

# **SMITH COUNTY, TEXAS**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For Fiscal Year Ending September 30, 2010**

**SMITH COUNTY, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2010**

**COUNTY JUDGE – JOEL BAKER**

**Members of Commissioners Court:**

Jeff Warr  
William McGinnis  
Terry Phillips  
JoAnn Hampton

**County Auditor - Ann Wilson**

**SMITH COUNTY, TEXAS**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended September 30, 2010**

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**INTRODUCTORY SECTION**



## SMITH COUNTY AUDITOR

*Ann W. Wilson, CPA, CIO*

March 29, 2011

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, 2010 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, 2010 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, 2010, 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 209,714. The City of Tyler is the county seat and the county's largest incorporated area with an estimated population of approximately 99,000 residents. Smith County also includes the Cities of Lindale, Whitehouse, Arp, Troup, Bullard, Winona, New Chapel Hill, Noonday, Overton, and Hide-away Lake.

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

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

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

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

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

**Local Economy** – Smith County continues to be the home to many major industries, including manufacturing, health care and higher education. While the effect of the national recession has been felt locally, Smith County has fared better than many in the country. Although the Smith County unemployment rate increased from 5.6% in December 2008 to 7.7% in December 2010, the rate is significantly lower than the national unemployment rate of 9.1% in December 2010. Current economic conditions, such as the recent upturn in the employment rate, suggest an improvement in the economy.

Tyler was ranked No. 7 out of 179 small metropolitan cities in the 2010 Milken Institute best performing cities index which ranks metropolitan areas in the United States on how well they are creating and sustaining jobs and economic growth.

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 has moved forward with funding for the construction of Segment 3B of the toll road which will connect Texas Highway 31 West to Interstate 20 in a 32 mile segment. The connection to Interstate 20 is believed to increase usage of the loop and stimulate 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 12% of current budgeted expenditures. 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. To further strengthen our long-term financial planning, Smith County is currently developing its first formal Capital Improvement Plan for 2012.

## **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, 2009. This was the 5<sup>th</sup> 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.

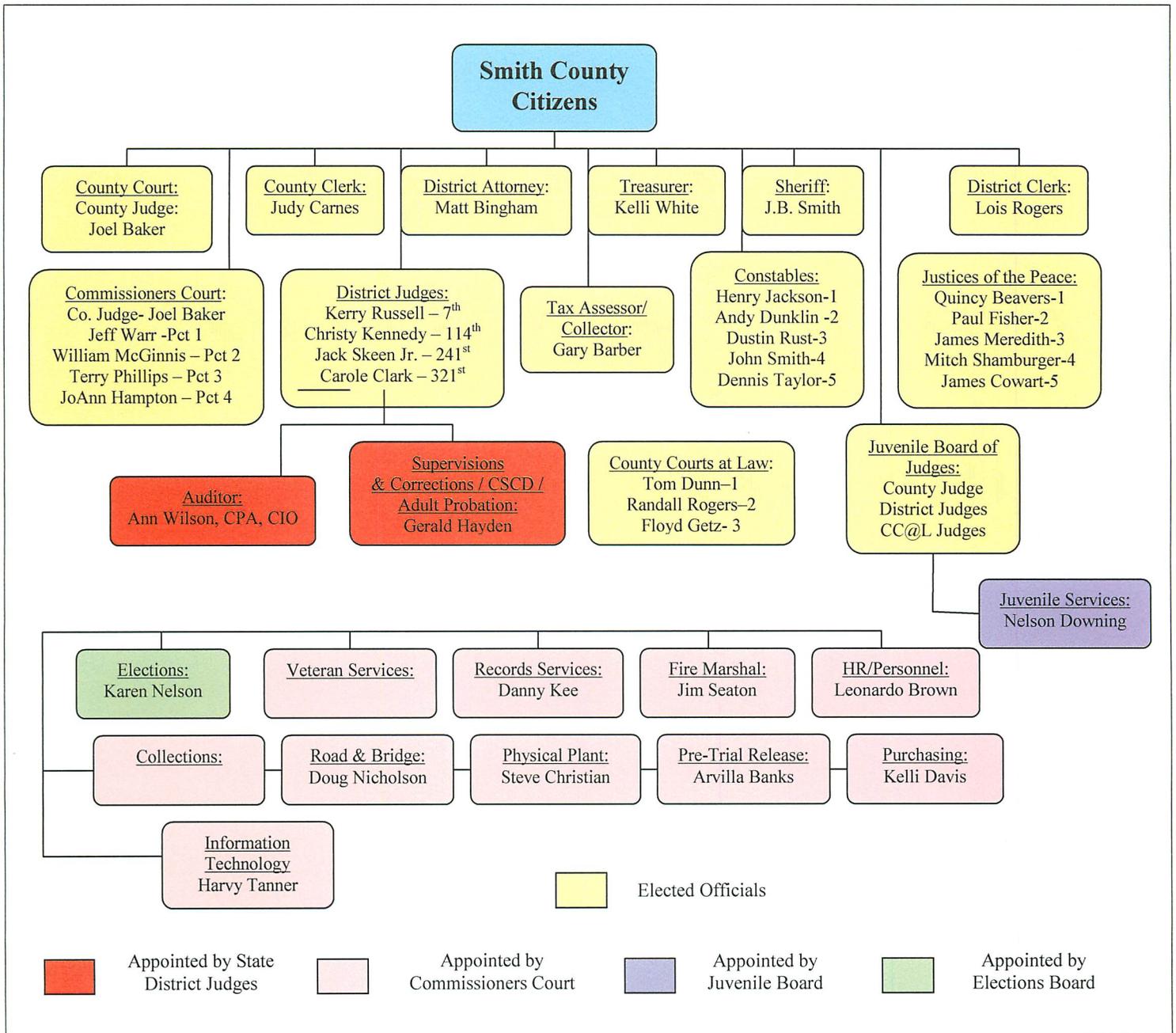
Smith County has been awarded the Leadership Circle Gold Award by the Texas Comptroller of Public Accounts. The Leadership Circle recognizes local governments across Texas that are striving to meet a high standard for financial transparency online by opening their books to the public; providing a clear,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

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

Respectfully submitted,

Ann W. Wilson, CPA, CIO  
County Auditor

# Smith County Organizational Chart



**SMITH COUNTY, TEXAS  
PRINCIPAL OFFICIALS  
September 30, 2010**

**Commissioners Court**

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

**Judicial**

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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 <sup>th</sup> District Court	Judge Kerry Russell
114 <sup>th</sup> District Court	Judge Christy Kennedy
241 <sup>st</sup> District Court	Judge Jack Skeen, Jr.
321 <sup>st</sup> District Court	Judge Carole Clark

**County & Precinct Officials**

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Constable - Precinct #1	Henry Jackson
Constable - Precinct #2	Andy Dunklin
Constable - Precinct #3	Dustin Rust
Constable - Precinct #4	John Smith
Constable - Precinct #5	Dennis Taylor
County Clerk	Judy Carnes
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 Paul Fisher
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	J. B. Smith
Tax Assessor-Collector	Gary Barber
County Treasurer	Kelli White
Adult Probation	Gerald Hayden
County Auditor	Ann W. Wilson, CPA
Juvenile Services	Nelson Downing
Purchasing	Kelli Davis



**FINANCIAL SECTION**

**HENRY & PETERS, PC**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Honorable Commissioners' Court of Smith County  
Tyler, Texas

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, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Smith County, Texas' management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2011 on our consideration of Smith County's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 14 and 48 through 53, respectively, 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 consist of inquiries of management about the methods of preparing 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 reassurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Smith County, Texas' financial statements as a whole. The introductory section, additional supplemental information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the 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 financial statements of Smith County, Texas. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 it.

*Henry & Peters, P.C.*

Tyler, Texas  
March 24, 2011

# SMITH COUNTY, TEXAS

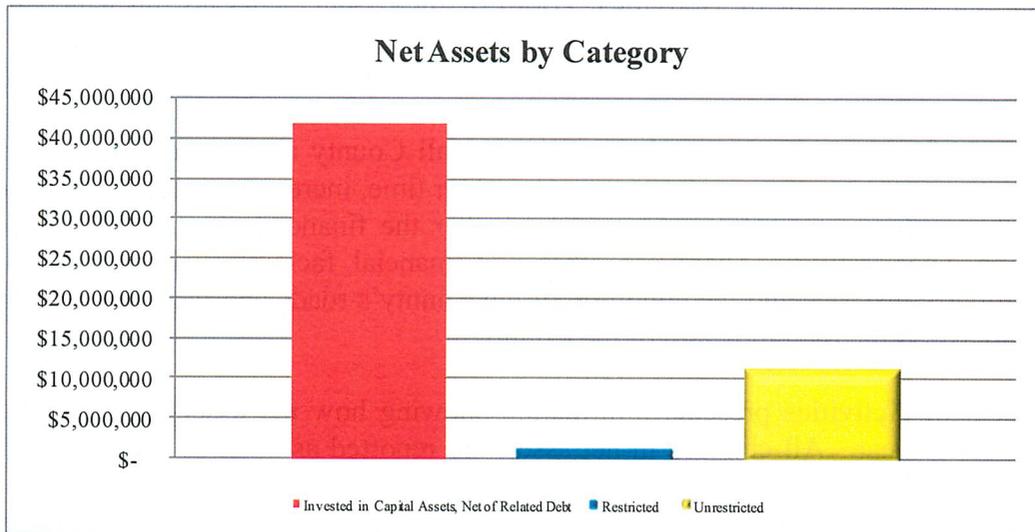
## MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2010. The MD&A should be read in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to those financial statements. The discussion and analysis includes comparative data for prior years of government-wide data.

### FINANCIAL HIGHLIGHTS

#### *Government-Wide:*

- The County's total net assets decreased by \$7,989,126.
- The total government-wide assets of the County exceeded the liabilities at September 30, 2010 by \$54,044,035 as is reported as total net assets of the primary government. Of this amount, \$11,223,734 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, \$1,178,862 is restricted for specific purposes (restricted net assets), and \$41,641,439 is invested in capital assets, net of related debt.



### ***Fund Financial Statements:***

- At the end of the fiscal year, the combined unreserved fund balance for the County's operating funds (General, Road & Bridge, Juvenile General, Facility Improvement, Workforce Investment and Indigent Health Care) was \$12,855,548 or 19% of the combined expenditures.

### ***Long-Term Debt:***

- In fiscal year 2010, the County did not issue any additional long-term debt.
- Smith County's certificates of obligation debt decreased by \$2,100,000. Total certificate of obligation debt at the end of fiscal year 2010 is \$8,010,000.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

**Fund Financial Statements** are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Of the County’s total assets of \$84,629,483 the largest components are: (1) cash and investments of \$25,301,882 or 30% (2) receivables which largely represent the deferred taxes for FY2010 of \$5,203,168 or 6%, and (3) capital assets net of accumulated depreciation of \$53,428,285 or 63%. Capital assets are non-liquid assets and cannot be utilized to satisfy County obligations. Out of the total liabilities of \$30,585,448, approximately \$11,856,641 are current liabilities.

The County’s assets exceeded liabilities by \$54,044,035 at the close of the most recent fiscal year. The County’s net assets for fiscal year ended September 30, 2009 and 2010 are summarized as follows:

	<b>Governmental Activities FY09</b>	<b>Governmental Activities FY10</b>
Current & Other Assets	\$ 36,503,143	\$ 31,201,198
Capital Assets (net of depreciation)	53,469,224	53,428,285
<b>Total Assets</b>	<b>\$ 89,972,367</b>	<b>\$ 84,629,483</b>
Current & Other Liabilities	\$ 11,763,193	\$ 11,856,641
Long-term Liabilities	16,179,013	18,728,807
<b>Total Liabilities</b>	<b>\$ 27,942,206</b>	<b>\$ 30,585,448</b>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 38,706,007	\$ 41,641,439
Restricted	2,619,999	1,178,862
Unrestricted	20,707,155	11,223,734
<b>Total Net Assets</b>	<b>\$ 62,030,161</b>	<b>\$ 54,044,035</b>

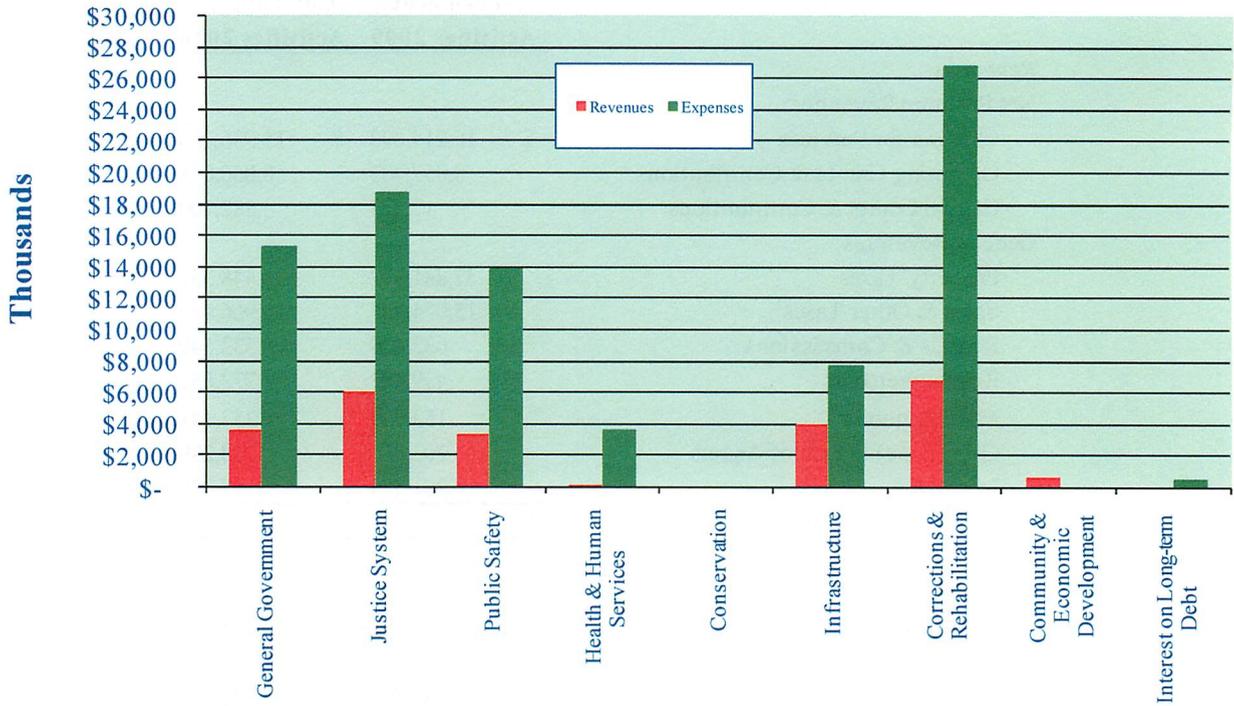
About 2% or \$1,178,862 of the County’s net assets represent restricted net assets which are resources that are subject to external restrictions on how they may be used. Restrictions include statutory requirements, bond covenants, and granting conditions. The most significant portion (\$41,641,439) of the County’s net assets reflects its investment in capital assets (e.g., land, buildings, machinery & equipment) net of related debt.

Governmental activities decreased the County’s net assets by \$7,989,126. The Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds further details the decrease in net assets.

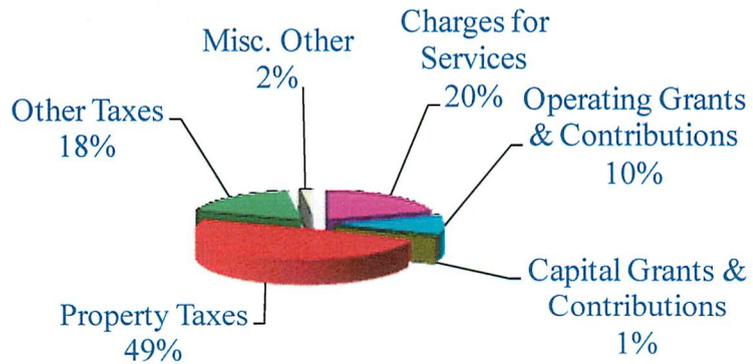
## Smith County's Changes in Net Assets

	<b>Governmental Activities 2009</b>	<b>Governmental Activities 2010</b>
<i>Revenues:</i>		
Net Program Revenues:		
Charges for Services	\$ 16,214,898	\$ 15,936,753
Operating Grants & Contributions	8,057,403	8,060,048
Capital Grants & Contributions	17,573	582,100
General Revenues:		
Property Taxes	37,881,772	38,448,339
Sales & Other Taxes	15,974,357	13,966,432
Rentals & Commissions	632,439	532,540
Reimbursements	439,483	272,652
Miscellaneous	153,909	353,141
Gain (Loss) in Sale of Assets	203,866	218,239
Interest	281,304	157,236
Total Revenues	\$ 79,857,004	\$ 78,527,480
<i>Expenses:</i>		
General Government	\$ 15,254,066	\$ 15,296,017
Justice System	17,280,920	18,779,771
Public Safety	15,195,201	13,898,214
Health & Human Services	2,137,001	3,594,974
Conservation	3	-
Infrastructure	8,565,139	7,644,779
Corrections & Rehabilitation	23,944,201	26,843,276
Interest on Long-term Debt	591,880	459,575
Total Expenses	\$ 82,968,411	\$ 86,516,606
Change in Net Assets	\$ (3,111,407)	\$ (7,989,126)
Net Assets - Beginning	65,197,056	62,033,161
Other Increases (Decreases) in Fund Balance	(52,488)	-
Net Assets - Ending	\$ 62,033,161	\$ 54,044,035

### Program Expenses & Revenues - Governmental Activities



### Revenues by Source - Governmental Activities



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

- Program revenues of \$24,578,901 equaled 28% of governmental expenses of \$86,516,606. As expected, general revenues of \$53,948,579 and fund balance provided the additional support and coverage for expenses.
- Approximately 31% of the expenses are for Corrections & Rehabilitation (\$26,843,276) while this category provided about 8% of total revenues of \$78,527,480.
- The next largest category of expenses is the Justice System (\$18,779,771) at 22%. The Justice System provided about 8% of total revenues. Justice System expenses increases are due to indigent defense legislation that resulted in changes regarding assignment of attorneys and movement of prisoners and is dependent upon the number and costs of capital murder trials.
- Public Safety activities accounted for 16% of governmental expenses while this category provided 4% of total revenues.
- Infrastructure (Road & Bridge) accounted for 9% of governmental expenses while this category provided 5% of total revenues.
- Grant revenues and contributions comprised about 11% 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 have been the framework of the County's strong fiscal management and accountability. The County has an AA3/AA+ bond rating.

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$24,303,457. Approximately \$23,124,595, or 95%, of the funds balance represents unreserved fund balance which is available for spending. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: (1) to pay debt service (\$1,111,647); (2) to fund capital projects (\$67,215).

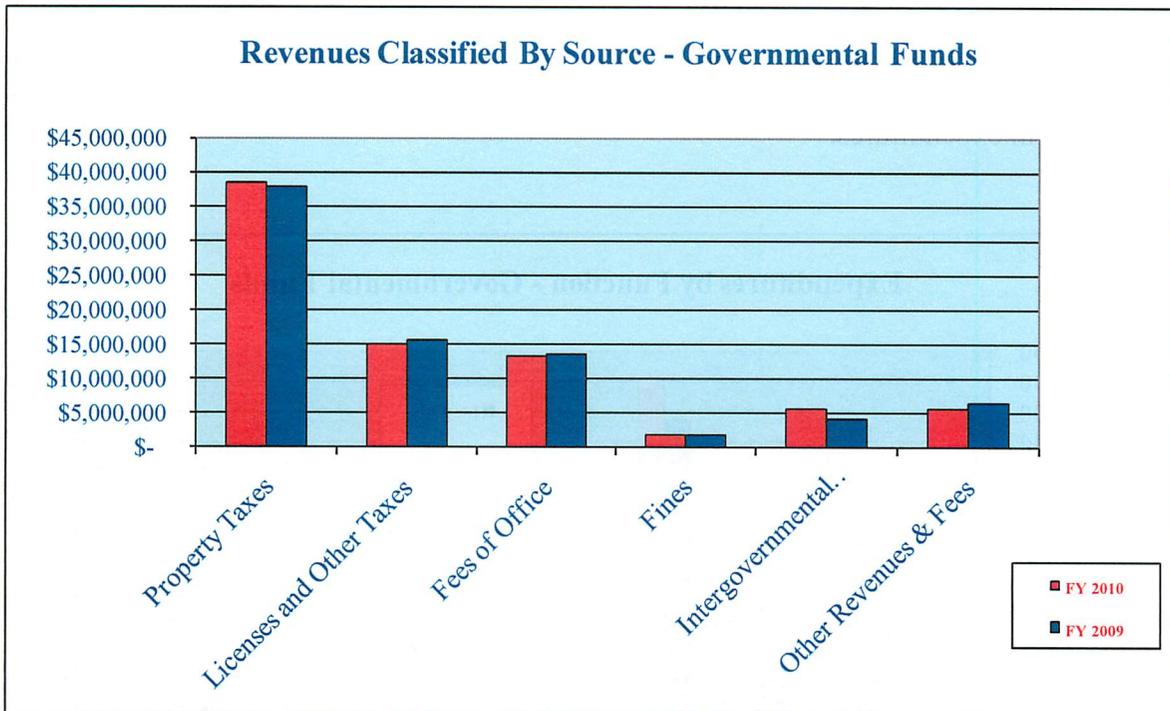
The County's General Operating Funds are the chief operating funds of the County. At the end of the current fiscal year, unreserved fund balance in the County's General Fund was \$10,692,245. As a measure of the general fund's liquidity, we compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance in the County's general fund (\$10,692,245) represents approx. 18% of the County's general fund expenditures. General budgetary targets for reserves are 12% of expenditures. The fund balance of the County's general fund decreased by \$3,178,133 during the current fiscal year.

The debt service fund has a total fund balance of \$1,111,647, a decrease of \$809,564 as compared with the prior year.

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

**Governmental Funds - Revenues Classified by Source**

Revenues by Source	FY 2010	FY 2009	Increase (Decrease)	Percent of Change
Property Taxes	\$ 38,448,342	\$ 37,881,772	\$ 566,570	1.50%
Licenses and Other Taxes	14,999,514	15,579,801	(580,287)	-3.72%
Fees of Office	13,116,896	13,600,572	(483,676)	-3.56%
Fines	1,680,268	1,830,601	(150,333)	-8.21%
Intergovernmental Revenues	5,686,766	3,994,127	1,692,639	42.38%
Other Revenues & Fees	5,504,479	6,386,699	(882,220)	-13.81%
<b>Total Revenues</b>	<b>\$ 79,436,265</b>	<b>\$ 79,273,572</b>	<b>\$ 162,693</b>	<b>0.21%</b>



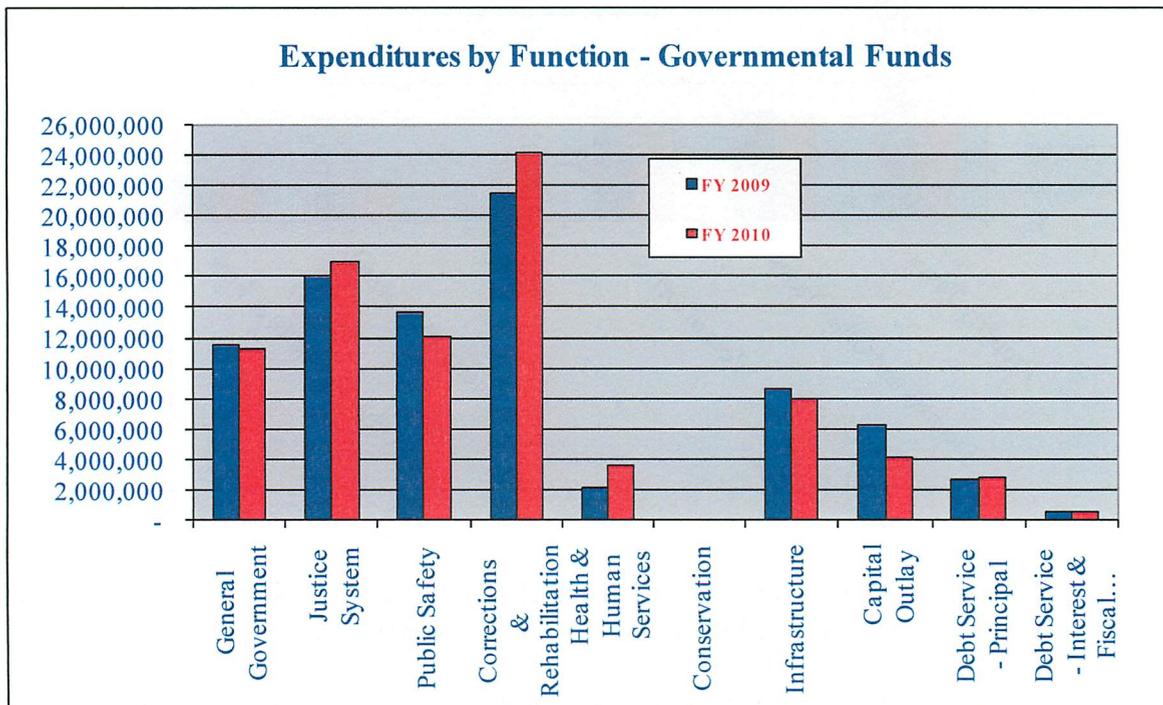
- Taxes - the increase of \$566,570 was primarily due to an increase from the prior year in the certified tax roll compiled by the Smith County Appraisal District.
- The decrease in Licenses & Other Taxes is primarily a result of the decrease in sales tax revenue from FY09 of \$590,541 due to the weakened state of economy.
- The increase in intergovernmental revenue is due primarily to drug related programs.

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

**Expenditures by Function - Governmental Funds**

<b>Expenditures by Function</b>	<b>FY 2010</b>	<b>FY 2009</b>	<b>Increase (Decrease)</b>	<b>Percent of Change</b>
General Government	\$ 11,247,975	\$11,514,944	\$ (266,969)	-2.32%
Justice System	16,995,214	15,986,133	1,009,081	6.31%
Public Safety	12,110,392	13,714,061	(1,603,669)	-11.69%
Corrections & Rehabilitation	24,188,157	21,505,263	2,682,894	12.48%
Health & Human Services	3,541,691	2,083,805	1,457,886	69.96%
Conservation	-	3	(3)	-100.00%
Infrastructure	8,020,534	8,619,006	(598,472)	-6.94%
Capital Outlay	4,113,472	6,205,822	(2,092,350)	-33.72%
Debt Service - Principal	2,730,716	2,707,355	23,361	0.86%
Debt Service - Interest & Fiscal Charges	533,122	542,561	(9,439)	-1.74%
	<b>\$ 83,481,273</b>	<b>\$82,878,953</b>	<b>\$ 602,320</b>	<b>0.73%</b>

Overall, total expenditures increased by less than 1%. The primary increase in expenditures was due to higher costs jail operational costs and health insurance contributions. Most other areas had decreases in expenditures.



**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 combined operating funds (general, road & bridge, facility improvement, workforce investment, indigent health care & juvenile general).

Actual revenues were lower than budgeted by \$870,972 primarily due to the economic challenges that continue to face the nation. Smith County experienced decreases in anticipated revenues from sales tax and interest earnings and payment of fines and fees.

Actual expenditures were lower than budgeted by \$4,508,071. Savings from budgeted amounts were primarily from salary lag and decreased levels of spending to offset decline in anticipated revenues.

**DEBT ADMINISTRATION AND CAPITAL ASSETS**

**Long-term Debt** - At September 30, 2010, the County had certificates of obligation outstanding in the amount of \$8,010,000. The County’s bond rating is AA3 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 FY2010.

	<b>Beginning</b>			<b>Ending</b>
	<b>Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance</b>
<b>Governmental Activities:</b>				
Certificates of Obligation	\$ 10,110,000	\$ -	\$ 2,100,000	\$ 8,010,000
Compensated Absences	2,785,954	-	163,093	2,622,861
OPEB Obligation	4,143,012	5,637,576	-	9,780,588
Capital Leases	4,897,237	-	769,105	4,128,132
Total	<u>\$ 21,936,203</u>	<u>\$ 5,637,576</u>	<u>\$ 3,032,198</u>	<u>\$ 24,541,581</u>

**Capital Assets** - The capital assets of the County are those assets (land, buildings, improvements, roads & bridges, and machinery & equipment), which are used in the performance of the County's functions including infrastructure assets. At September 30, 2010, net capital assets of the governmental activities totaled \$53,428,285. Depreciation on capital assets is recognized in the Government-wide financial statements.

**County's Capital Assets**

	Cost	Accumulated Depreciation	Net Capital Assets
<b>Governmental Activities:</b>			
Land	\$ 705,652	\$ -	\$ 705,652
Buildings & Improvements	40,769,054	19,913,929	20,855,125
Machinery & Equipment	23,049,658	15,882,973	7,166,685
Infrastructure	74,677,440	51,412,101	23,265,339
Construction in Progress	1,435,484	-	1,435,484
<b>Total</b>	<b>\$ 140,637,288</b>	<b>\$ 87,209,003</b>	<b>\$ 53,428,285</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The annual budget is developed to provide efficient and economic uses of the County's resources, as well as, a means to accomplish the highest priority objectives. Through the budget, the County Commissioners set the direction of the County, allocate its resources and establish its priorities.

In considering the County budget for FY2011, the County Commissioners and management considered the following factors:

- Property tax revenues are budgeted to increase due to a tax rate increase.
- Interest rates are planned to decrease.
- Substantial reductions in expenditures are budgeted to provide zero dependence on fund balance.

**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](http://www.smith-county.com).



**BASIC FINANCIAL STATEMENTS**

EXHIBIT 1

SMITH COUNTY, TEXAS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2010

	<u>PRIMARY GOVERNMENT</u> <u>GOVERNMENTAL</u> <u>ACTIVITIES</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,510,867
Investments	19,791,015
Receivables (net of allowance for doubtful accounts)	5,203,168
Investment in joint venture	319,991
Prepays and other assets	350,710
Bond issue costs, net	25,447
Capital assets (net of accumulated depreciation):	
Land	705,652
Buildings	14,418,857
Improvements	6,436,268
Machinery and equipment	7,166,685
Construction in progress	1,435,484
Infrastructure	<u>23,265,339</u>
Total Assets	84,629,483
<b>LIABILITIES</b>	
Vouchers payable	3,472,049
Salaries payable	2,168,058
Accrued interest payable	53,050
Deferred revenues	350,710
Long-term debt:	
Due within one year	5,812,774
Due in more than one year	<u>18,728,807</u>
Total Liabilities	<u>30,585,448</u>
<b>NET ASSETS</b>	
Investment in capital assets, net of related debt	41,641,439
Restricted for:	
Debt service	1,111,647
Capital projects	67,215
Unrestricted	<u>11,223,734</u>
Total Net Assets	<u>\$ 54,044,035</u>

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

EXHIBIT 2

SMITH COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Functions/Programs	EXPENSES	CHARGES FOR SERVICES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
			OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
<b>Primary Government:</b>					
Governmental activities:					
General government	\$ 15,296,017	\$ 3,429,289	\$ 172,564	\$ -	\$ (11,694,164)
Justice system	18,779,771	3,843,444	2,138,699	-	(12,797,628)
Public safety	13,898,214	1,029,899	2,328,876	-	(10,539,439)
Health and human services	3,594,974	-	186,276	-	(3,408,698)
Infrastructure	7,644,779	3,945,405	23,195	-	(3,676,179)
Corrections and rehabilitation	26,843,276	3,532,706	3,205,438	109,737	(19,995,395)
Community and economic development	-	156,010	5,000	472,363	633,373
Interest on long-term debt	459,575	-	-	-	(459,575)
<b>Total primary government</b>	<b>\$ 86,516,606</b>	<b>\$ 15,936,753</b>	<b>\$ 8,060,048</b>	<b>\$ 582,100</b>	<b>\$ (61,937,705)</b>
General revenues:					
Property taxes					\$ 38,448,339
Sales taxes					13,536,414
Other taxes					430,018
Rentals and commissions					532,540
Reimbursements					272,652
Miscellaneous					353,141
Gain on sale of assets					218,239
Interest earned					157,236
Total general revenues and transfers					53,948,579
Change in net assets					(7,989,126)
Net assets - beginning of year					62,033,161
Net assets - end of year					\$ 54,044,035

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

**SMITH COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010**

	GENERAL	ROAD AND BRIDGE FUND - SPECIAL REVENUE	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 983,980	\$ 101,097	\$ 4,205,370	\$ 5,290,447
Investments	9,351,116	2,507,729	7,731,318	19,590,163
Receivables:				
Property taxes	1,178,248	171,193	63,830	1,413,271
Other	3,243,637	171,764	186,975	3,602,376
Prepaid and other assets	300,907	38,938	10,865	350,710
Due from other funds	37,500	-	-	37,500
	<u>15,095,388</u>	<u>2,990,721</u>	<u>12,198,358</u>	<u>30,284,467</u>
Total assets	<u>\$ 15,095,388</u>	<u>\$ 2,990,721</u>	<u>\$ 12,198,358</u>	<u>\$ 30,284,467</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Vouchers payable	\$ 1,788,610	\$ 480,500	\$ 353,399	\$ 2,622,509
Salaries payable	1,667,505	178,696	321,857	2,168,058
Bank overdraft	-	-	-	-
Due to other funds	-	-	37,500	37,500
Deferred revenues	947,028	168,222	37,693	1,152,943
	<u>4,403,143</u>	<u>827,418</u>	<u>750,449</u>	<u>5,981,010</u>
Total liabilities	<u>4,403,143</u>	<u>827,418</u>	<u>750,449</u>	<u>5,981,010</u>
Fund Balances:				
Reserved for:				
Debt service	-	-	1,111,647	1,111,647
Capital projects	-	-	67,215	67,215
Total reserved fund balances	-	-	1,178,862	1,178,862
Unreserved:				
Designated reported in:				
Indigent Health Care	300,017	-	-	300,017
Juvenile General	901,877	-	-	901,877
Undesignated reported in:				
General Fund	9,490,351	-	-	9,490,351
Special Revenue Fund	-	2,163,303	10,269,047	12,432,350
Total unreserved fund balances	<u>10,692,245</u>	<u>2,163,303</u>	<u>10,269,047</u>	<u>23,124,595</u>
Total fund balances	<u>10,692,245</u>	<u>2,163,303</u>	<u>11,447,909</u>	<u>24,303,457</u>
Total liabilities and fund balances	<u>\$ 15,095,388</u>	<u>\$ 2,990,721</u>	<u>\$ 12,198,358</u>	<u>\$ 30,284,467</u>

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

**EXHIBIT 4**

**SMITH COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS (EXHIBIT 1)  
SEPTEMBER 30, 2010**

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	TOTAL GOVERNMENTAL FUNDS
Total fund balances governmental funds (Exhibit 3)	\$ 24,303,457
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds balance sheet.	53,428,285
Equity in an affiliated joint venture is included in governmental activities in the statement of net assets.	319,991
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds balance sheet.	1,001,175
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.	(53,050)
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 assets.	(439,689)
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.	(9,780,588)
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>(14,735,546)</u>
Net assets of governmental activities	<u>\$ 54,044,035</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, 2010**

	GENERAL	ROAD AND BRIDGE FUND - SPECIAL REVENUE	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Property taxes	\$ 32,125,897	\$ 4,605,289	\$ 1,717,156	\$ 38,448,342
Licenses and other taxes	14,999,514	-	-	14,999,514
Fees of office	5,816,649	3,027,585	4,272,662	13,116,896
Fines	802,772	877,496	-	1,680,268
Intergovernmental revenues	1,138,136	-	4,548,630	5,686,766
Other revenues and fees	2,246,201	223,900	3,034,378	5,504,479
Total revenues	<u>57,129,169</u>	<u>8,734,270</u>	<u>13,572,826</u>	<u>79,436,265</u>
<b>EXPENDITURES</b>				
Current:				
General government	10,412,513	-	835,462	11,247,975
Justice system	16,167,522	-	827,692	16,995,214
Public safety	10,739,614	-	1,370,778	12,110,392
Corrections and rehabilitation	17,117,967	-	7,070,190	24,188,157
Health and human services	3,290,414	-	251,277	3,541,691
Conservation	-	-	-	-
Infrastructure and environmental	-	8,020,534	-	8,020,534
Capital outlay	1,777,848	591,060	1,744,564	4,113,472
Debt service:				
Principal retirement	434,798	195,918	2,100,000	2,730,716
Interest and fiscal charges	81,324	17,384	434,414	533,122
Total expenditures	<u>60,022,000</u>	<u>8,824,896</u>	<u>14,634,377</u>	<u>83,481,273</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,892,831)</u>	<u>(90,626)</u>	<u>(1,061,551)</u>	<u>(4,045,008)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	456,311	456,311
Transfers (out)	(456,311)	-	-	(456,311)
Capital lease proceeds	171,009	-	-	171,009
Total other financing sources (uses)	<u>(285,302)</u>	<u>-</u>	<u>456,311</u>	<u>171,009</u>
Net change in fund balances	(3,178,133)	(90,626)	(605,240)	(3,873,999)
Fund balances - beginning of year	<u>13,870,378</u>	<u>2,253,929</u>	<u>12,053,149</u>	<u>28,177,456</u>
Fund balances - end of year	<u>\$ 10,692,245</u>	<u>\$ 2,163,303</u>	<u>\$ 11,447,909</u>	<u>\$ 24,303,457</u>

## 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**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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

Net change in fund balances - total governmental funds	\$ (3,873,999)
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 depreciation in the current period exceeded capital outlays for County owned assets.	(3,234)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(37,705)
The net increase of the equity in investment in an affiliated joint venture is reflected on the statement of activities.	115,554
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(1,024,339)
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.	(5,637,576)
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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,861,291
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.	163,095
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.	79,394
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>(631,607)</u>
Change in net assets of governmental activities	<u>\$ (7,989,126)</u>

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

SMITH COUNTY, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2010

	<u>Governmental Activities - Internal Service Funds</u>
<b>ASSETS</b>	
Current Assets:	
Cash	\$ 220,420
Accounts receivable	339,289
Investments	<u>200,852</u>
Total Current Assets	<u>760,561</u>
 <b>LIABILITIES</b>	
Current Liabilities:	
Vouchers payable	849,540
Deferred revenue	<u>350,710</u>
Total Current Liabilities	<u>1,200,250</u>
 <b>NET ASSETS</b>	
Unrestricted	<u>(439,689)</u>
Total Net Assets	<u><u>\$ (439,689)</u></u>

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

SMITH COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 YEAR ENDED SEPTEMBER 30, 2010

	<u>Governmental Activities - Internal Service Funds</u>
OPERATING REVENUES	
Premiums and reimbursements	<u>\$ 7,399,133</u>
Total Operating Revenues	<u>7,399,133</u>
OPERATING EXPENSES	
Insurance claims and administrative fees	<u>8,035,705</u>
Total Operating Expenses	<u>8,035,705</u>
Operating Loss	(636,572)
NON-OPERATING REVENUES	
Interest income and other	<u>4,965</u>
Change in net assets	<u>(631,607)</u>
NET ASSETS - SEPTEMBER 30, 2009	<u>191,918</u>
NET ASSETS - SEPTEMBER 30, 2010	<u><u>\$ (439,689)</u></u>

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

## EXHIBIT 9

SMITH COUNTY, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2010

	<u>Governmental Activities - Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received for premiums	\$ 7,576,965
Cash paid to customers	(7,763,366)
Other operating revenues	<u>(50,402)</u>
Net cash used in operating activities	<u>(236,803)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Net proceeds from purchases and redemptions of investments	312,996
Interest on investments	<u>4,965</u>
Net cash provided by investing activities	<u>317,961</u>
Net increase in cash	81,158
Cash at beginning of year	<u>139,262</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 220,420</u></u>
<b>Reconciliation of operating income to net cash used by operating activities:</b>	
Operating loss	\$ (636,572)
Adjustment to reconcile operating income to net cash used in operating activities:	
Increase in accounts receivable	101,566
Decrease vouchers payable	221,937
Increase in deferred revenue	<u>76,266</u>
<b>Net Cash Used In Operating Activities</b>	<u><u>\$ (236,803)</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, 2010

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 7,316,194
Investments	4,074,491
Accounts receivable	<u>105,144</u>
Total Assets	<u><u>\$ 11,495,830</u></u>
 <b>LIABILITIES</b>	
Vouchers payable	\$ 524,619
Due to other governments	384,733
Other liabilities	<u>10,586,478</u>
Total Liabilities	<u><u>\$ 11,495,830</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, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

The basic financial statements are prepared in conformity GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Significantly, the County's statement of net assets 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.

(Continued)

SMITH COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The **government-wide financial statements** include the Statement of Net Assets 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.

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 and the Road and Bridge 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.

(Continued)

SMITH COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

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 on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheet. Their reported fund balance (net of current assets) 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. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

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 and liabilities (current and noncurrent) associated with their activities are included in the fund's statement of net assets.

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, 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.

Other Fund types include proprietary and fiduciary funds which are considered as non-major 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.

(Continued)

SMITH COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

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.

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.

**C. Assets, Liabilities, and Net Assets 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.

(Continued)

**SMITH COUNTY, TEXAS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Assets, Liabilities, and Net Assets or Equity - Continued**

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). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund activity reflected in “due to or due from” is eliminated on the government-wide statements.

**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.”

**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 23
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.

(Continued)

**SMITH COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Assets, Liabilities, and Net Assets or Equity - Continued**

6. Compensated Absences

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

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

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

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

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

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

7. Long-term Obligations

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

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

(Continued)

**SMITH COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Assets, Liabilities, and Net Assets or Equity - Continued**

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties of use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. 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 and liabilities 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.

10. Deferred Bond Issue Costs

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

**D. Future Implementation of New Standards**

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes accounting and financial reporting requirements to improve the usefulness of information about fund balance by providing clearer, more structured fund balance classifications and clarifying the definitions of existing governmental fund types. This statement is effective for financial statements for years beginning after June 15, 2010. The County is evaluating the impact of this statement on the County's financial statements.

In December 2009, the GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The provisions related to the use and reporting of the alternative measurement method are effective immediately. The provision related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB financial statements for period beginning after June 15, 2011. The County is evaluating the impact of this statement on the County's financial statements.

In June 2010, the GASB issued Statement No. 59, *Financial Instruments Omnibus*, which updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. This statement is effective for periods beginning after June 15, 2010. The County is evaluating the impact of this statement on the County's financial statements.

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which improves financial reporting by addressing issues related to service concession arrangements (SCAs) which are a typical public-private or public-public partnership. This statement is effective for periods beginning after December 15, 2011. The County is evaluating the impact of this statement on the County's financial statements.

(Continued)

**SMITH COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. Future Implementation of New Standards - Continued**

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, which improves financial reporting by modifying certain requirements for inclusion of component units in the financial reporting entity. This statement is effective for periods beginning after June 15, 2012. The County is evaluating the impact of this statement on the County’s financial statements.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: 1) Financial Accounting Standards Board (FASB) Statements and Interpretations, 2) Accounting Principles Board Opinions, 3) Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011. 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 assets**

The governmental fund balance sheet includes reconciliation between fund balance for total governmental funds and net assets as reported in the government-wide statement of net assets. 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 funds.” The details of this \$14,735,546 difference are as follows:

Bonds payable	\$ 8,010,000
Deferred bond costs	(25,447)
Capital leases obligations	4,128,132
Compensated absences	<u>2,622,861</u>
Net adjustment to reduce fund balance - total government funds to arrive at net assets - governmental activities	<u>\$14,735,546</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 \$53,428,277 difference are as follows:

Beginning balance of capital assets, net of accumulated depreciation	\$53,469,224
Capital asset additions, net of retirements	5,543,929
Depreciation of capital assets, current year	<u>(5,584,868)</u>
	<u>\$53,428,285</u>

(Continued)

**SMITH COUNTY, TEXAS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2010**

**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 assets 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 capital assets is allocated over their estimated useful lives and reported as depreciation expense" on capital outlays for County owned assets only. The details of this \$3,234 difference are as follows:

Capital outlay	\$ 5,581,634
Depreciation expense	<u>(5,584,868)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (3,234)</u>

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets and Budgetary Accounting**

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

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

(Continued)

**SMITH COUNTY, TEXAS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2010**

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued**

**A. Budgets and Budgetary Accounting - Continued**

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

The budgets as presented in the financial statements reflect all amendments approved by the Commissioners' Court for the year ended September 30, 2010, if designated as final budget.

**B. Expenditures Over Appropriations**

Following is a summary of expenditures in excess of appropriations for individual funds:

<u>Individual Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Expenditures In Excess of Appropriations</u>
None			

**C. Deficit Fund Equity**

<u>Individual Fund</u>	<u>Deficit</u>
Chapter 19 Voter Registration	\$ 1,192
Insurance Fund	499,930

**IV. DEPOSITS AND INVESTMENTS**

The carrying amount of the County's cash was \$5,510,867, and total bank balances equaled \$6,095,826. The carrying amount of the County's Trust and Agency cash was \$7,316,195 and total bank balances equaled \$8,805,352. The bank deposits were entirely covered by federal depository insurance or by collateral held by the depository bank in the County's name.

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

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

(Continued)

**SMITH COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010**

**IV. DEPOSITS AND INVESTMENTS - Continued**

Investments are categorized into these three categories of credit risk:

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

Investments are stated at fair value and are held by the County's agent in the County's name. The County's 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	\$ 9,973,720	40	AAA
Texstar	9,817,295	47	AAAm
Cash in bank	<u>5,510,867</u>	N/A	N/A
	<u>\$25,301,882</u>		
Portfolio weighted average maturity		43	

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

Inherent rate risk – Inherent rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County utilizes two investment pools to diversify this 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, 2010, the carrying value of the County's bank deposits is \$5,510,867 and the bank balance is \$6,095,826.

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.

(Continued)

**SMITH COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010**

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

	<u>Unavailable</u>
Deferred Property Taxes Receivable:	
General fund	\$ 947,028
Road & Bridge fund	168,222
Debt service fund	<u>37,693</u>
Total deferred	<u>\$1,152,943</u>

The County is authorized by the tax laws of the State of Texas to levy taxes up to \$.464515 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, 2010 was \$.28894.

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 Reserve Fund	Other Nonmajor Funds	Total Governmental Activities
Receivables:				
Property taxes	\$ 1,178,248	\$ 171,193	\$ 63,830	\$ 1,413,271
Other	<u>3,582,926</u>	<u>171,764</u>	<u>186,975</u>	<u>3,941,665</u>
Gross receivables	4,761,174	342,957	250,805	5,354,936
Less: Allowance for uncollectibles	<u>126,529</u>	<u>18,384</u>	<u>6,855</u>	<u>151,768</u>
Net Total Receivables	<u>\$ 4,634,645</u>	<u>\$ 324,573</u>	<u>\$ 243,950</u>	<u>\$ 5,203,168</u>

(Continued)

**SMITH COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**VI. CAPITAL ASSETS**

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

A summary of changes in capital assets follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 602,819	\$ 102,833	\$ -	\$ 705,652
Construction in progress	294,828	1,140,656	-	1,435,484
Total capital assets, not being depreciated	<u>897,647</u>	<u>1,243,489</u>	-	<u>2,141,136</u>
Capital assets, being depreciated:				
Infrastructure	71,697,830	2,979,610	-	74,677,440
Buildings	31,058,824	-	(33,600)	31,025,224
Improvements	9,482,843	260,987	-	9,743,830
Machinery and equipment	<u>22,359,671</u>	<u>1,097,548</u>	<u>(407,561)</u>	<u>23,049,658</u>
Total capital assets being depreciated	134,599,168	4,338,145	(441,161)	138,496,152
Less accumulated depreciation for:				
Infrastructure	(50,007,685)	(1,404,416)	-	(51,412,101)
Buildings	(15,672,974)	(959,340)	25,947	(16,606,367)
Improvements	(2,775,329)	(532,233)	-	(3,307,562)
Machinery and equipment	<u>(13,571,603)</u>	<u>(2,688,879)</u>	<u>377,509</u>	<u>(15,882,973)</u>
Total accumulated depreciation	(82,027,591)	(5,584,868)	403,456	(87,209,003)
Total capital assets, being depreciated, net	<u>52,571,577</u>	<u>(1,246,723)</u>	<u>(37,705)</u>	<u>51,287,149</u>
Governmental activities capital assets, net	<u>\$ 53,469,224</u>	<u>\$ (3,234)</u>	<u>\$ (37,705)</u>	<u>\$ 53,428,285</u>

(Continued)

**SMITH COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**VI. CAPITAL ASSETS - Continued**

Depreciation expense for FY 2010 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 1,523,966
Public safety	735,395
Correction and rehabilitation	824,411
Health and human services	-
Infrastructure and environmental	2,361,408
Justice system	139,688
Total depreciation expense – governmental activities	<u>\$ 5,584,868</u>

**VII. CONSTRUCTION COMMITMENTS**

As of September 30, 2010, the County has active construction projects. The projects include building demolition and construction. At year end the County's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Estimated Remaining Commitments</u>
Spring Street Demolition	\$ 169,931	\$ 230,069
Sheriff Administration Building	1,265,554	426,035

The demolition and construction projects are funded from existing resources held by the General Fund.

**VIII. LONG-TERM DEBT**

The County's last issuance of general obligation bonds was in 2004. The outstanding bonds were issued to provide funds for acquisition, renovation, and construction of major capital facilities. The following are general obligation bond issues outstanding at September 30, 2010:

<u>Description</u>	<u>Original Bond Amt</u>	<u>Interest Rates (%)</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Bonds Outstanding</u>
Certificate of Obligation – 2000 Series	\$12,000,000	4.625 - 5.1	2000	2016	\$ 2,610,000
Certificate of Obligation – 2001 Series	6,000,000	4.0 - 4.5	2001	2011	900,000
Certificate of Obligation – 2004 Series	6,500,000	3.0 - 4.0	2004	2018	4,500,000
	<u>\$24,500,000</u>				<u>\$ 8,010,000</u>

(Continued)

**SMITH COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010**

**VIII. LONG-TERM DEBT - Continued**

*Certificates of Obligation*

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

Years Ending September 30	Principal	Interest
2011	\$ 2,300,000	\$ 334,600
2012	1,400,000	235,600
2013	1,310,000	173,850
2014	500,000	115,850
2015	600,000	97,600
2016-2019	1,900,000	155,100
	<u>\$ 8,010,000</u>	<u>\$ 1,112,600</u>

*Changes in Long-Term Debt*

Long-term liability for the year ended September 30, 2010 was as follows:

Governmental Activities:	Beginning Balance 10/1/2009	Additions	Reductions	Ending Balance 9/30/2010	Due Within One Year	Due in More Than One Year
Certificates of obligation	\$ 10,110,000	\$ -	\$ 2,100,000	\$ 8,010,000	\$ 2,300,000	\$ 5,710,000
Compensated absences	2,785,954	-	163,093	2,622,861	2,622,861	-
OPEB obligation	4,143,012	5,637,576	-	9,780,588	-	9,780,588
Capital leases	4,897,237	-	769,105	4,128,132	889,913	3,238,219
Total	<u>\$ 21,936,203</u>	<u>\$ 5,637,576</u>	<u>\$ 3,032,198</u>	<u>\$ 24,541,581</u>	<u>\$ 5,812,774</u>	<u>\$ 18,728,807</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.

*Prior Year Bond Refundings*

In prior years, the County legally defeased certain obligations, revenue, and other bonds by placing cash and/or proceeds of refunding bond issues in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust accounts and the liability for the defeased bonds are not included in the County's report. As of September 30, 2010, previously defeased debt still outstanding amounted to \$3,390,000. During the current year, no defeased debt was retired.

**IX. LEASES**

*Operating Leases*

The County operates under numerous lease agreements classified as operating leases. The leases contain annual renewals and include leases for copy machines, postage meter, and dump trucks. The combined annual expenditures for operating leases during the fiscal year ended September 30, 2010 was approximately \$460,000.

(Continued)

**SMITH COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010**

**IX. LEASES - Continued**

*Capital Leases*

During the year ended September 30, 2010, the County entered into one new lease agreement classified as a capital lease in addition to the eleven other leases capitalized in prior years. The County obtained seven vehicles for the Sheriff's Department during the current year. The amount capitalized as equipment was \$171,009. 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	\$ 6,571,224
Less: Accumulated depreciation	(3,145,283)
Total	\$ 3,425,941

Depreciation expense on assets under capital lease for the year ended September 30, 2010 was \$1,023,178. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2010, were as follows:

Year Ending September 30	Governmental Activities
2011	\$ 1,051,339
2012	828,899
2013	582,894
2014	589,294
2015	594,894
2016-2019	1,079,576
Total minimum lease payments	4,726,896
Less: amount representing interest	(598,764)
Present value of minimum lease payments	\$ 4,128,132

**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, 2010 is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Non-major Governmental Funds	\$37,500	Supplement fund sources
	Total	\$37,500	

(Continued)

**SMITH COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**X. INTERFUND RECEIVABLES, PAYABLE BALANCES AND TRANSFERS - Continued**

The following summarized the County's transfers for the year ended September 30, 2010:

	Transfers In	
	Nonmajor	
	Governmental	
	Funds	Explanation
Transfers Out:		
General Fund	\$ 456,311	Supplement fund sources
Totals	\$ 456,311	

**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 602 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 9.71% for the months of the accounting year 2010, and 9.41% for the months of the accounting year 2009.

The deposit rate payable by the employee members for calendar year 2010 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, 2010**

**XI. RETIREMENT COMMITMENTS - Continued**

(c) FUNDING STATUS AND PROGRESS

The funded status as of December 31, 2009, 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)
12/31/2009	\$ 66,344,847	\$ 80,290,552	82.63%	\$ 13,945,705	\$ 33,637,577	41.46%

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, 2007, 2008 and 2009, the basis for determining the contributions rates for calendar years 2009 and 2010.

(e) ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuation date	12/31/07	12/31/08	12/31/09
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	15 years	20 years	20 years
Asset valuation method	SAF: 10-yr smoothed value; ESF: fund value	SAF: 10-yr smoothed value; ESF: fund value	SAF: 10-yr smoothed value; ESF: fund value
Assumptions:			
Investment return (1)	8%	8%	8%
Projected salary increases (1)	5.3%	5.3%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	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
9/30/2008	\$ 2,802,111	\$ 2,802,111	100%	\$ -
9/30/2009	3,121,481	3,121,481	100%	-
9/30/2010	3,349,081	3,349,081	100%	-

(Continued)

**SMITH COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**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 County 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, 2010, the County budgeted funding of \$250,000 for the Health District. The County's equity interest in the Health District was \$319,991 at September 30, 2010. 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 \$1,643,926 as of September 30, 2010.

(Continued)

**SMITH COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010**

**XII. OTHER INFORMATION - Continued**

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 \$100,000 and aggregate protection at 135% of total health and prescription claims per year.

Changes in the estimated liability for medical claims for fiscal year 2010 are presented below:

	Insurance Claims Payable at 9/30/09	Current Year Claims and Changes in Estimates	Actual Claim Payments	Insurance Claims Payable at 9/30/10
Insurance Fund 9/30/10	\$ 5562,994	\$7,741,341	\$7,998,005	\$ 306,330

**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) 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.

(Continued)

**SMITH COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**XIII. POST EMPLOYMENT BENEFITS - Continued**

A. Health Plan - Continued

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 2010 for spouse and/or children ranged from \$130 to \$615. The County contributions to the plan for fiscal year 2010, which are also equal to claims in excess of premiums collected, were \$1,244,474.

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 first OPEB actuarial valuation performed for the fiscal year beginning October 1, 2008 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.

Annual Required Contribution (ARC)	\$	6,955,921
Interest on net OPEB obligation		165,720
Adjustment to the annual required contribution		<u>(239,591)</u>
Annual OPEB cost		6,882,050
Contributions made		<u>(1,244,474)</u>
Increase in OPEB obligation		5,637,576
Net OPEB obligation - beginning of year		<u>4,143,012</u>
Net OPEB obligation - end of year	\$	<u><u>9,780,588</u></u>

Trend Information

Fiscal Year	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 5,207,300	20%	\$ 4,143,012
2010	6,882,050	18%	9,780,588

(Continued)

**SMITH COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**XIII. POST EMPLOYMENT BENEFITS - Continued**

A. Health Plan - Continued

Funded Status and Funding Progress

As of October 1, 2008, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$65,995,677 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)
10/1/2008	\$ -	\$ 65,995,677	0%	\$ 65,995,677	\$ 15,400,000	429%

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, 2008, actuarial valuation, the projected unit credit, level percent of payroll cost method was used. The actuarial assumptions included a 4.0% investment rate of return (compounded annually net after investment expenses) and an annual healthcare cost trend rate for medical/RX of 10.0% 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 5 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.

(Continued)

**SMITH COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010**

**XIII. POST EMPLOYMENT BENEFITS - Continued**

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 Optional Group Term Life Fund (OGTLF). 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 OGTLF 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 OGTLF. This report may be obtained by writing to the Texas County and District Retirements System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782. TCDRS' CAFR is also available at [www.tcdrs.org](http://www.tcdrs.org).

Funding Policy

Each participating employer contributes to the OGTLF 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.

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actuarial Contribution Made (Rate)	Percentage of ARC Contributed
2007	0.36%	0.36%	100%
2008	0.37%	0.37%	100%
2009	0.35%	0.35%	100%

**XIV. SUBSEQUENT EVENTS**

Subsequent events were evaluated through March 24, 2011.

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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, 2010

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Property Taxes:				
Taxes - current	\$ 31,152,925	\$ 31,152,925	\$ 30,611,695	\$ (541,230)
Taxes - delinquent	623,059	623,059	981,144	358,085
Penalty and collection fees	400,000	400,000	533,058	133,058
Total Property Taxes	32,175,984	32,175,984	32,125,897	(50,087)
Licenses and Other Taxes:				
Liquor drink tax	390,000	390,000	393,168	3,168
Sales tax	15,000,000	15,000,000	14,560,752	(439,248)
Bingo taxes	32,000	32,000	36,850	4,850
Miscellaneous	1,250	1,250	8,744	7,494
Total Licenses and Other Taxes	15,423,250	15,423,250	14,999,514	(423,736)
Fees of Office:				
County Judge	4,700	4,700	5,138	438
Sheriff	331,500	331,500	343,183	11,683
Constables	208,000	208,000	213,598	5,598
County Clerk	1,302,800	1,302,800	1,371,540	68,740
Tax Assessor-Collector	180,000	180,000	208,284	28,284
Criminal District Attorney	65,000	65,000	64,018	(982)
District Clerk	520,000	520,000	486,234	(33,766)
Justices of the Peace	210,000	210,000	254,592	44,592
County Courts at Law	-	-	-	-
Vehicle sales tax commission	610,000	610,000	606,623	(3,377)
Auto registration	660,000	660,000	705,433	45,433
Records management	84,000	84,000	90,950	6,950
Court imposed fees	575,250	575,250	633,754	58,504
State imposed fees	154,100	154,100	154,739	639
Titles and certificates	250,000	250,000	273,522	23,522
Telephone coin station revenues	335,000	335,000	302,096	(32,904)
Miscellaneous	106,000	106,000	102,945	(3,055)
Total Fees of Office	5,596,350	5,596,350	5,816,649	220,299
Fines:				
District and county courts	885,000	885,000	802,772	(82,228)
Total Fines	885,000	885,000	802,772	(82,228)
Intergovernmental revenues:				
Intergovernmental revenues	1,088,108	1,111,303	1,138,136	26,833
Total Intergovernmental Revenues	1,088,108	1,111,303	1,138,136	26,833
Other Revenues and Fees:				
Interest	175,500	175,500	84,523	(90,977)
Rentals	231,675	231,675	230,444	(1,231)
Sale of equipment	-	-	92,685	92,685
Donations	-	-	348,253	348,253
Reimbursements	551,400	551,400	624,831	73,431
Prisoner care	990,000	990,000	475,343	(514,657)
Other revenues	141,000	499,072	390,122	(108,950)
Total Other Revenues and Fees	2,089,575	2,447,647	2,246,201	(201,446)
Total Revenues	57,258,267	57,639,534	57,129,169	(510,365)

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, 2010

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>EXPENDITURES</b>				
General Government:				
Commissioners' Court	\$ 552,046	\$ 552,046	\$ 533,220	\$ 18,826
Record Service Bureau	169,569	169,569	157,899	11,670
County Auditor	749,444	749,444	693,935	55,509
Election division	305,132	425,210	418,638	6,572
County Treasurer	136,840	137,143	136,116	1,027
Tax Assessor-Collector	1,472,547	1,452,547	1,399,188	53,359
General operations	3,752,977	3,735,361	3,438,615	296,746
Physical plant	1,630,422	1,612,922	1,492,827	120,095
Public service	-	-	-	-
Personnel	176,472	176,472	154,757	21,715
Information services	1,536,763	1,536,763	1,489,961	46,802
Collections	177,250	177,250	166,723	10,527
Veterns' service office	151,748	151,748	144,759	6,989
Purchasing agent	193,352	192,698	185,875	6,823
Total General Government	11,004,562	11,069,173	10,412,513	656,660
Justice System:				
County Court	250,450	249,950	223,608	26,342
County Court at Law	379,029	379,029	368,790	10,239
County Court at Law #2	392,731	392,731	382,643	10,088
County Court at Law #3	375,889	375,889	366,718	9,171
County Clerk	1,338,683	1,305,983	1,213,734	92,249
District Courts	2,222,858	2,163,398	2,089,140	74,258
District Clerk	1,236,533	1,198,006	1,165,302	32,704
Justices of the Peace	1,396,605	1,407,781	1,362,725	45,056
Indigent defense	1,363,500	1,409,756	1,390,430	19,326
Pre-trial release	148,401	151,107	147,301	3,806
Juvenile probation	4,481,533	4,292,058	3,749,173	542,885
Criminal District Attorney	3,988,007	3,838,007	3,707,958	130,049
Total Justice System	17,574,219	17,163,695	16,167,522	996,173
Public Safety:				
Civil defense and rural fire aid	378,251	403,546	383,153	20,393
Constables	1,327,783	1,338,022	1,270,955	67,067
Sheriff's department	7,361,036	7,364,263	7,083,722	280,541
License and weights	-	-	-	-
Warrant division	178,325	178,325	167,172	11,153
Litter abatement office	168,193	168,193	132,909	35,284
Animal control	-	-	-	-
Dispatcher	1,870,069	1,840,069	1,701,703	138,366
Total Public Safety	11,283,657	11,292,418	10,739,614	552,804
Health and Human Services:				
Indigent health care	1,333,482	2,908,432	2,863,207	45,225
Agricultural extension	260,672	230,672	215,694	14,978
Public services	207,535	212,535	211,513	1,022
Total Health and Human Services	1,801,689	3,351,639	3,290,414	61,225

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, 2010

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>EXPENDITURES (cont'd.)</b>				
Corrections and Rehab:				
Jail	\$ 16,229,240	\$ 16,206,112	\$ 15,924,035	\$ 282,077
Community service & rehab	15,050	18,050	10,977	7,073
Adult and juvenile probation	1,182,955	1,182,955	1,182,955	-
Total Corrections and Rehab	<u>17,427,245</u>	<u>17,407,117</u>	<u>17,117,967</u>	<u>289,150</u>
Capital Outlay:				
Equipment	1,828,600	2,254,666	1,777,848	476,818
Total Capital Outlay	<u>1,828,600</u>	<u>2,254,666</u>	<u>1,777,848</u>	<u>476,818</u>
Debt Service:				
Principal	434,798	434,798	434,798	-
Interest	81,324	81,324	81,324	-
Total Debt Service	<u>516,122</u>	<u>516,122</u>	<u>516,122</u>	<u>-</u>
Total Expenditures	<u>61,436,094</u>	<u>63,054,830</u>	<u>60,022,000</u>	<u>3,032,830</u>
Excess of Revenues Over (Under) Expenditures	(4,177,827)	(5,415,296)	(2,892,831)	2,522,465
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	(310,000)	(749,798)	(456,311)	293,487
Capital lease proceeds	-	-	171,009	171,009
Total Other Financing Sources (Uses)	<u>(310,000)</u>	<u>(749,798)</u>	<u>(285,302)</u>	<u>464,496</u>
Excess of Revenues and Other Financing Sources (Under) Over Expenditures and Other Financing Uses	(4,487,827)	(6,165,094)	(3,178,133)	2,986,961
FUND BALANCE, SEPTEMBER 30, 2009	<u>13,870,378</u>	<u>13,870,378</u>	<u>13,870,378</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30, 2010	<u>\$ 9,382,551</u>	<u>\$ 7,705,284</u>	<u>\$ 10,692,245</u>	<u>\$ 2,986,961</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, 2010

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Property Taxes:				
Taxes - current	\$ 4,526,350	\$ 4,526,350	\$ 4,456,346	\$ (70,004)
Taxes - delinquent	90,527	90,527	148,943	58,416
Total Property Taxes	<u>4,616,877</u>	<u>4,616,877</u>	<u>4,605,289</u>	<u>(11,588)</u>
Fees of Office:				
Auto registration	3,400,000	3,400,000	2,880,088	(519,912)
Other fees	148,500	148,500	147,497	(1,003)
Total Fees of Office	<u>3,548,500</u>	<u>3,548,500</u>	<u>3,027,585</u>	<u>(520,915)</u>
Fines:				
Justices of the Peace	877,000	877,000	877,496	496
Total Fines	<u>877,000</u>	<u>877,000</u>	<u>877,496</u>	<u>496</u>
Other Revenues and Fees:				
Sale of equipment	-	-	34,693	34,693
Interest	39,500	39,500	11,984	(27,516)
Other revenue	13,000	13,000	177,223	164,223
Total Other Revenues and Fees	<u>52,500</u>	<u>52,500</u>	<u>223,900</u>	<u>171,400</u>
Total Revenues	<u>9,094,877</u>	<u>9,094,877</u>	<u>8,734,270</u>	<u>(360,607)</u>
<b>EXPENDITURES</b>				
Infrastructure and Environmental Services:				
Administrative	463,407	463,407	379,473	83,934
Labor Division	7,045,692	7,042,772	6,286,122	756,650
Equipment Division	1,577,736	1,580,656	1,354,939	225,717
Total Infrastructure and Environmental Services	<u>9,086,835</u>	<u>9,086,835</u>	<u>8,020,534</u>	<u>1,066,301</u>
Capital Outlay:				
Equipment	1,500,000	1,000,000	591,060	408,940
Total Capital Outlay	<u>1,500,000</u>	<u>1,000,000</u>	<u>591,060</u>	<u>408,940</u>
Debt Service:				
Interest and fiscal charges	17,384	17,384	17,384	-
Principal payments	195,918	195,918	195,918	-
Total Debt Service	<u>213,302</u>	<u>213,302</u>	<u>213,302</u>	<u>-</u>
Total Expenditures	<u>10,800,137</u>	<u>10,300,137</u>	<u>8,824,896</u>	<u>1,475,241</u>
Excess of Revenues Over (Under) Expenditures	(1,705,260)	(1,205,260)	(90,626)	1,114,634
FUND BALANCE, SEPTEMBER 30, 2009	<u>2,253,929</u>	<u>2,253,929</u>	<u>2,253,929</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30, 2010	<u>\$ 548,669</u>	<u>\$ 1,048,669</u>	<u>\$ 2,163,303</u>	<u>\$ 1,114,634</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, 2010

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)
12/31/2007	\$ 56,869,682	\$ 65,872,352	\$ 9,002,670	86.33%	\$ 26,107,118	34.48%
12/31/2008	\$ 57,378,677	\$ 71,269,260	\$ 13,890,583	80.51%	\$ 30,048,837	46.23%
12/31/2009	\$ 66,344,847	\$ 80,290,552	\$ 13,945,705	82.63%	\$ 33,637,577	41.46%

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

**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, 2010**

Fiscal Year	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)
2009	10/1/2008	\$ -	\$ 65,995,677	\$ 65,995,677	0.00%	\$ 16,493,762	400.13%
2010	10/1/2008	\$ -	\$ 65,995,677	\$ 65,995,677	0.00%	\$ 15,400,000	428.54%

(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.



**ADDITIONAL SUPPLEMENTARY INFORMATION**

**NONMAJOR GOVERNMENTAL FUNDS**

SMITH COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010

	SPECIAL REVENUE FUNDS							
	DISTRICT CLERK TITLE IV-D	COUNTY LAW LIBRARY	COUNTY CLERK RECORDS PRESERVATION	DISTRICT CLERK RECORDS PRESERVATION	GRAFFITI ERADICATION	COURTHOUSE SECURITY	DISTRICT ATTORNEY	COURT IMPROVEMENT
<b>ASSETS</b>								
Cash	\$ 30,365	\$ 21,879	\$ 68,931	\$ 44,419	\$ 2,310	\$ 182,504	\$ 85,154	\$ 12,690
Investments	-	150,428	2,184,824	-	-	-	-	-
Taxes receivable-delinquent, net	-	-	-	-	-	-	-	-
Accounts receivable	-	6,558	18,616	492	21	5,266	4,345	-
Prepaid and other assets	-	969	-	-	-	-	648	-
Due from other funds	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 30,365</b>	<b>\$ 179,834</b>	<b>\$ 2,272,371</b>	<b>\$ 44,911</b>	<b>\$ 2,331</b>	<b>\$ 187,770</b>	<b>\$ 90,147</b>	<b>\$ 12,690</b>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>LIABILITIES</b>								
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vouchers payable	-	4,021	180,595	-	-	10,500	1,381	1,094
Salaries payable	-	4,540	692	-	-	-	6,698	-
Due to other funds	-	-	-	-	-	-	-	10,000
Deferred revenue	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>8,561</b>	<b>181,287</b>	<b>-</b>	<b>-</b>	<b>10,500</b>	<b>8,079</b>	<b>11,094</b>
<b>FUND BALANCE</b>								
Fund Balance:								
Reserved:								
Reserved for Capital Projects	-	-	-	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-	-	-	-
Unreserved:								
Undesignated	30,365	171,273	2,091,084	44,911	2,331	177,270	82,068	1,596
<b>Total fund balance</b>	<b>30,365</b>	<b>171,273</b>	<b>2,091,084</b>	<b>44,911</b>	<b>2,331</b>	<b>177,270</b>	<b>82,068</b>	<b>1,596</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 30,365</b>	<b>\$ 179,834</b>	<b>\$ 2,272,371</b>	<b>\$ 44,911</b>	<b>\$ 2,331</b>	<b>\$ 187,770</b>	<b>\$ 90,147</b>	<b>\$ 12,690</b>

SMITH COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010

	SPECIAL REVENUE FUNDS							
	DISTRICT ATTORNEY DRUG FORFEITURE	DPS SEIZURES	DRUG FORFEITURE	LOCAL LAW ENFORCEMENT SEIZURES	DISTRICT ADULT PROBATION	EAST TEXAS AUTO CRUSHERS	TEXAS JUVENILE PROBATION COMMISSION	CRIME VICTIM'S SERVICES
<b>ASSETS</b>								
Cash	\$ 264,652	\$ 38,436	\$ 460,833	\$ 71,157	\$ 813,867	\$ 78,800	\$ 334,382	\$ 52,760
Investments	-	-	-	-	2,004,900	-	1,272,956	-
Taxes receivable-delinquent, net	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	35,568	74,087	-	-
Prepaid and other assets	-	-	-	-	65	486	6,116	486
Due from other funds	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 264,652</u>	<u>\$ 38,436</u>	<u>\$ 460,833</u>	<u>\$ 71,157</u>	<u>\$ 2,854,400</u>	<u>\$ 153,373</u>	<u>\$ 1,613,454</u>	<u>\$ 53,246</u>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>LIABILITIES</b>								
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vouchers payable	-	-	8,734	-	1,812	8,023	32,608	441
Salaries payable	2,227	-	-	-	242,703	1,581	44,412	1,087
Due to other funds	-	-	-	-	-	-	7,500	-
Deferred revenue	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<u>2,227</u>	<u>-</u>	<u>8,734</u>	<u>-</u>	<u>244,515</u>	<u>9,604</u>	<u>84,520</u>	<u>1,528</u>
<b>FUND BALANCE</b>								
Fund Balance:								
Reserved:								
Reserved for Capital Projects	-	-	-	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-	-	-	-
Unreserved:								
Undesignated	262,425	38,436	452,099	71,157	2,609,885	143,769	1,528,934	51,718
<b>Total fund balance</b>	<u>262,425</u>	<u>38,436</u>	<u>452,099</u>	<u>71,157</u>	<u>2,609,885</u>	<u>143,769</u>	<u>1,528,934</u>	<u>51,718</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 264,652</u>	<u>\$ 38,436</u>	<u>\$ 460,833</u>	<u>\$ 71,157</u>	<u>\$ 2,854,400</u>	<u>\$ 153,373</u>	<u>\$ 1,613,454</u>	<u>\$ 53,246</u>

SMITH COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010

	SPECIAL REVENUE FUNDS							
	CRIME VICTIM'S COMPENSATION	STEP TOBACCO GRANT	SHERIFF DEA TASK FORCE	JUSTICE COURT TECHNOLOGY FUND	COUNTY & DISTRICT COURT TECHNOLOGY FUND	JUVENILE JUSTICE ALTERNATIVE EDUCATION	JUVENILE ACCOUNTABILITY BLOCK GRANT	LEOSE FUND
<b>ASSETS</b>								
Cash	\$ 13,542	\$ 7,743	\$ 529,566	\$ 11,783	\$ 2,257	\$ 26,447	\$ 4,412	\$ 19,430
Investments	-	-	-	150,353	-	10,075	-	-
Taxes receivable-delinquent, net	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	1,694	350	-	1,438	-
Prepaid and other assets	178	-	-	-	-	1,431	486	-
Due from other funds	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 13,720</u>	<u>\$ 7,743</u>	<u>\$ 529,566</u>	<u>\$ 163,830</u>	<u>\$ 2,607</u>	<u>\$ 37,953</u>	<u>\$ 6,336</u>	<u>\$ 19,430</u>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>LIABILITIES</b>								
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vouchers payable	-	-	50,073	1,463	-	6,381	-	295
Salaries payable	812	-	1,722	-	-	9,918	1,156	-
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<u>812</u>	<u>-</u>	<u>51,795</u>	<u>1,463</u>	<u>-</u>	<u>16,299</u>	<u>1,156</u>	<u>295</u>
<b>FUND BALANCE</b>								
Fund Balance:								
Reserved:								
Reserved for Capital Projects	-	-	-	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-	-	-	-
Unreserved:								
Undesignated	12,908	7,743	477,771	162,367	2,607	21,654	5,180	19,135
<b>Total fund balance</b>	<u>12,908</u>	<u>7,743</u>	<u>477,771</u>	<u>162,367</u>	<u>2,607</u>	<u>21,654</u>	<u>5,180</u>	<u>19,135</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 13,720</u>	<u>\$ 7,743</u>	<u>\$ 529,566</u>	<u>\$ 163,830</u>	<u>\$ 2,607</u>	<u>\$ 37,953</u>	<u>\$ 6,336</u>	<u>\$ 19,430</u>

SMITH COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010

	SPECIAL REVENUE FUNDS							
	JUDICIAL EDUCATION	COMMUNITY POLICING	HOMELAND SECURITY	DA CRIME PREVENTION	FORFEITURE INTEREST 10%	SEARCH & RESCUE	JAC MAINTENANCE	ELECTIONS VOTING MACHINE REPLACEMENT
<b>ASSETS</b>								
Cash	\$ 3,640	\$ 11,256	\$ 27,760	\$ 5,336	\$ 192,863	\$ 4,101	\$ 14,870	\$ 7,557
Investments	-	-	-	-	-	-	851,626	-
Taxes receivable-delinquent, net	-	-	-	-	-	-	-	-
Accounts receivable	165	5,111	-	-	-	659	-	-
Prepaid and other assets	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 3,805</u>	<u>\$ 16,367</u>	<u>\$ 27,760</u>	<u>\$ 5,336</u>	<u>\$ 192,863</u>	<u>\$ 4,760</u>	<u>\$ 866,496</u>	<u>\$ 7,557</u>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>LIABILITIES</b>								
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vouchers payable	-	591	-	-	-	477	-	-
Salaries payable	-	4,309	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>4,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>477</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>								
Fund Balance:								
Reserved:								
Reserved for Capital Projects	-	-	-	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-	-	-	-
Unreserved:								
Undesignated	3,805	11,467	27,760	5,336	192,863	4,283	866,496	7,557
<b>Total fund balance</b>	<u>3,805</u>	<u>11,467</u>	<u>27,760</u>	<u>5,336</u>	<u>192,863</u>	<u>4,283</u>	<u>866,496</u>	<u>7,557</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 3,805</u>	<u>\$ 16,367</u>	<u>\$ 27,760</u>	<u>\$ 5,336</u>	<u>\$ 192,863</u>	<u>\$ 4,760</u>	<u>\$ 866,496</u>	<u>\$ 7,557</u>

SMITH COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010

	SPECIAL REVENUE FUNDS						
	ELECTION SERVICES CONTRACT	CHAPTER 19 VOTER REGISTRATION	LOCAL LAW ENFORCEMENT BLOCK GRANT	EDWARD BYRNE JAG GRANT 2008	JAG GRANT 2009	JAG RECOVERY GRANT	DA FEDERAL ASSETS
<b>ASSETS</b>							
Cash	\$ 81,632	\$ 8,808	\$ 19,754	\$ 16,090	\$ 4	\$ 77,780	\$ 139,196
Investments	-	-	-	-	-	-	-
Taxes receivable-delinquent, net	-	-	-	-	-	-	-
Accounts receivable	770	-	-	-	-	-	-
Prepaid and other assets	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 82,402</u>	<u>\$ 8,808</u>	<u>\$ 19,754</u>	<u>\$ 16,090</u>	<u>\$ 4</u>	<u>\$ 77,780</u>	<u>\$ 139,196</u>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>LIABILITIES</b>							
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vouchers payable	-	-	19,754	-	-	4,690	-
Salaries payable	-	-	-	-	-	-	-
Due to other funds	-	10,000	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>10,000</u>	<u>19,754</u>	<u>-</u>	<u>-</u>	<u>4,690</u>	<u>-</u>
<b>FUND BALANCE</b>							
Fund Balance:							
Reserved:							
Reserved for Capital Projects	-	-	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-	-	-
Unreserved:							
Undesignated	82,402	(1,192)	-	16,090	4	73,090	139,196
<b>Total fund balance</b>	<u>82,402</u>	<u>(1,192)</u>	<u>-</u>	<u>16,090</u>	<u>4</u>	<u>73,090</u>	<u>139,196</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 82,402</u>	<u>\$ 8,808</u>	<u>\$ 19,754</u>	<u>\$ 16,090</u>	<u>\$ 4</u>	<u>\$ 77,780</u>	<u>\$ 139,196</u>

SMITH COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010

	SPECIAL REVENUE FUNDS				CAPITAL PROJECT FUNDS	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	COMMISSARY FUND	SUBSTANCE ABUSE & EDUCATION EXPANSION	DISASTER RECOVERY	TOTAL	PERMANENT IMPROVEMENT	DEBT SERVICE FUND	
<b>ASSETS</b>							
Cash	\$ 358,788	\$ 3,823	\$ -	\$ 4,151,577	\$ 3,488	\$ 50,305	\$ 4,205,370
Investments	-	-	-	6,625,162	80,638	1,025,518	7,731,318
Taxes receivable-delinquent, net	-	-	-	-	-	63,830	63,830
Accounts receivable	10,823	11,313	-	177,276	12	9,687	186,975
Prepaid and other assets	-	-	-	10,865	-	-	10,865
Due from other funds	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 369,611</u>	<u>\$ 15,136</u>	<u>\$ -</u>	<u>\$ 10,964,880</u>	<u>\$ 84,138</u>	<u>\$ 1,149,340</u>	<u>\$ 12,198,358</u>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>LIABILITIES</b>							
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vouchers payable	2,068	1,475	-	336,476	16,923	-	353,399
Salaries payable	-	-	-	321,857	-	-	321,857
Due to other funds	-	10,000	-	37,500	-	-	37,500
Deferred revenue	-	-	-	-	-	37,693	37,693
<b>Total Liabilities</b>	<u>2,068</u>	<u>11,475</u>	<u>-</u>	<u>695,833</u>	<u>16,923</u>	<u>37,693</u>	<u>750,449</u>
<b>FUND BALANCE</b>							
Fund Balance:							
Reserved:							
Reserved for Capital Projects	-	-	-	-	67,215	-	67,215
Reserved for Debt Service	-	-	-	-	-	1,111,647	1,111,647
Unreserved:							
Undesignated	367,543	3,661	-	10,269,047	-	-	10,269,047
<b>Total fund balance</b>	<u>367,543</u>	<u>3,661</u>	<u>-</u>	<u>10,269,047</u>	<u>67,215</u>	<u>1,111,647</u>	<u>11,447,909</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 369,611</u>	<u>\$ 15,136</u>	<u>\$ -</u>	<u>\$ 10,964,880</u>	<u>\$ 84,138</u>	<u>\$ 1,149,340</u>	<u>\$ 12,198,358</u>

SMITH COUNTY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	SPECIAL REVENUE FUNDS							
	DISTRICT CLERK TITLE IV-D	COUNTY LAW LIBRARY	COUNTY CLERK RECORDS PRESERVATION	DISTRICT CLERK RECORDS PRESERVATION	GRAFFITI ERADICATION	COURTHOUSE SECURITY	DISTRICT ATTORNEY	COURT IMPROVEMENT
<b>REVENUES</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and other taxes	-	-	-	-	-	-	-	-
Fees of office	-	156,011	621,365	13,211	547	145,236	86,559	-
Fines	-	-	-	-	-	-	-	-
Intergovernmental revenues	17,103	-	-	-	-	-	34,113	42,982
Other revenues and fees	170	5,514	5,611	253	13	860	16,711	86
<b>Total Revenues</b>	<b>17,273</b>	<b>161,525</b>	<b>626,976</b>	<b>13,464</b>	<b>560</b>	<b>146,096</b>	<b>137,383</b>	<b>43,068</b>
<b>EXPENDITURES</b>								
General government	-	-	716,014	-	-	-	-	-
Justice system	180	201,327	-	-	-	-	139,017	43,217
Public safety	-	-	-	-	-	33,660	-	-
Corrections and rehabilitation	-	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-
Conservation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt Service-principal retirement	-	-	-	-	-	-	-	-
Debt Service-interest and fiscal charges	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>180</b>	<b>201,327</b>	<b>716,014</b>	<b>-</b>	<b>-</b>	<b>33,660</b>	<b>139,017</b>	<b>43,217</b>
Excess of Revenue Over (Under) Expenditures	17,093	(39,802)	(89,038)	13,464	560	112,436	(1,634)	(149)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	17,093	(39,802)	(89,038)	13,464	560	112,436	(1,634)	(149)
FUND BALANCE, SEPTEMBER 30, 2009	13,272	211,075	2,180,122	31,447	1,771	64,834	83,702	1,745
FUND BALANCE, SEPTEMBER 30, 2010	\$ 30,365	\$ 171,273	\$ 2,091,084	\$ 44,911	\$ 2,331	\$ 177,270	\$ 82,068	\$ 1,596

SMITH COUNTY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	SPECIAL REVENUE FUNDS							
	DISTRICT ATTORNEY DRUG FORFEITURE	DPS SEIZURES	DRUG FORFEITURE	LOCAL LAW ENFORCEMENT SEIZURES	DISTRICT ADULT PROBATION	EAST TEXAS AUTO CRUSHERS	TEXAS JUVENILE PROBATION COMMISSION	CRIME VICTIM'S SERVICES
<b>REVENUES</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and other taxes	-	-	-	-	-	-	-	-
Fees of office	-	-	-	-	3,176,510	-	-	-
Fines	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	824,465	513,981	1,366,276	25,459
Other revenues and fees	166,832	4,090	323,746	33,590	1,791,737	5,274	4,428	19,072
<b>Total Revenues</b>	<b>166,832</b>	<b>4,090</b>	<b>323,746</b>	<b>33,590</b>	<b>5,792,712</b>	<b>519,255</b>	<b>1,370,704</b>	<b>44,531</b>
<b>EXPENDITURES</b>								
General government	-	-	-	-	-	-	-	-
Justice system	-	-	-	-	-	-	64,250	39,103
Public safety	94,643	20,162	86,714	455,389	-	486,490	-	-
Corrections and rehabilitation	-	-	-	-	5,463,503	-	1,277,437	-
Health and human services	-	-	-	-	-	-	234,277	-
Conservation	-	-	-	-	-	-	-	-
Capital outlay	-	-	20,152	-	-	24,531	24,000	-
Debt Service-principal retirement	-	-	-	-	-	-	-	-
Debt Service-interest and fiscal charges	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>94,643</b>	<b>20,162</b>	<b>106,866</b>	<b>455,389</b>	<b>5,463,503</b>	<b>511,021</b>	<b>1,599,964</b>	<b>39,103</b>
Excess of Revenue Over (Under) Expenditures	72,189	(16,072)	216,880	(421,799)	329,209	8,234	(229,260)	5,428
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	215,975	-
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	215,975	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	72,189	(16,072)	216,880	(421,799)	329,209	8,234	(13,285)	5,428
FUND BALANCE, SEPTEMBER 30, 2009	190,236	54,508	235,219	492,956	2,280,676	135,535	1,542,219	46,290
FUND BALANCE, SEPTEMBER 30, 2010	\$ 262,425	\$ 38,436	\$ 452,099	\$ 71,157	\$ 2,609,885	\$ 143,769	\$ 1,528,934	\$ 51,718

SMITH COUNTY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	SPECIAL REVENUE FUNDS							LEOSE FUND
	CRIME VICTIM'S COMPENSATION	STEP TOBACCO GRANT	SHERIFF DEA TASK FORCE	JUSTICE COURT TECHNOLOGY FUND	COUNTY & DISTRICT COURT TECHNOLOGY FUND	JUVENILE JUSTICE ALTERNATIVE EDUCATION	JUVENILE ACCOUNTABILITY BLOCK GRANT	
<b>REVENUES</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and other taxes	-	-	-	-	-	-	-	-
Fees of office	-	-	-	45,916	-	-	-	-
Fines	-	-	-	-	-	-	-	-
Intergovernmental revenues	27,484	-	821,812	-	-	105,781	18,432	-
Other revenues and fees	73	75	3,664	430	2,607	325	-	27,921
<b>Total Revenues</b>	<b>27,557</b>	<b>75</b>	<b>825,476</b>	<b>46,346</b>	<b>2,607</b>	<b>106,106</b>	<b>18,432</b>	<b>27,921</b>
<b>EXPENDITURES</b>								
General government	-	-	-	-	-	-	-	-
Justice system	26,358	-	-	61,922	-	-	-	-
Public safety	-	6,332	121,364	-	-	-	-	27,423
Corrections and rehabilitation	-	-	-	-	-	303,451	25,799	-
Health and human services	-	-	-	-	-	-	-	-
Conservation	-	-	-	-	-	-	-	-
Capital outlay	-	-	366,481	103,000	-	-	-	-
Debt Service-principal retirement	-	-	-	-	-	-	-	-
Debt Service-interest and fiscal charges	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>26,358</b>	<b>6,332</b>	<b>487,845</b>	<b>164,922</b>	<b>-</b>	<b>303,451</b>	<b>25,799</b>	<b>27,423</b>
Excess of Revenue Over (Under) Expenditures	1,199	(6,257)	337,631	(118,576)	2,607	(197,345)	(7,367)	498
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	231,000	9,336	-
Transfers out	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>231,000</b>	<b>9,336</b>	<b>-</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,199	(6,257)	337,631	(118,576)	2,607	33,655	1,969	498
FUND BALANCE, SEPTEMBER 30, 2009	11,709	14,000	140,140	280,943	-	(12,001)	3,211	18,637
FUND BALANCE, SEPTEMBER 30, 2010	\$ 12,908	\$ 7,743	\$ 477,771	\$ 162,367	\$ 2,607	\$ 21,654	\$ 5,180	\$ 19,135

SMITH COUNTY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

SPECIAL REVENUE FUNDS

	JUDICIAL EDUCATION	COMMUNITY POLICING	HOMELAND SECURITY	DA CRIME PREVENTION	FORFEITURE INTEREST 10%	SEARCH & RESCUE	JAC MAINTENANCE	ELECTIONS VOTING MACHINE REPLACEMENT
<b>REVENUES</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and other taxes	-	-	-	-	-	-	-	-
Fees of office	-	-	-	-	-	7,309	-	-
Fines	-	-	-	-	-	-	-	-
Intergovernmental revenues	3,455	-	52,305	-	-	-	-	16,048
Other revenues and fees	32	82,817	219	36	61,379	46	1,691	9
Total Revenues	3,487	82,817	52,524	36	61,379	7,355	1,691	16,057
<b>EXPENDITURES</b>								
General government	-	91,880	-	-	-	-	-	-
Justice system	3,775	-	-	-	-	-	-	-
Public safety	-	-	8,167	-	-	8,299	-	-
Corrections and rehabilitation	-	-	-	-	-	-	-	-
Health and human services	-	-	-	-	17,000	-	-	-
Conservation	-	-	-	-	-	-	-	-
Capital outlay	-	506	-	-	-	-	35,384	8,500
Debt Service-principal retirement	-	-	-	-	-	-	-	-
Debt Service-interest and fiscal charges	-	-	-	-	-	-	-	-
Total Expenditures	3,775	92,386	8,167	-	17,000	8,299	35,384	8,500
Excess of Revenue Over (Under) Expenditures	(288)	(9,569)	44,357	36	44,379	(944)	(33,693)	7,557
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(288)	(9,569)	44,357	36	44,379	(944)	(33,693)	7,557
FUND BALANCE, SEPTEMBER 30, 2009	4,093	21,036	(16,597)	5,300	148,484	5,227	900,189	-
FUND BALANCE, SEPTEMBER 30, 2010	\$ 3,805	\$ 11,467	\$ 27,760	\$ 5,336	\$ 192,863	\$ 4,283	\$ 866,496	\$ 7,557

SMITH COUNTY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	SPECIAL REVENUE FUNDS						
	ELECTION SERVICES CONTRACT	CHAPTER 19 VOTER REGISTRATION	LOCAL LAW ENFORCEMENT BLOCK GRANT-2000	EDWARD BYRNE JAG GRANT 2008	JAG GRANT 2009	JAG RECOVERY GRANT	DA FEDERAL ASSETS
<b>REVENUES</b>							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and other taxes	-	-	-	-	-	-	-
Fees of office	19,998	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-
Intergovernmental revenues	-	26,952	-	-	109,737	451,613	779
Other revenues and fees	8,945	165	203	109	-	-	1,187
<b>Total Revenues</b>	<b>28,943</b>	<b>27,117</b>	<b>203</b>	<b>109</b>	<b>109,737</b>	<b>451,613</b>	<b>1,966</b>
<b>EXPENDITURES</b>							
General government	983	5,835	-	-	-	-	-
Justice system	-	-	-	-	-	-	94,634
Public safety	-	-	22,135	-	-	-	-
Corrections and rehabilitation	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-
Conservation	-	-	-	-	-	-	-
Capital outlay	-	23,422	18,005	-	109,733	378,523	-
Debt Service-principal retirement	-	-	-	-	-	-	-
Debt Service-interest and fiscal charges	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>983</b>	<b>29,257</b>	<b>40,140</b>	<b>-</b>	<b>109,733</b>	<b>378,523</b>	<b>94,634</b>
Excess of Revenue Over (Under) Expenditures	27,960	(2,140)	(39,937)	109	4	73,090	(92,668)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	27,960	(2,140)	(39,937)	109	4	73,090	(92,668)
FUND BALANCE, SEPTEMBER 30, 2009	54,442	948	39,937	15,981	-	-	231,864
FUND BALANCE, SEPTEMBER 30, 2010	\$ 82,402	\$ (1,192)	\$ -	\$ 16,090	\$ 4	\$ 73,090	\$ 139,196

SMITH COUNTY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUNDS	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	COMMISSARY FUND	SUBSTANCE ABUSE & EDUCATIONAL EXPANSION	DISASTER RECOVERY	TOTAL	PERMANENT IMPROVEMENT		DEBT SERVICE FUND
<b>REVENUES</b>							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,717,156	\$ 1,717,156
Licenses and other taxes	-	-	-	-	-	-	-
Fees of office	-	-	-	4,272,662	-	-	4,272,662
Fines	-	-	-	-	-	-	-
Intergovernmental revenues	-	69,103	20,750	4,548,630	-	-	4,548,630
Other revenues and fees	456,010	-	-	3,025,930	754	7,694	3,034,378
<b>Total Revenues</b>	<b>456,010</b>	<b>69,103</b>	<b>20,750</b>	<b>11,847,222</b>	<b>754</b>	<b>1,724,850</b>	<b>13,572,826</b>
<b>EXPENDITURES</b>							
General government	-	-	20,750	835,462	-	-	835,462
Justice system	88,467	65,442	-	827,692	-	-	827,692
Public safety	-	-	-	1,370,778	-	-	1,370,778
Corrections and rehabilitation	-	-	-	7,070,190	-	-	7,070,190
Health and human services	-	-	-	251,277	-	-	251,277
Conservation	-	-	-	-	-	-	-
Capital outlay	-	-	-	1,112,237	632,327	-	1,744,564
Debt Service-principal retirement	-	-	-	-	-	2,100,000	2,100,000
Debt Service-interest and fiscal charges	-	-	-	-	-	434,414	434,414
<b>Total Expenditures</b>	<b>88,467</b>	<b>65,442</b>	<b>20,750</b>	<b>11,467,636</b>	<b>632,327</b>	<b>2,534,414</b>	<b>14,634,377</b>
Excess of Revenue Over (Under) Expenditures	367,543	3,661	-	379,586	(631,573)	(809,564)	(1,061,551)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	456,311	-	-	456,311
Transfers out	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>456,311</b>	<b>-</b>	<b>-</b>	<b>456,311</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	367,543	3,661	-	835,897	(631,573)	(809,564)	(605,240)
FUND BALANCE, SEPTEMBER 30, 2009	-	-	-	9,433,150	698,788	1,921,211	12,053,149
FUND BALANCE, SEPTEMBER 30, 2010	\$ 367,543	\$ 3,661	\$ -	\$ 10,269,047	\$ 67,215	\$ 1,111,647	\$ 11,447,909

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, 2010

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Fees of Office:			
Law library fees	\$ 128,500	\$ 156,011	\$ 27,511
Total Fees of Office	128,500	156,011	27,511
Other Revenues and Fees:			
Interest	2,500	514	(1,986)
Miscellaneous revenue	30,000	5,000	(25,000)
Total Other Revenues and Fees	32,500	5,514	(26,986)
Total Revenues	<u>161,000</u>	<u>161,525</u>	<u>525</u>
<b>EXPENDITURES</b>			
Justice System:			
Salaries and benefits	95,618	95,594	24
Supplies	76,750	76,448	302
Operating expenses	3,853	3,374	479
Miscellaneous	51,096	25,911	25,185
Total Justice System	<u>227,317</u>	<u>201,327</u>	<u>25,990</u>
Total Expenditures	<u>227,317</u>	<u>201,327</u>	<u>25,990</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (66,317)</u>	(39,802)	<u>\$ 26,515</u>
FUND BALANCE, SEPTEMBER 30, 2009		<u>211,075</u>	
FUND BALANCE, SEPTEMBER 30, 2010		<u>\$ 171,273</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, 2010

	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Fees of Office:			
Record preservation fees	\$ 535,000	\$ 621,365	\$ 86,365
Total Fees of Office	535,000	621,365	86,365
Other Revenues and Fees:			
Interest	26,300	5,611	(20,689)
Total Other Revenues and Fees	26,300	5,611	(20,689)
Total Revenues	561,300	626,976	65,676
<b>EXPENDITURES</b>			
General Government:			
Salaries and benefits	74,990	6,199	68,791
Supplies	20,000	2,716	17,284
Operating expenses	650,000	27,987	622,013
Miscellaneous	70,000	56,158	13,842
Imaging / rebinding	700,000	622,954	77,046
Total General Government	1,514,990	716,014	798,976
Total Expenditures	1,514,990	716,014	798,976
Excess of Revenues Over (Under) Expenditures	\$ (953,690)	(89,038)	\$ 864,652
FUND BALANCE, SEPTEMBER 30, 2009		2,180,122	
FUND BALANCE, SEPTEMBER 30, 2010		\$ 2,091,084	

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, 2010**

	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Fees of Office:			
Record preservation fees	\$ 10,000	\$ 13,211	\$ 3,211
Total Fees of Office	10,000	13,211	3,211
Other Revenues and Fees:			
Interest	100	253	153
Total Other Revenues and Fees	100	253	153
Total Revenues	10,100	13,464	3,364
<b>EXPENDITURES</b>			
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	\$ 100	13,464	\$ 13,364
FUND BALANCE, SEPTEMBER 30, 2009		31,447	
FUND BALANCE, SEPTEMBER 30, 2010		\$ 44,911	

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, 2010

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Fees of Office:			
Graffiti Eradication	\$ 250	\$ 547	\$ 297
Total Fees of Office	250	547	297
Other Revenues and Fees:			
Interest	10	13	3
Total Other Revenues and Fees	10	13	3
Total Revenues	<u>260</u>	<u>560</u>	<u>300</u>
<b>EXPENDITURES</b>			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 260</u>	560	<u>\$ 300</u>
FUND BALANCE, SEPTEMBER 30, 2009		<u>1,771</u>	
FUND BALANCE, SEPTEMBER 30, 2010		<u>\$ 2,331</u>	

SMITH COUNTY, TEXAS  
 SPECIAL REVENUE FUND - COURTHOUSE SECURITY FUND  
 DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Fees of Office:			
Courthouse security	\$ 85,000	\$ 99,503	\$ 14,503
Courthouse security - Precinct #1	<u>50,000</u>	<u>45,733</u>	<u>(4,267)</u>
Total Fees of Office	135,000	145,236	10,236
Other Revenues and Fees:			
Interest	<u>400</u>	<u>860</u>	<u>460</u>
Total Other Revenues and Fees	<u>400</u>	<u>860</u>	<u>460</u>
Total Revenues	<u>135,400</u>	<u>146,096</u>	<u>10,696</u>
<b>EXPENDITURES</b>			
Public Safety:			
Miscellaneous	<u>55,000</u>	<u>33,660</u>	<u>21,340</u>
Total Infrastructure and Environmental Services	<u>55,000</u>	<u>33,660</u>	<u>21,340</u>
Total Expenditures	<u>55,000</u>	<u>33,660</u>	<u>21,340</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 80,400</u>	112,436	<u>\$ 32,036</u>
FUND BALANCE, SEPTEMBER 30, 2009		<u>64,834</u>	
FUND BALANCE, SEPTEMBER 30, 2010		<u>\$ 177,270</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, 2010**

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Fees of Office:			
Justice Court technology	\$ 49,000	\$ 45,916	\$ (3,084)
Total Fees of Office	49,000	45,916	(3,084)
Other Revenues and Fees:			
Interest	2,000	430	(1,570)
Total Other Revenues and Fees	2,000	430	(1,570)
Total Revenues	51,000	46,346	(4,654)
<b>EXPENDITURES</b>			
Justice System:			
Operating expenses	133,000	61,922	71,078
Total Justice System	133,000	61,922	71,078
Capital Outlay:			
Equipment	103,000	103,000	-
Total Capital Outlay	103,000	103,000	-
Total Expenditures	236,000	164,922	71,078
Excess of Revenues Over (Under) Expenditures	<u>\$ (185,000)</u>	(118,576)	<u>\$ (75,732)</u>
FUND BALANCE, SEPTEMBER 30, 2009		280,943	
FUND BALANCE, SEPTEMBER 30, 2010		<u>\$ 162,367</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, 2010

	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Other Revenues and Fees:			
Interest	\$ -	\$ 6	\$ 6
Other revenue	10,000	2,601	(7,399)
Total Other Revenues and Fees	10,000	2,607	(7,393)
Total Revenues	10,000	2,607	(7,393)
<b>EXPENDITURES</b>			
Total Expenditures	-	-	-
Excess of Revenues Over (Under) Expenditures	\$ 10,000	2,607	\$ (7,393)
FUND BALANCE, SEPTEMBER 30, 2009		-	
FUND BALANCE, SEPTEMBER 30, 2010		\$ 2,607	

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, 2010

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Other Revenues and Fees:			
Interest	\$ -	\$ 58	\$ 58
Other revenue	<u>79,580</u>	<u>82,759</u>	<u>3,179</u>
Total Other Revenues and Fees	<u>79,580</u>	<u>82,817</u>	<u>3,237</u>
Total Revenues	<u>79,580</u>	<u>82,817</u>	<u>3,237</u>
<b>EXPENDITURES</b>			
General Governmental:			
Salaries and benefits	100,896	88,472	12,424
Supplies	750	667	83
Travel and training	4,250	205	4,045
Operating expenses	<u>6,230</u>	<u>2,536</u>	<u>3,694</u>
Total General Governmental	<u>112,126</u>	<u>91,880</u>	<u>20,246</u>
Capital Outlay:			
Miscellaneous Equipment	<u>1,000</u>	<u>506</u>	<u>494</u>
Total Capital Outlay	<u>1,000</u>	<u>506</u>	<u>494</u>
Total Expenditures	<u>113,126</u>	<u>92,386</u>	<u>20,740</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (33,546)</u>	<u>(9,569)</u>	<u>\$ 23,977</u>
FUND BALANCE, SEPTEMBER 30, 2009		<u>21,036</u>	
FUND BALANCE, SEPTEMBER 30, 2010		<u>\$ 11,467</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, 2010

	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Other Revenues and Fees:			
Interest	\$ 500	\$ 1,837	\$ 1,337
Other revenue	30,000	59,542	29,542
Total Other Revenues and Fees	30,500	61,379	30,879
Total Revenues	30,500	61,379	30,879
<b>EXPENDITURES</b>			
Health and Human Services:			
Operating expenses	17,000	17,000	-
Total Health and Human Services	17,000	17,000	-
Total Expenditures	17,000	17,000	-
Excess of Revenues Over (Under) Expenditures	\$ 13,500	44,379	\$ 30,879
FUND BALANCE, SEPTEMBER 30, 2009		148,484	
FUND BALANCE, SEPTEMBER 30, 2010		\$ 192,863	

SMITH COUNTY, TEXAS  
 SPECIAL REVENUE FUND - SEARCH & RESCUE FUND  
 DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Fees of Office:			
Estray of livestock	\$ 5,000	\$ 7,309	\$ 2,309
Total Fees of Office	5,000	7,309	2,309
Other Revenues and Fees:			
Interest	50	26	(24)
Other revenue	-	20	20
Total Other Revenues and Fees	50	46	(4)
Total Revenues	<u>5,050</u>	<u>7,355</u>	<u>2,305</u>
<b>EXPENDITURES</b>			
Public Safety:			
Operating Expenses	10,000	8,299	1,701
Total Public Safety	10,000	8,299	1,701
Total Expenditures	<u>10,000</u>	<u>8,299</u>	<u>1,701</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (4,950)</u>	(944)	<u>\$ 4,006</u>
FUND BALANCE, SEPTEMBER 30, 2009		<u>5,227</u>	
FUND BALANCE, SEPTEMBER 30, 2010		<u>\$ 4,283</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, 2010

	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Other Revenues and Fees:			
Interest	\$ 5,800	\$ 1,691	\$ (4,109)
Total Other Revenues and Fees	5,800	1,691	(4,109)
Total Revenues	5,800	1,691	(4,109)
<b>EXPENDITURES</b>			
Capital Outlay:			
Equipment	301,200	35,384	265,816
Total Capital Outlay	301,200	35,384	265,816
Total Expenditures	301,200	35,384	265,816
Excess of Revenues Over (Under) Expenditures	(295,400)	(33,693)	261,707
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	247,823	-	(247,823)
Total Other Financing Sources (Uses)	247,823	-	(247,823)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses - GAAP basis	\$ (47,577)	(33,693)	\$ 13,884
FUND BALANCE, SEPTEMBER 30, 2009		900,189	
FUND BALANCE, SEPTEMBER 30, 2010		\$ 866,496	

SMITH COUNTY, TEXAS  
SPECIAL REVENUE FUND - PERMANENT IMPROVEMENT FUND  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Other Revenues and Fees:			
Interest	\$ 2,000	\$ 754	\$ (1,246)
Total Other Revenues and Fees	<u>2,000</u>	<u>754</u>	<u>(1,246)</u>
Total Revenues	<u>2,000</u>	<u>754</u>	<u>(1,246)</u>
<b>EXPENDITURES</b>			
General government:			
Operating expenses	<u>58,000</u>	<u>-</u>	<u>58,000</u>
Total general government	<u>58,000</u>	<u>-</u>	<u>58,000</u>
Capital Outlay:			
Real estate purchase	-	4,063	(4,063)
Sheriff administration	<u>800,000</u>	<u>628,264</u>	<u>171,736</u>
Total Capital Outlay	<u>800,000</u>	<u>632,327</u>	<u>167,673</u>
Total Expenditures	<u>858,000</u>	<u>632,327</u>	<u>225,673</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (856,000)</u>	<u>(631,573)</u>	<u>\$ 224,427</u>
FUND BALANCE, SEPTEMBER 30, 2009		<u>698,788</u>	
FUND BALANCE, SEPTEMBER 30, 2010		<u>\$ 67,215</u>	

SMITH COUNTY, TEXAS  
 SPECIAL REVENUE FUND - DEBT SERVICE FUND  
 DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
Property Taxes:			
Taxes - current	\$ 1,687,682	\$ 1,661,620	\$ (26,062)
Taxes - delinquent	<u>33,754</u>	<u>55,536</u>	<u>21,782</u>
Total Property Taxes	<u>1,721,436</u>	<u>1,717,156</u>	<u>(4,280)</u>
Other Revenues and Fees:			
Interest	<u>28,000</u>	<u>7,694</u>	<u>(20,306)</u>
Total Other Revenues and Fees	<u>28,000</u>	<u>7,694</u>	<u>(20,306)</u>
Total Revenues	<u>1,749,436</u>	<u>1,724,850</u>	<u>(24,586)</u>
<b>EXPENDITURES</b>			
Debt Service:			
Interest and fiscal charges	439,400	434,414	4,986
Principal payments	<u>2,100,000</u>	<u>2,100,000</u>	<u>-</u>
Total Debt Service	<u>2,539,400</u>	<u>2,534,414</u>	<u>4,986</u>
Total Expenditures	<u>2,539,400</u>	<u>2,534,414</u>	<u>4,986</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (789,964)</u>	(809,564)	<u>\$ (19,600)</u>
FUND BALANCE, SEPTEMBER 30, 2009		<u>1,921,211</u>	
FUND BALANCE, SEPTEMBER 30, 2010		<u>\$ 1,111,647</u>	

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**INTERNAL SERVICE FUNDS**

SMITH COUNTY, TEXAS  
 COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS  
 SEPTEMBER 30, 2010

	<u>Governmental Activities</u>		
	<u>Insurance Fund</u>	<u>Payroll Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 146,200	\$ 74,220	\$ 220,420
Accounts receivable	339,061	228	339,289
Investments	200,852	-	200,852
Total Current Assets	<u>686,113</u>	<u>74,448</u>	<u>760,561</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Vouchers payable	835,333	14,207	849,540
Deferred revenue	350,710	-	350,710
Total Current Liabilities	<u>1,186,043</u>	<u>14,207</u>	<u>1,200,250</u>
<b>NET ASSETS</b>			
Unrestricted	<u>(499,930)</u>	<u>60,241</u>	<u>(439,689)</u>
Total Net Assets	<u>\$ (499,930)</u>	<u>\$ 60,241</u>	<u>\$ (439,689)</u>

**SMITH COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FUND ASSETS -**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2010**

	<u>Governmental Activities</u>		
	<u>Insurance Fund</u>	<u>Payroll Fund</u>	<u>Total</u>
OPERATING REVENUES			
Premiums and reimbursements	\$ 7,399,133	\$ -	\$ 7,399,133
Total Operating Revenues	<u>7,399,133</u>	<u>-</u>	<u>7,399,133</u>
OPERATING EXPENSES			
Insurance claims & administrative fees	8,035,705	-	8,035,705
Total Operating Expenses	<u>8,035,705</u>	<u>-</u>	<u>8,035,705</u>
Operating loss	(636,572)	-	(636,572)
NON-OPERATING REVENUES			
Interest income and other	3,135	1,830	4,965
Change in net assets	<u>(633,437)</u>	<u>1,830</u>	<u>(631,607)</u>
NET ASSETS - SEPTEMBER 30, 2009	<u>133,507</u>	<u>58,411</u>	<u>191,918</u>
NET ASSETS - SEPTEMBER 30, 2010	<u>\$ (499,930)</u>	<u>\$ 60,241</u>	<u>\$ (439,689)</u>

SMITH COUNTY, TEXAS  
 COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS  
 YEAR ENDED SEPTEMBER 30, 2010

	<u>Governmental Activities</u>		
	<u>Insurance Fund</u>	<u>Payroll Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received for premiums	\$ 7,509,005	\$ 67,960	\$ 7,576,965
Cash paid to customers	(7,763,366)	-	(7,763,366)
Other operating revenues	-	(50,402)	(50,402)
Net cash (used in) provided by operating activities	<u>(254,361)</u>	<u>17,558</u>	<u>(236,803)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from purchases and redemptions of investments	312,996	-	312,996
Interest on investments	3,135	1,830	4,965
Net cash provided by investing activities	<u>316,131</u>	<u>1,830</u>	<u>317,961</u>
Net increase in cash	61,770	19,388	81,158
Cash at beginning of year	<u>84,430</u>	<u>54,832</u>	<u>139,262</u>
CASH AT END OF YEAR	<u>\$ 146,200</u>	<u>\$ 74,220</u>	<u>\$ 220,420</u>
Reconciliation of operating income to net cash used by operating activities:			
Operating loss	\$ (636,572)	\$ -	\$ (636,572)
Adjustment to reconcile operating income to net cash used in by operating activities:			
Increase in accounts receivable	33,606	67,960	101,566
Increase (decrease) in vouchers payable	272,339	(50,402)	221,937
Increase in deferred revenue	76,266	-	76,266
Net Cash Used in by Operating Activities	<u>\$ (254,361)</u>	<u>\$ 17,558</u>	<u>\$ (236,803)</u>

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## **FIDUCIARY FUNDS**

SMITH COUNTY, TEXAS  
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -  
AGENCY FUNDS  
SEPTEMBER 30, 2010

	<u>Trust &amp; Agency Fund</u>	<u>Evidence Fund</u>	<u>ACH Clearing Fund</u>	<u>Tax Office Fee Account</u>	<u>District Clerk Fee Account</u>
Assets - Cash	\$ 804,208	\$ 5,461	\$ 1,741	\$ 1,663,971	\$ 1,364,198
Investments	-	-	-	-	991,115
Receivable	105,144	-	-	-	-
Total	<u>\$ 909,352</u>	<u>\$ 5,461</u>	<u>\$ 1,741</u>	<u>\$ 1,663,971</u>	<u>\$ 2,355,313</u>
Liabilities Payable	\$ 524,619	\$ -	\$ -	\$ -	\$ -
Due to other governments	384,733	-	-	-	-
Liabilities - Other	-	5,461	1,741	1,663,971	2,355,313
Total	<u>\$ 909,352</u>	<u>\$ 5,461</u>	<u>\$ 1,741</u>	<u>\$ 1,663,971</u>	<u>\$ 2,355,313</u>

**SMITH COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -**  
**AGENCY FUNDS**  
**SEPTEMBER 30, 2010**

	<u>County Clerk Fee Account</u>	<u>Sheriff Fee Account</u>	<u>Justices of the Peace Fee Account</u>	<u>Adult Probation Fee Account</u>	<u>Total Agency Funds</u>
Assets - Cash	\$ 3,178,902	\$ 124,976	\$ 4,078	\$ 168,660	\$ 7,316,194
Investments	3,073,090	10,286	-	-	4,074,491
Acct Receivable	-	-	-	-	105,144
Total	<u>\$ 6,251,992</u>	<u>\$ 135,262</u>	<u>\$ 4,078</u>	<u>\$ 168,660</u>	<u>\$ 11,495,830</u>
Vouchers Payable	\$ -	\$ -	\$ -	\$ -	\$ 524,619
Due to other governments	-	-	-	-	384,733
Liabilities - Other	6,251,993	135,262	4,078	168,660	10,586,478
Total	<u>\$ 6,251,993</u>	<u>\$ 135,262</u>	<u>\$ 4,078</u>	<u>\$ 168,660</u>	<u>\$ 11,495,830</u>



**STATISTICAL SECTION**

**Table 1**

**SMITH COUNTY, TEXAS  
NET ASSETS BY COMPONENT  
LAST TEN FISCAL YEARS <sup>(1)</sup>**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities								
Invested in Capital Assets, net of related debt	\$ 18,662,826	\$ 14,626,952	\$ 18,877,959	\$ 27,880,686	\$ 33,410,463	\$ 35,484,517	\$38,706,007	\$ 41,641,439
Restricted	8,542,736	8,690,919	9,529,857	6,141,813	3,235,153	2,669,251	2,619,999	1,178,862
Unrestricted	11,532,213	17,486,550	16,672,934	16,284,071	21,036,147	27,043,288	20,707,155	11,223,734
Total governmental activities net assets	<u>\$ 38,737,775</u>	<u>\$ 40,804,421</u>	<u>\$ 45,080,750</u>	<u>\$ 50,306,570</u>	<u>\$ 57,681,763</u>	<u>\$ 65,197,056</u>	<u>\$62,033,161</u>	<u>\$ 54,044,035</u>

Source: Government-wide Statement of Net Assets

<sup>(1)</sup> Smith County applied GASB Statement 34 in FY2003

Table 2

SMITH COUNTY, TEXAS  
CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS <sup>(1)</sup>

	2004	2005	2006	2007	2008	2009	2010
<i>Expenses:</i>							
General government	\$ 7,291,686	\$ 7,505,881	\$ 9,095,728	\$ 10,562,099	\$ 12,277,826	\$ 15,254,066	\$ 15,296,017
Justice system	14,033,007	14,425,143	15,233,280	13,321,926	15,533,927	17,280,920	18,779,771
Public safety	6,634,514	7,417,029	7,826,792	9,469,038	10,674,578	15,195,201	13,898,214
Health & human services	2,591,414	3,267,779	2,953,574	2,931,395	3,110,244	2,137,004	3,594,974
Conservation	-	-	-	25,112	15,328	-	-
Infrastructure	6,367,850	4,332,439	4,543,461	6,787,532	6,576,941	8,565,139	7,644,779
Corrections & rehabilitation	14,855,604	15,734,815	18,619,469	18,083,700	20,750,890	23,944,201	26,843,276
Community & economic development	-	-	-	-	-	-	-
Interest on long-term debt	827,558	1,019,267	998,811	609,442	615,197	591,880	459,575
Total Governmental Activities Expenses	\$ 52,601,633	\$ 53,702,353	\$ 59,271,115	\$ 61,790,244	\$ 69,554,931	\$ 82,968,411	\$ 86,516,606
<i>Revenues:</i>							
Net Program Revenues:							
Charges for Services:							
General government	\$ 2,117,935	\$ 2,178,175	\$ 2,426,562	\$ 2,667,458	\$ 3,273,290	\$ 3,398,804	\$ 3,429,289
Justice system	3,323,368	3,319,752	3,852,411	3,798,594	4,065,826	4,041,662	3,843,444
Public safety	716,869	839,555	842,136	822,200	854,056	835,080	1,029,899
Health & human services	-	5	5	10	-	-	-
Infrastructure	4,351,775	4,744,108	4,703,213	4,746,757	4,611,315	4,383,023	3,945,405
Corrections & rehabilitation	2,622,798	2,827,040	3,107,186	3,121,680	3,456,577	3,411,496	3,532,706
Community & economic development	148,788	150,802	154,995	154,443	147,171	144,833	156,010
Operating grants & contributions	5,980,885	4,959,734	5,051,011	5,441,925	6,757,471	8,057,403	8,060,048
Capital grants & contributions	31,880	112,893	1,442,703	903,028	71,609	17,573	582,100
Total Governmental Activities Program revenues	19,294,298	19,132,064	21,580,222	21,656,095	23,237,315	24,289,874	24,578,901
Net (Expense)/Revenue	\$ (33,307,335)	\$ (34,570,289)	\$ (37,690,893)	\$ (40,134,149)	\$ (46,317,616)	\$ (58,678,537)	\$ (61,937,705)
General Revenues:							
Property taxes	\$ 22,498,083	\$ 24,486,652	\$ 26,427,379	\$ 30,751,982	\$ 35,633,927	\$ 37,881,773	\$ 38,448,339
Sales & other taxes	11,671,090	12,591,960	14,275,527	15,255,632	16,675,084	15,974,356	13,966,432
Rentals & commissions	868,933	792,444	686,611	620,441	592,221	632,439	532,540
Reimbursements	59,954	10,144	78,417	38,336	167,900	439,483	272,652
Miscellaneous	33,280	162,864	176,327	143,508	106,345	153,909	353,141
State shared	89,239	129,983	-	144,718	-	-	-
Gain in sale of assets	11,816	5,384	7,565	3,274	(341,031)	203,866	218,239
Loss on donation of assets	(42,000)	-	-	-	-	-	-
Interest	186,867	664,187	1,264,887	1,551,451	998,463	281,304	157,236
Total Governmental Activities	35,377,262	38,843,618	42,916,713	48,509,342	53,832,909	55,567,130	53,948,579
Change in net assets	2,069,927	4,273,329	5,225,820	8,375,193	7,515,293	(3,111,407)	(7,989,126)
Net assets - beginning	38,737,775	40,804,421	45,077,750	50,306,570	57,681,763	65,197,056	62,033,161
Other increases (decreases) in fund balance	(3,281)	-	-	-	-	(52,488)	-
Net Assets - Ending	\$ 40,804,421	\$ 45,077,750	\$ 50,303,570	\$ 58,681,763	\$ 65,197,056	\$ 62,033,161	\$ 54,044,035

Source: Statement of Activities

<sup>(1)</sup> Smith County applied GASB Statement 34 in FY2003

Table 3

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

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
General Fund							
Unreserved Fund Balance							
Designated For:							
Indigent health care	\$ 1,053,145	\$ 1,177,692	\$ 1,378,509	\$ 1,644,337	\$ 1,846,279	\$ 1,994,397	\$ 300,017
Juvenile general	1,457,793	1,414,544	1,155,834	1,180,223	894,266	698,860	901,877
Undesignated	6,432,116	6,832,854	7,154,040	8,945,804	12,399,266	11,177,121	9,490,351
Total General Fund	<u>\$ 8,943,054</u>	<u>\$ 9,425,090</u>	<u>\$ 9,688,383</u>	<u>\$ 11,770,364</u>	<u>\$ 15,139,811</u>	<u>\$ 13,870,378</u>	<u>\$ 10,692,245</u>
Road and Bridge Fund							
Unreserved	<u>\$ 1,173,326</u>	<u>\$ 1,677,914</u>	<u>\$ 969,076</u>	<u>\$ 1,809,604</u>	<u>\$ 2,986,582</u>	<u>\$ 2,253,929</u>	<u>\$ 2,163,303</u>
Total Road and Bridge Fund	<u>\$ 1,173,326</u>	<u>\$ 1,677,914</u>	<u>\$ 969,076</u>	<u>\$ 1,809,604</u>	<u>\$ 2,986,582</u>	<u>\$ 2,253,929</u>	<u>\$ 2,163,303</u>
All Other Governmental Funds							
Reserved For:							
Debt service	\$ 395,836	\$ 327,026	\$ 774,808	\$ 1,227,199	\$ 1,599,898	\$ 1,921,211	\$ 1,111,647
Capital projects	10,120,429	9,202,831	5,367,005	2,007,954	1,069,353	698,788	67,215
Unreserved, Reported In:							
Special revenue funds	4,606,788	5,262,468	6,061,201	7,353,858	8,592,070	9,433,150	10,269,047
Total All Other Governmental Funds	<u>\$ 15,123,053</u>	<u>\$ 14,792,325</u>	<u>\$ 12,203,014</u>	<u>\$ 10,589,011</u>	<u>\$ 11,261,321</u>	<u>\$ 12,053,149</u>	<u>\$ 11,447,909</u>

Source: Governmental Funds Balance Sheet

Table 4

**SMITH COUNTY, TEXAS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS <sup>(1)</sup>**

	2003	2004	2005	2006	2007	2008	2009	2010
<b>REVENUES</b>								
Property taxes	\$ 20,891,040	\$ 22,544,199	\$ 24,751,619	\$ 26,392,836	\$ 30,673,980	\$ 35,532,179	\$ 37,881,772	\$ 38,448,342
Licenses and other taxes	14,541,218	12,102,578	13,038,924	14,280,687	15,258,333	16,678,405	15,579,801	14,999,514
Fees of office	4,098,865	7,969,582	8,327,311	11,191,108	12,716,102	13,563,299	13,600,572	13,116,896
Fines	1,619,421	1,806,392	1,992,136	1,936,923	1,870,588	2,064,635	1,830,601	1,680,268
Intergovernmental revenues	5,461,087	6,271,055	5,474,492	5,457,707	4,317,179	4,043,632	3,994,127	5,686,766
Other revenues and fees	4,469,737	3,981,375	4,679,738	5,203,132	5,106,537	5,450,312	6,386,699	5,504,479
Total Revenues	\$ 51,081,368	\$ 54,675,181	\$ 58,264,220	\$ 64,462,393	\$ 69,942,719	\$ 77,332,462	\$ 79,273,572	\$ 79,436,265
<b>EXPENDITURES</b>								
Current:								
General government	\$ 6,964,279	\$ 7,221,999	\$ 7,439,789	\$ 8,244,300	\$ 8,065,066	\$ 9,713,382	\$ 11,514,944	\$ 11,247,975
Justice system	8,583,777	12,901,932	12,698,186	14,005,201	13,187,193	15,100,425	15,986,133	16,995,214
Public safety	22,726,797	6,494,988	8,123,191	7,251,811	8,993,405	10,280,652	13,714,061	12,110,392
Corrections and rehabilitation	-	13,807,053	15,058,288	17,953,557	19,180,368	20,401,531	21,505,263	24,188,157
Health and human services	2,694,943	2,646,118	2,181,419	2,896,398	3,009,062	3,098,054	2,083,805	3,541,691
Conservation	-	-	-	-	25,112	15,308	3	-
Infrastructure & environmental	5,616,507	6,103,245	6,539,127	6,188,899	7,444,547	6,618,657	8,619,006	8,020,534
Capital outlay	8,182,987	2,975,641	2,110,970	8,742,763	5,640,453	4,029,595	6,205,822	4,113,472
Debt Service:								
Principal retirement	1,925,000	2,035,785	2,138,127	5,590,729	2,173,769	2,266,315	2,707,355	2,730,716
Interest & fiscal charges	968,725	879,841	1,020,116	935,618	716,713	618,924	542,561	533,122
Total Expenditures	\$ 57,663,015	\$ 55,066,602	\$ 57,309,213	\$ 71,809,276	\$ 68,435,688	\$ 72,142,843	\$ 82,878,953	\$ 83,481,273
Excess (deficiency) of revenues over (under expenditures)	\$ (6,581,647)	\$ (391,421)	\$ 955,007	\$ (7,346,883)	\$ 1,507,031	\$ 5,189,619	\$ (3,605,381)	\$ (4,045,008)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	\$ (388,687)	\$ 2,920,201	\$ 2,360,625	\$ 2,226,793	\$ 358,543	\$ 359,752	\$ 400,237	\$ 456,311
Transfers out	5,300	(3,345,201)	(2,860,625)	(2,626,793)	(758,543)	(759,752)	(400,237)	(456,311)
Bond proceeds	-	6,500,000	-	-	-	-	-	-
Capital lease proceeds	-	407,278	200,889	4,725,183	201,476	429,116	2,447,611	171,009
Total Other Financing Sources (Uses)	\$ (383,387)	\$ 6,482,278	\$ (299,111)	\$ 4,325,183	\$ (198,524)	\$ 29,116	\$ 2,447,611	\$ 171,009
Net change in fund balances	(6,965,034)	6,090,857	655,896	(3,021,700)	1,308,507	5,218,735	(1,157,770)	(3,873,999)
Fund balances - beginning of year	26,121,413	19,151,857	25,239,433	25,882,173	22,860,472	24,168,979	29,387,714	28,177,456
Other increases (decreases) to fund balance	(4,522)	(3,281)	-	-	-	-	-	-
Prior period adjustment	-	-	-	-	-	-	(52,488)	-
Fund Balances - End of Year	\$ 19,151,857	\$ 25,239,433	\$ 25,895,329	\$ 22,860,472	\$ 24,168,979	\$ 29,387,714	\$ 28,177,456	\$ 24,303,457

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

<sup>(1)</sup> Smith County applied GASB Statement 34 in FY2003

**SMITH COUNTY, TEXAS**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS <sup>(1)</sup>**

	2003	2004	2005	2006	2007	2008	2009	2010
Property taxes	\$ 20,755,941	\$ 22,498,083	\$ 24,486,652	\$ 26,427,379	\$ 30,751,982	\$ 35,633,927	\$37,881,772	38,448,339
Sales tax	10,403,301	11,346,014	12,255,436	13,901,878	14,868,168	16,260,126	15,548,524	13,536,414
Other taxes	318,860	325,076	339,524	373,649	387,464	414,958	425,833	430,018
Total Tax Revenue	\$ 31,478,102	\$ 34,169,173	\$ 37,081,612	\$ 40,702,906	\$ 46,007,614	\$ 52,309,011	\$53,856,129	\$52,414,771

Source: Government-wide Statement of Activities

<sup>(1)</sup> Smith County applied GASB Statement 34 in FY2003

SMITH COUNTY, TEXAS  
TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	2010		2009		2008		2007		2006	
	Amount	% of Total								
Real, residential, single-family	\$ 7,164,015,965	45.81%	\$ 7,118,238,266	45.33%	\$ 7,028,101,220	45.55%	\$ 6,626,306,190	45.77%	\$ 6,164,959,540	46.35%
Real, residential, multi-family	564,340,930	3.61%	577,504,002	3.68%	503,377,370	3.26%	457,396,960	3.16%	383,868,410	2.89%
Real, vacant lots/tracts	305,741,812	1.96%	331,048,016	2.11%	385,879,080	2.50%	319,393,970	2.21%	255,925,060	1.92%
Real, acreage (land only)	1,698,804,910	10.86%	1,580,353,300	10.06%	1,417,723,830	9.19%	1,360,792,920	9.40%	1,221,144,470	9.18%
Real, farm and ranch improvements	789,419,478	5.05%	725,751,341	4.62%	649,237,880	4.21%	606,903,560	4.19%	563,044,980	4.23%
Real, commercial	2,222,316,521	14.21%	2,233,883,705	14.23%	2,105,727,110	13.65%	1,939,794,210	13.40%	1,774,127,010	13.34%
Real, industrial	241,268,859	1.54%	241,970,158	1.54%	311,390,810	2.02%	229,860,120	1.59%	175,543,500	1.32%
Real, oil, gas and other mineral reserves	441,822,220	2.83%	498,828,810	3.18%	625,567,720	4.05%	597,447,430	4.13%	546,050,730	4.11%
Real and tangible personal, utilities	357,593,692	2.29%	357,686,381	2.28%	360,444,575	2.34%	353,260,441	2.44%	347,009,386	2.61%
Tangible personal, business	1,638,601,148	10.48%	1,817,801,727	11.58%	1,833,286,394	11.88%	1,787,042,959	12.34%	1,686,011,418	12.68%
Tangible personal, other	80,480,293	0.51%	83,691,772	0.53%	77,838,340	0.50%	80,400,580	0.56%	80,570,090	0.61%
Real property, inventory	90,426,046	0.58%	81,499,272	0.52%	69,280,430	0.45%	117,745,039	0.81%	47,085,210	0.35%
Property under protest	-	0.00%	-	0.00%	-	0.00%	728,600	0.01%	-	0.00%
Special inventory	42,955,198	0.27%	53,232,569	0.34%	60,260,314	0.39%	-	0.00%	55,520,325	0.42%
Total Appraised Value Before Exemptions	\$ 15,637,787,072	100.00%	\$ 15,701,489,319	100.00%	\$ 15,428,115,073	100.00%	\$ 14,477,072,979	100.00%	\$ 13,300,860,129	100.00%
Less: total exemptions/reductions	2,120,377,484		2,130,576,196		2,005,305,336		1,934,992,052		1,794,609,415	
Taxable Assessed Value	<u>\$ 13,517,409,588</u>		<u>\$ 13,570,913,123</u>		<u>\$ 13,422,809,737</u>		<u>\$ 12,542,080,927</u>		<u>\$ 11,506,250,714</u>	

Table 6  
Page 2 of 2

SMITH COUNTY, TEXAS  
TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	2005		2004		2003		2002		2001	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, residential, single-family	\$ 5,540,299,660	46.40%	\$ 5,115,799,140	46.13%	\$ 4,747,723,190	46.66%	\$ 4,242,290,065	45.25%	\$ 4,030,135,455	44.89%
Real, residential, multi-family	357,096,620	2.99%	296,720,730	2.68%	279,651,450	2.75%	267,432,932	2.85%	260,104,432	2.90%
Real, vacant lots/tracts	208,718,470	1.75%	193,911,100	1.75%	188,402,090	1.85%	179,015,720	1.91%	185,552,390	2.07%
Real, acreage (land only)	1,142,859,500	9.57%	1,097,687,490	9.90%	976,579,630	9.60%	821,145,110	8.76%	808,618,060	9.01%
Real, farm and ranch improvements	509,824,140	4.27%	473,705,720	4.27%	438,142,350	4.31%	388,974,391	4.15%	366,984,441	4.09%
Real, commercial	1,590,440,330	13.32%	1,487,366,700	13.41%	1,394,155,610	13.70%	1,362,821,540	14.54%	1,296,668,215	14.44%
Real, industrial	169,713,690	1.42%	166,579,450	1.50%	156,541,440	1.54%	154,447,490	1.65%	149,541,480	1.67%
Real, oil, gas and other mineral reserves	321,432,030	2.69%	258,832,100	2.33%	119,105,670	1.17%	103,112,930	1.10%	96,925,470	1.08%
Real and tangible personal, utilities	334,352,098	2.80%	329,546,882	2.97%	306,592,732	3.01%	346,908,629	3.70%	306,718,365	3.42%
Tangible personal, business	1,588,177,562	13.30%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Tangible personal, other	84,005,341	0.70%	88,951,805	0.80%	91,402,957	0.90%	91,275,476	0.97%	76,587,476	0.85%
Real property, inventory	45,370,240	0.38%	34,622,290	0.31%	32,600,350	0.32%	31,771,990	0.34%	23,572,340	0.26%
Property under protest	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Special inventory	47,248,174	0.40%	46,020,708	0.41%	46,914,857	0.46%	52,458,737	0.56%	0	0.00%
Total Appraised Value Before Exemptions	\$ 11,939,537,855	100.00%	\$ 11,090,513,132	100.00%	\$ 10,174,355,177	100.00%	\$ 9,374,826,701	100.00%	\$ 8,976,988,929	100.00%
Less: total exemptions/reductions	1,696,822,360		1,595,047,506		1,487,634,422		1,273,771,896		1,271,512,173	
Taxable Assessed Value	<u>\$ 10,242,715,495</u>		<u>\$ 9,495,465,626</u>		<u>\$ 8,686,720,755</u>		<u>\$ 8,101,054,805</u>		<u>\$ 7,705,476,756</u>	

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	
2001	0.216940	0.037530	0.25447	0.27981	1.36000	0.12230	1.59000	1.48900	5.09558
2002	0.216940	0.037530	0.25447	0.26197	1.41500	0.12230	1.59000	1.48400	5.12774
2003	0.218700	0.035770	0.25447	0.25448	1.47000	0.12230	1.59000	1.52300	5.21425
2004	0.222140	0.032330	0.25447	0.24886	1.46000	0.12230	1.59000	1.50300	5.17863
2005	0.224780	0.029690	0.25447	0.24886	1.46000	0.12720	1.59000	1.50300	5.18353
2006	0.224050	0.030420	0.25447	0.23838	1.54020	0.12720	1.59000	1.52800	5.27825
2007	0.242520	0.025760	0.26828	0.22366	1.48800	0.12720	1.24000	1.20000	4.54714
2008	0.265190	0.023750	0.28894	0.19900	1.21500	0.12717	1.24000	1.19800	4.26811
2009	0.266450	0.022490	0.28894	0.20400	1.21000	0.12717	1.26500	1.19300	4.28811
2010	0.275890	0.013050	0.28894	0.20400	1.37500	0.13695	1.27000	1.19300	4.46789

Sources: Smith County Appraisal District  
Chapel Hill ISD  
City of Tyler  
Whitehouse ISD

Note:

\* Rates are per \$100 valuation.

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

<u>Name of Taxpayer</u>	<u>Nature of Property</u>	2010 Tax Year Taxable Assessed Valuation	% of Net Taxable Assessed Valuation
Delek Refining	Refinery	\$ 165,062,341	1.22%
Oncor Electric Delivery Co.	Utility	133,638,189	0.99%
Brookshire Grocery	Grocery Wholesaler/Retailer	132,411,791	0.98%
Southwestern Energy Production Co.	Utility	114,039,160	0.84%
Trane-American Standard	Manufacturer	108,889,319	0.81%
Dayton Hudson/Target	Retail	98,640,215	0.73%
Walmart/Sam's East	Wholesaler/Retailer	85,685,111	0.63%
Genecov Investment Group	Financial	79,329,140	0.59%
Carrier/United Technologies	Air Conditioning Manufacturer	50,020,318	0.37%
Southwestern Bell	Telephone Utility	48,498,734	0.36%
		<u>\$ 1,016,214,318</u>	<u>7.52%</u>

Table 9

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

<u>Tax Year</u>	<u>Fiscal Year Ended 9/30</u>	<u>Tax Rate</u>	<u>M&amp;O Funds</u>	<u>Interest and Sinking Fund</u>	<u>Adjusted Fiscal Yr. End Tax Levy</u>	<u>% Current Collections</u>	<u>% Total Collections</u>
1998	1999	\$ 0.23110	0.191130	\$ 0.03997	\$ 14,464,880	96.78%	102.83%
1999	2000	0.22947	0.201460	0.02801	15,032,277	96.49%	103.42%
2000	2001	0.25447	0.216940	0.03753	17,958,352	92.07%	98.78%
2001	2002	0.25447	0.216940	0.03753	19,584,694	91.46%	98.45%
2002	2003	0.25447	0.218703	0.03577	20,614,754	91.54%	99.01%
2003	2004	0.25447	0.222138	0.03233	22,105,098	92.04%	102.46%
2004	2005	0.25447	0.224782	0.02969	24,163,111	97.69%	103.17%
2005	2006	0.25447	0.224047	0.03042	26,064,638	97.71%	99.82%
2006	2007	0.268275	0.242515	0.025760	30,868,394	97.66%	99.61%
2007	2008	0.288940	0.265190	0.023750	36,239,089	97.82%	102.90%
2008	2009	0.288940	0.266452	0.022488	38,783,866	97.75%	104.46%
2009	2010	0.288940	0.275890	0.130500	38,114,296	97.79%	99.75%
2010	2011	0.313940	0.291171	0.022769	42,436,556	76.89% <sup>(1)</sup>	77.58%

(1) Collections as of January 31, 2011

Table 10

**SMITH COUNTY, TEXAS  
TAX RATE, LEVY AND COLLECTION HISTORY**

Tax Year	Fiscal Year Ended 9/30	Estimated Population <sup>(1)</sup>	Taxable Assessed Valuation <sup>(2)</sup>	Taxable Assessed Valuation Per Capita	G.O. Tax Debt Outstanding at End of Year	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita
1998	1999	172,366	\$ 6,261,885,540	\$ 36,329	\$ 3,955,000	0.06%	\$ 23
1999	2000	174,706	6,552,385,293	37,505	6,675,000	0.10%	38
2000	2001	177,046	7,071,671,109	39,943	22,525,000	0.32%	127
2001	2002	179,385	7,705,476,756	42,955	20,700,000	0.27%	115
2002	2003	181,725	8,101,054,805	44,579	18,775,000	0.23%	103
2003	2004	187,658	8,686,720,755	46,290	23,350,000	0.27%	124
2004	2005	187,658	9,495,465,626	50,600	21,400,000	0.23%	114
2005	2006	190,000	10,242,715,495	53,909	16,100,000	0.16%	85
2006	2007	190,000	11,506,250,714	60,559	14,210,000	0.12%	75
2007	2008	194,635	12,542,080,927	64,439	12,210,000	0.10%	63
2008	2009	198,705	13,422,809,737	67,551	10,110,000	0.08%	51
2009	2010	201,277	13,570,913,123	67,424	8,010,000	0.06%	40
2010	2011	209,714	13,517,409,588	64,456	5,710,000	0.04%	27

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

(2) As reported by the Smith County Appraisal District; subject to change during the ensuing year.

(3) Projected

Table 11

**SMITH COUNTY, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF SEPTEMBER 30, 2010**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Tyler Independent School District	\$ 214,225,000	71.04%	\$ 152,185,440
Tyler Junior College	77,990,000	65.00%	50,693,500.00
Chapel Hill Independent School District	23,415,000	19.15%	4,483,972.50
Whitehouse Independent School District	35,363,785	27.37%	9,679,067.95
Subtotal, overlapping debt			<u>217,041,980.45</u>
<b>Smith County (direct debt)</b>	8,010,000.00	100%	8,010,000.00
<b>Total direct and overlapping debt</b>			<u><u>\$ 225,051,980.45</u></u>

Source: Debt outstanding data provided by each governmental unit.

Note:

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

Table 12

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

Fiscal Year	Estimated Population <sup>1</sup>	Estimated Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age <sup>2</sup>	Education Level in Years of Formal Schooling <sup>2</sup>	School Enrollment <sup>3</sup>	Unemployment Rate <sup>2</sup>
2001	84,400	1,739,216	20,607	34.1	n/a	16,778	4.6%
2002	85,603	1,791,392	20,927	34.2	n/a	16,626	4.9%
2003	86,371	1,845,134	21,363	34.2	n/a	16,702	5.4%
2004	101,106	2,159,927	21,363	34.1	n/a	17,394	5.8%
2005	102,001	2,224,725	21,811	34.1	n/a	17,489	5.1%
2006	105,873	2,291,467	21,643	34.1	13.6	17,548	5.0%
2007	107,802	2,360,211	21,894	34.1	13.6	18,040	4.7%
2008	108,909	2,431,017	22,322	34.1	13.6	18,015	4.2%
2009	109,427	2,503,948	22,882	34.1	13.6	18,090	4.7%
2010	109,748	2,579,066	23,500	34.1	13.6	18,344	7.2%

Data sources:

<sup>1</sup>Bureau of Census/Population Study

<sup>2</sup>Tyler Economic Development Council

<sup>3</sup>Tyler Independent School District

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

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

Unemployment rate information is an adjusted yearly average.

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

n/a - Data not available.

Table 13

**SMITH COUNTY, TEXAS**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND EIGHT YEARS AGO**  
(2001 information not available)

Employer	2010			2002		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (2)
Trinity Mother Francis *	3,652	1	452.0%	3,367	1	507.1%
East Texas Medical Center *	3,620	2	448.0%	3,100	2	466.9%
Tyler Independent School District	2,501	3	309.5%	2,300	4	346.4%
Brookshire Grocery Company *	2,213	4	273.9%	2,352	3	354.2%
Wal-Mart	1,697	5	210.0%	-	-	0.0%
Trane Company *	1,520	6	188.1%	2,000	5	301.2%
SuddenLink*	1,138	7	140.8%	-	-	0.0%
City of Tyler	890	8	110.1%	-	-	0.0%
C B & I	853	9	105.6%	-	-	0.0%
UT Health Center At Tyler	840	10	104.0%	1,367	6	205.9%
Kelly Springfield	-	-	-	1,206	7	181.6%
Tyler Pipe	-	-	-	1,100	8	165.7%
Carrier Corporation	-	-	-	1,000	9	150.6%
Target Distribution Center	-	-	-	970	10	146.1%
<b>Total</b>	<b>18,924</b>		<b>40.0%</b>	<b>18,762</b>		<b>2825.6%</b>

Source: Tyler Economic Development Council

\* Headquarters located in Tyler.

(1) total county employment of 808

(2) total county employment of 664



**SINGLE AUDIT SECTION**

# HENRY & PETERS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

## 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 the basic financial statements of Smith County, Texas as of and for the year ended September 30, 2010, and have issued our report thereon dated March 24, 2011. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Smith County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Smith County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Smith County's internal control over financial reporting.

*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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Smith County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Commissioners' Court, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties; however, this report is a matter of public record and its distribution is not limited.

*Henry & Peters, P.C.*

Tyler, Texas  
March 24, 2011

# HENRY & PETERS, PC

CERTIFIED PUBLIC ACCOUNTANTS

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Commissioners' Court of Smith County  
Tyler, Texas

### Compliance

We have audited the compliance of Smith County, Texas with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement*, and the State of Texas Single Audit Circular that are applicable to each of its major federal and state programs for the year ended September 30, 2010. Smith County's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of Smith County, Texas' management. Our responsibility is to express an opinion on Smith County's compliance based on our audit.

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; 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 state program occurred. An audit includes examining, on a test basis, evidence about Smith County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Smith County's compliance with those requirements.

In our opinion, Smith County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended September 30, 2010.

### Internal Control Over Compliance

The management of Smith County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered Smith County's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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's internal control over compliance.

A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Henry & Peters, P.C.*

Tyler, Texas  
March 24, 2011

**SMITH COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2010**

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS- THROUGH GRANTORS NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Passed through Texas Department of Rural Affairs (TDRA):			
Community Development Block Grant	14.228	DRS010175	\$ 20,750
<b>Total U.S. Department of Housing and Urban Development</b>			<u>20,750</u>
<b><u>U. S. DEPARTMENT OF JUSTICE</u></b>			
Direct Programs:			
2007 Justice Assistance Grant Program	16.738	2007-DJ-BX-0667	40,141
2008 Justice Assistance Grant Program	16.738	2008-DJ-BX-0211	15,819
2009 Justice Assistance Grant Program	16.738	2009-DJ-BX-1467	<u>109,733</u>
Total Justice Assistance Grant Program			165,693
ARRA - FY 2009 Recovery Act Edward Byrne Memorial Justice Assistance Grant Program	16.804 - ARRA	2009-SB-B9-2566	378,523
Crime Victims' Services	16.575	13733-11	25,459
Passed through Texas Office of the Governor:			
ARRA - FY 2009 Recovery Act Edward Byrne Memorial Justice Assistance Grant Program	16.803 - ARRA	2266001	68,083
Passed Through City of Kilgore:			
DEA Task Force	16.579	N/A	22,184
Passed through Texas Juvenile Probation Commission			
Juvenile Accountability Block Grant	16.523	JB-17905-05	18,116
<b>Total U.S. Department of Justice</b>			<u>678,058</u>

**SMITH COUNTY, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2010**

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS- THROUGH GRANTORS NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through Texas State Health Services:			
Bioterrorism	93.283	2009-031114-001	36,000
Passed through Texas Secretary of State			
Polling Place Accessibility (HAVA)	93.617	N/A	8,500
Passed through Texas Department of Family and Protective Services:			
Foster Care Title IV-E	93.658	N/A	27,560
<b>Total U.S. Department of Health and Human Services</b>			<u>72,060</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Direct Programs:			
Emergency Management Planning	97.042	2009-EP-E9-0005	30,819
Passed through Texas Department of Public Safety, TDEM			
Federal Emergency Management Planning	97.036	N/A	25,320
Homeland Security Grant	97.073	2008-GE-T8-0034	8,167
<b>Total U.S. Department of Homeland Security</b>			<u>64,306</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 835,174</u></u>

**SMITH COUNTY, TEXAS  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED SEPTEMBER 30, 2010**

<u>STATE GRANTOR/PROGRAM TITLE</u>	<u>GRANT CONTRACT NUMBER</u>	<u>STATE EXPENDITURES</u>
<b><u>STATE OF TEXAS - OFFICE OF THE ATTORNEY GENERAL</u></b>		
Victim Assistance Grant	1014505	\$ 27,484
Texas VINE Automated Victim Notification Services	1012830	30,108
<b>Total State of Texas - Office of the Attorney General</b>		<u>57,592</u>
<b><u>STATE OF TEXAS - OFFICE OF THE GOVERNOR CRIMINAL JUSTICE DIVISION</u></b>		
Drug Court Grant	SF-09-A10-19762-02	<u>42,982</u>
<b><u>TEXAS STATEWIDE TOBACCO EDUCATION AND PREVENTION</u></b>		
Tobacco Funds	---	<u>6,332</u>
<b><u>AUTOMOBILE THEFT PREVENTION AUTHORITY</u></b>		
East Texas Auto Theft Task Force	SA-T01-10064-10	<u>380,118</u>
<b><u>TASK FORCE ON INDIGENT DEFENSE</u></b>		
Indigent Defense Formula Grant	---	93,480
Equalization Grant	---	71,365
Total Task Force on Indigent Defense Grant		<u>164,845</u>
<b><u>BUREAU OF JUSTICE ASSISTANCE</u></b>		
State Criminal Alien Assistance Program (SCAPP)	2009-F7033-TX-AO	<u>110,512</u>
<b><u>SECRETARY OF STATE</u></b>		
Chapter 19 Voter Registration	---	<u>29,258</u>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>		<u><u>\$ 791,639</u></u>

**SMITH COUNTY, TEXAS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2010**

**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 this schedule 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 this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**SMITH COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR YEAR ENDED SEPTEMBER 30, 2010**

**I. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	<u>Unqualified</u>	
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?	<u>Unqualified</u>	
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>
ARRA - FY 2009 Recovery Act Edward Byrne Memorial JAG Program	16.804
Justice Assistance Grant Program	16.738

Dollar threshold used to distinguish between type A and type B

\$ 300,000

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

**SMITH COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR YEAR ENDED SEPTEMBER 30, 2010**

**I. Summary of Auditors' Results**

**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?	_____ <u>Unqualified</u>	
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

\_\_\_\_\_ \$ 300,000

Auditee qualified as low - risk auditee?

\_\_\_\_\_ X Yes \_\_\_\_\_ No

**II. Financial Statement Findings**

No matters requiring reporting under Government Auditing Standards were noted.

**III. Federal Award Findings and Questioned Costs**

No matters requiring reporting were noted.

**SMITH COUNTY, TEXAS**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS**  
**FOR YEAR ENDED SEPTEMBER 30, 2010**

None

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