

SMITH COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2011

COUNTY JUDGE – JOEL BAKER

Members of Commissioners Court:

Jeff Warr
Cary Nix
Terry Phillips
JoAnn Hampton

Prepared By the
SMITH COUNTY AUDITOR'S OFFICE
County Auditor - Ann Wilson, CPA, CIO

SMITH COUNTY, TEXAS
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2011

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INTRODUCTORY SECTION



SMITH COUNTY AUDITOR

200 E. Ferguson, Suite 407

Ann W. Wilson, CPA, CIO

Phone: (903) 590-4700

Tyler, Texas 75702

Fax: (903) 590-4716

March 1, 2012

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, 2011 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, 2011 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, 2011, 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 fared better than many in the country. Although the Smith County unemployment rate increased from 5.6% in December 2008 to 7.9% in December 2011, the rate is significantly lower than the national unemployment rate of 8.2% in December 2011. 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 and discourages any dependence on reserves to balance the general fund budget. The debt management policy establishes guidelines for debt issuance, debt levels, appropriate types of debt to issue, and debt

repayment schedules. The County remains in compliance with these policies. Smith County adopted and implemented a 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, 2010. This was the 6th consecutive year. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories including as a policy document, a financial plan, an operations guide, and a communications device.

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to Smith County for the Comprehensive Annual Financial Report for the fiscal year ended September 30, 2010. This was the first year Smith County has applied and received this award.

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

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

Respectfully submitted,



Ann W. Wilson, CPA, CIO
County Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Smith County
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

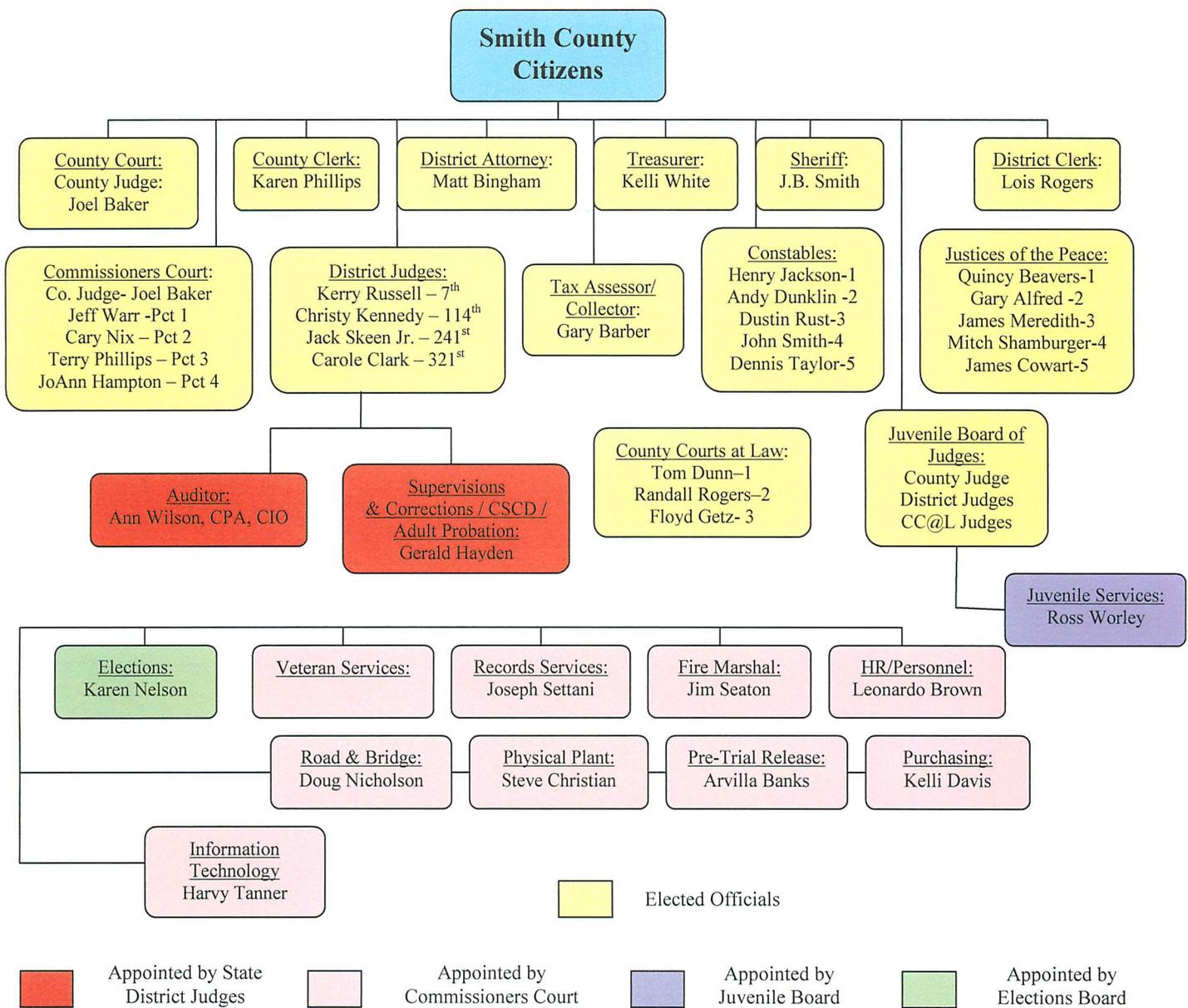


Linda C. Davidson

President

Jeffrey R. Emer

Executive Director



**SMITH COUNTY, TEXAS
PRINCIPAL OFFICIALS
September 30, 2011**

Commissioners Court

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

Judicial

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

County & Precinct Officials

Constable - Precinct #1	Henry Jackson
Constable - Precinct #2	Andy Dunklin
Constable - Precinct #3	Dustin Rust
Constable - Precinct #4	John Smith
Constable - Precinct #5	Dennis Taylor
County Clerk	Karen Phillips
District Attorney	Matt Bingham
District Clerk	Lois Rogers
Elections/Voter Registration	Karen Nelson
Justice of the Peace - Pct. #1	Judge Quincy Beavers, Jr.
Justice of the Peace - Pct. #2	Judge Gary Alfred
Justice of the Peace - Pct. #3	Judge James Meredith
Justice of the Peace - Pct. #4	Judge Mitch Shamburger
Justice of the Peace - Pct. #5	Judge James Cowart
Sheriff	J. B. Smith
Tax Assessor-Collector	Gary Barber
County Treasurer	Kelli White
Adult Probation	Gerald Hayden
County Auditor	Ann W. Wilson, CPA
Juvenile Services	Ross Worley
Purchasing	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, 2011, 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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Smith County, Texas as of September 30, 2011, 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 1, 2012 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, budgetary comparison information, and schedules of funding progress on pages 3 through 14 and 49 through 56, 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 assurance 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 opinions 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 them.

Henry & Peters, P.C.

Tyler, Texas
March 1, 2012

SMITH COUNTY, TEXAS

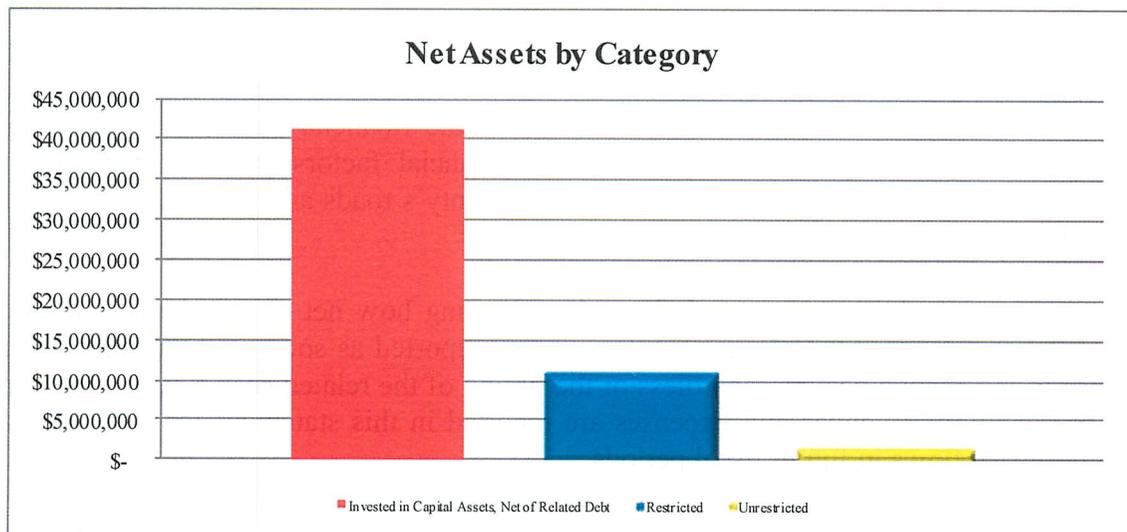
MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2011. 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 \$763,118. The decrease is primarily attributable to governmental activities in special project funds. The Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds further details the decrease in net assets.
- The total government-wide assets of the County exceeded the liabilities at September 30, 2011 by \$53,587,247 as is reported as total net assets of the primary government. Of this amount, \$10,939,989 is restricted for specific purposes (restricted net assets) of debt service, capital projects, and other purposes, while \$1,302,772 is unrestricted and \$41,344,486 is invested in capital assets, net of related debt.



Fund Financial Statements:

- At the end of the fiscal year, the combined fund balance for the County's operating funds (General, Road & Bridge, Juvenile General, Workforce Investment and Indigent Health Care) was \$17,272,379 or 28% of the combined expenditures.

Long-Term Debt:

- In fiscal year 2011, the County issued \$39,955,000 in General Obligation debt for the jail expansion construction project and the refunding of existing debt.
- The advanced refunding generated net present savings of \$366,620 and reduced total debt service payments by \$375,867.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Of the County's total assets of \$121,698,602 the largest components are: (1) cash and investments of \$63,088,427 or 52% (2) receivables which largely represent the deferred taxes for FY2011 of \$5,851,566 or 5%, and (3) capital assets net of accumulated depreciation of \$51,816,918 or 43%. Capital assets are non-liquid assets and cannot be utilized to satisfy County obligations. Out of the total liabilities of \$68,111,355, approximately \$9,942,250 are current liabilities.

The County's assets exceeded liabilities by \$53,587,247 at the close of the most recent fiscal year. The County's net assets for fiscal year ended September 30, 2010 and 2011 are summarized as follows:

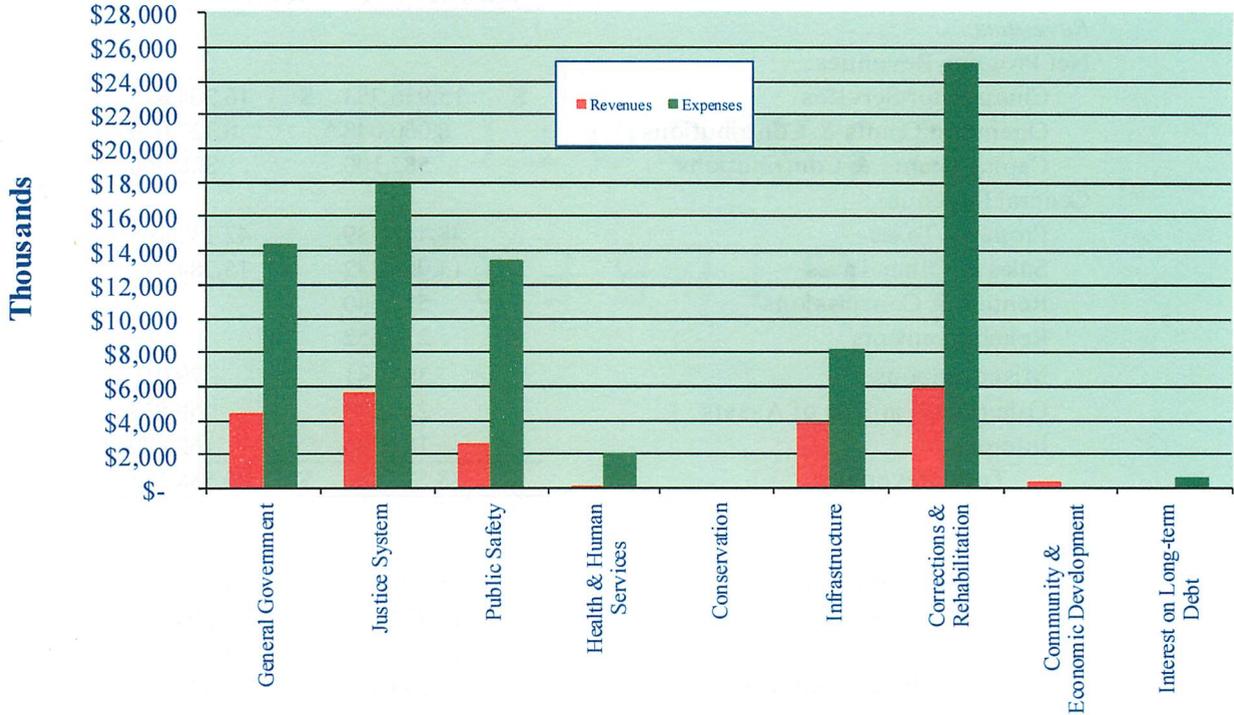
	Governmental Activities FY10	Governmental Activities FY11
Current & Other Assets	\$ 31,201,198	\$ 69,881,684
Capital Assets (net of depreciation)	53,428,285	51,816,918
<i>Total Assets</i>	\$ 84,629,483	\$ 121,698,602
Current & Other Liabilities	\$ 11,856,641	\$ 9,942,250
Long-term Liabilities	18,728,807	58,169,105
<i>Total Liabilities</i>	\$ 30,585,448	\$ 68,111,355
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 41,641,439	\$ 41,344,486
Restricted	1,178,862	10,939,989
Unrestricted	11,223,734	1,302,772
<i>Total Net Assets</i>	\$ 54,044,035	\$ 53,587,247

About 21% or \$10,939,989 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 (\$41,344,496) of the County's net assets reflects its investment in capital assets (e.g., land, buildings, machinery & equipment) net of related debt.

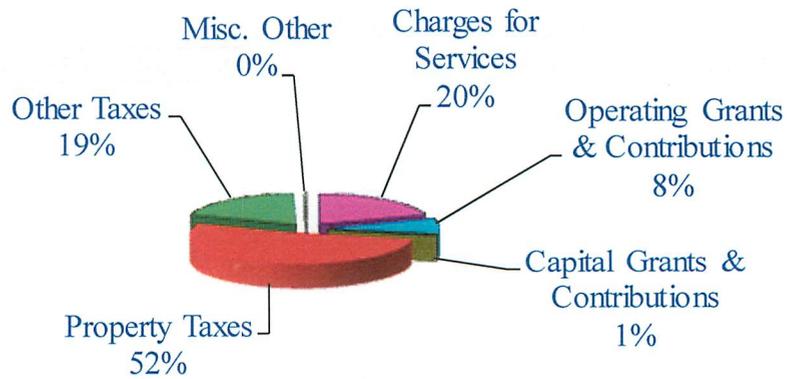
Smith County's Changes in Net Assets

	Governmental Activities 2010	Governmental Activities 2011
<i>Revenues:</i>		
Net Program Revenues:		
Charges for Services	\$ 15,936,753	\$ 16,204,875
Operating Grants & Contributions	8,060,048	6,327,076
Capital Grants & Contributions	582,100	328,008
General Revenues:		
Property Taxes	38,448,339	42,132,195
Sales & Other Taxes	13,966,432	15,284,372
Rentals & Commissions	532,540	-
Reimbursements	272,652	-
Miscellaneous	353,141	79,016
Gain (Loss) in Sale of Assets	218,239	69,833
Interest	157,236	162,820
Total Revenues	\$ 78,527,480	\$ 80,588,195
<i>Expenses:</i>		
General Government	\$ 15,296,017	\$ 14,371,733
Justice System	18,779,771	17,868,740
Public Safety	13,898,214	13,361,846
Health & Human Services	3,594,974	1,980,055
Conservation	-	-
Infrastructure	7,644,779	8,205,372
Corrections & Rehabilitation	26,843,276	24,998,840
Interest on Long-term Debt	459,575	564,727
Total Expenses	\$ 86,516,606	\$ 81,351,313
Change in Net Assets	\$ (7,989,126)	\$ (763,118)
Net Assets - Beginning	62,033,161	54,044,035
Prior Period Adjustment		306,330
Other Increases (Decreases) in Fund Balance	-	-
Net Assets - Ending	\$ 54,044,035	\$ 53,587,247

Program Expenses & Revenues - Governmental Activities



Revenues by Source - Governmental Activities



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

- Program revenues of \$22,859,959 equaled 28% of governmental expenses of \$81,351,313. As expected, general revenues of \$57,728,236 and fund balance provided the additional support and coverage for expenses.
- Approximately 31% of the expenses are for Corrections & Rehabilitation (\$24,998,840) while this category provided about 7% of total revenues of \$80,588,195.
- The next largest category of expenses is the Justice System (\$17,868,740) at 22%. The Justice System provided about 7% of total revenues. Justice System expense 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 3% of total revenues.
- Infrastructure (Road & Bridge) accounted for 10% of governmental expenses while this category provided 5% of total revenues.
- Grant revenues and contributions comprised about 8% 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 AA2/AA+ bond rating.

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$64,255,890. Approximately \$347,640, or less than 1%, of the funds balance are classified as non-spendable fund balance; \$45,188,711 or 70% are restricted; \$4,336,973 or 7% are committed; \$1,987,475 or 3% are assigned; and \$12,395,091 or 19% are unassigned.

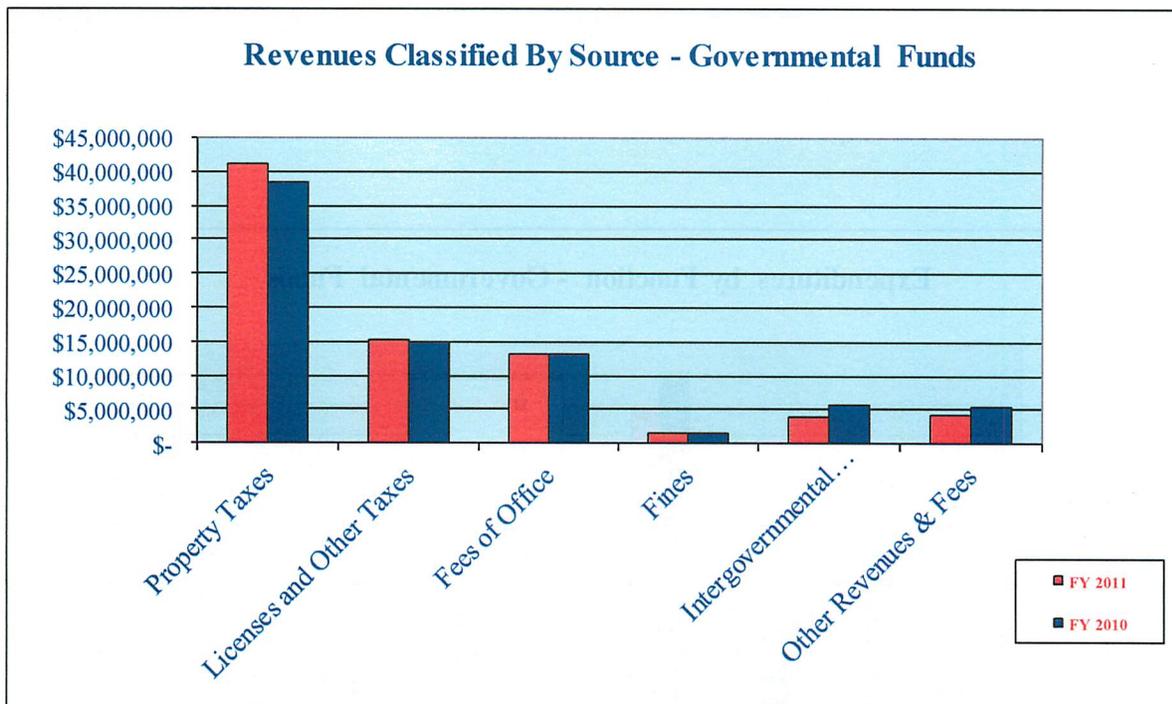
The County's General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance in the County's General Fund was \$12,395,091. As a measure of the general fund's liquidity, we compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance in the County's general fund (\$12,395,091) represents approx. 25% 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 increased by \$4,402,120 during the current fiscal year. The increase was attributable to actual revenues exceeding budgetary estimates and actual expenditures at less than appropriated amounts.

The debt service fund has a total fund balance of \$1,475,562, an increase of \$360,915 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 2011	FY 2010	Increase (Decrease)	Percent of Change
Property Taxes	\$ 41,014,854	\$ 38,448,342	\$ 2,566,512	6.68%
Licenses and Other Taxes	15,289,486	14,999,514	289,972	1.93%
Fees of Office	13,297,716	13,116,896	180,820	1.38%
Fines	1,579,776	1,680,268	(100,492)	-5.98%
Intergovernmental Revenues	4,058,250	5,686,766	(1,628,516)	-28.64%
Other Revenues & Fees	4,389,536	5,504,479	(1,114,943)	-20.26%
Total Revenues	\$ 79,629,618	\$ 79,436,265	\$ 193,353	0.24%

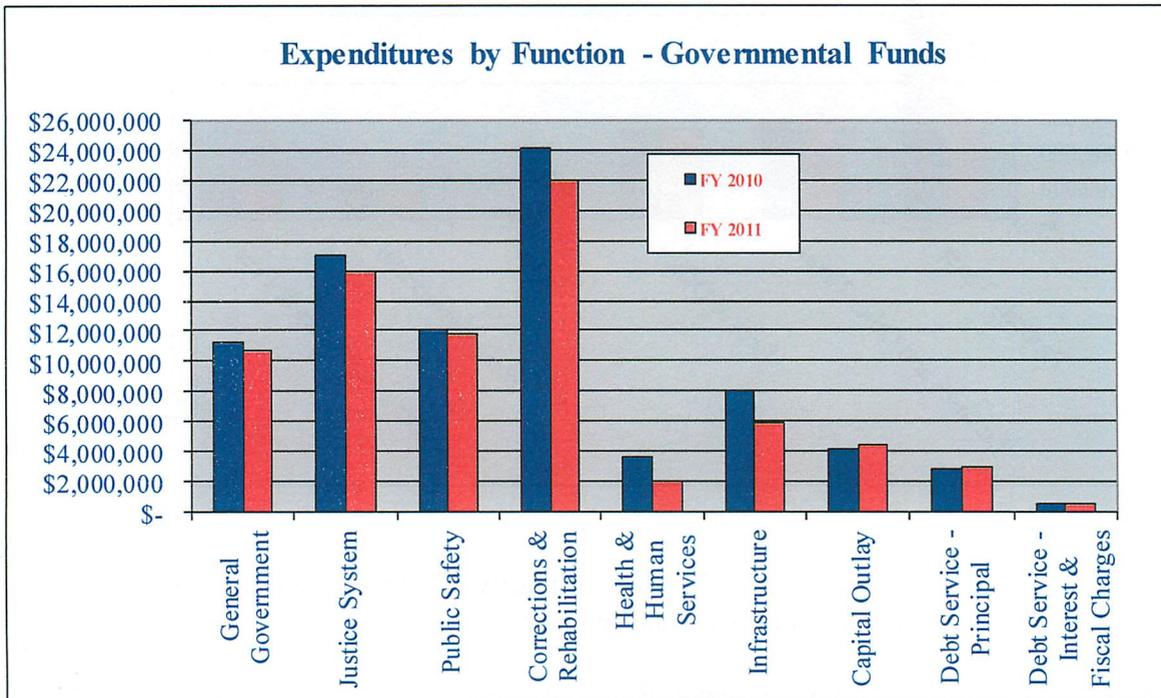


- Taxes - the increase of \$2,566,512 was primarily due to a 1 cent increase in the tax rate from the voter approved jail bond and refunding.
- The decrease in Intergovernmental Revenue is primarily a result of the State cutbacks in funding.
- The decrease in Other Revenue & Fees is primarily attributed to economic challenges.

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

Expenditures by Function - Governmental Funds				
Expenditures by Function	FY 2011	FY 2010	Increase (Decrease)	Percent of Change
General Government	\$ 10,648,052	\$11,247,975	\$ (599,923)	-5.33%
Justice System	15,981,625	16,995,214	(1,013,589)	-5.96%
Public Safety	11,793,429	12,110,392	(316,963)	-2.62%
Corrections & Rehabilitation	22,013,924	24,188,157	(2,174,233)	-8.99%
Health & Human Services	1,949,226	3,541,691	(1,592,465)	-44.96%
Infrastructure	5,829,170	8,020,534	(2,191,364)	-27.32%
Capital Outlay	4,418,149	4,113,472	304,677	7.41%
Debt Service - Principal	2,859,119	2,730,716	128,403	4.70%
Debt Service - Interest & Fiscal Charges	526,294	533,122	(6,828)	-1.28%
	\$ 76,018,988	\$83,481,273	\$ (7,462,285)	-8.94%

Overall, total expenditures decreased by more than 8%. The decrease in expenditures was across most functions and in direct response to economic conditions.



OPERATING FUNDS - BUDGETARY HIGHLIGHTS

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

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

Actual revenues were higher than budgeted by \$1,185,828 primarily due to the signs of slow economic recovery. Smith County experienced slight increases in anticipated revenues from sales tax and fines and fees.

Actual expenditures were lower than budgeted by \$4,546,726. Savings from budgeted amounts were primarily from salary lag and fewer inmates being transferred to other counties.

DEBT ADMINISTRATION AND CAPITAL ASSETS

Long-term Debt - At September 30, 2011, the County had general obligation bonds outstanding in the amount of \$39,955,000. The County's bond rating is AA2 from Moody's and AA+ from Standard and Poor's. In compliance with Governmental Accounting Standards Board (GASB) Statement 45, Smith County began reporting the Other Post Employment Benefit (OPEB) obligation in FY09.

The following represents the activity of the long-term debt of the County for FY2011.

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Certificates of Obligation	\$ 8,010,000	\$ -	\$ 8,010,000	\$ -
General Obligation Bonds	-	39,955,000		39,955,000
Bond Premium, Net	-	978,275	\$ 26,297	951,978
Compensated Absences	2,622,861	-	257,164	2,365,697
OPEB Obligation	9,780,588	7,080,453	-	16,861,041
Capital Leases	4,128,132	1,246,144	895,197	4,479,079
Total	\$ 24,541,581	\$ 49,259,872	\$ 9,188,658	\$ 64,612,795

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, 2011, net capital assets of the governmental activities totaled \$51,816,918. Depreciation on capital assets is recognized in the Government-wide financial statements.

County's Capital Assets			
	Cost	Accumulated Depreciation	Net Capital Assets
Governmental Activities:			
Land	\$ 705,319	\$ -	\$ 705,319
Buildings & Improvements	46,512,938	23,411,596	23,101,342
Machinery & Equipment	21,028,522	16,034,727	4,993,795
Infrastructure	75,214,425	52,939,364	22,275,061
Construction in Progress	741,401	-	741,401
Total	\$ 144,202,605	\$ 92,385,687	\$ 51,816,918

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 FY2012, 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 remain low.
- 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.



BASIC FINANCIAL STATEMENTS

EXHIBIT 1

**SMITH COUNTY, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011**

	<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and cash equivalents	\$ 40,600,205
Investments	22,488,222
Receivables (net of allowance for doubtful accounts)	5,851,566
Investment in joint venture	373,744
Prepays and other assets	347,640
Bond issue costs, net	220,307
Capital assets (net of accumulated depreciation):	
Land	705,319
Buildings	15,446,191
Improvements	7,655,151
Machinery and equipment	4,993,795
Construction in progress	741,401
Infrastructure	<u>22,275,061</u>
Total Assets	121,698,602
LIABILITIES	
Vouchers payable	2,255,261
Salaries payable	711,568
Accrued interest payable	185,024
Deferred revenues	346,707
Long-term debt:	
Due within one year	6,443,690
Due in more than one year	<u>58,169,105</u>
Total Liabilities	<u>68,111,355</u>
NET ASSETS	
Investment in capital assets, net of related debt	41,344,486
Restricted for:	
Debt service	1,472,562
Capital projects	43,335
Other purposes	9,424,092
Unrestricted	<u>1,302,772</u>
Total Net Assets	<u>\$ 53,587,247</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, 2011

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
Primary Government:					
Governmental activities:					
General government	\$ 14,371,733	\$ 4,137,746	\$ 291,589	\$ -	\$ (9,942,398)
Justice system	17,868,740	3,781,583	1,701,883	188,614	(12,196,660)
Public safety	13,361,846	984,690	1,703,973	-	(10,673,183)
Health and human services	1,980,055	-	103,497	-	(1,876,558)
Infrastructure	8,205,372	3,815,663	-	-	(4,389,709)
Corrections and rehabilitation	24,998,840	3,327,735	2,521,134	-	(19,149,971)
Community and economic development	-	157,458	5,000	139,394	301,852
Interest on long-term debt	564,727	-	-	-	(564,727)
Total primary government	<u>\$ 81,351,313</u>	<u>\$ 16,204,875</u>	<u>\$ 6,327,076</u>	<u>\$ 328,008</u>	<u>\$ (58,491,354)</u>
General revenues:					
Property taxes					\$ 42,132,195
Sales taxes					14,827,226
Other taxes					457,146
Miscellaneous					79,016
Gain on sale of assets					69,833
Interest earned					162,820
Total general revenues and transfers					<u>57,728,236</u>
Change in net assets					(763,118)
Net assets - beginning of year					54,044,035
Prior period adjustment					<u>306,330</u>
Net assets - end of year					<u>\$ 53,587,247</u>

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

**SMITH COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011**

	GENERAL	ROAD AND BRIDGE FUND - SPECIAL REVENUE	JAIL EXPANSION PROJECT FUND - CAPITAL PROJECTS	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	\$ 1,445,675	\$ 119,879	\$ 34,444,586	\$ 4,065,271	\$ 40,075,411
Investments	11,032,204	2,604,922	-	8,850,520	22,487,646
Receivables:					
Property taxes	1,983,504	175,012	-	230,324	2,388,840
Other	3,239,239	116,701	-	266,836	3,622,776
Prepaid and other assets	304,894	33,759	-	8,987	347,640
Due from other funds	115,870	-	-	-	115,870
Total assets	\$ 18,121,386	\$ 3,050,273	\$ 34,444,586	\$ 13,421,938	\$ 69,038,183
LIABILITIES AND FUND BALANCES					
Liabilities:					
Vouchers payable	\$ 987,108	\$ 245,757	\$ 152,529	\$ 288,307	\$ 1,673,701
Salaries payable	549,979	51,575	-	110,014	711,568
Due to other funds	-	-	-	115,870	115,870
Deferred revenues	1,896,839	168,022	-	216,293	2,281,154
Total liabilities	3,433,926	465,354	152,529	730,484	4,782,293
Fund Balances:					
Nonspendable:					
Prepays	304,894	33,759	-	8,987	347,640
Restricted for:					
District clerk	-	-	-	32,523	32,523
County law library	-	-	-	193,906	193,906
Records preservation	-	-	-	2,497,774	2,497,774
Graffiti eradication	-	-	-	2,650	2,650
Courthouse security	-	-	-	242,720	242,720
Law enforcement purposes	-	-	-	1,861,328	1,861,328
Drug court program	-	-	-	1,809	1,809
Adult probation	-	-	-	2,800,094	2,800,094
Juvenile services	-	-	-	1,159,753	1,159,753
Crime victims	-	-	-	14,615	14,615
Tobacco law enforcement	-	-	-	13,282	13,282
Technology	-	-	-	172,162	172,162
Law enforcement training	-	-	-	23,482	23,482
County judge training	-	-	-	4,108	4,108
Voting machines	-	-	-	7,557	7,557
Voter registration services	-	-	-	10,363	10,363
Inmates	-	-	-	385,966	385,966
Capital projects	-	-	34,292,057	-	34,292,057
Debt service	-	-	-	1,472,562	1,472,562
Committed to:					
Community policing contracted services	-	-	-	12,324	12,324
Care of animals	-	-	-	6,813	6,813
Major building repairs	-	-	-	917,801	917,801
Elections department	-	-	-	96,097	96,097
Capital projects	-	-	-	752,778	752,778
Road maintenance	-	2,551,160	-	-	2,551,160
Assigned to:					
Indigent healthcare	343,265	-	-	-	343,265
Workforce development	317,840	-	-	-	317,840
Juvenile services	1,326,370	-	-	-	1,326,370
Unassigned	12,395,091	-	-	-	12,395,091
Total fund balances	14,687,460	2,584,919	34,292,057	12,691,454	64,255,890
Total liabilities and fund balances	\$ 18,121,386	\$ 3,050,273	\$ 34,444,586	\$ 13,421,938	\$ 69,038,183

EXHIBIT 4

**SMITH COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS (EXHIBIT 1)
SEPTEMBER 30, 2011**

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)	\$ 64,255,890
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds balance sheet.	51,816,918
Equity in an affiliated joint venture is included in governmental activities in the statement of net assets.	373,744
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds balance sheet.	2,118,516
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.	(185,024)
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.	(400,309)
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.	(16,861,041)
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.	(47,531,447)
Net assets of governmental activities	\$ 53,587,247

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, 2011

	GENERAL	ROAD AND BRIDGE FUND - SPECIAL REVENUE	JAIL EXPANSION PROJECT FUND - CAPITAL PROJECTS	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Property taxes	\$ 34,110,003	\$ 2,988,960	\$ -	\$ 3,915,891	\$ 41,014,854
Licenses and other taxes	15,289,486	-	-	-	15,289,486
Fees of office	6,099,977	2,971,238	-	4,226,501	13,297,716
Fines	752,607	827,169	-	-	1,579,776
Intergovernmental revenues	893,520	-	-	3,164,730	4,058,250
Other revenues and fees	1,834,025	25,960	43,335	2,486,216	4,389,536
Total revenues	58,979,618	6,813,327	43,335	13,793,338	79,629,618
EXPENDITURES					
Current:					
General government	10,070,551	-	-	577,501	10,648,052
Justice system	15,321,904	-	-	659,721	15,981,625
Public safety	10,326,587	-	-	1,466,842	11,793,429
Corrections and rehabilitation	15,556,968	-	-	6,456,956	22,013,924
Health and human services	1,704,761	-	-	244,465	1,949,226
Infrastructure and environmental	-	5,829,170	-	-	5,829,170
Capital outlay	192,894	1,593,924	682,544	1,948,787	4,418,149
Debt service:					
Principal retirement	354,594	204,525	-	2,300,000	2,859,119
Interest and fiscal charges	63,361	10,236	190,000	262,697	526,294
Total expenditures	53,591,620	7,637,855	872,544	13,916,969	76,018,988
Excess (deficiency) of revenues over (under) expenditures	5,387,998	(824,528)	(829,209)	(123,631)	3,610,630
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	34,200,000	5,755,000	39,955,000
Premium on long-term debt	-	-	921,266	57,009	978,275
Payment to escrow agent for refunded bonds	-	-	-	(5,837,616)	(5,837,616)
Capital lease proceeds	-	1,246,144	-	-	1,246,144
Transfers in	-	-	-	275,303	275,303
Transfers (out)	(220,000)	-	-	(55,303)	(275,303)
Total other financing sources (uses)	(220,000)	1,246,144	35,121,266	194,393	36,341,803
Net change in fund balances	5,167,998	421,616	34,292,057	70,762	39,952,433
Fund balances - beginning of year	9,519,462	2,163,303	-	12,620,692	24,303,457
Fund balances - end of year	\$ 14,687,460	\$ 2,584,919	\$ 34,292,057	\$ 12,691,454	\$ 64,255,890

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

EXHIBIT 6

**SMITH COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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

Net change in fund balances - total governmental funds	\$ 39,952,433
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.	(1,461,845)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(149,522)
The net increase of the equity in investment in an affiliated joint venture is reflected on the statement of activities.	53,753
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	1,117,341
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.	(7,080,453)
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.	(33,053,065)
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.	257,164
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.	(131,974)
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.	(266,950)
Change in net assets of governmental activities	\$ (763,118)

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, 2011**

	Governmental Activities - Internal Service Funds
ASSETS	
Current Assets:	
Cash	\$ 524,794
Accounts receivable	2,588
Investments	<u>576</u>
Total Current Assets	<u>527,958</u>
 LIABILITIES	
Current Liabilities:	
Vouchers payable	581,560
Deferred revenue	<u>346,707</u>
Total Current Liabilities	<u>928,267</u>
 NET ASSETS	
Unrestricted	<u>(400,309)</u>
Total Net Assets	<u><u>\$ (400,309)</u></u>

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

EXHIBIT 8

SMITH COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2011

	Governmental Activities - Internal Service Funds
OPERATING REVENUES	
Premiums and reimbursements	\$ 6,557,492
Total Operating Revenues	<u>6,557,492</u>
OPERATING EXPENSES	
Insurance claims and administrative fees	<u>6,827,857</u>
Total Operating Expenses	<u>6,827,857</u>
Operating Loss	(270,365)
NON-OPERATING REVENUES	
Interest income and other	<u>3,415</u>
Change in net assets	(266,950)
NET ASSETS - SEPTEMBER 30, 2010	(439,689)
Prior period adjustment	<u>306,330</u>
NET ASSETS - SEPTEMBER 30, 2011	<u>\$ (400,309)</u>

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

**SMITH COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2011**

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received for premiums	\$ 6,890,190
Cash paid to customers	(6,804,771)
Other operating revenues	15,264
	100,683
CASH FLOWS FROM INVESTING ACTIVITIES	
Net proceeds from purchases and redemptions of investments	200,276
Interest on investments	3,415
	203,691
Net cash provided by investing activities	203,691
Net increase in cash	304,374
Cash at beginning of year	220,420
CASH AT END OF YEAR	\$ 524,794
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$ (270,365)
Adjustment to reconcile operating income to net cash provided by operating activities:	
Increase in accounts receivable	336,701
Decrease vouchers payable	38,350
Increase in deferred revenue	(4,003)
	100,683
Net cash provided by operating activities	\$ 100,683

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, 2011**

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 7,742,770
Investments	5,772,546
Accounts receivable	<u>129,744</u>
Total Assets	<u><u>\$ 13,645,060</u></u>
 LIABILITIES	
Vouchers payable	\$ 579,515
Due to other governments	335,930
Other liabilities	<u>12,729,615</u>
Total Liabilities	<u><u>\$ 13,645,060</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, 2011

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.

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.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary funds included in the fund financial statements. Under this measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Fines and forfeitures are recognized when they have been assessed and adjudicated and earned. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

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

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

FUND-LEVEL FINANCIAL STATEMENTS

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

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

Governmental funds are accounted for 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.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

All proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Claims incurred, but not reported are included in payables and expenses. All assets 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.

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

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

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

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

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

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

C. Assets, Liabilities, 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.

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

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

(Continued)

**SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

3. Prepaid Items

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

4. Capital Assets

Capital assets, which include land, buildings, improvements, machinery and equipment, and infrastructure assets (e.g., roads and bridges) are reported in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more and estimated useful lives in excess of one year. Infrastructure assets, which include County-owned roads and bridges, are capitalized with a cost of \$50,000 or more. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	15 to 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.

6. Compensated Absences

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

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

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

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

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

6. Compensated Absences - Continued

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

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

7. Long-term Obligations

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

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

8. Fund Equity

The County adopted GASB Statement No. 54, *Balance Reporting and Governmental Fund Type Definitions* during the year ended September 30, 2011.

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

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

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

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

8. Fund Equity - Continued

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

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

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

The County’s minimum fund balance policy requires that unassigned fund balances are maintained at a level adequate to provide for unanticipated expenditures of a nonrecurring nature and to meet unexpected increases in service delivery costs. The target level for General Fund unassigned fund balances is 12% of budgeted General Fund expenditures.

The Facility Improvement Fund has previously been classified as part of the general fund. This fund has been reclassified as a nonmajor capital projects fund. The cumulative effect of this fund is an increase in the nonmajor fund’s fund balance and a decrease in the general fund’s fund balance of \$1,172,783.

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 has implemented GASB No. 54 in this report.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Future Implementation of New Standards - Continued

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 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.

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.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which improves financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. 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.

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, which enhances comparability and improves financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. This statement is effective for periods beginning after June 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, 2011

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 \$47,531,447 difference are as follows:

Bonds payable	\$ (39,955,000)
Bond premium, net	(951,978)
Deferred bond costs	220,307
Capital leases obligations	(4,479,079)
Compensated absences	<u>(2,365,697)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u><u>\$ (47,531,447)</u></u>

Another element of that reconciliation states that “Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.” The details of this \$51,816,918 difference are as follows:

Beginning balance of capital assets, net of accumulated depreciation	\$ 53,428,285
Capital asset additions, net of retirements	3,867,572
Depreciation of capital assets, current year	<u>(5,478,939)</u>
	<u><u>\$ 51,816,918</u></u>

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

The government fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net 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 \$1,461,845 difference are as follows:

Capital outlay	\$ 4,017,094
Depreciation expense	<u>(5,478,939)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (1,461,845)</u></u>

(Continued)

**SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

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

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

Another element of that reconciliation states that “The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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.” The details of this \$33,053,065 difference are as follows:

Issuance of debt	\$ (39,955,000)
Premium on long-term debt	(978,275)
Capital lease proceeds	(1,246,144)
Principal payments on long-term debt	8,905,197
Bond issuance cost	226,393
Amortization of bond issuance costs and bond premium	<u>(5,236)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (33,053,065)</u></u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

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

(Continued)

**SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

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, 2011, 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>
Community Policing	\$ 105,036	\$ 104,105	\$ (931)

C. Deficit Fund Equity

Following is a summary of funds with a deficit fund equity balance:

<u>Individual Fund</u>	<u>Deficit</u>
Insurance Fund	\$ 461,411

IV. DEPOSITS AND INVESTMENTS

The carrying amount of the County's cash was \$40,600,205, and total bank balances equaled \$41,137,753. The carrying amount of the County's Trust and Agency cash was \$7,742,770 and total bank balances equaled \$8,922,638. The bank deposits were entirely covered by federal depository insurance or by collateral held by the depository bank in the County's name.

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

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

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

IV. DEPOSITS AND INVESTMENTS - Continued

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

Investments are categorized into these three categories of credit risk:

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

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

	<u>Fair Value</u>	<u>Weighted Average Maturity (days)</u>	<u>Credit Risk</u>
Local Government Investment Cooperative	\$ 12,615,849	46	AAA
TexStar	9,861,926	46	AAAm
Southside	10,446	248	N/A
Cash in bank	41,137,753	N/A	N/A
Total fair value	<u>\$ 63,625,974</u>		
Portfolio weighted average maturity		16	

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. The County has no formal policy on inherent rate risk.

Custodial credit risk – Custodial credit risk is the risk for deposits that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The County requires all bank deposits to be collateralized at a level not less than 100% of the total uninsured deposits. At September 30, 2011, the carrying amount of the County's cash was covered by pledged securities.

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

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

V. PROPERTY TAXES AND OTHER RECEIVABLES

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

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

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

Governmental funds report 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	\$ 1,896,839
Road & Bridge fund	168,022
Facility improvement fund	54,030
Debt service fund	162,263
Total deferred	\$ 2,281,154

The County is authorized by the tax laws of the State of Texas to levy taxes up to \$.493761 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, 2011 was \$.313940.

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	\$ 1,983,504	\$ 175,012	\$ 230,324	\$ 2,388,840
Other	3,241,827	116,701	266,836	3,625,364
Gross receivables	5,225,331	291,713	497,160	6,014,204
Less: Allowance for uncollectibles	138,927	11,915	11,796	162,638
Net total receivables	\$ 5,086,404	\$ 279,798	\$ 485,364	\$ 5,851,566

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

VI. CAPITAL ASSETS

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

A summary of changes in capital assets follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 705,652	\$ -	\$ (333)	\$ 705,319
Construction in progress	<u>1,435,484</u>	<u>1,695,130</u>	<u>(2,389,213)</u>	<u>741,401</u>
Total capital assets, not being depreciated	2,141,136	1,695,130	(2,389,546)	1,446,720
Capital assets, being depreciated:				
Infrastructure	74,677,440	536,985	-	75,214,425
Buildings	31,025,224	1,989,213	-	33,014,437
Improvements	9,743,830	3,754,671	-	13,498,501
Machinery and equipment	<u>23,049,658</u>	<u>1,784,979</u>	<u>(3,806,115)</u>	<u>21,028,522</u>
Total capital assets being depreciated	138,496,152	8,065,848	(3,806,115)	142,755,885
Less accumulated depreciation for:				
Infrastructure	(51,412,101)	(1,527,263)	-	(52,939,364)
Buildings	(16,606,367)	(961,879)	-	(17,568,246)
Improvements	(3,307,562)	(2,535,788)	-	(5,843,350)
Machinery and equipment	<u>(15,882,973)</u>	<u>(454,009)</u>	<u>302,255</u>	<u>(16,034,727)</u>
Total accumulated depreciation	(87,209,003)	(5,478,939)	302,255	(92,385,687)
Total capital assets, being depreciated, net	51,287,149	2,586,909	(3,503,860)	50,370,198
Governmental activities capital assets, net	<u>\$ 53,428,285</u>	<u>\$ 4,282,039</u>	<u>\$ (5,893,406)</u>	<u>\$ 51,816,918</u>

Depreciation expense for 2011 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 1,520,905
Public safety	694,831
Correction and rehabilitation	826,061
Health and human services	-
Infrastructure and environmental	2,313,324
Justice system	<u>123,818</u>
Total depreciation expense – governmental activities	<u>\$ 5,478,939</u>

(Continued)

**SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

VII. CONSTRUCTION COMMITMENTS

As of September 30, 2011, 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:

Project	Spent-to-Date	Estimated Remaining Commitments
Physical Plant Complex	\$ 58,857	\$ 16,143
Jail Expansion	682,544	34,000,000

The Physical Plant Complex project is funded from existing resources held by the General Fund. The Jail Expansion project is funded by *General Obligation Bonds – 2011 Series*.

VIII. LONG-TERM DEBT

During the year the County issued \$39,955,000 *General Obligation Bonds - 2011 Series*. The proceeds from the sale of the bonds were used to fund the Jail Expansion project, to refund \$5,710,000 of the County's outstanding certificates of obligation to achieve debt service savings, and to pay the cost related to the issuance of the bonds. The advance refunding generated net present savings of \$366,620 and reduced total debt service payments by \$375,867.

General obligation bonds currently outstanding are as follows:

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

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

Years Ending September 30	Principal
2012	\$ 3,130,000
2013	3,240,000
2014	3,305,000
2015	3,375,000
2016	3,440,000
2017-2023	23,465,000
	\$ 39,955,000

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

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

VIII. LONG-TERM DEBT - Continued

Changes in Long-Term Debt

Long-term liability for the year ended September 30, 2011 was as follows:

Governmental Activities:	Beginning	Additions	Reductions	Ending	Due	Due in
	Balance 10/1/2010			Balance 9/30/2011	Within One Year	More Than One Year
Certificates of obligation	\$ 8,010,000	\$ -	\$ 8,010,000	\$ -	\$ -	\$ -
General obligation bonds	-	39,955,000	-	39,955,000	3,130,000	36,825,000
Bond premium, net	-	978,275	26,297	951,978	-	951,978
Compensated absences	2,622,861	-	257,164	2,365,697	2,365,697	-
OPEB obligation	9,780,588	7,080,453	-	16,861,041	-	16,861,041
Capital leases	4,128,132	1,246,144	895,197	4,479,079	947,993	3,531,086
Total	<u>\$ 24,541,581</u>	<u>\$ 49,259,872</u>	<u>\$ 9,188,658</u>	<u>\$ 64,612,795</u>	<u>\$ 6,443,690</u>	<u>\$ 58,169,105</u>

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

IX. LEASES

Operating Leases

The County operates under numerous lease agreements classified as operating leases. The leases contain annual renewals and include leases for copy machines, postage meter, and dump trucks. The combined annual expenditures for operating leases during the fiscal year ended September 30, 2011 was approximately \$510,000.

Capital Leases

During the year ended September 30, 2011, the County entered into one new lease agreement classified as a capital lease in addition to the twenty-two other leases capitalized in prior years. The County obtained twelve dump trucks for the Road and Bridge Department during the current year. The amount capitalized as equipment was \$1,246,144. 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	\$ 5,075,897
Improvements	3,354,679
Less: Accumulated depreciation	(4,940,632)
Total	<u>\$ 3,489,944</u>

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

IX. LEASES - Continued

Capital Leases- Continued

Depreciation expense on assets under capital lease for the year ended September 30, 2011 was \$1,058,435. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2011, were as follows:

Year Ending September 30	Governmental Activities
2012	\$ 1,099,512
2013	858,932
2014	865,332
2015	870,932
2016	878,932
2017-2019	476,682
Total minimum lease payments	5,050,322
Less: amount representing interest	(571,244)
Present value of minimum lease payments	\$ 4,479,078

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, 2011 is as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 115,870	Supplement fund sources
	Total	\$ 115,870	

The following summarized the County's transfers for the year ended September 30, 2011:

	Transfers In		Explanation
	Nonmajor Governmental Funds	Total	
Transfers Out:			
General Fund	\$ 220,000	\$ 220,000	Supplement fund sources
Nonmajor Governmental Funds	55,303	55,303	Supplement fund sources
Totals	\$ 275,303	\$ 275,303	

(Continued)

**SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

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 618 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 5.64% for the months of the accounting year 2011, and 9.71% for the months of the accounting year 2010.

The deposit rate payable by the employee members for calendar year 2011 is the rate of 7% as adopted by the governing body of the employer. The employee deposit rate and the employer deposit rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

(c) **FUNDING STATUS AND PROGRESS**

The funded status as of December 31, 2010, 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)
12/31/2010	\$ 70,544,131	\$ 82,206,626	85.81%	\$11,662,495	\$34,566,592	33.74%

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

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

XI. RETIREMENT COMMITMENTS - Continued

(d) ANNUAL PENSION COST

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2008, 2009 and 2010, the basis for determining the contributions rates for calendar years 2010 and 2011.

(e) ACTUARIAL METHODS AND ASSUMPTIONS

<u>Actuarial valuation date</u>	<u>12/31/2008</u>	<u>12/31/2009</u>	<u>12/31/2010</u>
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period	20 years	20 years	20 years
Asset valuation method	SAF: 10-yr smoothed value; ESF: fund value	SAF: 10-yr smoothed value; ESF: fund value	SAF: 10-yr smoothed value; ESF: fund value
Assumptions:			
Investment return (1)	8%	8%	8%
Projected salary increases (1)	5.30%	5.40%	5.40%
Inflation	3.50%	3.50%	3.50%
Cost-of-living adjustments	0%	0%	0%

(1) Includes inflation at the stated rate.

(f) TREND INFORMATION

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution Made</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/2009	\$ 3,121,481	\$ 3,121,481	100%	-
9/30/2010	3,349,081	3,349,081	100%	-
9/30/2011	2,334,372	2,334,372	100%	-

XII. OTHER INFORMATION

RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employee; and natural disasters. The County maintains commercial insurance coverage for each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims did not exceed this commercial insurance coverage during the past three years.

CONTINGENT LIABILITIES

Grants

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

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

XII. OTHER INFORMATION - Continued

CONTINGENT LIABILITIES - Continued

Litigation

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

JOINT VENTURE

The North Texas Public Health District was established, effective October 1, 1993, by a cooperative agreement between the 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 County and County with each retaining an equity interest based upon the percentage each contributed to the budget.

For the year ended September 30, 2011, the County budgeted funding of \$200,000 for the Health District. The County's equity interest in the Health District was \$373,744 at September 30, 2011. 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 \$1,667,306 as of September 30, 2011.

HEALTH, DENTAL AND LIFE PLANS

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

Changes in the estimated liability for medical claims for fiscal year 2011 are presented below:

<u>Insurance Fund</u>	<u>Insurance Claims Payable At Beginning of Year</u>	<u>Current Year Claims and Changes In Estimates</u>	<u>Actual Claim Payments</u>	<u>Insurance Claims Payable At End of Year</u>
9/30/2010	\$ 212,395	\$ 8,091,940	\$ 7,998,005	\$ 306,330
9/30/2011	306,330	6,844,558	6,789,004	361,884

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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 TCERS (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.

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 2011 for spouse and/or children ranged from \$130 to \$615. The County contributions to the plan for fiscal year 2011, which are also equal to claims in excess of premiums collected, were \$874,818.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other post employment benefit (OPEB) cost (expense) for the Retiree Health Existing (Closed) Program is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The County had its OPEB actuarial valuation performed for the fiscal year beginning October 1, 2010 as required by GASB. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

XIII. POST EMPLOYMENT BENEFITS - Continued

(a) HEALTH PLAN - Continued

Annual OPEB Cost and Net OPEB Obligation - Continued

	9/30/2011	9/30/2010
Annual required contribution (ARC)	\$ 8,133,932	\$ 6,955,921
Interest on net OPEB obligation	391,224	165,720
Adjustment to annual required contribution	(569,885)	(239,591)
Annual OPEB cost	7,955,271	6,882,050
Contributions made	(874,818)	(1,244,474)
Change in OPEB obligation	7,080,453	5,637,576
Net OPEB obligation - beginning of year	9,780,588	4,143,012
Net OPEB obligation - end of year	\$ 16,861,041	\$ 9,780,588

Trend Information

	Fiscal Year Ended December 31	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net Pension Obligation / (Asset)
	2010	\$ 6,882,050	18%	\$ 9,780,588
	2011	7,955,271	16%	16,861,041

Funded Status and Funding Progress

As of October 1, 2010, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$73,426,683 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)
10/1/2010	\$ -	\$ 73,426,683	0%	\$73,426,683	\$ 15,000,000	489.51%

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

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

XIII. POST EMPLOYMENT BENEFITS - Continued

(a) HEALTH PLAN - Continued

Actuarial Methods and Assumptions

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

In the October 1, 2010, actuarial valuation, the projected unit credit, closed amortization period, 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 9.00% 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 3 years. Assumptions also include a 100% election of employees hired prior to June 1, 2005 to participate in the health insurance and dental insurance plans, and a 25% election of spousal coverage in both plans. Rates include a 4% inflation assumption. The County's unfunded actuarial accrued liability is being amortized as a level percent of active member payroll over a period of 30 years. A 30-year amortization period for unfunded actuarial accrued liabilities is the maximum period that complies with the GASB requirements.

(b) SUPPLEMENTAL DEATH BENEFITS PLAN

Plan Description

The County participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the Texas County and District Retirement System (TCDRS). This plan is referred to as the 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.

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. The contributions for the year ended September 30, 2011 were \$105,652.

(Continued)

SMITH COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

XIII. POST EMPLOYMENT BENEFITS - Continued

(b) SUPPLEMENTAL DEATH BENEFITS PLAN - Continued

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actuarial Contribution Made (Rate)	Percentage of ARC Contributed
2008	0.37%	0.37%	100%
2009	0.35%	0.35%	100%
2010	0.34%	0.34%	100%

XIV. PRIOR PERIOD ADJUSTMENT

Net assets have been restated in order to reflect an adjustment noted in the current year that related to prior years. Management discovered during the current year that within the Insurance Fund, claims had been improperly accrued in the prior years and therefore made the correction this year. The prior period adjustment for the Insurance Fund was \$306,330, which resulted in an increase in net assets.

XV. SUBSEQUENT EVENTS

Subsequent events were evaluated through March 1, 2012.



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, 2011

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Property Taxes:				
Taxes - current	\$ 33,309,520	\$ 33,309,520	\$ 33,324,798	\$ 15,278
Taxes - delinquent	681,377	681,377	265,247	(416,130)
Penalty and collection fees	450,000	450,000	519,958	69,958
Total Property Taxes	<u>34,440,897</u>	<u>34,440,897</u>	<u>34,110,003</u>	<u>(330,894)</u>
Licenses and Other Taxes:				
Liquor drink tax	390,000	390,000	412,126	22,126
Sales tax	14,200,000	14,200,000	14,827,225	627,225
Bingo taxes	33,000	33,000	45,019	12,019
Miscellaneous	5,150	5,150	5,116	(34)
Total Licenses and Other Taxes	<u>14,628,150</u>	<u>14,628,150</u>	<u>15,289,486</u>	<u>661,336</u>
Fees of Office:				
County Judge	4,700	4,700	5,324	624
Sheriff	325,000	325,000	338,337	13,337
Constables	193,000	193,000	300,268	107,268
County Clerk	1,302,500	1,302,500	1,340,008	37,508
Tax Assessor-Collector	190,000	190,000	201,168	11,168
Criminal District Attorney	60,000	60,000	57,156	(2,844)
District Clerk	465,000	465,000	467,660	2,660
Justices of the Peace	212,000	212,000	253,536	41,536
County Courts at Law	-	-	-	-
Vehicle sales tax commission	606,000	606,000	837,752	231,752
Auto registration	625,000	625,000	775,096	150,096
Records management	84,000	84,000	81,292	(2,708)
Court imposed fees	616,600	616,600	617,372	772
State imposed fees	153,000	153,000	167,744	14,744
Titles and certificates	239,000	239,000	280,373	41,373
Telephone coin station revenues	350,000	350,000	284,968	(65,032)
Miscellaneous	100,000	100,000	91,923	(8,077)
Total Fees of Office	<u>5,525,800</u>	<u>5,525,800</u>	<u>6,099,977</u>	<u>574,177</u>
Fines:				
District and county courts	751,000	751,000	752,607	1,607
Total Fines	<u>751,000</u>	<u>751,000</u>	<u>752,607</u>	<u>1,607</u>
Intergovernmental revenues:				
Intergovernmental revenues	953,608	953,608	893,520	(60,088)
Total Intergovernmental Revenues	<u>953,608</u>	<u>953,608</u>	<u>893,520</u>	<u>(60,088)</u>
Other Revenues and Fees:				
Interest	68,400	68,000	79,885	11,885
Rentals	230,575	230,575	236,407	5,832
Sale of equipment	-	-	23,380	23,380
Donations	-	-	-	-
Reimbursements	471,600	471,600	525,100	53,500
Prisoner care	515,000	515,000	603,529	88,529
Other revenues	100,500	137,776	365,724	227,948
Total Other Revenues and Fees	<u>1,386,075</u>	<u>1,422,951</u>	<u>1,834,025</u>	<u>411,074</u>
Total Revenues	<u>57,685,530</u>	<u>57,722,406</u>	<u>58,979,618</u>	<u>1,257,212</u>

SMITH COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
EXPENDITURES				
General Government:				
Commissioners' Court	\$ 534,390	\$ 534,390	\$ 490,830	\$ 43,560
Record Service Bureau	147,334	149,434	136,731	12,703
County Auditor	657,752	657,752	644,810	12,942
Election division	406,332	406,332	398,217	8,115
County Treasurer	138,327	138,327	136,238	2,089
Tax Assessor-Collector	1,421,299	1,421,299	1,395,100	26,199
General operations	4,055,358	3,955,882	3,541,881	414,001
Physical plant	1,471,355	1,471,355	1,308,462	162,893
Public service	-	-	7,998	(7,998)
Personnel	151,229	151,229	147,562	3,667
Information services	1,541,530	1,541,530	1,512,436	29,094
Collections	126,527	126,527	79,332	47,195
Veterns' service office	93,765	93,765	85,808	7,957
Purchasing agent	187,832	197,832	185,146	12,686
Total General Government	<u>10,933,030</u>	<u>10,845,654</u>	<u>10,070,551</u>	<u>775,103</u>
Justice System:				
County Court	234,075	234,075	220,774	13,301
County Court at Law	362,940	392,940	383,882	9,058
County Court at Law #2	372,104	372,104	351,869	20,235
County Court at Law #3	366,014	366,014	360,001	6,013
County Clerk	1,185,415	1,186,790	1,137,094	49,696
District Courts	2,033,794	1,947,267	1,674,478	272,789
District Clerk	1,172,417	1,195,944	1,096,609	99,335
Justices of the Peace	1,242,225	1,294,490	1,272,151	22,339
Indigent defense	1,375,000	1,408,000	1,366,707	41,293
Pre-trial release	146,599	146,599	145,302	1,297
Juvenile probation	4,251,070	4,271,070	3,738,249	532,821
Criminal District Attorney	3,634,359	3,659,535	3,574,788	84,747
Total Justice System	<u>16,376,012</u>	<u>16,474,828</u>	<u>15,321,904</u>	<u>1,152,924</u>
Public Safety:				
Civil defense and rural fire aid	294,905	294,905	281,969	12,936
Constables	1,170,581	1,203,695	1,185,356	18,339
Sheriff's department	7,171,831	7,229,118	7,090,624	138,494
License and weights	-	-	-	-
Warrant division	132,226	132,226	131,264	962
Litter abatement office	133,010	133,010	127,048	5,962
Animal control	-	-	-	-
Dispatcher	1,788,233	1,788,233	1,510,326	277,907
Total Public Safety	<u>10,690,786</u>	<u>10,781,187</u>	<u>10,326,587</u>	<u>454,600</u>
Health and Human Services:				
Indigent health care	1,337,985	1,337,985	1,161,454	176,531
Agricultural extension	189,587	191,087	162,741	28,346
Public services	380,588	380,588	380,566	22
Total Health and Human Services	<u>1,908,160</u>	<u>1,909,660</u>	<u>1,704,761</u>	<u>204,899</u>

SMITH COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
EXPENDITURES (cont'd.)				
Corrections and Rehab:				
Jail	\$ 16,091,930	\$ 15,991,930	\$ 14,590,918	\$ 1,401,012
Community service & rehab	12,750	13,450	13,095	355
Adult and juvenile probation	<u>952,955</u>	<u>952,955</u>	<u>952,955</u>	<u>-</u>
Total Corrections and Rehab	<u>17,057,635</u>	<u>16,958,335</u>	<u>15,556,968</u>	<u>1,401,367</u>
Capital Outlay:				
Equipment	<u>162,500</u>	<u>194,135</u>	<u>192,894</u>	<u>1,241</u>
Total Capital Outlay	<u>162,500</u>	<u>194,135</u>	<u>192,894</u>	<u>1,241</u>
Debt Service:				
Principal	354,594	354,594	354,594	-
Interest	<u>63,361</u>	<u>63,361</u>	<u>63,361</u>	<u>-</u>
Total Debt Service	<u>417,955</u>	<u>417,955</u>	<u>417,955</u>	<u>-</u>
Total Expenditures	<u>57,546,078</u>	<u>57,581,754</u>	<u>53,591,620</u>	<u>3,990,134</u>
Excess of Revenues Over (Under) Expenditures	139,452	140,652	5,387,998	5,247,346
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(310,000)</u>	<u>(310,000)</u>	<u>(220,000)</u>	<u>90,000</u>
Total Other Financing Sources (Uses)	<u>(310,000)</u>	<u>(310,000)</u>	<u>(220,000)</u>	<u>90,000</u>
Excess of Revenues and Other Financing Sources (Under) Over Expenditures and Other Financing Uses	(170,548)	(169,348)	5,167,998	5,337,346
FUND BALANCE, SEPTEMBER 30, 2010	<u>9,519,462</u>	<u>9,519,462</u>	<u>9,519,462</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30, 2011	<u>\$ 9,348,914</u>	<u>\$ 9,350,114</u>	<u>\$ 14,687,460</u>	<u>\$ 5,337,346</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, 2011

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Property Taxes:				
Taxes - current	\$ 2,939,026	\$ 2,939,026	\$ 2,948,158	\$ 9,132
Taxes - delinquent	58,781	58,781	40,802	(17,979)
Total Property Taxes	<u>2,997,807</u>	<u>2,997,807</u>	<u>2,988,960</u>	<u>(8,847)</u>
Fees of Office:				
Auto registration	2,890,000	2,890,000	2,866,014	(23,986)
Other fees	144,500	144,500	105,224	(39,276)
Total Fees of Office	<u>3,034,500</u>	<u>3,034,500</u>	<u>2,971,238</u>	<u>(63,262)</u>
Fines:				
Justices of the Peace	831,000	831,000	827,169	(3,831)
Total Fines	<u>831,000</u>	<u>831,000</u>	<u>827,169</u>	<u>(3,831)</u>
Other Revenues and Fees:				
Sale of equipment	-	-	2,924	2,924
Interest	9,000	9,000	8,824	(176)
Other revenue	12,000	12,000	14,212	2,212
Total Other Revenues and Fees	<u>21,000</u>	<u>21,000</u>	<u>25,960</u>	<u>4,960</u>
Total Revenues	<u>6,884,307</u>	<u>6,884,307</u>	<u>6,813,327</u>	<u>(70,980)</u>
EXPENDITURES				
Infrastructure and Environmental Services:				
Administrative	413,654	413,654	347,897	65,757
Labor Division	4,737,838	4,736,648	4,257,261	479,387
Equipment Division	1,298,808	1,298,808	1,224,012	74,796
Total Infrastructure and Environmental Services	<u>6,450,300</u>	<u>6,449,110</u>	<u>5,829,170</u>	<u>619,940</u>
Capital Outlay:				
Equipment	400,000	401,190	1,593,924	(1,192,734)
Total Capital Outlay	<u>400,000</u>	<u>401,190</u>	<u>1,593,924</u>	<u>(1,192,734)</u>
Debt Service:				
Interest and fiscal charges	10,236	10,236	10,236	-
Principal payments	204,525	204,525	204,525	-
Total Debt Service	<u>214,761</u>	<u>214,761</u>	<u>214,761</u>	<u>-</u>
Total Expenditures	<u>7,065,061</u>	<u>7,065,061</u>	<u>7,637,855</u>	<u>(572,794)</u>
Excess of Revenues Over (Under) Expenditures	(180,754)	(180,754)	(824,528)	(643,774)
OTHER FINANCING SOURCES				
Capital lease proceeds	-	-	1,246,144	1,246,144
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>1,246,144</u>	<u>1,246,144</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(180,754)	(180,754)	421,616	602,370
FUND BALANCE, SEPTEMBER 30, 2010	<u>2,163,303</u>	<u>2,163,303</u>	<u>2,163,303</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30, 2011	<u>\$ 1,982,549</u>	<u>\$ 1,982,549</u>	<u>\$ 2,584,919</u>	<u>\$ 602,370</u>

**SMITH COUNTY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 CAPITAL PROJECTS FUND - JAIL EXPANSION PROJECT
 DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Other Revenues and Fees:				
Interest	\$ -	\$ -	\$ 43,335	\$ 43,335
Total Other Revenues and Fees	-	-	43,335	43,335
Total Revenues	-	-	43,335	43,335
EXPENDITURES				
Capital Outlay:				
Improvements	-	35,031,265	682,544	34,348,721
Total Capital Outlay	-	35,031,265	682,544	34,348,721
Debt Service:				
Interest and fiscal charges	-	-	190,000	(190,000)
Total Debt Service	-	-	190,000	(190,000)
Total Expenditures	-	35,031,265	872,544	34,158,721
Excess of Revenues Over (Under) Expenditures	-	(35,031,265)	(829,209)	34,202,056
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	34,931,265	34,200,000	(731,265)
Premium on long-term debt	-	-	921,266	921,266
Total Other Financing Sources (Uses)	-	34,931,265	35,121,266	190,001
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	(100,000)	34,292,057	34,392,057
FUND BALANCE, SEPTEMBER 30, 2010	-	-	-	-
FUND BALANCE, SEPTEMBER 30, 2011	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>\$ 34,292,057</u>	<u>\$ 34,392,057</u>

**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, 2011**

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)
12/31/2008	\$ 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%
12/31/2010	\$ 70,544,131	\$ 82,206,626	\$ 11,662,495	85.81%	\$ 34,566,592	33.74%

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

SCHEDULE 5

**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, 2011**

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%
2011	10/1/2010	\$ -	\$ 73,426,683	\$ 73,426,683	0.00%	\$ 15,000,000	489.51%

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

SMITH COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2011

I. BUDGETS AND BUDGETARY ACCOUNTING

A. Budget Basis

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



ADDITIONAL SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SMITH COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS							
	DISTRICT CLERK TITLE IV-D	COUNTY LAW LIBRARY	COUNTY CLERK RECORDS PRESERVATION	DISTRICT CLERK RECORDS PRESERVATION	GRAFFITI ERADICATION	COURTHOUSE SECURITY	DISTRICT ATTORNEY	COURT IMPROVEMENT
ASSETS								
Cash	\$ 32,321	\$ 39,286	\$ 259,282	\$ 59,584	\$ 2,631	\$ 243,017	\$ 78,658	\$ 11,711
Investments	-	150,712	2,203,422	-	-	-	-	-
Taxes receivable-delinquent, net	-	-	-	-	-	-	-	-
Accounts receivable	202	9,471	21,519	1,966	19	6,658	1,594	6,213
Prepaid and other assets	-	511	-	-	-	-	605	-
Due from other funds	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 32,523	\$ 199,980	\$ 2,484,223	\$ 61,550	\$ 2,650	\$ 249,675	\$ 80,857	\$ 17,924
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vouchers payable	-	4,542	47,624	-	-	6,955	670	6,115
Salaries payable	-	1,021	375	-	-	-	1,578	-
Due to other funds	-	-	-	-	-	-	-	10,000
Deferred revenue	-	-	-	-	-	-	-	-
Total Liabilities	-	5,563	47,999	-	-	6,955	2,248	16,115
FUND BALANCE								
Nonspendable:								
Prepays	-	511	-	-	-	-	605	-
Restricted for:								
District clerk	32,523	-	-	-	-	-	-	-
County law library	-	193,906	-	-	-	-	-	-
Records preservation	-	-	2,436,224	61,550	-	-	-	-
Graffiti eradication	-	-	-	-	2,650	-	-	-
Courthouse security	-	-	-	-	-	242,720	-	-
Law enforcement purposes	-	-	-	-	-	-	78,004	-
Drug court program	-	-	-	-	-	-	-	1,809
Adult probation	-	-	-	-	-	-	-	-
Juvenile services	-	-	-	-	-	-	-	-
Crime victims	-	-	-	-	-	-	-	-
Tobacco law enforcement	-	-	-	-	-	-	-	-
Technology	-	-	-	-	-	-	-	-
Law enforcement training	-	-	-	-	-	-	-	-
County judge training	-	-	-	-	-	-	-	-
Voting machines	-	-	-	-	-	-	-	-
Voter registration services	-	-	-	-	-	-	-	-
Inmates	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Committed to:								
Community policing contracted services	-	-	-	-	-	-	-	-
Care of animals	-	-	-	-	-	-	-	-
Major building repairs	-	-	-	-	-	-	-	-
Elections department	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total fund balance	32,523	194,417	2,436,224	61,550	2,650	242,720	78,609	1,809
TOTAL LIABILITIES AND FUND BALANCES	\$ 32,523	\$ 199,980	\$ 2,484,223	\$ 61,550	\$ 2,650	\$ 249,675	\$ 80,857	\$ 17,924

SMITH COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	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
ASSETS								
Cash	\$ 201,308	\$ 87,836	\$ 181,316	\$ 80,578	\$ 219,468	\$ 86,013	\$ 154,399	\$ 55,044
Investments	-	-	-	-	2,654,715	-	1,041,875	-
Taxes receivable-delinquent, net	-	-	-	-	-	-	-	-
Accounts receivable	-	-	2,125	-	36,566	63,048	-	-
Prepaid and other assets	-	-	147	-	-	511	6,674	-
Due from other funds	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 201,308	\$ 87,836	\$ 183,588	\$ 80,578	\$ 2,910,749	\$ 149,572	\$ 1,202,948	\$ 55,044
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vouchers payable	1,045	-	11,707	-	21,798	66,875	53,243	174
Salaries payable	538	-	-	-	88,857	755	16,125	-
Due to other funds	-	-	-	-	-	-	7,500	-
Deferred revenue	-	-	-	-	-	-	-	-
Total Liabilities	1,583	-	11,707	-	110,655	67,630	76,868	174
FUND BALANCE								
Nonspendable:								
Prepays	-	-	147	-	-	511	6,674	-
Restricted for:								
District clerk	-	-	-	-	-	-	-	-
County law library	-	-	-	-	-	-	-	-
Records preservation	-	-	-	-	-	-	-	-
Graffiti eradication	-	-	-	-	-	-	-	-
Courthouse security	-	-	-	-	-	-	-	-
Law enforcement purposes	199,725	87,836	171,734	80,578	-	81,431	-	54,870
Drug court program	-	-	-	-	-	-	-	-
Adult probation	-	-	-	-	2,800,094	-	-	-
Juvenile services	-	-	-	-	-	-	1,119,406	-
Crime victims	-	-	-	-	-	-	-	-
Tobacco law enforcement	-	-	-	-	-	-	-	-
Technology	-	-	-	-	-	-	-	-
Law enforcement training	-	-	-	-	-	-	-	-
County judge training	-	-	-	-	-	-	-	-
Voting machines	-	-	-	-	-	-	-	-
Voter registration services	-	-	-	-	-	-	-	-
Inmates	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Committed to:								
Community policing contracted services	-	-	-	-	-	-	-	-
Care of animals	-	-	-	-	-	-	-	-
Major building repairs	-	-	-	-	-	-	-	-
Elections department	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total fund balance	199,725	87,836	171,881	80,578	2,800,094	81,942	1,126,080	54,870
TOTAL LIABILITIES AND FUND BALANCES	\$ 201,308	\$ 87,836	\$ 183,588	\$ 80,578	\$ 2,910,749	\$ 149,572	\$ 1,202,948	\$ 55,044

SMITH COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	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
ASSETS								
Cash	\$ 11,504	\$ 13,502	\$ 516,209	\$ 10,390	\$ 10,007	\$ 36,865	\$ 5,902	\$ 24,089
Investments	-	-	-	150,549	-	25	-	-
Taxes receivable-delinquent, net	-	-	-	-	-	-	-	-
Accounts receivable	3,111	-	-	2,371	512	-	-	-
Prepaid and other assets	-	-	-	-	-	511	28	-
Due from other funds	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 14,615	\$ 13,502	\$ 516,209	\$ 163,310	\$ 10,519	\$ 37,401	\$ 5,930	\$ 24,089
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vouchers payable	-	-	-	1,667	-	1,900	-	607
Salaries payable	-	220	-	-	-	88	457	-
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Total Liabilities	-	220	-	1,667	-	1,988	457	607
FUND BALANCE								
Nonspendable:								
Prepays	-	-	-	-	-	511	28	-
Restricted for:								
District clerk	-	-	-	-	-	-	-	-
County law library	-	-	-	-	-	-	-	-
Records preservation	-	-	-	-	-	-	-	-
Graffiti eradication	-	-	-	-	-	-	-	-
Courthouse security	-	-	-	-	-	-	-	-
Law enforcement purposes	-	-	516,209	-	-	-	-	-
Drug court program	-	-	-	-	-	-	-	-
Adult probation	-	-	-	-	-	-	-	-
Juvenile services	-	-	-	-	-	34,902	5,445	-
Crime victims	14,615	-	-	-	-	-	-	-
Tobacco law enforcement	-	13,282	-	-	-	-	-	-
Technology	-	-	-	161,643	10,519	-	-	-
Law enforcement training	-	-	-	-	-	-	-	23,482
County judge training	-	-	-	-	-	-	-	-
Voting machines	-	-	-	-	-	-	-	-
Voter registration services	-	-	-	-	-	-	-	-
Inmates	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Committed to:								
Community policing contracted services	-	-	-	-	-	-	-	-
Care of animals	-	-	-	-	-	-	-	-
Major building repairs	-	-	-	-	-	-	-	-
Elections department	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total fund balance	14,615	13,282	516,209	161,643	10,519	35,413	5,473	23,482
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,615	\$ 13,502	\$ 516,209	\$ 163,310	\$ 10,519	\$ 37,401	\$ 5,930	\$ 24,089

SMITH COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS							
	JUDICIAL EDUCATION	COMMUNITY POLICING	HOMELAND SECURITY	DA CRIME PREVENTION	FORFEITURE INTEREST 10%	SEARCH & RESCUE	JAC MAINTENANCE	ELECTIONS VOTING MACHINE REPLACEMENT
ASSETS								
Cash	\$ 4,806	\$ 10,263	\$ 27,961	\$ 5,375	\$ 219,648	\$ 6,813	\$ 65,070	\$ 96,947
Investments	-	-	-	-	-	-	852,731	-
Taxes receivable-delinquent, net	-	-	-	-	-	-	-	-
Accounts receivable	150	2,411	-	-	-	-	-	8,980
Prepaid and other assets	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 4,956	\$ 12,674	\$ 27,961	\$ 5,375	\$ 219,648	\$ 6,813	\$ 917,801	\$ 105,927
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vouchers payable	848	350	-	-	-	-	-	-
Salaries payable	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	98,370
Deferred revenue	-	-	-	-	-	-	-	-
Total Liabilities	848	350	-	-	-	-	-	98,370
FUND BALANCE								
Nonspendable:								
Prepays	-	-	-	-	-	-	-	-
Restricted for:								
District clerk	-	-	-	-	-	-	-	-
County law library	-	-	-	-	-	-	-	-
Records preservation	-	-	-	-	-	-	-	-
Graffiti eradication	-	-	-	-	-	-	-	-
Courthouse security	-	-	-	-	-	-	-	-
Law enforcement purposes	-	-	27,961	5,375	219,648	-	-	-
Drug court program	-	-	-	-	-	-	-	-
Adult probation	-	-	-	-	-	-	-	-
Juvenile services	-	-	-	-	-	-	-	-
Crime victims	-	-	-	-	-	-	-	-
Tobacco law enforcement	-	-	-	-	-	-	-	-
Technology	-	-	-	-	-	-	-	-
Law enforcement training	-	-	-	-	-	-	-	-
County judge training	4,108	-	-	-	-	-	-	-
Voting machines	-	-	-	-	-	-	-	7,557
Voter registration services	-	-	-	-	-	-	-	-
Inmates	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Committed to:								
Community policing contracted services	-	12,324	-	-	-	-	-	-
Care of animals	-	-	-	-	-	6,813	-	-
Major building repairs	-	-	-	-	-	-	917,801	-
Elections department	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total fund balance	4,108	12,324	27,961	5,375	219,648	6,813	917,801	7,557
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,956	\$ 12,674	\$ 27,961	\$ 5,375	\$ 219,648	\$ 6,813	\$ 917,801	\$ 105,927

SMITH COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS							
	ELECTION SERVICES CONTRACT	CHAPTER 19 VOTER REGISTRATION	EDWARD BYRNE JAG GRANT 2008	JAG GRANT 2009	JAG RECOVERY GRANT	DA FEDERAL ASSETS	COMMISSARY FUND	SUBSTANCE ABUSE & EDUCATION EXPANSION
ASSETS								
Cash	\$ 96,097	\$ 10,363	\$ -	\$ 85,312	\$ 73,090	\$ 179,845	\$ 380,302	\$ -
Investments	-	-	-	-	-	-	10,446	-
Taxes receivable-delinquent, net	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Prepaid and other assets	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 96,097</u>	<u>\$ 10,363</u>	<u>\$ -</u>	<u>\$ 85,312</u>	<u>\$ 73,090</u>	<u>\$ 179,845</u>	<u>\$ 390,748</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vouchers payable	-	-	-	4	-	286	4,782	-
Salaries payable	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>286</u>	<u>4,782</u>	<u>-</u>
FUND BALANCE								
Nonspendable:								
Prepays	-	-	-	-	-	-	-	-
Restricted for:								
District clerk	-	-	-	-	-	-	-	-
County law library	-	-	-	-	-	-	-	-
Records preservation	-	-	-	-	-	-	-	-
Graffiti eradication	-	-	-	-	-	-	-	-
Courthouse security	-	-	-	-	-	-	-	-
Law enforcement purposes	-	-	-	85,308	73,090	179,559	-	-
Drug court program	-	-	-	-	-	-	-	-
Adult probation	-	-	-	-	-	-	-	-
Juvenile services	-	-	-	-	-	-	-	-
Crime victims	-	-	-	-	-	-	-	-
Tobacco law enforcement	-	-	-	-	-	-	-	-
Technology	-	-	-	-	-	-	-	-
Law enforcement training	-	-	-	-	-	-	-	-
County judge training	-	-	-	-	-	-	-	-
Voting machines	-	-	-	-	-	-	-	-
Voter registration services	-	10,363	-	-	-	-	-	-
Inmates	-	-	-	-	-	-	385,966	-
Debt service	-	-	-	-	-	-	-	-
Committed to:								
Community policing contracted services	-	-	-	-	-	-	-	-
Care of animals	-	-	-	-	-	-	-	-
Major building repairs	-	-	-	-	-	-	-	-
Elections department	96,097	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total fund balance	<u>96,097</u>	<u>10,363</u>	<u>-</u>	<u>85,308</u>	<u>73,090</u>	<u>179,559</u>	<u>385,966</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 96,097</u>	<u>\$ 10,363</u>	<u>\$ -</u>	<u>\$ 85,312</u>	<u>\$ 73,090</u>	<u>\$ 179,845</u>	<u>\$ 390,748</u>	<u>\$ -</u>

SMITH COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS		CAPITAL PROJECT FUNDS			DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	DISASTER RECOVERY	TOTAL	PERMANENT IMPROVEMENT	FACILITY IMPROVEMENT	TOTAL	DEBT SERVICE FUND	
ASSETS							
Cash	\$ -	\$ 3,682,812	\$ -	\$ 111,597	\$ 111,597	\$ 270,862	\$ 4,065,271
Investments	-	7,064,475	-	601,360	601,360	1,184,685	8,850,520
Taxes receivable-delinquent, net	-	-	-	57,069	57,069	173,255	230,324
Accounts receivable	-	166,916	-	91,397	91,397	8,523	266,836
Prepaid and other assets	-	8,987	-	-	-	-	8,987
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ 10,923,190	\$ -	\$ 861,423	\$ 861,423	\$ 1,637,325	\$ 13,421,938
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vouchers payable	-	231,192	-	54,615	54,615	2,500	288,307
Salaries payable	-	110,014	-	-	-	-	110,014
Due to other funds	-	115,870	-	-	-	-	115,870
Deferred revenue	-	-	-	54,030	54,030	162,263	216,293
Total Liabilities	-	457,076	-	108,645	108,645	164,763	730,484
FUND BALANCE							
Nonspendable:							
Prepays	-	8,987	-	-	-	-	8,987
Restricted for:							
District clerk	-	32,523	-	-	-	-	32,523
County law library	-	193,906	-	-	-	-	193,906
Records preservation	-	2,497,774	-	-	-	-	2,497,774
Graffiti eradification	-	2,650	-	-	-	-	2,650
Courthouse security	-	242,720	-	-	-	-	242,720
Law enforcement purposes	-	1,861,328	-	-	-	-	1,861,328
Drug court program	-	1,809	-	-	-	-	1,809
Adult probation	-	2,800,094	-	-	-	-	2,800,094
Juvenile services	-	1,159,753	-	-	-	-	1,159,753
Crime victims	-	14,615	-	-	-	-	14,615
Tobacco law enforcement	-	13,282	-	-	-	-	13,282
Technology	-	172,162	-	-	-	-	172,162
Law enforcement training	-	23,482	-	-	-	-	23,482
County judge training	-	4,108	-	-	-	-	4,108
Voting machines	-	7,557	-	-	-	-	7,557
Voter registration services	-	10,363	-	-	-	-	10,363
Inmates	-	385,966	-	-	-	-	385,966
Debt service	-	-	-	-	-	1,472,562	1,472,562
Committed to:							
Community policing contracted services	-	12,324	-	-	-	-	12,324
Care of animals	-	6,813	-	-	-	-	6,813
Major building repairs	-	917,801	-	-	-	-	917,801
Elections department	-	96,097	-	-	-	-	96,097
Capital projects	-	-	-	752,778	752,778	-	752,778
Total fund balance	-	10,466,114	-	752,778	752,778	1,472,562	12,691,454
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 10,923,190	\$ -	\$ 861,423	\$ 861,423	\$ 1,637,325	\$ 13,421,938

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS							
	DISTRICT CLERK TITLE IV-D	COUNTY LAW LIBRARY	COUNTY CLERK RECORDS PRESERVATION	DISTRICT CLERK RECORDS PRESERVATION	GRAFFITI ERADICATION	COURTHOUSE SECURITY	DISTRICT ATTORNEY	COURT IMPROVEMENT
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and other taxes	-	-	-	-	-	-	-	-
Fees of office	-	157,459	576,243	23,912	301	135,156	77,963	-
Fines	-	-	-	-	-	-	-	-
Intergovernmental revenues	1,931	-	-	-	-	-	22,853	57,254
Other revenues and fees	227	5,487	4,227	365	18	1,543	28,256	77
Total Revenues	2,158	162,946	580,470	24,277	319	136,699	129,072	57,331
EXPENDITURES								
General government	-	-	235,330	-	-	-	-	-
Justice system	-	139,802	-	-	-	-	132,531	57,118
Public safety	-	-	-	-	-	71,249	-	-
Corrections and rehabilitation	-	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-
Conservation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	7,638	-	-	-	-
Debt Service-principal retirement	-	-	-	-	-	-	-	-
Debt Service-interest and fiscal charges	-	-	-	-	-	-	-	-
Total Expenditures	-	139,802	235,330	7,638	-	71,249	132,531	57,118
Excess of Revenue Over (Under) Expenditures	2,158	23,144	345,140	16,639	319	65,450	(3,459)	213
OTHER FINANCING SOURCES (USES)								
Issuance of debt	-	-	-	-	-	-	-	-
Premium on long-term debt	-	-	-	-	-	-	-	-
Payment to escrow agent for refunded bonds	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,158	23,144	345,140	16,639	319	65,450	(3,459)	213
FUND BALANCE, SEPTEMBER 30, 2010	30,365	171,273	2,091,084	44,911	2,331	177,270	82,068	1,596
FUND BALANCE, SEPTEMBER 30, 2011	\$ 32,523	\$ 194,417	\$ 2,436,224	\$ 61,550	\$ 2,650	\$ 242,720	\$ 78,609	\$ 1,809

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	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
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and other taxes	-	-	-	-	-	-	-	-
Fees of office	-	-	-	-	3,190,356	-	-	-
Fines	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	875,806	487,455	943,212	18,635
Other revenues and fees	121,698	109,046	135,895	204,104	1,111,613	2,915	158,020	11,111
Total Revenues	121,698	109,046	135,895	204,104	5,177,775	490,370	1,101,232	29,746
EXPENDITURES								
General government	-	-	-	-	-	-	-	-
Justice system	-	-	-	-	-	-	59,308	26,594
Public safety	184,398	59,646	268,123	194,683	-	552,197	-	-
Corrections and rehabilitation	-	-	-	-	4,987,566	-	1,213,913	-
Health and human services	-	-	-	-	-	-	230,865	-
Conservation	-	-	-	-	-	-	-	-
Capital outlay	-	-	142,687	-	-	-	-	-
Debt Service-principal retirement	-	-	-	-	-	-	-	-
Debt Service-interest and fiscal charges	-	-	-	-	-	-	-	-
Total Expenditures	184,398	59,646	410,810	194,683	4,987,566	552,197	1,504,086	26,594
Excess of Revenue Over (Under) Expenditures	(62,700)	49,400	(274,915)	9,421	190,209	(61,827)	(402,854)	3,152
OTHER FINANCING SOURCES (USES)								
Issuance of debt	-	-	-	-	-	-	-	-
Premium on long-term debt	-	-	-	-	-	-	-	-
Payment to escrow agent for refunded bonds	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(5,303)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(5,303)	-	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(62,700)	49,400	(280,218)	9,421	190,209	(61,827)	(402,854)	3,152
FUND BALANCE, SEPTEMBER 30, 2010	262,425	38,436	452,099	71,157	2,609,885	143,769	1,528,934	51,718
FUND BALANCE, SEPTEMBER 30, 2011	\$ 199,725	\$ 87,836	\$ 171,881	\$ 80,578	\$ 2,800,094	\$ 81,942	\$ 1,126,080	\$ 54,870

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	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
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and other taxes	-	-	-	-	-	-	-	-
Fees of office	-	-	-	42,881	-	-	-	-
Fines	-	-	-	-	-	-	-	-
Intergovernmental revenues	28,151	11,500	33,415	-	-	42,186	20,900	-
Other revenues and fees	76	70	155,242	341	7,912	160	6,283	27,003
Total Revenues	28,227	11,570	188,657	43,222	7,912	42,346	27,183	27,003
EXPENDITURES								
General government	-	-	-	-	-	-	-	-
Justice system	26,520	-	-	43,946	-	-	-	-
Public safety	-	6,031	100,144	-	-	-	-	22,656
Corrections and rehabilitation	-	-	-	-	-	228,587	26,890	-
Health and human services	-	-	-	-	-	-	-	-
Conservation	-	-	-	-	-	-	-	-
Capital outlay	-	-	55,378	-	-	-	-	-
Debt Service-principal retirement	-	-	-	-	-	-	-	-
Debt Service-interest and fiscal charges	-	-	-	-	-	-	-	-
Total Expenditures	26,520	6,031	155,522	43,946	-	228,587	26,890	22,656
Excess of Revenue Over (Under) Expenditures	1,707	5,539	33,135	(724)	7,912	(186,241)	293	4,347
OTHER FINANCING SOURCES (USES)								
Issuance of debt	-	-	-	-	-	-	-	-
Premium on long-term debt	-	-	-	-	-	-	-	-
Payment to escrow agent for refunded bonds	-	-	-	-	-	-	-	-
Transfers in	-	-	5,303	-	-	200,000	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	5,303	-	-	200,000	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,707	5,539	38,438	(724)	7,912	13,759	293	4,347
FUND BALANCE, SEPTEMBER 30, 2010	12,908	7,743	477,771	162,367	2,607	21,654	5,180	19,135
FUND BALANCE, SEPTEMBER 30, 2011	\$ 14,615	\$ 13,282	\$ 516,209	\$ 161,643	\$ 10,519	\$ 35,413	\$ 5,473	\$ 23,482

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS							
	JUDICIAL EDUCATION	COMMUNITY POLICING	HOMELAND SECURITY	DA CRIME PREVENTION	FORFEITURE INTEREST 10%	SEARCH & RESCUE	JAC MAINTENANCE	ELECTIONS VOTING MACHINE REPLACEMENT
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and other taxes	-	-	-	-	-	-	-	-
Fees of office	-	-	-	-	-	6,700	-	-
Fines	-	-	-	-	-	-	-	186,848
Intergovernmental revenues	3,400	-	-	-	-	-	-	-
Other revenues and fees	30	105,893	201	39	40,385	3,541	1,305	-
Total Revenues	3,430	105,893	201	39	40,385	10,241	1,305	186,848
EXPENDITURES								
General government	-	104,584	-	-	-	-	-	-
Justice system	3,127	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	7,711	-	-
Corrections and rehabilitation	-	-	-	-	-	-	-	-
Health and human services	-	-	-	-	13,600	-	-	-
Conservation	-	-	-	-	-	-	-	-
Capital outlay	-	452	-	-	-	-	-	186,848
Debt Service-principal retirement	-	-	-	-	-	-	-	-
Debt Service-interest and fiscal charges	-	-	-	-	-	-	-	-
Total Expenditures	3,127	105,036	-	-	13,600	7,711	-	186,848
Excess of Revenue Over (Under) Expenditures	303	857	201	39	26,785	2,530	1,305	-
OTHER FINANCING SOURCES (USES)								
Issuance of debt	-	-	-	-	-	-	-	-
Premium on long-term debt	-	-	-	-	-	-	-	-
Payment to escrow agent for refunded bonds	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	50,000	-
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	50,000	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	303	857	201	39	26,785	2,530	51,305	-
FUND BALANCE, SEPTEMBER 30, 2010	3,805	11,467	27,760	5,336	192,863	4,283	866,496	7,557
FUND BALANCE, SEPTEMBER 30, 2011	\$ 4,108	\$ 12,324	\$ 27,961	\$ 5,375	\$ 219,648	\$ 6,813	\$ 917,801	\$ 7,557

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS							
	ELECTION SERVICES CONTRACT	CHAPTER 19 VOTER REGISTRATION	EDWARD BYRNE JAG GRANT 2008	JAG GRANT 2009	JAG RECOVERY GRANT	DA FEDERAL ASSETS	COMMISSARY FUND	SUBSTANCE ABUSE & EDUCATIONAL EXPANSION
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and other taxes	-	-	-	-	-	-	-	-
Fees of office	15,530	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	24,229	-	188,614	-	50,527	-	28,420
Other revenues and fees	621	-	64	-	-	1,142	129,657	-
Total Revenues	16,151	24,229	64	188,614	-	51,669	129,657	28,420
EXPENDITURES								
General government	2,456	12,674	-	-	-	-	-	-
Justice system	-	-	16,154	-	-	11,306	111,234	32,081
Public safety	-	-	-	4	-	-	-	-
Corrections and rehabilitation	-	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-
Conservation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	103,306	-	-	-	-
Debt Service-principal retirement	-	-	-	-	-	-	-	-
Debt Service-interest and fiscal charges	-	-	-	-	-	-	-	-
Total Expenditures	2,456	12,674	16,154	103,310	-	11,306	111,234	32,081
Excess of Revenue Over (Under) Expenditures	13,695	11,555	(16,090)	85,304	-	40,363	18,423	(3,661)
OTHER FINANCING SOURCES (USES)								
Issuance of debt	-	-	-	-	-	-	-	-
Premium on long-term debt	-	-	-	-	-	-	-	-
Payment to escrow agent for refunded bonds	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	13,695	11,555	(16,090)	85,304	-	40,363	18,423	(3,661)
FUND BALANCE, SEPTEMBER 30, 2010	82,402	(1,192)	16,090	4	73,090	139,196	367,543	3,661
FUND BALANCE, SEPTEMBER 30, 2011	\$ 96,097	\$ 10,363	\$ -	\$ 85,308	\$ 73,090	\$ 179,559	\$ 385,966	\$ -

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	SPECIAL REVENUE FUNDS		CAPITAL PROJECT FUNDS			DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	DISASTER RECOVERY	TOTAL	PERMANENT IMPROVEMENT	FACILITY IMPROVEMENT	TOTAL	DEBT SERVICE FUND	
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ 976,040	\$ 976,040	\$ 2,939,851	\$ 3,915,891
Licenses and other taxes	-	-	-	-	-	-	-
Fees of office	-	4,226,501	-	-	-	-	4,226,501
Fines	-	-	-	-	-	-	-
Intergovernmental revenues	139,394	3,164,730	-	-	-	-	3,164,730
Other revenues and fees	-	2,374,567	110	102,171	102,281	9,368	2,486,216
Total Revenues	139,394	9,765,798	110	1,078,211	1,078,321	2,949,219	13,793,338
EXPENDITURES							
General government	139,394	494,438	-	83,063	83,063	-	577,501
Justice system	-	659,721	-	-	-	-	659,721
Public safety	-	1,466,842	-	-	-	-	1,466,842
Corrections and rehabilitation	-	6,456,956	-	-	-	-	6,456,956
Health and human services	-	244,465	-	-	-	-	244,465
Conservation	-	-	-	-	-	-	-
Capital outlay	-	496,309	67,325	1,385,153	1,452,478	-	1,948,787
Debt Service-principal retirement	-	-	-	-	-	2,300,000	2,300,000
Debt Service-interest and fiscal charges	-	-	-	-	-	262,697	262,697
Total Expenditures	139,394	9,818,731	67,325	1,468,216	1,535,541	2,562,697	13,916,969
Excess of Revenue Over (Under) Expenditures	-	(52,933)	(67,215)	(390,005)	(457,220)	386,522	(123,631)
OTHER FINANCING SOURCES (USES)							
Issuance of debt	-	-	-	-	-	5,755,000	5,755,000
Premium on long-term debt	-	-	-	-	-	57,009	57,009
Payment to escrow agent for refunded bonds	-	-	-	-	-	(5,837,616)	(5,837,616)
Transfers in	-	255,303	-	20,000	20,000	-	275,303
Transfers out	-	(5,303)	-	(50,000)	(50,000)	-	(55,303)
Total Other Financing Sources (Uses)	-	250,000	-	(30,000)	(30,000)	(25,607)	194,393
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	197,067	(67,215)	(420,005)	(487,220)	360,915	70,762
FUND BALANCE, SEPTEMBER 30, 2010	-	10,269,047	67,215	1,172,783	1,239,998	1,111,647	12,620,692
FUND BALANCE, SEPTEMBER 30, 2011	\$ -	\$ 10,466,114	\$ -	\$ 752,778	\$ 752,778	\$ 1,472,562	\$ 12,691,454

SCHEDULE 8

SMITH COUNTY, TEXAS
 SPECIAL REVENUE FUND - COUNTY LAW LIBRARY FUND
 DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Fees of Office:			
Law library fees	\$ 138,000	\$ 157,459	\$ 19,459
Total Fees of Office	138,000	157,459	19,459
Other Revenues and Fees:			
Interest	400	487	87
Miscellaneous revenue	5,000	5,000	-
Total Other Revenues and Fees	5,400	5,487	87
Total Revenues	143,400	162,946	19,546
EXPENDITURES			
Justice System:			
Salaries and benefits	84,185	77,564	6,621
Supplies	4,000	-	4,000
Training	76,750	50,210	26,540
Operating expenses	3,875	3,816	59
Miscellaneous	61,350	8,212	53,138
Total Justice System	230,160	139,802	90,358
Total Expenditures	230,160	139,802	90,358
Excess of Revenues Over (Under) Expenditures	<u>\$ (86,760)</u>	23,144	<u>\$ 109,904</u>
FUND BALANCE, SEPTEMBER 30, 2010		<u>171,273</u>	
FUND BALANCE, SEPTEMBER 30, 2011		<u>\$ 194,417</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, 2011

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Fees of Office:			
Record preservation fees	\$ 575,000	\$ 576,243	\$ 1,243
Total Fees of Office	575,000	576,243	1,243
Other Revenues and Fees:			
Interest	3,900	4,227	327
Total Other Revenues and Fees	3,900	4,227	327
Total Revenues	<u>578,900</u>	<u>580,470</u>	<u>1,570</u>
EXPENDITURES			
General Government:			
Salaries and benefits	68,958	26,724	42,234
Supplies	10,000	-	10,000
Operating expenses	500,000	48,795	451,205
Miscellaneous	70,000	(7,468)	77,468
Imaging / rebinding	700,000	167,279	532,721
Total General Government	<u>1,348,958</u>	<u>235,330</u>	<u>1,113,628</u>
Total Expenditures	<u>1,348,958</u>	<u>235,330</u>	<u>1,113,628</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (770,058)</u>	345,140	<u>\$ 1,115,198</u>
FUND BALANCE, SEPTEMBER 30, 2010		<u>2,091,084</u>	
FUND BALANCE, SEPTEMBER 30, 2011		<u>\$ 2,436,224</u>	

SMITH COUNTY, TEXAS
SPECIAL REVENUE FUND - DISTRICT CLERK RECORDS PRESERVATION FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Fees of Office:			
Record preservation fees	\$ 10,000	\$ 23,912	\$ 13,912
Total Fees of Office	10,000	23,912	13,912
Other Revenues and Fees:			
Interest	100	365	265
Total Other Revenues and Fees	100	365	265
Total Revenues	10,100	24,277	14,177
EXPENDITURES			
Capital Outlay:			
Equipment	10,000	7,638	2,362
Total Capital Outlay	10,000	7,638	2,362
Total Expenditures	10,000	7,638	2,362
Excess of Revenues Over (Under) Expenditures	\$ 100	16,639	\$ 16,539
FUND BALANCE, SEPTEMBER 30, 2010		44,911	
FUND BALANCE, SEPTEMBER 30, 2011		\$ 61,550	

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, 2011

	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Fees of Office:			
Graffiti Eradication	\$ 350	\$ 301	\$ (49)
Total Fees of Office	350	301	(49)
Other Revenues and Fees:			
Interest	5	18	13
Total Other Revenues and Fees	5	18	13
Total Revenues	355	319	(36)
EXPENDITURES			
Total Expenditures	-	-	-
Excess of Revenues Over (Under) Expenditures	\$ 355	319	\$ (36)
FUND BALANCE, SEPTEMBER 30, 2010		2,331	
FUND BALANCE, SEPTEMBER 30, 2011		\$ 2,650	

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, 2011

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Fees of Office:			
Courthouse security	\$ -	\$ 92,403	\$ 92,403
Courthouse security - Precinct #1	40,000	42,753	2,753
Total Fees of Office	40,000	135,156	95,156
Other Revenues and Fees:			
Interest	500	1,543	1,043
Total Other Revenues and Fees	500	1,543	1,043
Total Revenues	40,500	136,699	96,199
EXPENDITURES			
Public Safety:			
Operating	43,000	42,571	429
Miscellaneous	32,000	28,678	3,322
Total Infrastructure and Environmental Services	75,000	71,249	3,751
Total Expenditures	75,000	71,249	3,751
Excess of Revenues Over (Under) Expenditures	<u>\$ (34,500)</u>	65,450	<u>\$ 99,950</u>
FUND BALANCE, SEPTEMBER 30, 2010		<u>177,270</u>	
FUND BALANCE, SEPTEMBER 30, 2011		<u>\$ 242,720</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, 2011

	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Fees of Office:			
Justice Court technology	\$ 44,000	\$ 42,881	\$ (1,119)
Total Fees of Office	44,000	42,881	(1,119)
Other Revenues and Fees:			
Interest	300	341	41
Total Other Revenues and Fees	300	341	41
Total Revenues	44,300	43,222	(1,078)
EXPENDITURES			
Justice System:			
Operating expenses	60,100	43,946	16,154
Total Justice System	60,100	43,946	16,154
Total Expenditures	60,100	43,946	16,154
Excess of Revenues Over (Under) Expenditures	\$ (15,800)	(724)	\$ (17,232)
FUND BALANCE, SEPTEMBER 30, 2010		162,367	
FUND BALANCE, SEPTEMBER 30, 2011		\$ 161,643	

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, 2011

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Other Revenues and Fees:			
Interest	\$ -	\$ 47	\$ 47
Other revenue	<u>1,500</u>	<u>7,865</u>	<u>6,365</u>
Total Other Revenues and Fees	<u>1,500</u>	<u>7,912</u>	<u>6,412</u>
Total Revenues	<u>1,500</u>	<u>7,912</u>	<u>6,412</u>
EXPENDITURES			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 1,500</u>	7,912	<u>\$ 6,412</u>
FUND BALANCE, SEPTEMBER 30, 2010		<u>2,607</u>	
FUND BALANCE, SEPTEMBER 30, 2011		<u>\$ 10,519</u>	

SMITH COUNTY, TEXAS
SPECIAL REVENUE FUND - COMMUNITY POLICING FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Other Revenues and Fees:			
Interest	\$ -	\$ 77	\$ 77
Other revenue	<u>105,816</u>	<u>105,816</u>	<u>-</u>
Total Other Revenues and Fees	<u>105,816</u>	<u>105,893</u>	<u>77</u>
Total Revenues	<u>105,816</u>	<u>105,893</u>	<u>77</u>
EXPENDITURES			
General Governmental:			
Salaries and benefits	92,985	95,035	(2,050)
Supplies	450	331	119
Travel and training	1,250	1,398	(148)
Operating expenses	8,120	7,827	293
Miscellaneous	<u>300</u>	<u>(7)</u>	<u>307</u>
Total General Governmental	<u>103,105</u>	<u>104,584</u>	<u>(1,479)</u>
Capital Outlay:			
Miscellaneous Equipment	<u>1,000</u>	<u>452</u>	<u>548</u>
Total Capital Outlay	<u>1,000</u>	<u>452</u>	<u>548</u>
Total Expenditures	<u>104,105</u>	<u>105,036</u>	<u>(931)</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 1,711</u>	857	<u>\$ (854)</u>
FUND BALANCE, SEPTEMBER 30, 2010		<u>11,467</u>	
FUND BALANCE, SEPTEMBER 30, 2011		<u>\$ 12,324</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, 2011

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Other Revenues and Fees:			
Interest	\$ 1,300	\$ 1,497	\$ 197
Other revenue	<u>25,000</u>	<u>38,888</u>	<u>13,888</u>
Total Other Revenues and Fees	<u>26,300</u>	<u>40,385</u>	<u>14,085</u>
Total Revenues	<u>26,300</u>	<u>40,385</u>	<u>14,085</u>
EXPENDITURES			
Health and Human Services:			
Operating expenses	<u>13,600</u>	<u>13,600</u>	<u>-</u>
Total Health and Human Services	<u>13,600</u>	<u>13,600</u>	<u>-</u>
Total Expenditures	<u>13,600</u>	<u>13,600</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 12,700</u>	26,785	<u>\$ 14,085</u>
FUND BALANCE, SEPTEMBER 30, 2010		<u>192,863</u>	
FUND BALANCE, SEPTEMBER 30, 2011		<u>\$ 219,648</u>	

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, 2011

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Fees of Office:			
Estray of livestock	\$ 5,000	\$ 6,700	\$ 1,700
Total Fees of Office	5,000	6,700	1,700
Other Revenues and Fees:			
Interest	15	41	26
Other revenue	3,500	3,500	-
Total Other Revenues and Fees	3,515	3,541	26
Total Revenues	8,515	10,241	1,726
EXPENDITURES			
Public Safety:			
Operating Expenses	8,000	7,711	289
Total Public Safety	8,000	7,711	289
Total Expenditures	8,000	7,711	289
Excess of Revenues Over (Under) Expenditures	<u>\$ 515</u>	2,530	<u>\$ 2,015</u>
FUND BALANCE, SEPTEMBER 30, 2010		<u>4,283</u>	
FUND BALANCE, SEPTEMBER 30, 2011		<u>\$ 6,813</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, 2011**

	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Other Revenues and Fees:			
Interest	\$ 1,200	\$ 1,305	\$ 105
Total Other Revenues and Fees	1,200	1,305	105
Total Revenues	1,200	1,305	105
EXPENDITURES			
Total Expenditures	-	-	-
Excess of Revenues Over (Under) Expenditures	1,200	1,305	105
OTHER FINANCING SOURCES (USES)			
Transfers in	-	50,000	50,000
Total Other Financing Sources (Uses)	-	50,000	50,000
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses - GAAP basis	\$ 1,200	51,305	\$ 50,105
FUND BALANCE, SEPTEMBER 30, 2010		866,496	
FUND BALANCE, SEPTEMBER 30, 2011		\$ 917,801	

**SMITH COUNTY, TEXAS
 CAPITAL PROJECTS FUND - PERMANENT IMPROVEMENT FUND
 DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Other Revenues and Fees:			
Interest	\$ -	\$ 110	\$ 110
Total Other Revenues and Fees	-	110	110
Total Revenues	-	110	110
EXPENDITURES			
Capital Outlay:			
Sheriff administration	74,339	67,325	7,014
Total Capital Outlay	74,339	67,325	7,014
Total Expenditures	74,339	67,325	7,014
Excess of Revenues Over (Under) Expenditures	\$ (74,339)	(67,215)	\$ 7,124
FUND BALANCE, SEPTEMBER 30, 2010		67,215	
FUND BALANCE, SEPTEMBER 30, 2011		\$ -	

**SMITH COUNTY, TEXAS
CAPITAL PROJECTS FUND - FACILITY IMPROVEMENT
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Property Taxes:			
Taxes - current	\$ 958,378	\$ 962,124	\$ 3,746
Taxes - delinquent	19,168	13,916	(5,252)
Total Property Taxes	977,546	976,040	(1,506)
Other Revenues and Fees:			
Interest	1,000	2,632	1,632
Donations	10,991	10,950	(41)
Other revenue	-	88,589	88,589
Total Other Revenues and Fees	11,991	102,171	90,180
Total Revenues	989,537	1,078,211	88,674
EXPENDITURES			
General Government:			
Operating expenses	145,000	83,063	61,937
Miscellaneous	106,899	-	106,899
Total general government	251,899	83,063	168,836
Capital Outlay:			
Improvements	1,442,977	1,385,153	57,824
Total capital outlay	1,442,977	1,385,153	57,824
Total Expenditures	1,694,876	1,468,216	226,660
Excess of Revenues Over (Under) Expenditures	(705,339)	(390,005)	315,334
OTHER FINANCING SOURCES (USES)			
Transfers in	20,000	20,000	-
Transfers (out)	-	(50,000)	(50,000)
Total Other Financing Sources (Uses)	20,000	(30,000)	(50,000)
Excess of Revenues and Other Financing Sources (Under) Over Expenditures and Other Financing Uses	(685,339)	(420,005)	265,334
FUND BALANCE, SEPTEMBER 30, 2010		1,172,783	
FUND BALANCE, SEPTEMBER 30, 2011		\$ 752,778	

SCHEDULE 21

SMITH COUNTY, TEXAS
DEBT SERVICE FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES			
Property Taxes:			
Taxes - current	\$ 2,909,508	\$ 2,922,652	\$ 13,144
Taxes - delinquent	59,377	17,199	(42,178)
Total Property Taxes	<u>2,968,885</u>	<u>2,939,851</u>	<u>(29,034)</u>
Other Revenues and Fees:			
Interest	6,000	9,368	3,368
Total Other Revenues and Fees	<u>6,000</u>	<u>9,368</u>	<u>3,368</u>
Total Revenues	<u>2,974,885</u>	<u>2,949,219</u>	<u>(25,666)</u>
EXPENDITURES			
Debt Service:			
Interest and fiscal charges	349,600	226,304	123,296
Bond issuance cost	-	36,393	(36,393)
Principal payments	2,300,000	2,300,000	-
Total Debt Service	<u>2,649,600</u>	<u>2,562,697</u>	<u>86,903</u>
Total Expenditures	<u>2,649,600</u>	<u>2,562,697</u>	<u>86,903</u>
Excess of Revenues Over (Under) Expenditures	325,285	386,522	61,237
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	5,755,000	5,755,000
Premium on long-term debt	-	57,009	57,009
Payment to escrow agent for refunded bonds	-	(5,837,616)	(5,837,616)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(25,607)</u>	<u>(25,607)</u>
Excess of Revenues and Other Financing Sources (Under) Over Expenditures and Other Financing Uses	<u>\$ 325,285</u>	360,915	<u>\$ 35,630</u>
FUND BALANCE, SEPTEMBER 30, 2010		<u>1,111,647</u>	
FUND BALANCE, SEPTEMBER 30, 2011		<u>\$ 1,472,562</u>	

INTERNAL SERVICE FUNDS

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2011

	Governmental Activities		
	Insurance Fund	Payroll Fund	Total
ASSETS			
Current Assets:			
Cash	\$ 434,221	\$ 90,573	\$ 524,794
Accounts receivable	2,588	-	2,588
Investments	576	-	576
Total Current Assets	437,385	90,573	527,958
LIABILITIES			
Current Liabilities:			
Vouchers payable	552,089	29,471	581,560
Deferred revenue	346,707	-	346,707
Total Current Liabilities	898,796	29,471	928,267
NET ASSETS			
Unrestricted	(461,411)	61,102	(400,309)
Total Net Assets	\$ (461,411)	\$ 61,102	\$ (400,309)

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FUND ASSETS -
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2011

	<u>Governmental Activities</u>		
	<u>Insurance Fund</u>	<u>Payroll Fund</u>	<u>Total</u>
OPERATING REVENUES			
Premiums and reimbursements	\$ 6,557,492	\$ -	\$ 6,557,492
Total Operating Revenues	<u>6,557,492</u>	<u>-</u>	<u>6,557,492</u>
OPERATING EXPENSES			
Insurance claims and administrative fees	<u>6,827,857</u>	<u>-</u>	<u>6,827,857</u>
Total Operating Expenses	<u>6,827,857</u>	<u>-</u>	<u>6,827,857</u>
Operating loss	(270,365)	-	(270,365)
NON-OPERATING REVENUES			
Interest income and other	<u>2,554</u>	<u>861</u>	<u>3,415</u>
Change in net assets	(267,811)	861	(266,950)
NET ASSETS - SEPTEMBER 30, 2010	(499,930)	60,241	(439,689)
Prior period adjustment	<u>306,330</u>	<u>-</u>	<u>306,330</u>
NET ASSETS - SEPTEMBER 30, 2011	<u>\$ (461,411)</u>	<u>\$ 61,102</u>	<u>\$ (400,309)</u>

**SMITH COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2011**

	Governmental Activities		
	Insurance Fund	Payroll Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received for premiums	\$ 6,889,962	\$ 228	\$ 6,890,190
Cash paid to customers	(6,804,771)	-	(6,804,771)
Other operating revenues	-	15,264	15,264
Net cash provided by operating activities	85,191	15,492	100,683
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from purchases and redemptions of investments	200,276	-	200,276
Interest on investments	2,554	861	3,415
Net cash provided by investing activities	202,830	861	203,691
Net increase in cash	288,021	16,353	304,374
Cash at beginning of year	146,200	74,220	220,420
CASH AT END OF YEAR	\$ 434,221	\$ 90,573	\$ 524,794
 Reconciliation of operating income to net cash provided by operating activities:			
Operating loss	\$ (270,365)	\$ -	\$ (270,365)
Adjustment to reconcile operating income to net cash provided by operating activities:			
Increase in accounts receivable	336,473	228	336,701
Increase in vouchers payable	23,086	15,264	38,350
Increase in deferred revenue	(4,003)	-	(4,003)
Net cash provided by operating activities	\$ 85,191	\$ 15,492	\$ 100,683

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FIDUCIARY FUNDS

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
SEPTEMBER 30, 2011

	<u>Trust & Agency Fund</u>	<u>Evidence Fund</u>	<u>ACH Clearing Fund</u>	<u>Tax Office Fee Account</u>	<u>District Clerk Fee Account</u>
Assets					
Cash	\$ 785,701	\$ 5,501	\$ 1,812	\$ 2,027,933	\$ 2,328,616
Investments	-	-	-	-	1,124,482
Accounts receivable	129,744	-	-	-	-
Total assets	<u>\$ 915,445</u>	<u>\$ 5,501</u>	<u>\$ 1,812</u>	<u>\$ 2,027,933</u>	<u>\$ 3,453,098</u>
Liabilities					
Vouchers payable	\$ 579,515	\$ -	\$ -	\$ -	\$ -
Due to other governments	335,930	-	-	-	-
Other liabilities	-	5,501	1,812	2,027,933	3,453,098
Total liabilities	<u>\$ 915,445</u>	<u>\$ 5,501</u>	<u>\$ 1,812</u>	<u>\$ 2,027,933</u>	<u>\$ 3,453,098</u>

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
SEPTEMBER 30, 2011

	<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>Juvenile Probation Fee Account</u>	<u>Total Agency Funds</u>
Assets						
Cash	\$ 2,294,682	\$ 119,936	\$ 21,752	\$ 156,829	\$ 8	\$ 7,742,770
Investments	4,648,064	-	-	-	-	5,772,546
Accounts receivable	-	-	-	-	-	129,744
Total assets	<u>\$ 6,942,746</u>	<u>\$ 119,936</u>	<u>\$ 21,752</u>	<u>\$ 156,829</u>	<u>\$ 8</u>	<u>\$ 13,645,060</u>
Liabilities						
Vouchers payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 579,515
Due to other governments	-	-	-	-	-	335,930
Other liabilities	6,942,746	119,936	21,752	156,829	8	12,729,615
Total liabilities	<u>\$ 6,942,746</u>	<u>\$ 119,936</u>	<u>\$ 21,752</u>	<u>\$ 156,829</u>	<u>\$ 8</u>	<u>\$ 13,645,060</u>

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-
AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	September 30, 2010	Additions	Deductions	September 30, 2011
Trust & Agency Fund				
Assets				
Cash	\$ 804,208	\$ 2,344,348	\$ 2,362,855	\$ 785,701
Accounts receivable	105,144	97,557	72,957	129,744
Total assets	<u>\$ 909,352</u>	<u>\$ 2,441,905</u>	<u>\$ 2,435,812</u>	<u>\$ 915,445</u>
Liabilities				
Vouchers payable	\$ 524,619	\$ 949,414	\$ 894,518	\$ 579,515
Due to other governments	384,733	1,492,491	1,541,294	335,930
Total liabilities	<u>\$ 909,352</u>	<u>\$ 2,441,905</u>	<u>\$ 2,435,812</u>	<u>\$ 915,445</u>
Evidence Fund				
Assets				
Cash	\$ 5,461	\$ 40	\$ -	\$ 5,501
Total assets	<u>\$ 5,461</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 5,501</u>
Liabilities				
Other liabilities	\$ 5,461	\$ 40	\$ -	\$ 5,501
Total liabilities	<u>\$ 5,461</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 5,501</u>
ACH Clearing Fund				
Assets				
Cash	\$ 1,741	\$ 2,151,686	\$ 2,151,615	\$ 1,812
Total assets	<u>\$ 1,741</u>	<u>\$ 2,151,686</u>	<u>\$ 2,151,615</u>	<u>\$ 1,812</u>
Liabilities				
Other liabilities	\$ 1,741	\$ 2,151,686	\$ 2,151,615	\$ 1,812
Total liabilities	<u>\$ 1,741</u>	<u>\$ 2,151,686</u>	<u>\$ 2,151,615</u>	<u>\$ 1,812</u>
Tax Office Fee Account				
Assets				
Cash	\$ 1,663,971	\$ 310,269,097	\$ 309,905,135	\$ 2,027,933
Total assets	<u>\$ 1,663,971</u>	<u>\$ 310,269,097</u>	<u>\$ 309,905,135</u>	<u>\$ 2,027,933</u>
Liabilities				
Other liabilities	\$ 1,663,971	\$ 310,269,097	\$ 309,905,135	\$ 2,027,933
Total liabilities	<u>\$ 1,663,971</u>	<u>\$ 310,269,097</u>	<u>\$ 309,905,135</u>	<u>\$ 2,027,933</u>
District Clerk Fee Account				
Assets				
Cash	\$ 1,364,198	\$ 3,509,786	\$ 2,545,368	\$ 2,328,616
Investments	991,115	133,367	-	1,124,482
Total assets	<u>\$ 2,355,313</u>	<u>\$ 3,643,153</u>	<u>\$ 2,545,368</u>	<u>\$ 3,453,098</u>
Liabilities				
Other liabilities	\$ 2,355,313	\$ 3,643,153	\$ 2,545,368	\$ 3,453,098
Total liabilities	<u>\$ 2,355,313</u>	<u>\$ 3,643,153</u>	<u>\$ 2,545,368</u>	<u>\$ 3,453,098</u>
County Clerk Fee Account				
Assets				
Cash	\$ 3,178,902	\$ 5,055,141	\$ 5,939,361	\$ 2,294,682
Investments	3,073,090	1,574,974	-	4,648,064
Total assets	<u>\$ 6,251,992</u>	<u>\$ 6,630,115</u>	<u>\$ 5,939,361</u>	<u>\$ 6,942,746</u>
Liabilities				
Other liabilities	\$ 6,251,992	\$ 6,630,115	\$ 5,939,361	\$ 6,942,746
Total liabilities	<u>\$ 6,251,992</u>	<u>\$ 6,630,115</u>	<u>\$ 5,939,361</u>	<u>\$ 6,942,746</u>

SMITH COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-
AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	September 30, 2010	Additions	Deductions	September 30, 2011
Sherriff Fee Account				
Assets				
Cash	\$ 124,976	\$ 2,784,808	\$ 2,789,848	\$ 119,936
Investments	10,286	-	10,286	-
Total assets	<u>\$ 135,262</u>	<u>\$ 2,784,808</u>	<u>\$ 2,800,134</u>	<u>\$ 119,936</u>
Liabilities				
Other liabilities	\$ 135,262	\$ 2,784,808	\$ 2,800,134	\$ 119,936
Total liabilities	<u>\$ 135,262</u>	<u>\$ 2,784,808</u>	<u>\$ 2,800,134</u>	<u>\$ 119,936</u>
Justices of the Peace Fee Account				
Assets				
Cash	\$ 4,078	\$ 2,828,045	\$ 2,810,371	\$ 21,752
Total assets	<u>\$ 4,078</u>	<u>\$ 2,828,045</u>	<u>\$ 2,810,371</u>	<u>\$ 21,752</u>
Liabilities				
Other liabilities	\$ 4,078	\$ 2,828,045	\$ 2,810,371	\$ 21,752
Total liabilities	<u>\$ 4,078</u>	<u>\$ 2,828,045</u>	<u>\$ 2,810,371</u>	<u>\$ 21,752</u>
Adult Probation Fee Account				
Assets				
Cash	\$ 168,660	\$ 2,279,252	\$ 2,291,083	\$ 156,829
Total assets	<u>\$ 168,660</u>	<u>\$ 2,279,252</u>	<u>\$ 2,291,083</u>	<u>\$ 156,829</u>
Liabilities				
Other liabilities	\$ 168,660	\$ 2,279,252	\$ 2,291,083	\$ 156,829
Total liabilities	<u>\$ 168,660</u>	<u>\$ 2,279,252</u>	<u>\$ 2,291,083</u>	<u>\$ 156,829</u>
Juvenile Probation Fee Account				
Assets				
Cash	\$ -	\$ 723	\$ 715	\$ 8
Total assets	<u>\$ -</u>	<u>\$ 723</u>	<u>\$ 715</u>	<u>\$ 8</u>
Liabilities				
Other liabilities	\$ -	\$ 723	\$ 715	\$ 8
Total liabilities	<u>\$ -</u>	<u>\$ 723</u>	<u>\$ 715</u>	<u>\$ 8</u>
District Attorney Fee Account				
Assets				
Cash	\$ -	\$ 622,321	\$ 622,321	\$ -
Total assets	<u>\$ -</u>	<u>\$ 622,321</u>	<u>\$ 622,321</u>	<u>\$ -</u>
Liabilities				
Other liabilities	\$ -	\$ 622,321	\$ 622,321	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 622,321</u>	<u>\$ 622,321</u>	<u>\$ -</u>
Total - All Agency Funds				
Assets				
Cash	\$ 7,316,195	\$ 331,845,247	\$ 331,418,672	\$ 7,742,770
Investments	4,074,491	1,708,341	10,286	5,772,546
Accounts receivable	105,144	97,557	72,957	129,744
Total assets	<u>\$ 11,495,830</u>	<u>\$ 333,651,145</u>	<u>\$ 331,501,915</u>	<u>\$ 13,645,060</u>
Liabilities				
Vouchers payable	\$ 524,619	\$ 949,414	\$ 894,518	\$ 579,515
Due to other governments	384,733	1,492,491	1,541,294	335,930
Other liabilities	10,586,478	331,209,240	329,066,103	12,729,615
Total liabilities	<u>\$ 11,495,830</u>	<u>\$ 333,651,145</u>	<u>\$ 331,501,915</u>	<u>\$ 13,645,060</u>



STATISTICAL SECTION

**SMITH COUNTY, TEXAS
STATISTICAL SECTION**

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

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	91
Revenue Capacity	
These schedules contain information to help the reader assess the County’s most significant local revenue source, property taxes.	95
Debt Capacity	
These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.	101
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.	103
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.	105

Table 1

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 41,344,486
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	10,939,989
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	1,302,772
Total governmental activities net assets	\$ 38,737,775	\$ 40,804,421	\$ 45,080,750	\$ 50,306,570	\$ 57,681,763	\$ 65,197,056	\$62,033,161	\$ 54,044,035	\$ 53,587,247

Source: Government-wide Statement of Net Assets

⁽¹⁾ Smith County applied GASB Statement 34 in FY2003

Table 2

**SMITH COUNTY, TEXAS
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS ⁽¹⁾**

	2004	2005	2006	2007	2008	2009	2010	2011
<i>Expenses:</i>								
General government	\$ 7,291,686	\$ 7,505,881	\$ 9,095,728	\$ 10,562,099	\$ 12,277,826	\$ 15,254,066	\$ 15,296,017	\$ 14,371,733
Justice system	14,033,007	14,425,143	15,233,280	13,321,926	15,533,927	17,280,920	18,779,771	17,868,740
Public safety	6,634,514	7,417,029	7,826,792	9,469,038	10,674,578	15,195,201	13,898,214	13,361,846
Health & human services	2,591,414	3,267,779	2,953,574	2,931,395	3,110,244	2,137,004	3,594,974	1,980,055
Conservation	-	-	-	25,112	15,328	-	-	-
Infrastructure	6,367,850	4,332,439	4,543,461	6,787,532	6,576,941	8,565,139	7,644,779	8,205,372
Corrections & rehabilitation	14,855,604	15,734,815	18,619,469	18,083,700	20,750,890	23,944,201	26,843,276	24,998,840
Community & economic development	-	-	-	-	-	-	-	-
Interest on long-term debt	827,558	1,019,267	998,811	609,442	615,197	591,880	459,575	564,727
Total Governmental Activities Expenses	\$ 52,601,633	\$ 53,702,353	\$ 59,271,115	\$ 61,790,244	\$ 69,554,931	\$ 82,968,411	\$ 86,516,606	\$ 81,351,313
<i>Revenues:</i>								
Net Program Revenues:								
Charges for Services:								
General government	\$ 2,117,935	\$ 2,178,175	\$ 2,426,562	\$ 2,667,458	\$ 3,273,290	\$ 3,398,804	\$ 3,429,289	\$ 4,137,746
Justice system	3,323,368	3,319,752	3,852,411	3,798,594	4,065,826	4,041,662	3,843,444	3,781,583
Public safety	716,869	839,555	842,136	822,200	854,056	835,080	1,029,899	984,690
Health & human services	-	5	5	10	-	-	-	-
Infrastructure	4,351,775	4,744,108	4,703,213	4,746,757	4,611,315	4,383,023	3,945,405	3,815,663
Corrections & rehabilitation	2,622,798	2,827,040	3,107,186	3,121,680	3,456,577	3,411,496	3,532,706	3,327,735
Community & economic development	148,788	150,802	154,995	154,443	147,171	144,833	156,010	157,458
Operating grants & contributions	5,980,885	4,959,734	5,051,011	5,441,925	6,757,471	8,057,403	8,060,048	6,327,076
Capital grants & contributions	31,880	112,893	1,442,703	903,028	71,609	17,573	582,100	328,008
Total Governmental Activities Program revenues	19,294,298	19,132,064	21,580,222	21,656,095	23,237,315	24,289,874	24,578,901	22,859,959
<i>Net (Expense)/Revenue</i>	<i>\$ (33,307,335)</i>	<i>\$ (34,570,289)</i>	<i>\$ (37,690,893)</i>	<i>\$ (40,134,149)</i>	<i>\$ (46,317,616)</i>	<i>\$ (58,678,537)</i>	<i>\$ (61,937,705)</i>	<i>\$ (58,491,354)</i>
General Revenues:								
Property taxes	\$ 22,498,083	\$ 24,486,652	\$ 26,427,379	\$ 30,751,982	\$ 35,633,927	\$ 37,881,773	\$ 38,448,339	\$ 42,132,195
Sales & other taxes	11,671,090	12,591,960	14,275,527	15,255,632	16,675,084	15,974,356	13,966,432	15,284,372
Rentals & commissions	868,933	792,444	686,611	620,441	592,221	632,439	532,540	-
Reimbursements	59,954	10,144	78,417	38,336	167,900	439,483	272,652	-
Miscellaneous	33,280	162,864	176,327	143,508	106,345	153,909	353,141	79,016
State shared	89,239	129,983	-	144,718	-	-	-	-
Gain in sale of assets	11,816	5,384	7,565	3,274	(341,031)	203,866	218,239	69,833
Loss on donation of assets	(42,000)	-	-	-	-	-	-	-
Interest	186,867	664,187	1,264,887	1,551,451	998,463	281,304	157,236	162,820
Total Governmental Activities	35,377,262	38,843,618	42,916,713	48,509,342	53,832,909	55,567,130	53,948,579	57,728,236
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)	(763,118)
Net assets - beginning	38,737,775	40,804,421	45,077,750	50,306,570	57,681,763	65,197,056	62,033,161	54,044,035
Other increases (decreases) in fund balance	(3,281)	-	-	-	-	(52,488)	-	306,330
Net Assets - Ending	\$ 40,804,421	\$ 45,077,750	\$ 50,303,570	\$ 58,681,763	\$ 65,197,056	\$ 62,033,161	\$ 54,044,035	\$ 53,587,247

Source: Statement of Activities

⁽¹⁾ Smith County applied GASB Statement 34 in FY2003

Table 3

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Fund Balances										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 304,894
Assigned As:										
Indigent Health Care	-	2,188,953	1,053,145	1,177,692	1,378,509	1,644,337	1,846,279	1,994,397	300,017	343,265
Juvenile Services	-	-	1,457,793	1,414,544	1,155,834	1,180,223	894,266	698,860	901,877	1,326,370
Workforce Development	-	-	-	-	-	-	-	-	-	317,840
Unassigned	10,164,334	8,296,490	6,432,116	6,832,854	7,154,040	8,945,804	12,399,266	11,177,121	9,490,351	12,395,091
Total General Fund	<u>\$10,164,334</u>	<u>\$10,485,443</u>	<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>	<u>\$14,687,460</u>
Road and Bridge Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,759
Committed	-	-	1,173,326	1,677,914	969,076	1,809,604	2,986,582	2,253,929	2,163,303	2,551,160
Total Road and Bridge Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,173,326</u>	<u>\$1,677,914</u>	<u>\$969,076</u>	<u>\$1,809,604</u>	<u>\$2,986,582</u>	<u>\$2,253,929</u>	<u>\$2,163,303</u>	<u>\$2,584,919</u>
Jail Expansion Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,292,057
Total Road and Bridge Fund	<u>\$ -</u>	<u>\$34,292,057</u>								
All Other Governmental Funds										
Debt Service Fund										
Restricted	\$ 358,471	\$ 369,767	\$ 395,836	\$ 327,026	\$ 774,808	\$ 1,227,199	\$ 1,599,898	\$ 1,921,211	\$ 1,111,647	\$ 1,472,562
Capital Project Funds										
Committed	12,120,463	5,149,139	10,120,429	9,202,831	5,367,005	2,007,954	1,069,353	698,788	67,215	96,097
Special Revenue Funds:										
Nonspendable	-	-	-	-	-	-	-	-	-	8,987
Committed	-	-	-	-	-	-	-	-	-	1,689,716
Restricted	3,439,698	3,147,508	4,606,788	5,262,468	6,061,201	7,353,858	8,592,070	9,433,150	10,269,047	9,424,092
Total All Other Governmental Funds	<u>\$15,918,632</u>	<u>\$8,666,414</u>	<u>\$15,123,053</u>	<u>\$14,792,325</u>	<u>\$12,203,014</u>	<u>\$10,589,011</u>	<u>\$11,261,321</u>	<u>\$12,053,149</u>	<u>\$11,447,909</u>	<u>\$12,691,454</u>

Source: Governmental Funds Balance Sheet

Table 4

**SMITH COUNTY, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS ⁽¹⁾**

	2003	2004	2005	2006	2007	2008	2009	2010	2011
REVENUES									
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	\$ 41,014,854
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	15,289,486
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	13,297,716
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	1,579,776
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	4,058,250
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	4,389,536
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	\$ 79,629,618
EXPENDITURES									
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	\$ 10,648,052
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	15,981,625
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	11,793,429
Corrections and rehabilitation	-	13,807,053	15,058,288	17,953,557	19,180,368	20,401,531	21,505,263	24,188,157	22,013,924
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	1,949,226
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	5,829,170
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	4,418,149
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	2,859,119
Interest & fiscal charges	968,725	879,841	1,020,116	935,618	716,713	618,924	542,561	533,122	526,294
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	\$ 76,018,988
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)	\$ 3,610,630
OTHER FINANCING SOURCES (USES)									
Transfers in	\$ (388,687)	\$ 2,920,201	\$ 2,360,625	\$ 2,226,793	\$ 358,543	\$ 359,752	\$ 400,237	\$ 456,311	\$ 275,303
Transfers out	5,300	(3,345,201)	(2,860,625)	(2,626,793)	(758,543)	(759,752)	(400,237)	(456,311)	(275,303)
Premium on long-term debt	-	-	-	-	-	-	-	-	978,275
Payment to escrow agent for refunded bonds	-	-	-	-	-	-	-	-	(5,837,616)
Bond proceeds	-	6,500,000	-	-	-	-	-	-	39,955,000
Capital lease proceeds	-	407,278	200,889	4,725,183	201,476	429,116	2,447,611	171,009	1,246,144
Total Other Financing Sources (Uses)	\$ (383,387)	\$ 6,482,278	\$ (299,111)	\$ 4,325,183	\$ (198,524)	\$ 29,116	\$ 2,447,611	\$ 171,009	\$ 36,341,803
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)	39,952,433
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	24,303,457
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	\$ 64,255,890
Debt Service as a Percentage of Noncapital Expenditures									
	6.2%	5.9%	6.1%	11.5%	4.8%	4.4%	4.4%	4.3%	5.0%

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

⁽¹⁾ Smith County applied GASB Statement 34 in FY2003

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 42,132,195
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	14,827,226
Other taxes	318,860	325,076	339,524	373,649	387,464	414,958	425,833	430,018	457,146
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	\$ 57,416,567

Source: Government-wide Statement of Activities

⁽¹⁾ Smith County applied GASB Statement 34 in FY2003

Table 6
Page 1 of 2

SMITH COUNTY, TEXAS
TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	2011		2010		2009		2008		2007	
	Amount	% of Total								
Real, residential, single-family	\$ 7,290,020,159	45.86%	\$ 7,164,015,965	45.81%	\$ 7,118,238,266	45.33%	\$ 7,028,101,220	45.55%	\$ 6,626,306,190	45.77%
Real, residential, multi-family	577,350,602	3.63%	564,340,930	3.61%	577,504,002	3.68%	503,377,370	3.26%	457,396,960	3.16%
Real, vacant lots/tracts	314,078,686	1.98%	305,741,812	1.96%	331,048,016	2.11%	385,879,080	2.50%	319,393,970	2.21%
Real, acreage (land only)	1,840,319,602	11.58%	1,698,804,910	10.86%	1,580,353,300	10.06%	1,417,723,830	9.19%	1,360,792,920	9.40%
Real, farm and ranch improvements	781,867,857	4.92%	789,419,478	5.05%	725,751,341	4.62%	649,237,880	4.21%	606,903,560	4.19%
Real, commercial	2,246,869,924	14.13%	2,222,316,521	14.21%	2,233,883,705	14.23%	2,105,727,110	13.65%	1,939,794,210	13.40%
Real, industrial	254,115,499	1.60%	241,268,859	1.54%	241,970,158	1.54%	311,390,810	2.02%	229,860,120	1.59%
Real, oil, gas and other mineral reserves	384,537,816	2.42%	441,822,220	2.83%	498,828,810	3.18%	625,567,720	4.05%	597,447,430	4.13%
Real and tangible personal, utilities	351,377,665	2.21%	357,593,692	2.29%	357,686,381	2.28%	360,444,575	2.34%	353,260,441	2.44%
Tangible personal, business	1,650,488,060	10.38%	1,638,601,148	10.48%	1,817,801,727	11.58%	1,833,286,394	11.88%	1,787,042,959	12.34%
Tangible personal, other	80,099,951	0.50%	80,480,293	0.51%	83,691,772	0.53%	77,838,340	0.50%	80,400,580	0.56%
Real property, inventory	74,545,208	0.47%	90,426,046	0.58%	81,499,272	0.52%	69,280,430	0.45%	117,745,039	0.81%
Property under protest	-	0.00%	-	0.00%	-	0.00%	-	0.00%	728,600	0.01%
Special inventory	51,024,344	0.32%	42,955,198	0.27%	53,232,569	0.34%	60,260,314	0.39%	-	0.00%
Total Appraised Value Before Exemptions	\$ 15,896,695,373	100.00%	\$ 15,637,787,072	100.00%	\$ 15,701,489,319	100.00%	\$ 15,428,115,073	100.00%	\$ 14,477,072,979	100.00%
Less: total exemptions/reductions	2,267,135,381		2,120,377,484		2,130,576,196		2,005,305,336		1,934,992,052	
Taxable Assessed Value	<u>\$ 13,629,559,992</u>		<u>\$ 13,517,409,588</u>		<u>\$ 13,570,913,123</u>		<u>\$ 13,422,809,737</u>		<u>\$ 12,542,080,927</u>	
Total Direct Tax Rate	0.32394		0.31394		0.28894		0.28894		0.28894	
Estimated Actual Assessed Value	\$ 13,629,559,992		\$ 13,517,409,588		\$ 13,570,913,123		\$ 13,422,809,737		\$ 12,542,080,927	
Assessed Value as a Percentage of Actual Value	100.00%		100.00%		100.00%		100.00%		100.00%	

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SMITH COUNTY, TEXAS
TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	2006		2005		2004		2003		2002	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, residential, single-family	\$ 6,164,959,540	46.35%	\$ 5,540,299,660	46.40%	\$ 5,115,799,140	46.13%	\$ 4,747,723,190	46.66%	\$ 4,242,290,065	45.25%
Real, residential, multi-family	383,868,410	2.89%	357,096,620	2.99%	296,720,730	2.68%	279,651,450	2.75%	267,432,932	2.85%
Real, vacant lots/tracts	255,925,060	1.92%	208,718,470	1.75%	193,911,100	1.75%	188,402,090	1.85%	179,015,720	1.91%
Real, acreage (land only)	1,221,144,470	9.18%	1,142,859,500	9.57%	1,097,687,490	9.90%	976,579,630	9.60%	821,145,110	8.76%
Real, farm and ranch improvements	563,044,980	4.23%	509,824,140	4.27%	473,705,720	4.27%	438,142,350	4.31%	388,974,391	4.15%
Real, commercial	1,774,127,010	13.34%	1,590,440,330	13.32%	1,487,366,700	13.41%	1,394,155,610	13.70%	1,362,821,540	14.54%
Real, industrial	175,543,500	1.32%	169,713,690	1.42%	166,579,450	1.50%	156,541,440	1.54%	154,447,490	1.65%
Real, oil, gas and other mineral reserves	546,050,730	4.11%	321,432,030	2.69%	258,832,100	2.33%	119,105,670	1.17%	103,112,930	1.10%
Real and tangible personal, utilities	347,009,386	2.61%	334,352,098	2.80%	329,546,882	2.97%	306,592,732	3.01%	346,908,629	3.70%
Tangible personal, business	1,686,011,418	12.68%	1,588,177,562	13.30%	-	0.00%	-	0.00%	-	0.00%
Tangible personal, other	80,570,090	0.61%	84,005,341	0.70%	88,951,805	0.80%	91,402,957	0.90%	91,275,476	0.97%
Real property, inventory	47,085,210	0.35%	45,370,240	0.38%	34,622,290	0.31%	32,600,350	0.32%	31,771,990	0.34%
Property under protest	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Special inventory	55,520,325	0.42%	47,248,174	0.40%	46,020,708	0.41%	46,914,857	0.46%	52,458,737	0.56%
Total Appraised Value Before Exemptions	\$ 13,300,860,129	100.00%	\$ 11,939,537,855	100.00%	\$ 11,090,513,132	100.00%	\$ 10,174,355,177	100.00%	\$ 9,374,826,701	100.00%
Less: total exemptions/reductions	1,794,609,415		1,696,822,360		1,595,047,506		1,487,634,422		1,273,771,896	
Taxable Assessed Value	<u>\$ 11,506,250,714</u>		<u>\$ 10,242,715,495</u>		<u>\$ 9,495,465,626</u>		<u>\$ 8,686,720,755</u>		<u>\$ 8,101,054,805</u>	
Total Direct Tax Rate	0.26828		0.255447		0.255447		0.255447		0.255447	
Estimated Actual Assessed Value	\$ 11,506,250,714		\$ 10,242,715,495		\$ 9,495,465,626		\$ 8,686,720,755		\$ 8,101,054,805	
Assessed Value as a Percentage of Actual Value	100.00%		100.00%		100.00%		100.00%		100.00%	

Table 7

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

Fiscal Year Ended	Smith County			Overlapping Rates					Total Direct and Overlapping Rates
	Operating	Debt Service	Total	City of Tyler Total	Tyler ISD Total	Tyler Junior College Total	Chapel Hill ISD Total	Whitehouse ISD Total	
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
2011	0.291171	0.022769	0.31394	0.20887	1.37500	0.18218	1.26000	1.19300	4.53299

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>	2011 Tax Year Taxable Assessed Valuation	% of Net Taxable Assessed Valuation
Delek Refining	Refinery	\$ 178,480,348	1.31%
Brookshire Grocery	Grocery Wholesaler/Retailer	136,234,836	1.00%
Oncor Electric Delivery Co.	Utility	129,719,653	0.95%
Trane-American Standard	Manufacturer	108,561,777	0.80%
Dayton Hudson/Target	Retail	107,880,844	0.79%
Southwestern Energy Production Co.	Utility	85,823,063	0.63%
Genecov Investment Group	Financial	81,875,989	0.60%
Walmart/Sam's East	Wholesaler/Retailer	81,793,018	0.60%
Cebridge Acquisitions	Cable	54,199,332	0.40%
Carrier/United Technologies	Air Conditioning Manufacturer	44,952,878	0.33%
		<u>\$ 1,009,521,738</u>	<u>7.41%</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&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>
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	97.85%	99.62%
2011	2012	0.032394	0.287772	0.036168	44,151,597	77.38% (1)	78.20%

(1) Collections as of January 31, 2012

Table 10

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

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	G.O. Tax Debt Outstanding at End of Year	Capital Leases	Total Primary Government	Percentage of Personal Income ²	Per Capita
2002	179,385	\$ 20,700,000	\$ -	\$ 20,700,000	1.16%	115.39
2003	181,725	18,775,000	-	18,775,000	1.02%	103.32
2004	187,658	23,350,000	361,610	23,711,610	1.10%	126.36
2005	187,658	21,400,000	404,731	21,804,731	0.98%	116.19
2006	190,000	16,100,000	4,588,649	20,688,649	0.90%	108.89
2007	190,000	14,210,000	3,143,323	17,353,323	0.74%	91.33
2008	194,635	12,210,000	2,867,239	15,077,239	0.62%	77.46
2009	198,705	10,110,000	4,297,258	14,407,258	0.58%	72.51
2010	201,277	8,010,000	3,425,941	11,435,941	0.44%	56.82
2011	209,714	39,955,000	3,489,944	43,444,944	1.64%	207.16

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

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

Table 11

**SMITH COUNTY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2011**

<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	\$ 226,235,000	71.04%	\$ 160,717,344
Tyler Junior College	68,208,000	65.00%	44,335,200.00
Chapel Hill Independent School District	24,335,000	19.15%	4,660,152.50
Whitehouse Independent School District	36,136,000	27.37%	9,890,423.20
Subtotal, overlapping debt			<u>219,603,119.70</u>
Smith County (direct debt)	39,955,000.00	100%	39,955,000.00
Total direct and overlapping debt			<u><u>\$ 259,558,119.70</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 COUNTY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Estimated Population ¹	Estimated Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age ²	Education Level in Years of Formal Schooling ²	School Enrollment ³	Unemployment Rate ²
2002	179,385	\$ 1,791,392	\$ 20,927	34.2	n/a	16,626	5.6%
2003	181,725	1,845,134	21,363	34.2	n/a	16,702	6.0%
2004	187,658	2,159,927	21,363	34.1	n/a	17,394	5.4%
2005	187,658	2,224,725	21,811	34.1	n/a	17,489	5.0%
2006	190,000	2,291,467	21,643	34.1	13.6	17,548	4.7%
2007	190,000	2,360,211	12,422	34.1	13.6	18,040	4.2%
2008	194,635	2,431,017	12,490	34.1	13.6	18,015	5.0%
2009	198,705	2,503,948	12,601	34.1	13.6	18,090	7.6%
2010	201,277	2,579,066	12,814	34.1	13.6	18,344	7.9%
2011	209,714	2,656,438	24,130	35.5	13.6	18,600	7.3%

Data sources:

¹Bureau of Census/Population Study

²Tyler Economic Development Council

³Tyler Independent School District

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

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

Unemployment rate information is an adjusted yearly average.

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

n/a - Data not available.

Table 13

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

Employer	2011			2002		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (2)
Trinity Mother Francis *	3,884	1	3.7%	3,367	1	3.7%
East Texas Medical Center *	3,725	2	3.5%	3,100	2	3.4%
Brookshire Grocery Company *	2,524	3	2.4%	2,352	3	2.6%
Tyler Independent School District	2,464	4	2.3%	2,300	4	2.5%
Wal-Mart	1,711	5	1.6%	-	-	0.0%
Trane Company *	1,575	6	1.5%	2,000	5	2.2%
SuddenLink*	1,197	7	1.1%	-	-	0.0%
UT Health Center At Tyler	849	8	0.8%	1,367	6	1.5%
Tyler Junior College	786	9	0.7%	-	-	0.0%
Smith County	775	10	0.7%	-	-	0.0%
Kelly Springfield	-	-	-	1,206	7	1.3%
Tyler Pipe	-	-	-	1,100	8	1.2%
Carrier Corporation	-	-	-	1,000	9	1.1%
Target Distribution Center	-	-	-	970	10	1.1%
Total	19,490		18.5%	18,762		20.8%

Source: Tyler Economic Development Council

* Headquarters located in Tyler.

(1) total county employment of 105,212

(2) total county employment of 90,382

Table 14

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

	Full Time Equivalent at the Beginning of Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	88	90	87	86	90	91	93	99	101	97
Judicial	138	138	137	134	134	134	144	145	145	140
Law Enforcement	126	132	108	114	119	125	126	165	166	162
Corrections	163	223	232	255	259	259	278	295	293	293
Roads & Transportation	75	75	68	64	64	87	93	93	93	76
Other	10	10	10	10	10	10	10	10	10	8
	600	668	642	663	676	706	744	807	808	776

Table 15

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Function:										
General Government										
County Clerk:										
Number of Criminal Cases Filed	6,140	5,160	6,448	5,566	4,412	5,530	6,215	5,431	5,985	4,376
Number of Civil Cases Filed	1,348	1,389	1,397	1,408	1,581	1,724	1,245	1,129	1,394	1,384
Human Resources:										
Applications Accepted			2,563				965	1,344	2,305	3,213
Purchasing:										
Purchase Orders Issued						5,267	6,423	7,474	8,002	7,373
Annual Contracts Awarded/RFB						31	34	28	27	25
Information Technology:										
Help Desk Calls Processed							3,146	3,889	4,025	3,847
Number of Computers Supported							525	686	688	668
Elections Administration:										
Voter applications processed	18,000	13,296	23,665	15,936	25,057	27,000	8,514	9,650	4,309	4,785
Elections Held	7	3	7	4	5	10	9	11	12	12
County Auditor:										
Accounts Payable Checks Processed							26,699	25,519	24,604	25,416
Grants Administered							24	18	29	21
Tax Assessor/Collector										
Motor Vehicle Registrations	181,607	184,294	183,891	183,891	194,393	199,709	206,280	202,082	204,915	205,297
Titles			55,972	55,972	61,279	59,379	59,552	60,058	50,479	50,994
Judicial										
District Courts:										
Criminal Cases Disposed				2,623	3,330	3,466	2,821	2,638	2,885	
Civil Cases Disposed				3,773	3,659	3,484	3,515	3,508	3,506	
County Courts										
Criminal Cases Disposed				5,725	6,315	6,492	8,070	7,688	7,190	
Civil Cases Disposed				3,387	3,733	3,169	3,090	3,327	3,345	
Juvenile Cases Disposed				514	554	543	553	490	469	
Justices of the Peace										
Cases Filed	24,813	27,910	30,480	31,248	32,949	27,857	23,476	23,479	18,932	
Law Enforcement:										
Sheriff - Calls for Service	39,213	37,683	28,477	32,118	30,886	29,987	31,246	16,589	45,998	
Sheriff - Active CID cases		4,945	4,684	4,948	4,255	5,651	5,366	5,008	4,978	
Corrections										
Prisoners Booked		14,341	14,190	12,282	13,739	13,195	13,297	13,599	12,112	
Roads & Transportation:										
Field Work Orders Completed							4,631	4,912	4,122	4,078
Shop Work Orders Completed								3,743	3,221	2,960

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GOVERNMENTAL COMPLIANCE SECTION

HENRY & PETERS, PC

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 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, 2011, which collectively comprise Smith County's basic financial statements and have issued our report thereon dated March 1, 2012. 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 opinions 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 the 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Commissioners' Court, others within the entity, and federal 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 1, 2012

HENRY & PETERS, PC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 Smith County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, and the State of Texas Single Audit Circular that could have a direct and material effect on each of Smith County's major federal programs for the year ended September 30, 2011. Smith County's major federal and state programs are identified in the summary of auditor's 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's 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 and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Smith County'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 compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2011.

Internal Control Over Compliance

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 federal and state programs. In planning and performing our audit, we considered Smith County's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Smith County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, others within the entity, 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 1, 2012

**SMITH COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2011**

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS- THROUGH GRANTORS NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed through Texas Department of Rural Affairs (TDRA):			
Community Development Block Grant	14.228	DRS010175	\$ 139,394
Total U.S. Department of Housing and Urban Development			<u>139,394</u>
<u>U. S. DEPARTMENT OF JUSTICE</u>			
Direct Programs:			
Crime Victims' Services	16.575		19,994
2008 Justice Assistance Grant Program	16.738		16,081 *
2010 Justice Assistance Grant Program	16.738		<u>103,306 *</u>
Total Justice Assistance Grant Program			119,387
Passed through Texas Juvenile Probation Commission			
Juvenile Accountability Block Grant	16.523	JB-17905-06	23,223
Passed through Texas Office of the Governor:			
ARRA - FY 2009 Recovery Act Edward Byrne Memorial Justice Assistance Grant Program	16.803 - ARRA	2266001	32,080
Passed Through City of Kilgore:			
DEA Task Force	16.579	N/A	14,898
Total U.S. Department of Justice			<u>209,582</u>

**SMITH COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2011**

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS- THROUGH GRANTORS NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through Texas Department of Family and Protective Services:			
Foster Care Title IV-E	93.658	23379938	30,626
Total U.S. Department of Health and Human Services			<u>30,626</u>
<u>U.S ELECTION ASSISTANCE COMMISSION</u>			
Passed through Texas Secretary of State:			
General HAVA Compliance Title II	90.401	N/A	177,506 *
Total U.S. Election Assistance Commission			<u>177,506</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 557,108</u></u>

* Denotes Major Program

**SMITH COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2011**

<u>STATE GRANTOR/PROGRAM TITLE</u>	<u>GRANT CONTRACT NUMBER</u>	<u>STATE EXPENDITURES</u>
<u>STATE OF TEXAS - OFFICE OF THE ATTORNEY GENERAL</u>		
Victim Assistance Grant	1014505	\$ 26,520
Texas VINE Automated Victim Notification Services	11-21581	30,710
Total State of Texas - Office of the Attorney General		<u>57,230</u>
<u>STATE OF TEXAS - OFFICE OF THE GOVERNOR CRIMINAL JUSTICE DIVISION</u>		
Drug Court Grant	SF-09-A10-19762-04	<u>57,119</u>
<u>TEXAS STATEWIDE TOBACCO EDUCATION AND PREVENTION</u>		
Tobacco Funds	---	<u>6,000</u>
<u>AUTOMOBILE THEFT PREVENTION AUTHORITY</u>		
East Texas Auto Theft Task Force	SA-T01-10064-11	<u>550,087</u> *
<u>TASK FORCE ON INDIGENT DEFENSE</u>		
Indigent Defense Formula Grant	212-11-212	110,706
Equalization Grant	---	106,527
Total Task Force on Indigent Defense Grant		<u>217,233</u>
<u>BUREAU OF JUSTICE ASSISTANCE</u>		
State Criminal Alien Assistance Program (SCAPP)	2010-H4273-TX-AP	<u>66,934</u>
<u>SECRETARY OF STATE</u>		
Chapter 19 Voter Registration	---	12,674
General HAVA Compliance Title II	---	9,342
Total Secretary of State		<u>22,016</u>
<u>TEXAS JUVENILE PROBATION COMMISSION</u>		
Salary Adjustments for Certification	TJPC-Z-2011-212	66,957
Progressive Sanctions	TJPC-F-2011-212	125,292
State Aid	TJPC-A-2011-212	223,899
Community Corrections Asst Program	TJPC-Y-2011-212	235,036
New Progressive Sanctions ISJPO	TJPC-O-2011-212	23,744
Commitment Reduction Program	TJPC-C-2011-212	274,241
Diversionary Fund	TJPC-H-2011-212	87,128
ICBP Regional	TJPC-X-2011-212	59,308
Total Texas Juvenile Probation Commission		<u>1,095,605</u>
TOTAL EXPENDITURES OF STATE AWARDS		<u>\$ 2,072,224</u>

* Denotes Major Program

SMITH COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2011

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.

NOTE B - NON-CASH ASSISTANCE, INSURANCE AND LOANS

Smith County did not receive any non-cash assistance through federal or state awards during the year ended September 30, 2011. In addition, there was no federal or state insurance in effect during the year, nor any federal or state loans or loan guarantees outstanding at year end.

**SMITH COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDED SEPTEMBER 30, 2011**

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>	
Justice Assistance Grant Program	16.738	
General HAVA Compliance	90.401	
Dollar threshold used to distinguish between type A and type B	<u>\$ 300,000</u>	
Auditee qualified as low - risk auditee?	_____ Yes	_____ <u>X</u> No

**SMITH COUNTY, TEXAS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDED SEPTEMBER 30, 2011**

None

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