricted	\$ 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	\$ 1,587,380
Capital Project Funds										
Committed	9,202,831	5,367,005	2,007,954	1,069,353	698,788	67,215	96,097	1,301,174	1,295,994	3,267,782
Special Revenue Funds:										
Nondisposable	-	-	-	-	-	-	8,987	-	-	-
Committed	-	-	-	-	-	-	1,689,716	1,031,527	-	77,224
Restricted	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	10,458,700
Total All Other Governmental Funds	\$ 14,792,325	\$ 12,203,014	\$ 10,589,011	\$ 11,261,321	\$ 12,053,149	\$ 11,447,909	\$ 12,691,454	\$ 13,789,913	\$ 12,428,401	\$ 15,391,086

Source: Governmental Funds Balance Sheet

Table 4

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES										
Property taxes	\$ 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	\$ 44,447,153
Licenses and other taxes	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	17,375,869
Fees of office	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	14,567,863
Fines	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	1,492,331
Intergovernmental revenues	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	4,393,404
Other revenues and fees	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	3,652,503
Total Revenues	\$ 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	\$ 85,929,123
EXPENDITURES										
Current:										
General government	\$ 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	\$ 11,377,443
Justice system	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	17,022,271
Public safety	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	12,332,830
Corrections and rehabilitation	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	21,976,306
Health and human services	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	1,722,653
Conservation	-	-	25,112	15,308	3	-	-	-	-	-
Infrastructure & environmental	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	5,799,789
Community & Economic Development	-	-	-	-	-	-	-	65,628	705,190	437,030
Capital outlay	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	19,625,860
Debt Service:										
Principal retirement	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	4,631,457
Interest & fiscal charges	1,020,116	935,618	716,713	618,924	542,561	533,122	526,294	1,262,842	1,115,291	1,065,246
Total Expenditures	\$ 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	\$ 95,990,885
Excess (deficiency) of revenues over (under) expenditures	\$ 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)	\$ (10,061,762)
OTHER FINANCING SOURCES (USES)										
Transfers in	\$ 2,360,625	\$ 2,226,793	\$ 358,543	\$ 359,752	\$ 400,237	\$ 456,311	\$ 275,303	\$ 1,288,691	\$ 1,597,820	\$ 4,979,937
Transfers out	(2,860,625)	(2,626,793)	(758,543)	(759,752)	(400,237)	(456,311)	(275,303)	(1,288,691)	(1,597,820)	(4,979,937)
Premium on long-term debt	-	-	-	-	-	-	978,275	-	-	-
Payment to escrow agent for refunded bonds	-	-	-	-	-	-	(5,837,616)	-	-	-
Bond proceeds	-	-	-	-	-	-	39,955,000	-	-	-
Capital lease proceeds	200,889	4,725,183	201,476	429,116	2,447,611	171,009	1,246,144	1,743,359	2,175,180	162,561
Total Other Financing Sources (Uses)	\$ (299,111)	\$ 4,325,183	\$ (198,524)	\$ 29,116	\$ 2,447,611	\$ 171,009	\$ 36,341,803	\$ 1,743,359	\$ 2,175,180	\$ 162,561
Net change in fund balances	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)	(9,899,201)
Fund balances - Beginning 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
Other increases (decreases) to fund balance	(13,156)	-	-	-	-	-	-	-	-	-
Prior period adjustment	-	-	-	-	(52,488)	-	-	-	-	-
Fund Balances - End of year	\$ 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	\$ 48,790,584
Debt Service as a Percentage of Noncapital Expenditures										
	5.7%	10.3%	4.6%	4.2%	4.2%	4.1%	4.7%	7.4%	7.3%	7.5%

Source: Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Property taxes	\$ 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	\$ 44,562,723
Sales tax	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	16,827,874
Other taxes	339,524	373,649	387,464	414,958	425,833	430,018	457,146	414,911	448,577	540,402
Total Tax Revenue	\$ 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	\$ 61,930,999

Source: Government-wide Statement of Activities

SMITH COUNTY, TEXAS
TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	2014		2013		2012		2011		2010	
	Amount	% of Total								
Real, residential, single-family	\$ 7,795,086,556	41.56%	\$ 7,533,980,526	41.38%	\$ 7,368,844,402	41.49%	\$ 7,290,020,159	45.86%	\$ 7,164,015,965	45.81%
Real, residential, multi-family	626,057,924	3.34%	607,376,411	3.34%	585,563,445	3.30%	577,350,602	3.63%	564,340,930	3.61%
Real, vacant lots/tracts	339,528,899	1.81%	325,512,277	1.79%	316,418,359	1.78%	314,078,686	1.98%	305,741,812	1.96%
Real, acreage (land only)	1,682,731,970	8.97%	1,895,165,170	10.41%	1,895,257,020	10.67%	1,840,319,602	11.58%	1,698,804,910	10.86%
Real, farm and ranch improvements	1,116,705,827	5.95%	815,063,196	4.48%	787,102,513	4.43%	781,867,857	4.92%	789,419,478	5.05%
Real, commercial	2,431,625,948	12.96%	2,323,696,408	12.76%	2,254,448,661	12.69%	2,246,869,924	14.13%	2,222,316,521	14.21%
Real, industrial	310,696,749	1.66%	318,667,955	1.75%	315,657,235	1.78%	254,115,499	1.60%	241,268,859	1.54%
Real, oil, gas and other mineral reserves	359,472,416	1.92%	336,761,438	1.85%	342,643,958	1.93%	384,537,816	2.42%	441,822,220	2.83%
Real and tangible personal, utilities	40,028,545	0.21%	36,675,149	0.20%	34,292,498	0.19%	351,377,665	2.21%	357,593,692	2.29%
Tangible personal, business commercial	1,177,460,858	6.28%	1,147,221,057	6.30%	1,696,530,712	9.55%	1,650,488,060	10.38%	1,638,601,148	10.48%
Utilities, tangible personal, other	334,120,491	1.78%	330,019,179	1.81%	310,695,729	1.75%	80,099,951	0.50%	80,480,293	0.51%
Tangible personal, business industrial	570,933,514	3.04%	553,111,984	3.04%						
Tangible personal, other (mobile homes)	82,458,876	0.44%	82,482,964	0.45%						
Real property, inventory	44,206,154	0.24%	55,254,705	0.30%	82,299,398	0.46%	74,545,208	0.47%	90,426,046	0.58%
Real Inventory		0.00%		0.00%	62,373,976	0.35%	-	0.00%	-	0.00%
Special inventory	65,620,473	0.35%	59,541,837	0.33%	53,880,681	0.30%	51,024,344	0.32%	42,955,198	0.27%
Tax Exempt Property, Real	1,780,419,237	9.49%	1,787,895,521	9.82%	1,626,478,355	9.16%	-	0.00%	-	0.00%
No SPTD Code	11,200	0.00%								
Tax Exempt Property, Personal		0.00%		0.00%	25,357,249	0.14%	-	0.00%	-	0.00%
Tax Exempt Property, Mineral		0.00%		0.00%	2,587,597	0.01%	-	0.00%	-	0.00%
Total Appraised Value Before Exemptions	\$ 18,757,165,637	100.00%	\$ 18,208,425,777	100.00%	\$ 17,760,431,788	100.00%	\$ 15,896,695,373	100.00%	\$ 15,637,787,072	100.00%
Less: total exemptions/reductions	4,213,115,602		4,091,181,762		3,974,179,812		2,267,135,381		2,120,377,484	
Add: Protested value not in dispute	3,868,778		12,117,194							
Taxable Assessed Value	\$ 14,547,918,813		\$ 14,129,361,209		\$ 13,786,251,976		\$ 13,629,559,992		\$ 13,517,409,588	
Total Direct Tax Rate	0.330000		0.323564		0.323564		0.32394		0.31394	
Estimated Actual Assessed Value	\$ 14,547,918,813		\$ 14,129,361,209		\$ 13,786,251,976		\$ 13,629,559,992		\$ 13,517,409,588	
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	2009		2008		2007		2006		2005	
	Amount	% of Total								
Real, residential, single-family	\$ 7,118,238,266	45.33%	\$ 7,028,101,220	45.55%	\$ 6,626,306,190	45.77%	\$ 6,164,959,540	46.35%	\$ 5,540,299,660	46.40%
Real, residential, multi-family	577,504,002	3.68%	503,377,370	3.26%	457,396,960	3.16%	383,868,410	2.89%	357,096,620	2.99%
Real, vacant lots/tracts	331,048,016	2.11%	385,879,080	2.50%	319,393,970	2.21%	255,925,060	1.92%	208,718,470	1.75%
Real, acreage (land only)	1,580,353,300	10.06%	1,417,723,830	9.19%	1,360,792,920	9.40%	1,221,144,470	9.18%	1,142,859,500	9.57%
Real, farm and ranch improvements	725,751,341	4.62%	649,237,880	4.21%	606,903,560	4.19%	563,044,980	4.23%	509,824,140	4.27%
Real, commercial	2,233,883,705	14.23%	2,105,727,110	13.65%	1,939,794,210	13.40%	1,774,127,010	13.34%	1,590,440,330	13.32%
Real, industrial	241,970,158	1.54%	311,390,810	2.02%	229,860,120	1.59%	175,543,500	1.32%	169,713,690	1.42%
Real, oil, gas and other mineral reserves	498,828,810	3.18%	625,567,720	4.05%	597,447,430	4.13%	546,050,730	4.11%	321,432,030	2.69%
Real and tangible personal, utilities	357,686,381	2.28%	360,444,575	2.34%	353,260,441	2.44%	347,009,386	2.61%	334,352,098	2.80%
Tangible personal, business commercial	1,817,801,727	11.58%	1,833,286,394	11.88%	1,787,042,959	12.34%	1,686,011,418	12.68%	1,588,177,562	13.30%
Utilities, tangible personal, other	83,691,772	0.53%	77,838,340	0.50%	80,400,580	0.56%	80,570,090	0.61%	84,005,341	0.70%
Tangible personal, business industrial										
Tangible personal, other (mobile homes)										
Real property, inventory	81,499,272	0.52%	69,280,430	0.45%	117,745,039	0.81%	47,085,210	0.35%	45,370,240	0.38%
Real Inventory	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Special inventory	53,232,569	0.34%	60,260,314	0.39%	-	0.00%	55,520,325	0.42%	47,248,174	0.40%
Tax Exempt Property, Real	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
No SPTD Code										
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	\$ 15,701,489,319	100.00%	\$ 15,428,115,073	100.00%	\$ 14,477,072,979	100.00%	\$ 13,300,860,129	100.00%	\$ 11,939,537,855	100.00%
Less: total exemptions/reductions	2,130,576,196		2,005,305,336		1,934,992,052		1,794,609,415		1,696,822,360	
Add: Protested value not in dispute										
Taxable Assessed Value	<u>\$ 13,570,913,123</u>		<u>\$ 13,422,809,737</u>		<u>\$ 12,542,080,927</u>		<u>\$ 11,506,250,714</u>		<u>\$ 10,242,715,495</u>	
Total Direct Tax Rate	0.28894		0.28894		0.28894		0.26828		0.255447	
Estimated Actual Assessed Value	\$ 13,570,913,123		\$ 13,422,809,737		\$ 12,542,080,927		\$ 11,506,250,714		\$ 10,242,715,495	
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
	Operating	Debt Service	Total	City of Tyler Total	Tyler ISD Total	Tyler Junior College Total	Chapel Hill ISD Total	Whitehouse ISD Total	
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
2014	0.295676	0.034324	0.33000	0.22000	1.37500	0.19993	1.24500	1.19300	4.56293

Source: Smith County Appraisal District

* Rates are per \$100 valuation.

Table 8

**SMITH COUNTY, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
SEPTEMBER 30, 2014**

Name of Taxpayer	Nature of Property	Rank	2014 Tax Year Taxable Assessed Valuation	% of Net Taxable Assessed Valuation	Rank	2005 Tax Year Taxable Assessed Valuation	% of Net Taxable Assessed Valuation
Delek Refining	Refinery	1	\$ 316,775,961	2.18%	9	\$ 56,074,217	0.55%
Brookshire Grocery	Grocery Wholesaler/Retailer	2	158,410,719	1.09%	1	133,385,248	1.30%
Oncor Electric Delivery Co.	Utility	3	144,098,017	0.99%	2	116,823,630	1.14%
Dayton Hudson/Target	Retail	4	98,058,980	0.67%			0.00%
Trane-American Standard	Manufacturer	5	90,742,318	0.62%	3	106,206,548	1.04%
Walmart/Sam's East	Wholesaler/Retailer	6	84,522,468	0.58%	5	69,145,699	0.68%
Genecov Investment Group	Financial	7	83,122,970	0.57%			0.00%
Simon Property Group	Property Management	8	42,815,000	0.29%			0.00%
Cebridge Acquisitions	Cable	9	40,012,475	0.28%			0.00%
Linn Operating, Inc.	Oil & Gas Production	10	39,421,641	0.27%			0.00%
Southwest Energy Production	Utility				4	97,842,090	0.96%
Kelly Springfield	Tire Manufacturer				6	65,095,085	0.64%
Ransom Industries	Pipe Manufacturer				7	64,791,712	0.63%
Southwestern Bell	Telephone Utility				8	63,523,913	0.62%
Eastman Chemical Supply	Industrial				10	46,417,190	0.45%
			<u>\$ 1,097,980,549</u>	<u>7.55%</u>		<u>\$ 819,305,332</u>	<u>8.00%</u>

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
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	44,238,709	43,372,946	98.04%	683,496	\$ 44,056,442	99.59%
2014	2015*	46,296,016	37,402,160	80.79%	280,195	\$ 37,682,355	81.39%

* Collections as of 1/31/2015

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>
2005	187,658	21,400,000	404,731	21,804,731	0.34%	116.19
2006	190,000	16,100,000	4,588,649	20,688,649	0.31%	108.89
2007	190,000	14,210,000	3,143,323	17,353,323	0.25%	91.33
2008	194,635	12,210,000	2,867,239	15,077,239	0.21%	77.46
2009	198,705	10,110,000	4,297,258	14,407,258	0.19%	72.51
2010	201,277	8,010,000	3,425,941	11,435,941	0.15%	56.82
2011	209,714	39,955,000	3,489,944	43,444,944	0.53%	207.16
2012	213,381	36,825,000	4,248,709	41,073,709	0.48%	192.49
2013	214,821	33,585,000	5,386,926	38,971,926	0.44%	181.42
2014	216,080	30,280,000	4,214,508	34,494,508	0.37%	159.64

(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
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year Ended 9/30	Certificates of Obligation	General Obligation Bonds	Less:	Net General Bonded Debt	Percentage of	Per Capita	Population
			Amounts Available in Debt Service Fund		Estimated Actual Taxable Value of Property		
2005	21,400,000		327,026	21,072,974	0.21%	\$ 112.29	187,658
2006	16,110,000		774,808	15,335,192	0.13%	80.71	190,000
2007	14,210,000		1,227,199	12,982,801	0.10%	68.33	190,000
2008	12,210,000		1,599,897	10,610,103	0.08%	54.51	194,635
2009	10,110,000		1,921,210	8,188,790	0.06%	41.21	198,705
2010	8,010,000		1,111,647	6,898,353	0.05%	34.27	201,277
2011		39,955,000	1,472,561	38,482,439	0.28%	183.50	209,714
2012		36,825,000	1,505,353	35,319,647	0.26%	165.52	213,381
2013		33,585,000	1,560,558	32,024,442	0.23%	149.08	214,821
2014		30,280,000	1,586,699	28,693,301	0.20%	132.79	216,080

Table 12

Smith County, Texas
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
As of September 30, 2014

<u>Governmental Unit</u>	<u>Net Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
DIRECT DEBT**			
Smith County	\$ 34,494,508	100.00%	\$ 34,494,508
OVERLAPPING DEBT			
Arp ISD	\$ 9,723,602	100.00%	\$ 9,723,602
Arp, City of	791,000	100.00%	791,000
Bullard ISD	35,654,833	60.45%	21,553,347
Bullard, City of	3,920,000	85.77%	3,362,184
Chapel Hill ISD	21,977,000	100.00%	21,977,000
East Texas MUD of Smith County	5,255,000	100.00%	5,255,000
Gladewater ISD	34,325,000	12.41%	4,259,733
Lindale ISD	56,824,543	99.08%	56,301,757
Lindale, City of	15,250,000	100.00%	15,250,000
Overton, City of	2,123,581	6.43%	136,546
Troup ISD	7,020,000	43.70%	3,067,740
Troup, City of	-	93.28%	-
Tyler ISD	310,835,000	100.00%	310,835,000
Tyler Junior College	38,300,000	91.60%	35,082,800
Van ISD	37,645,000	6.77%	2,548,567
Whitehouse ISD	29,763,933	100.00%	29,763,933
Whitehouse, City of	19,603,000	100.00%	19,603,000
Winona, City of	27,143,321	100.00%	27,143,321
TOTAL DIRECT & OVERLAPPING DEBT	\$ 690,649,321		\$ 601,149,037

(1) Source: Municipal Advisory Council of Texas

* The percentage of overlapping debt applicable is estimated using taxable assessed property values. Amounts were determined using the portion of each entity's taxable value that is located within the county and dividing it by the entity's total value.

** Direct debt includes general obligation debt and capital leases

Table 13

SMITH COUNTY, TEXAS
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 2,555,027	\$ 2,869,690	\$ 3,152,225	\$ 3,364,183	\$ 3,436,691	\$ 3,468,938	\$ 3,528,771	\$ 3,089,012	\$ 3,115,064	\$ 3,241,431
Total Net Debt Applicable to Limit	21,727	16,885	15,437	13,810	12,031	9,122	41,428	38,330	35,146	31,867
Legal Debt Margin	\$ 2,533,300	\$ 2,852,805	\$ 3,136,788	\$ 3,350,373	\$ 3,424,660	\$ 3,459,816	\$ 3,487,343	\$ 3,050,682	\$ 3,079,919	\$ 3,209,564
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.85%	0.59%	0.49%	0.41%	0.35%	0.26%	1.17%	1.24%	1.13%	0.98%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Value of Real Property	\$ 12,965,722
Debt Limit (25% of Total Real Property Value)	3,241,431
Debt Applicable to Limit	
General Obligation Bonds	\$ 30,280
Less: Amount Set Aside for Repayment of General Obligation Debt	1,587
Total Net Debt Application to Limit	\$ 31,867
Legal Debt Margin	\$ 3,209,564

Table 14

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

<u>Fiscal Year</u>	<u>Estimated Population¹</u>	<u>Estimated Personal Income¹ (thousands of dollars)</u>	<u>Per Capita Personal Income¹</u>	<u>Median Age²</u>	<u>Education Level in Years of Formal Schooling²</u>	<u>School Enrollment²</u>	<u>Unemployment Rate¹</u>
2005	187,658	6,412,516	34,171	34.1	n/a	34,835	5.0%
2006	190,000	6,679,704	35,156	34.1	13.6	34,894	4.7%
2007	190,000	6,958,025	36,621	34.1	13.6	35,386	4.2%
2008	194,635	7,247,943	37,239	34.1	13.6	35,361	5.0%
2009	198,705	7,549,941	37,996	34.1	13.6	35,436	7.6%
2010	201,277	7,864,522	39,073	34.1	13.6	35,690	7.9%
2011	209,714	8,192,210	39,064	35.5	13.6	35,946	7.3%
2012	213,381	8,533,552	39,992	35.5	13.6	35,749	7.8%
2013	214,821	8,889,117	41,379	35.5	13.6	35,682	5.8%
2014	216,080	9,199,272	42,573	35.5	13.6	35,609	4.7%

Data sources:

¹Texas Labor Market Information Report

²TEDC Community Profile

Table 15

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

Employer	2014			2003		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (2)
Trinity Mother Francis *	4,030	1	3.9%	3,384	1	3.9%
East Texas Medical Center *	3,092	2	3.0%	3,214	2	3.7%
Tyler Independent School District	2,359	3	2.3%	2,576	3	3.0%
Brookshire Grocery Company *	1,762	4	1.7%	2,228	4	2.6%
UT Texas - Tyler	1,557	5	1.5%	-	-	0.0%
Trane Company *	1,500	6	1.4%	2,000	5	2.3%
Wal-Mart	1,296	7	1.2%	-	-	0.0%
UT Health Northeast	1,050	8	1.0%	-	-	0.0%
Tyler Junior College	935	9	0.9%	1,247	6	1.4%
City of Tyler	803	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	18,384		17.7%	18,884		21.6%

Source: Tyler Economic Development Council

* Headquarters located in Tyler.

(1) total county employment of 103,940

(2) total county employment of 87,265

Table 16

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

<i>Function</i>	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	86	90	91	93	99	101	97	96	97	103
Judicial	134	134	134	144	145	145	140	141	141	137
Law Enforcement	114	119	125	126	165	166	162	165	162	170
Corrections	255	259	259	278	295	293	293	291	304	316
Roads & Transportation	64	64	87	93	93	93	76	76	77	77
Other	6	6	6	6	6	6	4	4	3	3
Totals	659	672	702	740	803	804	772	773	784	806

Full Time Equivalent at the Beginning of Fiscal Year

Table 17

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function:										
General Government:										
County Clerk:										
Number of Criminal Cases Filed	5,566	4,412	5,530	6,215	5,431	5,985	4,376	4,397	4,629	4,177
Number of Civil Cases Filed	1,408	1,581	1,724	1,245	1,129	1,394	1,384	1,324	1,150	914
Human Resources:										
Applications Accepted				965	1,344	2,305	3,213	2,032	1,862	1,762
Purchasing:										
Purchase Orders Issued			5,267	6,423	7,474	4,962	4,572	4,656	4,204	6,052
Annual Contracts Awarded/RFB			31	34	28	27	25	34	10	10
Information Technology:										
Help Desk Calls Processed				3,146	3,889	4,025	3,847	3,844	3,880	4,112
Number of Computers Supported				525	686	688	668	820	935	935
Elections Administration:										
Voter applications processed	15,936	25,057	27,000	8,514	9,650	4,309	4,785	4,785	15,355	19,590
Elections Held	4	5	10	9	11	12	12	11	6	10
County Auditor:										
Accounts Payable Checks Processed				26,699	25,519	24,604	25,416	23,872	22,386	19,940
Grants Administered				24	18	29	21	23	21	21
Tax Assessor/Collector										
Motor Vehicle Registrations	183,891	194,393	199,709	206,280	202,082	204,915	205,297	206,626	210,950	213,297
Titles	55,972	61,279	59,379	59,552	60,058	50,479	50,994	54,553	56,670	56,205
Judicial:										
District Courts:										
Criminal Cases Disposed	2,623	3,330	3,466	2,821	2,638	2,885	2,606	1,792	2,389	*
Civil Cases Disposed	3,773	3,659	3,484	3,515	3,508	3,506	1,393	874	1,214	*
County Courts										
Criminal Cases Disposed	5,725	6,315	6,492	8,070	7,688	7,190	5,895	5,142	5,992	*
Civil Cases Disposed	3,387	3,733	3,169	3,090	3,327	3,345	3,322	2,813	2,991	*
Juvenile Cases Disposed	514	554	543	553	490	469	295	274	331	*
Justices of the Peace										
Cases Filed	31,248	32,949	27,857	23,476	23,479	18,932	18,885	17,606	18,132	*
Law Enforcement:										
Sheriff - Calls for Service	32,118	30,886	29,987	31,246	16,589	45,998	30,601	31,159	32,004	
Sheriff - Active CID cases	4,948	4,255	5,651	5,366	5,008	4,978	5,879		4,517	
Corrections:										
Prisoners Booked	12,282	13,739	13,195	13,297	13,599	12,112	7,793	11,335	11,271	
Roads & Transportation:										
Field Work Orders Completed				4,631	4,912	4,122	4,078	3,554	3,930	4,433
Shop Work Orders Completed					3,743	3,221	2,960	2,519	3,179	3,156

* Office of Court Administration Annual Reports not yet available

Table 18

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

<i>Function/Program</i>	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<i>General Government</i>										
Buildings	4	4	4	4	4	4	4	4	7	7
Plazas	1	1	1	1	1	1	2	2	2	2
Vehicles	10	10	10	10	10	15	18	13	12	12
<i>Infrastructure</i>										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	48	48	48	48	48	48	48	41	41	45
Dump Trucks	43	43	43	43	43	43	43	33	32	32
<i>Justice System</i>										
Buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	5	5	5	10	9	10	11	9	8	8
<i>Public Safety</i>										
Buildings	4	4	4	4	4	4	5	5	5	5
Vehicles	88	88	101	112	139	151	159	163	164	161
<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	1	1
Vehicles - Jail	1	1	1	1	1	2	1	2	4	5
Vehicles - Juvenile Probation	5	5	5	5	5	5	5	6	6	8
Vehicles - Adult Probation	8	8	8	8	8	8	8	17	15	15

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GOVERNMENTAL COMPLIANCE SECTION

HENRY & PETERS, PC
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, 2014, which collectively comprise Smith County, Texas' basic financial statements and have issued our report thereon dated February 20, 2015.

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

Purpose of this Report

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

Henry + Peters, P.C.

Tyler, Texas
February 20, 2015

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, 2014. 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, OMB Circular A-133 and the State of Texas Single Audit Circular 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, 2014.

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
February 20, 2015

**SMITH COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2014**

<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.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Texas Department of Agriculture:			
CDBG - Lindale Rural/ Duck Creek	14.228	712036	\$ 264,708 *
Texas Capital Grant Funds - Distant Lands	14.228	711042	81,314 *
Total passed through the Texas Department of Agriculture			<u>346,022</u>
Total U.S. Department of Housing and Urban Development			<u>346,022</u>
U. S. DEPARTMENT OF JUSTICE			
Direct Programs:			
JAG Program Cluster:			
2013 Justice Assistance Grant Program	16.738		<u>60,971</u>
Total JAG Program Cluster			<u>60,971</u>
Passed through Texas Juvenile Justice Department:			
Juvenile Accountability Block Grant	16.523	JB-12-XXX-26332-02	12,143
Passed Through City of Kilgore:			
DEA Task Force	16.579	N/A	17,202
Total U.S. Department of Justice			<u>90,316</u>

**SMITH COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2014**

<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 TRANSPORTATION</u>			
Passed through the Texas Department of Transportation:			
Enhance Mobility of Seniors and Individuals with Disabilities	20.513	51410F7133	\$ 91,008
Total U.S. Department of Transportation			<u>91,008</u>
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through Texas Department of Family and Protective Services:			
Foster Care Title IV-E			
Legal Services	93.658	23939009	20,944
County Child Welfare Services	93.658	23939008	13,091
Total U.S. Department of Health and Human Services			<u>34,035</u>
<u>U. S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through Texas Department of Public Safety:			
FY 13 Emergency Management Performance Grant	97.042	13TX-EMPG-0274	59,526
Total U.S. Department of Homeland Security			<u>59,526</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 620,907</u>

* Denotes Major Program

**SMITH COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2014**

<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	1446335	\$ 27,715
<u>STATE OF TEXAS - OFFICE OF THE GOVERNOR CRIMINAL JUSTICE DIVISION</u>		
Drug Court Grant	SF-09-A10-19762-07	59,212
Mind, Body, and Tools Program	SF-14-J20-26791-01	20,052
Total State of Texas - Office of the Governor Criminal Justice Division		79,264
<u>TEXAS STATEWIDE TOBACCO EDUCATION AND PREVENTION</u>		
Tobacco Funds	---	20,283
<u>AUTOMOBILE THEFT PREVENTION AUTHORITY</u>		
East Texas Auto Theft Task Force	SA-T01-10064-14	530,271 *
<u>TASK FORCE ON INDIGENT DEFENSE</u>		
Indigent Defense Formula Grant	212-14-212	281,408
<u>BUREAU OF JUSTICE ASSISTANCE</u>		
State Criminal Alien Assistance Program (SCAAP)	2013-AP-BX-0470	72,224
<u>SECRETARY OF STATE</u>		
Chapter 19 Voter Registration	FY2012	29,400
Chapter 19 Voter Registration	FY2013	998
Chapter 19 Voter Registration	FY2014	3,600
Total Chapter 19 Voter Registration		33,998
<u>EAST TEXAS COUNCIL OF GOVERNMENTS</u>		
Solid Waste Grant	14-06-G16	3,000
Governor's Office - Criminal Justice Division Regional Evaluation Services for Juveniles	SF-25417-03	4,050
TOTAL EXPENDITURES OF STATE AWARDS		\$ 1,052,213

* Denotes Major Program

**SMITH COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2014**

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, 2014. 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	\$115,084,139
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

NOTE C - SUBRECIPIENTS

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

<u>Program</u>	<u>CFDA #</u>	<u>Amount</u>
2013 Justice Assistance Grant Program	16.738	\$ 30,486
County Child Welfare Services	93.658	13,901

**SMITH COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDED SEPTEMBER 30, 2014**

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, 2014**

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:

<u>Name of Major State Programs:</u>	<u>CFDA Number</u>
East Texas Auto Theft Task Force	N/A

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
--	--------------------	----------

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, 2014

None

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