

SHELBY COUNTY, TEXAS  
Center, Texas

ANNUAL FINANCIAL REPORT

Year Ended September 30, 2021

TABLE OF CONTENTS

Independent Auditors' Report..... 3

Managements' Discussion and Analysis ..... 5

Basic Financial Statements:

    Government-Wide Financial Statements:

        Statement of Net Position ..... 9

        Statement of Activities ..... 10

    Fund Financial Statements:

        Balance Sheet - Governmental Funds..... 11

        Statement of Revenues, Expenditures and Changes in Fund  
            Balances - Governmental Funds ..... 13

        Reconciliation of the Statement of Revenues, Expenditures and Changes in  
            Fund Balances of Governmental Funds to the Statement of Activities ..... 15

        Statement of Fiduciary Net Position ..... 16

        Statement of Changes in Net Position ..... 17

    Notes to the Basic Financial Statements..... 18

Required Supplemental Information:

    Schedule of Revenues, Expenditures and Changes in  
        Fund Balance - Budget and Actual - General Fund ..... 32

    Schedule of Revenues, Expenditures and Changes in  
        Fund Balance - Budget and Actual - Road and Bridge #1 ..... 35

    Schedule of Revenues, Expenditures and Changes in  
        Fund Balance - Budget and Actual - Road and Bridge #2 ..... 36

    Schedule of Revenues, Expenditures and Changes in  
        Fund Balance - Budget and Actual - Road and Bridge #3 ..... 37

    Schedule of Revenues, Expenditures and Changes in  
        Fund Balance - Budget and Actual - Road and Bridge #4 ..... 38

    Schedule of Changes in Net Pension Liability and Related Ratios..... 39

    Schedule of Employer Contributions ..... 40

    Notes to Required Supplementary Information ..... 41

Combining Schedules:

    Combining Balance Sheet - Special Revenue Funds..... 43

    Combining Schedule of Revenues, Expenditures and  
        Changes in Fund Balance - Special Revenue Funds ..... 50

    Combining Schedule of Fiduciary Net Position ..... 57

    Combining Schedule of Changes in Fiduciary Net Position..... 59

Compliance Section:

    Independent Auditors' Report on Internal Control Over Financial Reporting and on  
        Compliance and Other Matters Based on an Audit of Financial Statements Performed  
        in Accordance with *Government Auditing Standards* ..... 62

    Schedule of Findings and Questioned Costs..... 63

    Summary Schedule of Prior Audit Findings ..... 65

INDEPENDENT AUDITORS' REPORT

Honorable County Judge  
and Commissioners  
Center, Texas

**Opinion**

We have audited the accompanying financial statements of the governmental activities, the fiduciary activities, each major fund, and the aggregate remaining fund information of Shelby County, as of and for the year ended September 30, 2021, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the fiduciary activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2021, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Other Matters**

##### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of changes in net pension liabilities and related ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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* in considering the County's internal control over financial reporting and compliance.

Lufkin, Texas  
June 29, 2022

  
CERTIFIED PUBLIC ACCOUNTANTS

## Managements' Discussion and Analysis

This section of the Shelby County, Texas (the "County") financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended September 30, 2021 ("FY 2021").

### FINANCIAL HIGHLIGHTS

#### Government-wide Financial Statements - Highlights

The government-wide financial statements report information about the County as a whole using the accrual basis of accounting and the economic resources measurement focus.

- The County's assets and deferred outflows exceeded liabilities and deferred inflows by \$19,479,438 on a government-wide basis as of September 30, 2021.
- For FY 2021, taxes and other revenues, including program revenues, of the County's governmental activities amounted to \$15,909,088. Expenses, including program expenses, totaled \$13,251,000.

#### Fund Financial Statements - Highlights

The fund financial statements provide detailed information about the County's most significant funds. Fund financial statements use the modified accrual basis of accounting and the current financial resources measurement focus.

- The County's governmental funds reported an increase in fund balance of \$2,677,997 for the fiscal year.
- The County's General Fund reported a fund balance of \$6,577,535, an increase of \$544,440 from September 30, 2020.

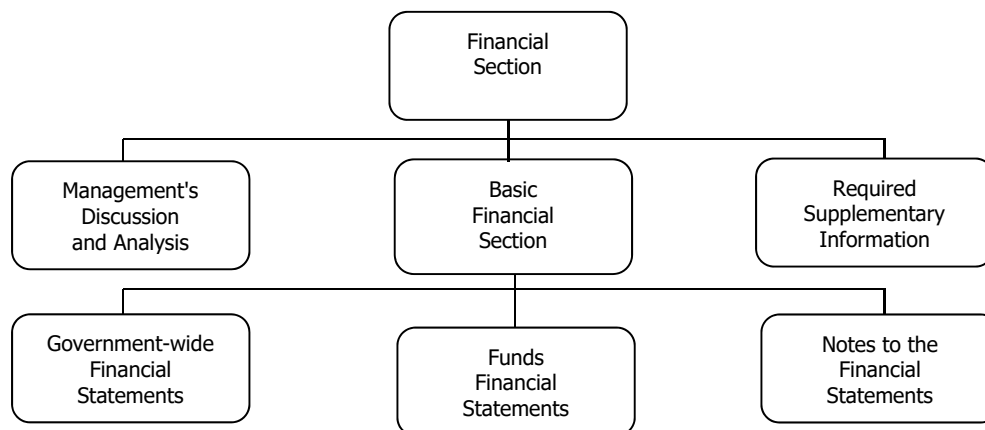
### GENERAL FINANCIAL HIGHLIGHTS

#### Overview of the Financial Statements

The financial section of the financial report includes three parts:

1. Management's Discussion and Analysis
2. Basic Financial Statements
3. Required Supplementary Information

#### COMPONENTS OF THE FINANCIAL SECTION



The basic financial statements are presented in two different formats, each using the required basis and appropriate measurement focus. Each format is its own unique way of looking at County finances. The government-wide statements provide both long- and short-term financial information regarding the County's finances.

In contrast, the fund financial statements focus on major aspects of the County's current operations. These statements, reported on the modified-accrual basis of accounting, provide more detail about operations than the government-wide statements. Additionally, the basic financial statements include notes to further explain information in the financial statements and provide additional details about specific data.

Following the basic financial statements and notes is the required supplementary information that contains the budgetary comparison schedule for the County General Fund, as well as other budgeted funds of the County.

#### Government-wide Financial Statements

The government-wide financial statements report information about the County as a whole using the accrual basis of accounting, a method similar to that used by large private-sector businesses. The format is different from that used by businesses, in that the Statement of Net Position presents Assets and Deferred Outflows, less Liabilities and Deferred Inflows, equals Net Position, instead of a more traditional Assets = Liabilities + Equity format.

The Statement of Net Position presents information on all of the assets, deferred outflows, deferred inflows and liabilities of the County, with the difference reported as net position. Over a period of several years, the change in net position will provide a barometer of how well the County is doing financially. A trend up would be an indicator of overall good financial health and management; a trend down would be an indicator of deteriorating financial condition and cause for additional management focus on the result. Of course, financial health is not just a numbers game; the reader must carefully consider all the reasons for change, including such causes as a change in the County's property tax base or the condition of facilities or roads, in order to assess overall financial condition.

The Statement of Activities presents information showing how the net position of the County changed during the fiscal year. All current year revenues and expenses are accounted for in the statement of activities, regardless of when the cash was received or paid.

Although the government-wide financial statements may contain three categories, the County has only one - governmental activities. Governmental activities make up the primary government of the County. The County does not have an enterprise fund (used primarily for utilities) nor does it have discretely presented component units (used primarily for public schools). Within the governmental activities, the County includes its basic services, such as public safety; public works; judicial administration; health and welfare services; and general administration. These types of activities are financed primarily by property and other local taxes, as well as state and federal grants.

#### Fund Financial Statements

The fund financial statements provide detailed information about the most significant (i.e., major) funds of the County. Funds are the primary accounting structure used to track specific sources of revenue and spending for particular or specified purposes. To record the monies received and expenditures made, the County uses fund accounting to ensure compliance with finance-related legal requirements. There are three basic types of funds:

#### Governmental Funds

Governmental funds contain financial information related to the most basic of services, focusing on (1) how cash and other financial assets that may be readily converted into cash flow in and out of the books of record, and (2) the balances remaining at year-end that are available for spending. The financial statement of government funds provide a current year snapshot intended to show the reader whether there are more or less financial resources that can be spent in the near future to finance the daily activities and programs of the County. These statements do not include a long-term view of governmental activities as provided in the government-wide financial statements. A reconciliation statement provides an explanation of the relationship between the two different financial statements. The reconciliation permits the reader to better understand the short-term versus long-term view afforded by the two different types.

#### Proprietary Funds

Proprietary funds are internal service funds used to account for the operations that are financed and operated in a manner similar to a business enterprise. Expenditures are recovered primarily through user charges or transfers of budgeted monies from other funds to facilitate payment. Proprietary fund financial statements, like government-wide statements, provide both long- and short-term financial information. The County does not currently have any funds of this type.

#### Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of third parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements, since the resources of those funds are not available to support the County's programs or activities. Fiduciary funds in the County consist of agency funds used to account for monies received, held and disbursed on behalf of the state or other local governments.

#### Financial Analysis of the County as a Whole

#### Statement of Net Position

The following table presents a summary of the County's net position as of September 30, 2021 and 2020:

#### As of September 30

	2021	2020
Assets:		
Current and other assets	\$ 14 566 306	\$ 11 996 961
Capital assets (net)	6 327 873	5 835 799
TOTAL ASSETS	20 894 179	17 832 760
Deferred outflow	1 511 431	1 183 596
Liabilities:		
Current liabilities	862 714	757 385
Long-term liabilities	351 839	365 009
Pension liability	385 493	24 320
TOTAL LIABILITIES	1 600 046	1 146 714
Deferred inflows	1 326 126	1 376 127
Net Position:		
Net investment in capital assets	5 785 450	5 357 103
Restricted	5 675 948	3 542 547
Unrestricted	8 018 040	7 593 865
TOTAL NET POSITION	\$ 19 479 438	\$ 16 493 515

As noted earlier, net position, over time, serves as a barometer of a government's financial position. For the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$19,479,438 at September 30, 2021, the County's fiscal year-end. This amount represents an increase of \$2,658,088 from the net position at September 30, 2020.

As noted, a portion of the net position represents our investment in capital assets (e.g., roads, land, buildings, equipment, vehicles, etc., net of depreciation), less the outstanding debt used to acquire those assets.

Unrestricted net assets represent the remaining amount of assets that are neither related to the purchases of capital assets nor restricted for specific uses.

Capital Assets and Long Term Debt

Details of the capital assets are in the notes. The County currently has \$542,423 in related long-term debt in the form of capital leases.

Governmental Activities

Revenues for the governmental activities for the County totaled \$15,909,088 for the fiscal year 2021.

Taxes constitute the largest source of County revenues, totaling \$10,376,902 for fiscal year 2021.

The cost of the County's governmental activities totaled \$13,251,000. Major contributors to costs include:

	2021	2020
Streets and bridges	\$ 4 873 569	\$ 4 331 405
Law enforcement	\$ 3 851 764	\$ 3 349 929
General administration	\$ 1 780 656	\$ 1 849 161
Judicial	\$ 1 232 429	\$ 1 195 973

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to record and provide compliance with government finance-related accounting and legal requirements. The focus of governmental funds is to provide data and information on near-term inflows and outflows of spendable resources, as well as the balances remaining of those resources. This information is used to provide operating and management reports and to meet the reporting requirements of other parties. Unassigned fund balance is an appropriate and useful measure in determining the County's net resources available for spending at the end of a fiscal year.

As of September 30, 2021, the County's governmental funds had a combined fund balance totaling \$12,253,483.

The General Fund is the primary operating fund of the County. Unassigned fund balance in the General Fund at September 30, 2021, totaled \$6,577,535. This represents approximately 95% of the total expenditures for FY 2021 from the General Fund.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of Shelby County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the County Auditor:

200 San Augustine Street  
Center, Texas 75935

GOVERNMENT-WIDE FINANCIAL STATEMENTS



SHELBY COUNTY, TEXAS  
STATEMENT OF NET POSITION  
September 30, 2021

	GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 12 831 829
Receivables Net of Allowance for Uncollectibles:	
Taxes	1 734 477
TOTAL CURRENT ASSETS	14 566 306
Noncurrent Assets:	
Capital Assets:	
Land	374 436
Streets and infrastructure	16 490 928
Buildings and improvements	4 061 881
Furniture and equipment	9 730 470
Less: Accumulated depreciation	(24 329 842)
TOTAL CAPITAL ASSETS	6 327 873
TOTAL ASSETS	20 894 179
DEFERRED OUTFLOW	
Contribution subsequent to measurement date	277 550
Pension deferred outflows	1 233 881
TOTAL DEFERRED OUTFLOW	1 511 431
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 22 405 610
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	\$ 290 963
Accrued liabilities	287 383
Accrued interest payable	5 567
Capital leases due in one year	278 801
TOTAL CURRENT LIABILITIES	862 714
Noncurrent Liabilities:	
Capital leases due in more than one year	263 622
Pension liability	385 493
Accrued compensation absence	88 217
TOTAL NONCURRENT LIABILITIES	737 332
TOTAL LIABILITIES	1 600 046
DEFERRED INFLOWS	
Pension deferred inflows	1 326 126
TOTAL DEFERRED INFLOWS	1 326 126
<b>NET POSITION</b>	
Net investment in capital assets	5 785 450
Restricted	5 675 948
Unrestricted	8 018 040
TOTAL NET POSITION	\$ 19 479 438

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

SHELBY COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT  GOVERNMENTAL ACTIVITIES
Primary Government:					
Governmental Activities:					
General administration	\$ 1 780 656	\$ 439 920	\$ 3 303 887	\$ -	\$ 1 963 151
Judicial	1 232 429	28 142	62 458	-	(1 141 829)
Law enforcement and corrections	3 851 764	123 215	154 848	-	(3 573 701)
Streets and bridges	4 873 569	-	-	864 732	(4 008 837)
Community service	312 374	-	218 558	-	(93 816)
Nondepartmental	1 183 815	-	-	-	(1 183 815)
Debt service	16 393	-	-	-	(16 393)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 13 251 000	\$ 591 277	\$ 3 739 751	\$ 864 732	(8 055 240)
General Revenues:					
Taxes:					
Property taxes					9 039 857
Other tax revenue					1 337 045
Unrestricted investment earnings					31 342
Other unrestricted revenue					305 084
TOTAL GENERAL REVENUES					10 713 328
CHANGE IN NET POSITION					2 658 088
Net position, beginning					16 821 350
NET POSITION, ENDING					\$ 19 479 438

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

SHELBY COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2021

	GENERAL	ROAD & BRIDGE #1	ROAD & BRIDGE #2
<b>ASSETS</b>			
Cash and investments	\$ 6 929 363	\$ 72 245	\$ 45 819
Property tax receivable (net)	<u>1 030 627</u>	<u>149 735</u>	<u>149 735</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 7 959 990</u></b>	<b><u>\$ 221 980</u></b>	<b><u>\$ 195 554</u></b>
<b>LIABILITIES, FUND EQUITY</b>			
Liabilities:			
Accounts payable	\$ 131 242	\$ 25 737	\$ 35 080
Accrued liabilities	<u>220 586</u>	<u>12 793</u>	<u>16 629</u>
<b>TOTAL LIABILITIES</b>	<b><u>351 828</u></b>	<b><u>38 530</u></b>	<b><u>51 709</u></b>
Deferred Inflows:			
Unavailable revenue	<u>1 030 627</u>	<u>149 735</u>	<u>149 735</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b><u>1 382 455</u></b>	<b><u>188 265</u></b>	<b><u>201 444</u></b>
Fund Balances:			
Restricted fund balance	-	33 715	(5 890)
Unassigned Reported in:			
General fund	<u>6 577 535</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCES</b>	<b><u>6 577 535</u></b>	<b><u>33 715</u></b>	<b><u>(5 890)</u></b>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>	 <b><u>\$ 7 959 990</u></b>	 <b><u>\$ 221 980</u></b>	 <b><u>\$ 195 554</u></b>

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

<u>ROAD &amp; BRIDGE #3</u>	<u>ROAD &amp; BRIDGE #4</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>TOTAL</u>
\$ (19 497)	\$ 151 665	\$ 5 652 234	\$ 12 831 829
<u>149 735</u>	<u>149 735</u>	<u>104 910</u>	<u>1 734 477</u>
\$ <u><u>130 238</u></u>	\$ <u><u>301 400</u></u>	\$ <u><u>5 757 144</u></u>	\$ <u><u>14 566 306</u></u>

\$ 8 362	\$ 37 564	\$ 52 978	\$ 290 963
<u>19 053</u>	<u>16 194</u>	<u>2 128</u>	<u>287 383</u>
<u>27 415</u>	<u>53 758</u>	<u>55 106</u>	<u>578 346</u>

<u>149 735</u>	<u>149 735</u>	<u>104 910</u>	<u>1 734 477</u>
<u>177 150</u>	<u>203 493</u>	<u>160 016</u>	<u>2 312 823</u>

(46 912)	97 907	5 597 128	5 675 948
<u>-</u>	<u>-</u>	<u>-</u>	<u>6 577 535</u>
<u>(46 912)</u>	<u>97 907</u>	<u>5 597 128</u>	<u>12 253 483</u>

\$ <u><u>130 238</u></u>	\$ <u><u>301 400</u></u>	\$ <u><u>5 757 144</u></u>
--------------------------	--------------------------	----------------------------

Capital assets are not recorded in funds, but are included in Statement of Net Position	6 327 873
Long-term liabilities related to capital leases and accrued interest payable are not recorded in the funds, but are included in the Statement of Net Position	(547 990)
Pension liability and accrued compensated absences is not included in the funds, but are included in Statement of Net Position	(473 710)
Deferred outflows related to pensions are not included in funds, but are included in Statement of Net Position	1 511 431
Deferred inflows related to pensions are not included in funds, but in Statement of Net Position	(1 326 126)
Unavailable property taxes are included in funds, but are not recognized in the Statement of Net Position	<u>1 734 477</u>
<b>TOTAL NET POSITION</b>	<b>\$ <u><u>19 479 438</u></u></b>

SHELBY COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
For the Year Ended September 30, 2021

	<u>GENERAL</u>	<u>ROAD &amp; BRIDGE #1</u>	<u>ROAD &amp; BRIDGE #2</u>
Revenues:			
Property taxes	\$ 6 185 346	\$ 569 167	\$ 569 165
Other taxes	5 020	291 655	291 655
Fines and fees	550 517	172 934	172 934
Interest	28 709	-	-
Charges for services	439 920	-	-
Grant and donations	149 233	-	-
Miscellaneous	115 661	58 262	104 762
TOTAL REVENUES	<u>7 474 406</u>	<u>1 092 018</u>	<u>1 138 516</u>
Expenditures:			
General administration	1 606 212	-	-
Judicial	903 856	-	-
Law enforcement and corrections	3 243 017	-	-
Streets and bridges	-	1 108 201	1 226 505
Community service	-	-	-
Non-departmental	1 176 881	-	-
Debt service	-	104 744	59 173
TOTAL EXPENDITURES	<u>6 929 966</u>	<u>1 212 945</u>	<u>1 285 678</u>
NET CHANGE IN FUND BALANCES	544 440	(120 927)	(147 162)
Fund balances, beginning	<u>6 033 095</u>	<u>154 642</u>	<u>141 272</u>
FUND BALANCES, ENDING	<u>\$ 6 577 535</u>	<u>\$ 33 715</u>	<u>\$ (5 890)</u>

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

	<u>ROAD &amp; BRIDGE #3</u>	<u>ROAD &amp; BRIDGE #4</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>TOTAL</u>
\$	569 169	\$ 569 168	\$ 726 885	\$ 9 188 900
	291 655	291 655	165 405	1 337 045
	172 934	172 882	187 459	1 429 660
	-	-	2 633	31 342
	-	-	151 357	591 277
	-	-	2 809 001	2 958 234
	<u>118 262</u>	<u>99 827</u>	<u>24 899</u>	<u>521 673</u>
	<u>1 152 020</u>	<u>1 133 532</u>	<u>4 067 639</u>	<u>16 058 131</u>
	-	-	235 627	1 841 839
	-	-	251 288	1 155 144
	-	-	539 334	3 782 351
	1 234 880	1 070 351	220 968	4 860 905
	-	-	335 075	335 075
	-	-	-	1 176 881
	<u>51 396</u>	<u>12 626</u>	<u>-</u>	<u>227 939</u>
	<u>1 286 276</u>	<u>1 082 977</u>	<u>1 582 292</u>	<u>13 380 134</u>
	(134 256)	50 555	2 485 347	2 677 997
	<u>87 344</u>	<u>47 352</u>	<u>3 111 781</u>	<u>9 575 486</u>
\$	<u><u>(46 912)</u></u>	\$ <u><u>97 907</u></u>	\$ <u><u>5 597 128</u></u>	\$ <u><u>12 253 483</u></u>

SHELBY 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, 2021

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net change in fund balances - Total governmental funds.	\$	2 677 997
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 depreciation exceeded capital outlay expenditures expense.		(492 074)
Governmental funds report principal payments on long-term debt as expenditures; however, in the government-wide financial statements, such payments are reflected as a reduction of the liabilities.		61 379
Governmental funds expense accrued compensated absence and pension liabilities as the payments are made, while government-wide statements record the future liabilities.		261 743
Governmental funds defer property taxes until collection, while government-wide funds statements recognize the revenue.		<u>149 043</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>2 658 088</u></u>

SHELBY COUNTY, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
September 30, 2021

	COMBINED FIDUCIARY FUNDS
Assets:	
Cash and cash equivalent	\$ 3 686 660
TOTAL ASSETS	<u>\$ 3 686 660</u>
Liabilities:	
Due to others	\$ 34 415
TOTAL LIABILITIES	<u>\$ 34 415</u>
Net Position:	
Held in Trust	\$ 3 652 245
TOTAL NET POSITION	<u>\$ 3 652 245</u>

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



SHELBY COUNTY, TEXAS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
For the Year Ended September 30, 2021

	<u>COMBINED FIDUCIARY FUNDS</u>
Additions:	
Interest income	\$ 1 115
Fees and fines	7 254 852
Taxes	28 341 171
Other income	356 389
TOTAL ADDITIONS	<u>35 953 527</u>
Deductions:	
Disbursements	<u>35 474 888</u>
TOTAL DEDUCTIONS	<u>35 474 888</u>
CHANGE IN NET POSITION	478 639
Net position - Beginning	<u>3 173 606</u>
NET POSITION - ENDING	<u>\$ 3 652 245</u>

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

SHELBY COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Shelby County, Texas (the "County") reflected in the accompanying financial statements conform to the accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board ("GASB") in *Governmental Accounting and Financial Reporting Standards*. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government. The financial reporting practices of the County comply with the financial reporting standards established by the GASB.

A. Reporting Entity

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), judicial (e.g., courts, juries, district attorney, etc.), public safety (e.g., sheriff, jail), highways and streets, health, education, and public welfare (e.g., juvenile services and assistance to indigents).

The accompanying basic financial statements present the government activities according to criteria in GASB Statement No. 14, *The Financial Reporting Entity*. Under provisions of this Statement, the County is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments.

B. Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report, except for County fiduciary activity, information on all of the activities of the County. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues.

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program 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 function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Fund Financial Statements

Separate fund financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund and Road & Bridge Funds meet criteria as major governmental funds.

*General Fund*

This fund is the general operating fund of the County. It is used to account for all financial resources of the County except for those required to be accounted for in another fund.

*Road & Bridge Funds*

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for road and bridge maintenance.

*Fiduciary Funds - Trust*

These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature.

SHELBY COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED  
September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are district clerk and County clerk fees, justice of the peace fees, revenue from investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Governmental fund level financial statements are reported using the current resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measureable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Property taxes levied prior to September 30 that became due October 1 have been assessed to finance the budget of the fiscal year beginning October 1 and, accordingly, have need reflected as deferred revenue and taxes receivable in the fund financial statements at September 30. Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

D. Assets, Liabilities and Net Position or Equity

1. Cash and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments. The Commissioners' Court of the County adopted a written investment policy regarding the investment of its funds as defined in *Public Funds Investment Act* (Chapter 2256, Texas Local Government). Such investments include obligations of the United States or its agencies and instrumentalities, certificates of deposits, fully collateralized repurchase agreements, a banker's acceptance, commercial paper, mutual funds and money market mutual funds. The investments of the County are in compliance with its investment policies.

The County invested only in certificates of deposit for the fiscal year 2021. The County records investments at fair market value in accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. All investment income is recognized as revenue in the appropriate fund's statement of activity 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.

Lending or borrowing between funds is reflected as "due to or due from" (current portion) or "advances to/from other funds" (non-current). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund balances are eliminated in the government-wide statements.

3. Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (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. Infrastructure assets include County-owned roads and bridges. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

SHELBY COUNTY, TEXAS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED  
 September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The cost 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:

ASSETS	YEARS
Buildings	50
Furniture and fixtures	7
General equipment	5
Trucks	7
Cars	3
Computer hardware	5

4. Compensated Absences

A liability for unused vacation and compensatory 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.

5. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under the governmental activities statement of net position.

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Fund Equity

"Fund Balance Reporting and Governmental Fund Type Definitions" provide clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable Fund Balance** - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- **Restricted Fund Balance** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed Fund Balance** - Amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e., Commission). To be reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest level action to remove or change the constraint.
- **Assigned Fund Balance** - Amounts the County intends to use for a specific purpose. Intent can be expressed by the Commission or by an official or body to which the Commission delegates the authority.
- **Unassigned Fund Balance** - Amounts that are available for any purpose.

The Commissioners Court establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Commission through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

SHELBY COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED  
September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflows of resources (revenue) until that time.

II. DEPOSIT, INVESTMENTS AND INVESTMENT POLICIES

Deposits

At September 30, the carrying amount of the County's deposits and cash on hand totaled \$16,484,074, inclusive of fiduciary funds. All bank balances at year end were entirely covered by federal depository insurance or by collateral held by the depository bank in the County's name.

Investments

The County's investment policies are in accordance with the laws of the State of Texas. The policies identify authorized investments and investment terms, collateral requirements and safekeeping requirements for collateral. The County's investments are categorized as either (1) insured and registered for which the securities are held by the County's agent in the name of the County, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the name of the County, or (3) uninsured and unregistered for which the securities are held by the Counter-party or by its trust department or agent but not in the name of the County. The investments of the County fall under category 1.

III. 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.

At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

Property Taxes Receivable:		
General fund	\$	1 030 627
Special revenue funds		<u>703 850</u>
TOTAL UNAVAILABLE REVENUE	\$	<u>1 734 477</u>

The County is authorized by the tax laws of the State of Texas to levy taxes up to \$.80 per \$100 of assessed valuation for general governmental services and the payment of principal and interest on certain permanent improvement long-term debt. Taxes may be levied in unlimited amounts for the payment of principal and interest on road bond long-term debt issued under Article 3, Section 52 of the Texas constitution.

Receivables as of year-end for the governmental activities including the applicable allowances for uncollectible accounts are as follows:

	GENERAL	SPECIAL REVENUE	TOTAL
Receivables:			
Taxes	\$ 1 212 502	\$ 847 134	\$ 2 059 636
Less: Allowances for uncollectible	<u>(181 875)</u>	<u>(143 284)</u>	<u>(325 159)</u>
NET RECEIVABLES	<u>\$ 1 030 627</u>	<u>\$ 703 850</u>	<u>\$ 1 734 477</u>

IV. TAX ABATEMENTS

The County individually negotiates property tax abatement agreements with local businesses under the authority of Chapter 312 of the Texas Tax Code and the County's local guidelines and criteria for tax abatement for reinvestment zones.

SHELBY COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED  
September 30, 2021

IV. TAX ABATEMENTS - CONTINUED

For the fiscal year ended September 30, 2021, the County abated property taxes totaling \$1,456,198 under this program, including the following tax abatement agreements:

- A 100 percent tax abatement to a hospital for developing improvements to its property to be used for emergency healthcare facilities, expanding employment and retaining these additional employees. The 2021 fiscal year is the sixth of ten years of the agreement. The abatement amounted to \$10,233 for the year ended September 30, 2021.

A provision exists within each of these agreements that, should the recipient entities violate the conditions of the agreements or become delinquent in the payment of their property taxes, the County is entitled to recapture any property tax that has been abated as a result of the agreements within 30 days of the agreement's termination.

V. CAPITAL ASSETS

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. Depreciation policies were adopted to include the useful lives and classification by asset type. Infrastructure assets are valued in two ways: either actual historical cost where the amount can be determined from existing records or using current cost deflated to the year of construction. Once historical cost is determined, regardless of how it is determined, the asset is depreciated over its useful life.

A summary of changes in capital assets follows:

	BALANCE 10/01	ADDITIONS	DELETIONS	BALANCE 09/30
Governmental Activities:				
Land	\$ 374 436	\$ -	\$ -	\$ 374 436
Infrastructure	16 429 457	61 471	-	16 490 928
Buildings and improvements	3 859 534	202 347	-	4 061 881
Vehicles and equipment	8 994 322	1 229 741	(493 593)	9 730 470
Construction in progress	34 000	-	(34 000)	-
Accumulated depreciation	(23 855 950)	(933 045)	459 153	(24 329 842)
TOTAL ASSETS	\$ 5 835 799	\$ 560 514	\$ (68 440)	\$ 6 327 873

Depreciation is expensed by function within the Statement of Activities as follows:

General administration	\$ 130 665
Judicial	81 948
Law enforcement and corrections	268 328
Streets and bridges	344 843
Community service	23 771
Non-departmental	83 490
	\$ 933 045

VI. LONG-TERM OBLIGATION ACTIVITY

Long-term obligation activities during the year were as follows:

GOVERNMENTAL ACTIVITIES	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
Capital lease	\$ 478 696	\$ 476 726	\$ 412 999	\$ 542 423	\$ 278 801
TOTAL GOVERNMENTAL ACTIVITIES	\$ 478 696	\$ 476 726	\$ 412 999	\$ 542 423	\$ 278 801

Capital Leases

The County is obligated under certain leases accounted for as capital leases. The leases recorded here meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

The following schedule lists personal property leased, which also serves as the collateral:

DESCRIPTION	INTEREST RATE	ORIGINAL PROPERTY VALUE
2016 Motor Grader	3.65%	\$ 295 325
2017 Motor Grader	2.85%	\$ 238 414
2015 Wheel Loader	3.65%	\$ 112 200
2020 Motor Grader	2.35%	\$ 205 833
2021 Boom Mower	2.18%	\$ 162 044
2021 Excavator	2.18%	\$ 108 849

The lease terms range from three to five years. The terms call for annual payments over the life of the lease.

SHELBY COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED  
September 30, 2021

VI. LONG-TERM OBLIGATION ACTIVITY - CONTINUED

Commitments under capitalized lease agreements equipment provide for minimum future lease payments as of year-end are as follows:

YEAR ENDING AUGUST 31,	TOTAL REQUIREMENTS
2022	\$ 292 722
2023	218 783
2024	25 252
2025	25 254
TOTAL MINIMUM LEASE PAYMENT	562 011
Less: Amount representing interest	(19 588)
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	\$ 542 423

The leases are all direct-borrowing arrangements, and the remaining balances become immediately due in the event of nonpayment.

VII. RETIREMENT PLAN

**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 of TCERS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 641 nontraditional defined benefit pension plans. TCERS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCERS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCERS (TCERS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts 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 within the actuarial constraints imposed by the TCERS 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 TCERS Act.

**Actuarial Assumptions**

Following are the key assumptions and methods used in this GASB analysis.

<b>Valuation Timing</b>	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<b>Actuarial Cost Method</b>	Entry Age Normal <sup>(1)</sup>
<b>Asset Valuation Method</b>	5 year smoothed market
<b>Inflation</b>	Same as funding valuation
<b>Salary Increases</b>	Same as funding valuation
<b>Investment Rate of Return</b>	7.60%
<b>Cost-of-Living Adjustments</b>	Cost-of-Living Adjustments for the County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
<b>Retirement Age</b>	Same as funding valuation
<b>Turnover</b>	Same as funding valuation
<b>Mortality</b>	Same as funding valuation

*(1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.*

**Actuarial Methods and Assumptions Used for Funding Valuation:**

Following is a description of the assumptions used in the December 31, 2020 actuarial valuation analysis for Shelby County. This information may also be found in the Shelby County December 31, 2020 Summary Valuation Report.

**Economic Assumptions:**

**TCERS System-Wide Economic Assumptions:**

Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%

SHELBY COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED  
September 30, 2021

VII. RETIREMENT PLAN - CONTINUED

The long-term investment return of 7.5% is net of investment expenses and is expected to enable the system to credit interest at the nominal annual rates shown below to the following major funds:

Subdivision Accumulation Fund	9%
Employees Saving Fund	7%
Current Service Annuity Reserve Fund	7%

Assuming interest will be credited at these nominal annual rates to the various funds, we have then assumed the following:

- An annual rate of 9% for calculating the actuarial accrued liability and normal cost contributions rate for the retirement plan of each participating employer.
- An annual rate of 7% required under the TCDRS Act for: (1) accumulating current service credit and multiple matching credit after the valuation date; (2) accumulating prior service credit after the valuation date; (3) determining the amount of the monthly benefit at future dates of retirement or disability; and (4) calculating the actuarial accrued liability of the system-wide Current Service Annuity Reserve Fund.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.0% (made up of 2.5% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee. (See Table 1 for Merit Salary Increases.)

Employer-Specific Economic Assumptions:

Growth in membership	0.00%
Payroll growth	3.00%

The payroll growth assumption is for the aggregate covered payroll of an employer.

**Table 1**  
**Merit Salary Increases\***

Years of Service	Entry Age			
	Before 30	Ages 30-39	Ages 40-49	50 and Later
0	5.00%	4.50%	4.00%	3.50%
1	4.25%	3.75%	3.25%	2.75%
2	3.85%	3.35%	2.85%	2.35%
3	3.50%	3.00%	2.50%	2.00%
4	3.15%	2.65%	2.25%	1.85%
5	2.90%	2.55%	2.15%	1.70%
6	2.65%	2.30%	1.95%	1.55%
7	2.45%	2.10%	1.75%	1.40%
8	2.30%	1.95%	1.60%	1.25%
9	2.15%	1.80%	1.45%	1.10%
10	2.00%	1.70%	1.40%	1.05%
11	1.90%	1.60%	1.25%	1.00%
12	1.80%	1.50%	1.15%	0.95%
13	1.70%	1.40%	1.05%	0.90%
14	1.60%	1.30%	0.95%	0.85%
15	1.50%	1.23%	0.90%	0.80%
16	1.40%	1.15%	0.85%	0.75%
17	1.30%	1.05%	0.80%	0.70%
18	1.23%	0.97%	0.75%	0.65%
19	1.15%	0.90%	0.70%	0.60%
20	1.10%	0.85%	0.65%	0.55%
21	1.05%	0.80%	0.60%	0.50%
22	1.00%	0.75%	0.55%	0.50%
23	0.95%	0.70%	0.50%	0.50%
24	0.90%	0.65%	0.50%	0.50%
25	0.85%	0.60%	0.50%	0.50%
26	0.80%	0.60%	0.50%	0.50%
27	0.75%	0.60%	0.50%	0.50%
28	0.70%	0.60%	0.50%	0.50%
29	0.65%	0.60%	0.50%	0.50%
30 & Up	0.60%	0.60%	0.50%	0.50%

*\* These rates do not include the wage inflation rate of 3.25% per year. For example, a member who entered the system at age 20 and is in the first year of service is assumed to receive an 8.41% total annual increase in his salary. The 8.41% is a combination of the 5.00% merit increase and the 3.25% wage inflation. Note that the two components are compounded, so it is a slightly different result than just adding the two percentages.*



SHELBY COUNTY, TEXAS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED  
 September 30, 2021

VII. RETIREMENT PLAN - CONTINUED

Demographic Assumptions

TCDRS System-Wide Demographic Assumptions:

Replacement of Terminated Members - New employees are assumed to replace any terminated members and have similar entry ages.

Disability - The rates of disability used in this valuation are illustrated in Table 2. Members who become disabled are eligible to commence benefit payments regardless of age. Rates of disability are in a custom table based on TCDRS experience.

**Table 2  
 Annual Rates of Disability\***

Age	Work Related Male and Female	All Other Causes Male and Female	Age	Work Related Male and Female	All Other Causes Male and Female
less than 25	0.000%	0.000%	43	0.004%	0.058%
25	0.000%	0.000%	44	0.004%	0.063%
26	0.000%	0.000%	45	0.004%	0.069%
27	0.000%	0.000%	46	0.005%	0.076%
28	0.000%	0.008%	47	0.006%	0.084%
29	0.000%	0.008%	48	0.007%	0.095%
30	0.000%	0.009%	49	0.009%	0.109%
31	0.000%	0.010%	50	0.010%	0.125%
32	0.000%	0.010%	51	0.012%	0.142%
33	0.000%	0.011%	52	0.013%	0.162%
34	0.000%	0.014%	53	0.015%	0.183%
35	0.001%	0.018%	54	0.018%	0.203%
36	0.001%	0.022%	55	0.018%	0.222%
37	0.002%	0.028%	56	0.018%	0.238%
38	0.002%	0.033%	57	0.018%	0.250%
39	0.002%	0.038%	58	0.018%	0.259%
40	0.002%	0.042%	59	0.018%	0.270%
41	0.003%	0.047%	60 & Above	0.018%	0.000%
42	0.003%	0.053%			

\* The probability of disablement from all other causes is applicable for members who are vested but not eligible for service retirement. Before a member is vested, only the work related disability provisions are applicable.

Mortality

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Family Composition - For current retirees, beneficiary information is supplied by TCDRS. For purposes of calculating the Survivor Benefit for current depositing and non-depositing members, male members are assumed to have a female beneficiary who is three years younger. Female members are assumed to have a male beneficiary who is three years older.

Service Retirement - Members eligible for service retirement are assumed to retire at the rates shown in Table 3.

SHELBY COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED  
September 30, 2021

VII. RETIREMENT PLAN - CONTINUED

**Table 3**  
**Annual Rates of Service Retirement\***

Age	Male	Female	Age	Male	Female
40-44	4.5%	4.5%	62	20.0%	20.0%
45-49	9.0%	9.0%	63	15.0%	15.0%
50	10.0%	10.0%	64	15.0%	15.0%
51	9.0%	9.0%	65	25.0%	25.0%
52	9.0%	9.0%	66	25.0%	25.0%
53	9.0%	9.0%	67	22.0%	22.0%
54	10.0%	10.0%	68	20.0%	20.0%
55	10.0%	10.0%	69	20.0%	20.0%
56	10.0%	10.0%	70	22.0%	22.0%
57	10.0%	10.0%	71	22.0%	22.0%
58	12.0%	12.0%	72	22.0%	22.0%
59	12.0%	12.0%	73	22.0%	22.0%
60	12.0%	12.0%	74**	22.0%	22.0%
61	12.0%	12.0%			

\* Deferred members are assumed to retire (100% probability) at the later of:

a) age 60

b) earliest retirement eligibility.

\*\* For all eligible members ages 75 and later, retirement is assumed to occur immediately.

Other Terminations of Employment - The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement are illustrated in Table 4. The rates vary by length of service, entry-age group (age at hire) and gender. No termination after eligibility for retirement is assumed.

**Table 4**  
**Annual Rates of Termination**

Years of Service	Entry Age 20		Entry Age 30		Entry Age 40		Entry Age 50	
	Male	Female	Male	Female	Male	Female	Male	Female
0	36.7%	39.8%	30.6%	33.2%	26.1%	28.2%	24.5%	26.5%
1	25.1%	27.3%	21.1%	22.9%	17.9%	19.5%	16.9%	18.3%
2	18.7%	20.2%	15.8%	17.2%	13.4%	14.6%	12.7%	13.8%
3	14.9%	16.1%	12.7%	13.8%	10.8%	11.7%	10.1%	11.0%
4	12.2%	13.3%	10.6%	11.4%	9.0%	9.7%	8.5%	9.1%
5	10.9%	11.9%	9.5%	10.3%	8.0%	8.8%	7.6%	8.3%
6	9.7%	10.5%	8.5%	9.1%	7.2%	7.8%	6.7%	7.4%
7	8.6%	9.4%	7.6%	8.3%	6.5%	7.0%	6.1%	6.6%
8	7.2%	7.7%	6.4%	6.8%	5.4%	5.8%	5.1%	5.5%
9	6.8%	7.4%	6.2%	6.6%	5.2%	5.6%	5.0%	5.3%
10	6.1%	6.5%	5.5%	5.9%	4.6%	5.1%	4.4%	4.7%
11	5.3%	5.7%	4.8%	5.3%	4.2%	4.5%	3.9%	4.2%
12	4.8%	5.2%	4.4%	4.8%	3.7%	4.1%	3.5%	3.9%
13	4.3%	4.6%	4.0%	4.4%	3.4%	3.7%	3.2%	3.5%
14	3.9%	4.1%	3.6%	3.9%	3.1%	3.3%	2.9%	3.1%
15	3.3%	3.6%	3.2%	3.4%	2.6%	3.0%	2.5%	2.8%
16	2.9%	3.1%	2.8%	3.0%	2.3%	2.5%	2.2%	2.4%
17	2.5%	2.8%	2.4%	2.6%	2.1%	2.2%	2.0%	2.1%
18	2.2%	2.3%	2.1%	2.3%	1.8%	2.0%	1.7%	1.9%
19	1.9%	2.1%	1.9%	2.1%	1.7%	1.8%	1.5%	1.7%
20	1.7%	2.0%	1.7%	2.0%	1.5%	1.6%	1.4%	1.5%
21	1.6%	1.8%	1.6%	1.8%	1.4%	1.5%	1.3%	1.4%
22	1.4%	1.7%	1.4%	1.7%	1.2%	1.3%	1.2%	1.3%
23	1.4%	1.5%	1.4%	1.5%	1.1%	1.3%	1.1%	1.2%
24	1.3%	1.4%	1.3%	1.4%	1.1%	1.2%	1.1%	1.1%
25	1.2%	1.3%	1.2%	1.3%	1.0%	1.1%	1.0%	1.1%
26	1.2%	1.2%	1.2%	1.2%	1.0%	1.1%	1.0%	1.0%
27	1.1%	1.1%	1.1%	1.1%	0.9%	1.0%	0.9%	0.9%
28	1.0%	1.0%	1.0%	1.0%	0.8%	0.9%	0.8%	0.8%
29	1.0%	0.9%	1.0%	0.9%	0.8%	0.9%	0.8%	0.7%
30 & Later	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

SHELBY COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED  
September 30, 2021

VII. RETIREMENT PLAN - CONTINUED

Withdrawals - Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. Rates applied to the plan are shown in Table 5. For non-depositing members who are not vested, 100% are assumed to elect a withdrawal.

**Table 5  
Probability of Withdrawal**

Years of Service	Probability	Years of Service	Probability
0	100%	15	40%
1	100%	16	38%
2	100%	17	36%
3	100%	18	33%
4	100%	19	30%
5	100%	20	28%
6	100%	21	26%
7	100%	22	24%
8	47%	23	22%
9	46%	24	20%
10	45%	25	18%
11	44%	26	16%
12	43%	27	14%
13	42%	28	12%
14	41%	29*	10%

\* Members with more than 29 years of service are not assumed to refund.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2021 information for a 10-year time horizon.

Note that the valuation assumption for the long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

Asset Class	Benchmark	Target Allocation <sup>(1)</sup>	Geometric Real Rate of Return <sup>(2)</sup>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (net) Index	2.50%	4.55%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.25%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	(0.85)%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(3)</sup>	4.00%	5.70%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.45%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(4)</sup>	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(5)</sup>	25.00%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	(0.70)%

(1) Target asset allocation adopted at the March 2021 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.00%, per Cliffwater's 2021 capital market assumptions.

(3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

SHELBY COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED  
September 30, 2021

VII. RETIREMENT PLAN - CONTINUED

**Depletion of Plan Assets / GASB Discount Rate**

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plans fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

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

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

**Sensitivity Analysis**

The following presents the net pension liability of the county/district, calculated using the discount rate of 7.60%, as well as what the Shelby County net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 20 317 128	\$ 18 064 891	\$ 16 176 438
Fiduciary net position	\$ 17 679 397	\$ 17 679 398	\$ 17 679 397
Net pension liability/(asset)	\$ 2 637 731	\$ 385 493	\$ (1 502 959)

SHELBY COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED  
September 30, 2021

VII. RETIREMENT PLAN - CONTINUED

**Changes in Net Pension Liability**

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Increase (Decrease) Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2019	\$ 16 295 317	\$ 16 270 997	\$ 24 320
Changes for the Year:			
Service cost	567 011	-	567 011
Interest on total pension liability <sup>(1)</sup>	1 327 818	-	1 327 818
Effect of plan changes <sup>(2)</sup>	-	-	-
Effect of economic/demographic gains or losses	(145 146)	-	(145 146)
Effect of assumptions changes or inputs	977 553	-	977 553
Refund of contributions	(177 498)	(177 498)	-
Benefit payments	(780 164)	(780 164)	-
Administrative expenses	-	(12 936)	12 936
Member contributions	-	329 642	(329 642)
Net investment income	-	1 680 386	(1 680 386)
Employer contributions	-	374 850	(374 850)
Other <sup>(3)</sup>	-	(5 879)	5 879
Balances as of December 31, 2020	<u>\$ 18 064 891</u>	<u>\$ 17 679 398</u>	<u>\$ 385 493</u>

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) No plan changes valued.

(3) Relates to allocation of system-wide items.

**Pension Expense/(Income)**

Pension Expense/(Income)	January 1, 2020 to December 31, 2020
Service cost	\$ 567 011
Interest on total pension liability <sup>(1)</sup>	1 327 818
Effect of plan changes	-
Administrative expenses	12 936
Member contributions	(329 642)
Expected investment return net of investment expenses	(1 307 150)
Recognition of Deferred Inflows/Outflows of Resources:	
Recognition of economic/demographic gains or losses	(85 883)
Recognition of assumption changes or inputs	342 138
Recognition of investment gains or losses	(174 920)
Other <sup>(2)</sup>	5 879
<b>PENSION EXPENSE/(INCOME)</b>	<u>\$ 358 188</u>

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) Relates to allocation of system-wide items.

**Pension Expense and Deferred Inflows/Outflows**

As of September 30, 2021, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/ Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 142 763	\$ -
Change of assumptions	-	651 702
Net difference between projected and actual earnings	1 183 363	582 179
Contributions made subsequent to measurement date	-	277 550
	<u>\$ 1 326 126</u>	<u>\$ 1 511 431</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year Ended December 31,	
2021	\$ 55 793
2022	\$ 239 719
2023	\$ (313 109)
2024	\$ (74 648)
2025	\$ -
Thereafter	\$ -

SHELBY COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED  
September 30, 2021

VII. RETIREMENT PLAN - CONTINUED

**Membership Information**

	Membership Class
Inactive employees entitled to but not yet receiving benefits	111
Active employees	113
Currently receiving benefits	90

VIII. 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 employees; and natural disasters. The County maintains a limited amount of commercial insurance coverage for 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 current fiscal year.

IX. CONTINGENT LIABILITIES

Accounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's counsel that resolution of these matters will not have a material adverse effect on the financial position of the County.

X. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 29, 2022, the date the financial statements were available to be issues.

Subsequent to year-end, the COVID-19 crisis disrupted the world economy. At this time, the effect on the County due to this event cannot be determined.

XI. COMPLIANCE

The County's expenditures exceeded budgeted amounts at the department level for several departments. See the budgetary comparison reports included with the required supplementary information for details.

REQUIRED SUPPLEMENTAL INFORMATION

SHELBY COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended September 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b>Revenues:</b>				
Property taxes	\$ 6 237 339	\$ 6 237 339	\$ 6 185 346	\$ (51 993)
Other taxes	5 000	5 000	5 020	20
Fines	209 000	209 000	265 024	56 024
Fees of office	230 000	230 000	285 493	55 493
Interest	30 000	30 000	28 709	(1 291)
Grants	137 200	137 200	149 233	12 033
Commissions	400 000	400 000	439 920	39 920
Miscellaneous	107 500	107 500	115 661	8 161
<b>TOTAL REVENUES</b>	<b>7 356 039</b>	<b>7 356 039</b>	<b>7 474 406</b>	<b>118 367</b>
<b>Expenditures:</b>				
<b>General Administration Expenditures:</b>				
<b>County Agents:</b>				
Payroll expense	73 415	73 415	73 576	(161)
Operating expense	29 060	29 060	17 065	11 995
<b>TOTAL COUNTY AGENTS</b>	<b>102 475</b>	<b>102 475</b>	<b>90 641</b>	<b>11 834</b>
<b>County Auditor:</b>				
Payroll expense	144 130	144 130	138 254	5 876
Operating expense	14 100	14 100	4 918	9 182
<b>TOTAL COUNTY AUDITOR</b>	<b>158 230</b>	<b>158 230</b>	<b>143 172</b>	<b>15 058</b>
<b>County Clerk:</b>				
Payroll expense	196 372	198 138	195 772	2 366
Operating expense	74 300	72 534	67 268	5 266
<b>TOTAL COUNTY CLERK</b>	<b>270 672</b>	<b>270 672</b>	<b>263 040</b>	<b>7 632</b>
<b>County Clerk Election Deputy:</b>				
Payroll expense	40 147	41 169	41 169	-
Operating expense	34 853	59 878	84 750	(24 872)
<b>TOTAL COUNTY CLERK ELECTION DEPUTY</b>	<b>75 000</b>	<b>101 047</b>	<b>125 919</b>	<b>(24 872)</b>
<b>County Judge:</b>				
Payroll expense	108 214	108 214	108 794	(580)
Operating expense	22 500	22 500	13 033	9 467
<b>TOTAL COUNTY JUDGE</b>	<b>130 714</b>	<b>130 714</b>	<b>121 827</b>	<b>8 887</b>
<b>District Clerk:</b>				
Payroll expense	251 802	252 341	221 175	31 166
Operating expense	50 700	50 161	44 089	6 072
<b>TOTAL DISTRICT CLERK</b>	<b>302 502</b>	<b>302 502</b>	<b>265 264</b>	<b>37 238</b>
<b>Courthouse Manager:</b>				
Operating expense	38 100	44 333	44 333	-
<b>TOTAL COURTHOUSE MANAGER</b>	<b>38 100</b>	<b>44 333</b>	<b>44 333</b>	<b>-</b>
<b>Tax Assessor Collector:</b>				
Payroll expense	304 424	304 876	282 146	22 730
Operating expense	80 300	79 848	68 401	11 447
<b>TOTAL TAX ASSESSOR COLLECTOR</b>	<b>384 724</b>	<b>384 724</b>	<b>350 547</b>	<b>34 177</b>
<b>County Treasurer:</b>				
Payroll expense	107 289	107 474	107 896	(422)
Operating expense	8 950	8 765	7 965	800
<b>TOTAL COUNTY TREASURER</b>	<b>116 239</b>	<b>116 239</b>	<b>115 861</b>	<b>378</b>
<b>Commissioner Secretary:</b>				
Payroll expense	38 287	38 348	37 024	1 324
Operating expense	3 500	3 439	3 117	322
<b>TOTAL COMMISSIONER SECRETARY</b>	<b>41 787</b>	<b>41 787</b>	<b>40 141</b>	<b>1 646</b>
<b>Veterans Officer:</b>				
Payroll expense	31 045	31 045	31 268	(223)
Operating expense	4 739	4 739	3 182	1 557
<b>TOTAL VETERANS OFFICER</b>	<b>35 784</b>	<b>35 784</b>	<b>34 450</b>	<b>1 334</b>
<b>Emergency Management Coordinator:</b>				
Payroll expense	7 229	7 304	7 553	(249)
Operating expense	4 750	4 675	3 464	1 211
<b>TOTAL EMERGENCY MANAGEMENT COORDINATOR</b>	<b>11 979</b>	<b>11 979</b>	<b>11 017</b>	<b>962</b>
<b>TOTAL GENERAL ADMINISTRATION</b>	<b>1 668 206</b>	<b>1 700 486</b>	<b>1 606 212</b>	<b>94 274</b>



SHELBY COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended September 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b>Judicial Expenditures:</b>				
County Attorney:				
Payroll expense	269 045	269 571	269 716	(145)
Operating expense	11 000	10 474	10 125	349
<b>TOTAL COUNTY ATTORNEY</b>	<b>280 045</b>	<b>280 045</b>	<b>279 841</b>	<b>204</b>
District Attorney:				
Payroll expense	191 368	184 046	174 596	9 450
Operating expense	28 800	36 122	36 122	-
<b>TOTAL DISTRICT ATTORNEY</b>	<b>220 168</b>	<b>220 168</b>	<b>210 718</b>	<b>9 450</b>
District Judges:				
Payroll expense	106 442	106 442	88 434	18 008
Operating expense	15 500	15 500	4 678	10 822
<b>TOTAL DISTRICT JUDGES</b>	<b>121 942</b>	<b>121 942</b>	<b>93 112</b>	<b>28 830</b>
Justice of the Peace #1:				
Payroll expense	94 368	94 368	91 788	2 580
Operating expense	14 750	14 750	13 602	1 148
<b>TOTAL JUSTICE OF THE PEACE #1</b>	<b>109 118</b>	<b>109 118</b>	<b>105 390</b>	<b>3 728</b>
Justice of the Peace #2:				
Payroll expense	41 624	41 624	41 802	(178)
Operating expense	10 910	10 910	8 336	2 574
<b>TOTAL JUSTICE OF THE PEACE #2</b>	<b>52 534</b>	<b>52 534</b>	<b>50 138</b>	<b>2 396</b>
Justice of the Peace #3:				
Payroll expense	44 302	44 302	44 361	(59)
Operating expense	20 860	20 860	15 642	5 218
<b>TOTAL JUSTICE OF THE PEACE #3</b>	<b>65 162</b>	<b>65 162</b>	<b>60 003</b>	<b>5 159</b>
Justice of the Peace #4:				
Payroll expense	33 944	33 944	34 094	(150)
Operating expense	11 270	11 270	11 062	208
<b>TOTAL JUSTICE OF THE PEACE #4</b>	<b>45 214</b>	<b>45 214</b>	<b>45 156</b>	<b>58</b>
Justice of the Peace #5:				
Payroll expense	43 600	44 283	44 361	(78)
Operating expense	18 250	17 567	15 137	2 430
<b>TOTAL JUSTICE OF THE PEACE #5</b>	<b>61 850</b>	<b>61 850</b>	<b>59 498</b>	<b>2 352</b>
<b>TOTAL JUDICIAL EXPENDITURES</b>	<b>956 033</b>	<b>956 033</b>	<b>903 856</b>	<b>52 177</b>
<b>Law Enforcement and Corrections Expenditures:</b>				
Constable Pct #1:				
Payroll expense	62 915	62 915	62 089	826
Operating expense	8 050	8 050	6 437	1 613
<b>TOTAL CONSTABLE PCT #1</b>	<b>70 965</b>	<b>70 965</b>	<b>68 526</b>	<b>2 439</b>
Constable Pct #2:				
Payroll expense	62 915	62 915	62 812	103
Operating expense	8 050	8 050	3 747	4 303
<b>TOTAL CONSTABLE PCT #2</b>	<b>70 965</b>	<b>70 965</b>	<b>66 559</b>	<b>4 406</b>
Constable Pct #3:				
Payroll expense	62 915	62 634	62 812	(178)
Operating expense	8 700	10 564	10 564	-
<b>TOTAL CONSTABLE PCT #3</b>	<b>71 615</b>	<b>73 198</b>	<b>73 376</b>	<b>(178)</b>
Constable Pct #4:				
Payroll expense	62 915	62 659	62 836	(177)
Operating expense	8 150	8 431	8 431	-
<b>TOTAL CONSTABLE PCT #4</b>	<b>71 065</b>	<b>71 090</b>	<b>71 267</b>	<b>(177)</b>
Constable Pct #5:				
Payroll expense	62 915	62 641	62 808	(167)
Operating expense	7 950	8 224	8 224	-
<b>TOTAL CONSTABLE PCT #5</b>	<b>70 865</b>	<b>70 865</b>	<b>71 032</b>	<b>(167)</b>
DPS Secretary:				
Payroll expense	56 939	56 951	53 814	3 137
Operating expense	4 000	3 988	3 332	656
<b>TOTAL DPS SECRETARY</b>	<b>60 939</b>	<b>60 939</b>	<b>57 146</b>	<b>3 793</b>

SHELBY COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended September 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
County Sheriff:				
Payroll expense	2 213 617	2 171 969	2 157 615	14 354
Operating expense	500 750	598 158	609 059	(10 901)
TOTAL COUNTY SHERIFF	<u>2 714 367</u>	<u>2 770 127</u>	<u>2 766 674</u>	<u>3 453</u>
Adult Probation:				
Operating expense	25 200	25 200	19 685	5 515
TOTAL ADULT PROBATION	<u>25 200</u>	<u>25 200</u>	<u>19 685</u>	<u>5 515</u>
Juvenile Probation:				
Payroll expense	-	-	1 050	(1 050)
Operating expense	39 765	45 672	45 671	1
TOTAL JUVENILE PROBATION	<u>39 765</u>	<u>45 672</u>	<u>46 721</u>	<u>(1 049)</u>
911 Administrator:				
Payroll expense	-	-	1 696	(1 696)
Operating expense	-	335	335	-
TOTAL 911 ADMINISTRATOR	<u>-</u>	<u>335</u>	<u>2 031</u>	<u>(1 696)</u>
TOTAL LAW ENFORCEMENT AND CORRECTIONS EXPENDITURES	<u>3 195 746</u>	<u>3 259 356</u>	<u>3 243 017</u>	<u>16 339</u>
Non-departmental expenditures	1 705 791	1 902 903	1 176 881	726 022
TOTAL EXPENDITURES	<u>7 525 776</u>	<u>7 818 778</u>	<u>6 929 966</u>	<u>888 812</u>
NET CHANGE IN FUND BALANCES	(169 737)	(462 739)	544 440	1 007 179
Fund balances, beginning	<u>6 033 095</u>	<u>6 033 095</u>	<u>6 033 095</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 5 863 358</u>	<u>\$ 5 570 356</u>	<u>\$ 6 577 535</u>	<u>\$ 1 007 179</u>

See independent auditors' report.

SHELBY COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - ROAD AND BRIDGE #1  
For the Year Ended September 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 557 822	\$ 557 822	\$ 569 167	\$ 11 345
Other taxes	285 274	285 274	291 655	6 381
Fines and fees	188 500	188 500	172 934	(15 566)
Miscellaneous	60 000	75 000	58 262	(16 738)
TOTAL REVENUES	<u>1 091 596</u>	<u>1 106 596</u>	<u>1 092 018</u>	<u>(14 578)</u>
Expenditures:				
Payroll expense	429 701	429 701	384 651	45 050
Operating expense	557 095	742 525	723 550	18 975
Debt service	104 800	104 800	104 744	56
TOTAL EXPENDITURES	<u>1 091 596</u>	<u>1 277 026</u>	<u>1 212 945</u>	<u>64 081</u>
NET CHANGE IN FUND BALANCES	-	(170 430)	(120 927)	49 503
Fund balances, beginning	<u>154 642</u>	<u>154 642</u>	<u>154 642</u>	-
FUND BALANCES, ENDING	<u>\$ 154 642</u>	<u>\$ (15 788)</u>	<u>\$ 33 715</u>	<u>\$ 49 503</u>

See independent auditors' report.

SHELBY COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - ROAD AND BRIDGE #2  
For the Year Ended September 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 557 822	\$ 557 822	\$ 569 165	\$ 11 343
Other taxes	285 274	285 274	291 655	6 381
Fines and fees	188 500	188 500	172 934	(15 566)
Miscellaneous	60 000	121 500	104 762	(16 738)
TOTAL REVENUES	<u>1 091 596</u>	<u>1 153 096</u>	<u>1 138 516</u>	<u>(14 580)</u>
Expenditures:				
Payroll expense	436 811	412 958	394 767	18 191
Operating expense	595 535	834 025	831 738	2 287
Debt service	59 250	59 250	59 173	77
TOTAL EXPENDITURES	<u>1 091 596</u>	<u>1 306 233</u>	<u>1 285 678</u>	<u>20 555</u>
NET CHANGE IN FUND BALANCES	-	(153 137)	(147 162)	5 975
Fund balances, beginning	<u>141 272</u>	<u>141 272</u>	<u>141 272</u>	-
FUND BALANCES, ENDING	<u>\$ 141 272</u>	<u>\$ (11 865)</u>	<u>\$ (5 890)</u>	<u>\$ 5 975</u>

See independent auditors' report.

SHELBY COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - ROAD AND BRIDGE #3  
For the Year Ended September 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 557 822	\$ 557 822	\$ 569 169	\$ 11 347
Other taxes	285 274	285 274	291 655	6 381
Fines and fees	188 500	188 500	172 934	(15 566)
Miscellaneous	60 000	135 000	118 262	(16 738)
TOTAL REVENUES	<u>1 091 596</u>	<u>1 166 596</u>	<u>1 152 020</u>	<u>(14 576)</u>
Expenditures:				
Payroll expense	458 563	440 769	444 299	(3 530)
Operating expense	582 558	776 505	790 581	(14 076)
Debt service	50 475	51 396	51 396	-
TOTAL EXPENDITURES	<u>1 091 596</u>	<u>1 268 670</u>	<u>1 286 276</u>	<u>(17 606)</u>
NET CHANGE IN FUND BALANCES	-	(102 074)	(134 256)	(32 182)
Fund balances, beginning	<u>87 344</u>	<u>87 344</u>	<u>87 344</u>	-
FUND BALANCES, ENDING	<u>\$ 87 344</u>	<u>\$ (14 730)</u>	<u>\$ (46 912)</u>	<u>\$ (32 182)</u>

See independent auditors' report.

SHELBY COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - ROAD AND BRIDGE #4  
For the Year Ended September 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 557 822	\$ 557 822	\$ 569 168	\$ 11 346
Other taxes	285 274	285 274	291 655	6 381
Fines and fees	188 500	188 500	172 882	(15 618)
Miscellaneous	60 000	116 565	99 827	(16 738)
TOTAL REVENUES	<u>1 091 596</u>	<u>1 148 161</u>	<u>1 133 532</u>	<u>(14 629)</u>
Expenditures:				
Payroll expense	369 815	374 840	370 883	3 957
Operating expense	709 131	824 142	699 468	124 674
Debt service	12 650	12 626	12 626	-
TOTAL EXPENDITURES	<u>1 091 596</u>	<u>1 211 608</u>	<u>1 082 977</u>	<u>128 631</u>
NET CHANGE IN FUND BALANCES	-	(63 447)	50 555	114 002
Fund balances, beginning	<u>47 352</u>	<u>47 352</u>	<u>47 352</u>	-
FUND BALANCES, ENDING	<u>\$ 47 352</u>	<u>\$ (16 095)</u>	<u>\$ 97 907</u>	<u>\$ 114 002</u>

See independent auditors' report.

SHELBY COUNTY, TEXAS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:							
Service cost	\$ 567 011	\$ 530 224	\$ 582 300	\$ 560 000	\$ 576 630	\$ 487 702	\$ 463 927
Interest (on the total pension liability)	1 327 818	1 261 272	1 198 990	1 127 656	1 058 536	1 020 941	960 407
Changes of benefit terms	-	-	-	-	-	(88 405)	-
Change of assumptions	977 553	-	-	65 151	-	138 045	-
Demographic/economic (gains)/losses	(145 146)	(62 925)	(58 148)	(28 935)	(197 579)	(321 991)	19 055
Benefit payments, including refunds of employee contributions	(957 662)	(930 472)	(874 895)	(856 476)	(866 430)	(719 291)	(744 305)
NET CHANGE IN TOTAL PENSION LIABILITY	1 769 574	798 099	848 247	867 396	571 157	517 001	699 084
Total pension liability - Beginning	16 295 317	15 497 218	14 648 971	13 781 575	13 210 418	12 693 417	11 994 333
TOTAL PENSION LIABILITY - ENDING	18 064 891	16 295 317	15 497 218	14 648 971	13 781 575	13 210 418	12 693 417
Plan Fiduciary Net Position:							
Contributions - Employer	374 850	355 417	368 461	354 054	365 822	367 665	338 996
Contributions - Employee	329 642	332 610	331 521	324 821	304 489	308 006	266 626
Net investment income	1 680 386	2 332 127	(275 150)	1 889 569	904 301	9 855	802 479
Benefit payments, including refunds of employee contributions	(957 662)	(930 472)	(874 895)	(856 476)	(866 430)	(719 291)	(744 305)
Administrative	(12 936)	(12 399)	(11 405)	(9 752)	(9 883)	(8 908)	(9 351)
Other	(5 879)	(6 034)	(3 443)	(2 472)	(32 134)	(135 211)	20 185
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1 408 401	2 071 249	(464 911)	1 699 744	666 165	(177 884)	674 630
Plan fiduciary net position - Beginning	16 270 997	14 199 748	14 664 659	12 964 915	12 298 750	12 476 634	11 802 004
PLAN FIDUCIARY NET POSITION - ENDING	17 679 398	16 270 997	14 199 748	14 664 659	12 964 915	12 298 750	12 476 634
NET PENSION LIABILITY - ENDING	\$ 385 493	\$ 24 320	\$ 1 297 470	\$ (15 688)	\$ 816 660	\$ 911 668	\$ 216 783
Plan fiduciary net position as a percentage of total pension liability	97.87%	99.85%	91.63%	100.11%	94.07%	93.10%	98.29%
Covered employee payroll	\$ 4 709 172	\$ 4 751 567	\$ 4 763 009	\$ 4 640 294	\$ 4 349 850	\$ 4 285 142	\$ 3 808 942
Net pension liability as a percentage of covered employee payroll	8.19%	0.51%	27.40%	(0.34)%	18.77%	21.28%	5.69%

Additional years will be provided as they become available.

SHELBY COUNTY, TEXAS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>YEAR ENDING DECEMBER 31,</u>	<u>ACTUARIALLY DETERMINED CONTRIBUTION</u>	<u>ACTUAL EMPLOYER CONTRIBUTION</u>	<u>CONTRIBUTION DEFICIENCY (EXCESS)</u>	<u>PENSIONABLE COVERED PAYROLL</u>	<u>ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL</u>
2015	\$ 350 419	\$ 350 419	\$ -	\$ 4 049 430	8.7%
2016	\$ 367 451	\$ 367 451	\$ -	\$ 4 345 668	8.5%
2017	\$ 353 237	\$ 353 237	\$ -	\$ 4 509 968	7.8%
2018	\$ 370 407	\$ 370 407	\$ -	\$ 4 786 077	7.7%
2019	\$ 375 062	\$ 375 062	\$ -	\$ 4 790 480	7.8%
2020	\$ 374 850	\$ 374 850	\$ -	\$ 4 709 172	8.0%

Additional years will be provided as they become available.



SHELBY COUNTY, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended September 30, 2021

**Budgetary Procedures**

Annual budgets are adopted for the general fund and the four road and bridge funds on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at year end. During the fiscal year, the County Judge prepares a budget to cover all proposed expenditures of the County government for the succeeding fiscal year. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. In preparing the budget, the Judge may require any County officer to furnish information necessary to properly prepare the budget.

The Commissioners' Court shall hold a public hearing on the proposed budget. At the conclusion of the public hearing, the Commissioners' Court shall take action on the proposed budget.

After final approval of the budget, the Commissioners' Court may spend County funds only in strict compliance with the budget, except in an emergency. The Commissioners' Court may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention. If the Court amends the original budget to meet an emergency, the Court shall file a copy of its order amending the budget with the County Clerk, and the Clerk shall attach the copy to the original budget. Management may not amend the budget without approval from the Commissioners' Court.

Expenditures may not legally exceed budgeted appropriations at the activity or department level. The budget is amended only by approval of the Commissioners' Court. Proposed amendments are presented to the Commissioners' Court in a public meeting, and each amendment must have Commissioners' Court approval. As required by law, such amendments are made before the fact, and are reflected in the minutes of the Commissioners' Court meetings. During the year, the budget was amended as necessary, with the Commissioners' Court approving all payments issued.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are canceled, consequently there are none as of September 30, 2021.

**Pension Plan**

See Note VII for details on retirement plan provisions and changes to the plan during the year ended September 30, 2021.

## COMBINING SCHEDULES

SHELBY COUNTY, TEXAS  
 COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS  
 September 30, 2021

	DONATION FUND	COUNTY CLERK VITAL ARCHIVES FEE FUND	GENERAL RECORDS MANAGEMENT	SHERIFF OFFICE EDUCATION FUND	VEHICLE INVENTORY TAX FUND
<b>ASSETS</b>					
Cash and investments	\$ 7 003	\$ 39 054	\$ 23 204	\$ 900	\$ 95 829
Property tax receivable (net)	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 7 003</u></b>	<b><u>\$ 39 054</u></b>	<b><u>\$ 23 204</u></b>	<b><u>\$ 900</u></b>	<b><u>\$ 95 829</u></b>
 <b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expense	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
 <b>Deferred Inflows:</b>					
Unavailable revenue	-	-	-	-	-
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
 <b>Fund Balances:</b>					
Restricted fund balance	<u>7 003</u>	<u>39 054</u>	<u>23 204</u>	<u>900</u>	<u>95 829</u>
<b>TOTAL FUND BALANCES</b>	<b><u>7 003</u></b>	<b><u>39 054</u></b>	<b><u>23 204</u></b>	<b><u>900</u></b>	<b><u>95 829</u></b>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	 <b><u>\$ 7 003</u></b>	 <b><u>\$ 39 054</u></b>	 <b><u>\$ 23 204</u></b>	 <b><u>\$ 900</u></b>	 <b><u>\$ 95 829</u></b>

See independent auditors' report.

HISTORIC COURT- HOUSE FUND	GARZA COUNTY FUND	SHERIFF COMMISSARY FUND	DISTRICT ATTORNEY TRUSTEE	AMERICAN RESCUE PLAN GRANT	COUNTY ATTORNEY FUND	HAVA CARES ACT	CORONA VIRUS RELIEF FUND
\$ 3 346	\$ 13 756	\$ 120 870	\$ 5 055	\$ 2 454 589	\$ 14 874	\$ 2 974	\$ 614 227
-	-	-	-	-	-	-	-
<u>\$ 3 346</u>	<u>\$ 13 756</u>	<u>\$ 120 870</u>	<u>\$ 5 055</u>	<u>\$ 2 454 589</u>	<u>\$ 14 874</u>	<u>\$ 2 974</u>	<u>\$ 614 227</u>
\$ -	\$ -	\$ 11 224	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	<u>11 224</u>	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>3 346</u>	<u>13 756</u>	<u>109 646</u>	<u>5 055</u>	<u>2 454 589</u>	<u>14 874</u>	<u>2 974</u>	<u>614 227</u>
<u>3 346</u>	<u>13 756</u>	<u>109 646</u>	<u>5 055</u>	<u>2 454 589</u>	<u>14 874</u>	<u>2 974</u>	<u>614 227</u>
<u>\$ 3 346</u>	<u>\$ 13 756</u>	<u>\$ 120 870</u>	<u>\$ 5 055</u>	<u>\$ 2 454 589</u>	<u>\$ 14 874</u>	<u>\$ 2 974</u>	<u>\$ 614 227</u>

SHELBY COUNTY, TEXAS  
 COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS - CONTINUED  
 September 30, 2021

	<u>ROAD GRANT</u>	<u>JUVENILE COURT TECH FUND</u>	<u>LEOSE CONSTABLES FUND</u>	<u>LAW LIBRARY FUND</u>
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 9 089	\$ 17 229	\$ 107 014
Property tax receivable (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ -</u></b>	<b><u>\$ 9 089</u></b>	<b><u>\$ 17 229</u></b>	<b><u>\$ 107 014</u></b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 428	\$ 28
Accrued expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>428</u>	<u>28</u>
 <b>Deferred Inflows:</b>				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <b>Fund Balances:</b>				
Restricted fund balance	<u>-</u>	<u>9 089</u>	<u>16 801</u>	<u>106 986</u>
<b>TOTAL FUND BALANCES</b>	<u>-</u>	<u>9 089</u>	<u>16 801</u>	<u>106 986</u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	 <b><u>\$ -</u></b>	 <b><u>\$ 9 089</u></b>	 <b><u>\$ 17 229</u></b>	 <b><u>\$ 107 014</u></b>

See independent auditors' report.

DISTRICT CLERK RECORD MGMT FUND	COUNTY CLERK RECORD MGMT FUND	COURT- HOUSE SECURITY FUND	JURY FUND	RIGHT OF WAY FUND	INDIGENT HEALTH CARE FUND	COURT REPORTER SERVICE FUND	JUVENILE PROBATION FUND
\$ 2 764	\$ 128 572	\$ (229)	\$ 39 397	\$ 54 072	\$ 1 173 835	\$ 2 414	\$ 12 202
-	-	93 365	1 225	-	10 320	-	-
<u>\$ 2 764</u>	<u>\$ 128 572</u>	<u>\$ 93 136</u>	<u>\$ 40 622</u>	<u>\$ 54 072</u>	<u>\$ 1 184 155</u>	<u>\$ 2 414</u>	<u>\$ 12 202</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41 302	\$ -	\$ (4)
-	89	95	1	-	1 865	-	78
-	89	95	1	-	43 167	-	74
-	-	93 365	1 225	-	10 320	-	-
-	-	93 365	1 225	-	10 320	-	-
2 764	128 483	(324)	39 396	54 072	1 130 668	2 414	12 128
<u>2 764</u>	<u>128 483</u>	<u>(324)</u>	<u>39 396</u>	<u>54 072</u>	<u>1 130 668</u>	<u>2 414</u>	<u>12 128</u>
<u>\$ 2 764</u>	<u>\$ 128 572</u>	<u>\$ 93 136</u>	<u>\$ 40 622</u>	<u>\$ 54 072</u>	<u>\$ 1 184 155</u>	<u>\$ 2 414</u>	<u>\$ 12 202</u>

SHELBY COUNTY, TEXAS  
 COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS - CONTINUED  
 September 30, 2021

	<u>GRANT FUND</u>	<u>SHERIFF LOCAL FORFEITURE</u>	<u>COUNTY COURT RECORDS TECH FUND</u>	<u>DISTRICT COURT RECORDS TECH FUND</u>
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 1 355	\$ 49 133	\$ 901
Property tax receivable (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 1 355</u>	<u>\$ 49 133</u>	<u>\$ 901</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <b>Deferred Inflows:</b>				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <b>Fund Balances:</b>				
Restricted fund balance	<u>-</u>	<u>1 355</u>	<u>49 133</u>	<u>901</u>
<b>TOTAL FUND BALANCES</b>	<u>-</u>	<u>1 355</u>	<u>49 133</u>	<u>901</u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	 <u>\$ -</u>	 <u>\$ 1 355</u>	 <u>\$ 49 133</u>	 <u>\$ 901</u>

See independent auditors' report.

APPELLATE JUDICIAL FEE COUNTY CLERK	APPELLATE JUDICIAL FEE DISTRICT CLERK	RECORDS ARCHIVE FEE COUNTY CLERK	RECORDS ARCHIVE FEE DISTRICT CLERK	JP COURT SECURITY FUND	GUARDIAN- SHIP FUND	DISTRICT ATTORNEY SEIZURE FUND NON-TRAFFIC
\$ 155	\$ 355	\$ 370 882	\$ 39 046	\$ 25 313	\$ 2 427	\$ 147 994
-	-	-	-	-	-	-
<u>\$ 155</u>	<u>\$ 355</u>	<u>\$ 370 882</u>	<u>\$ 39 046</u>	<u>\$ 25 313</u>	<u>\$ 2 427</u>	<u>\$ 147 994</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
155	355	370 882	39 046	25 313	2 427	147 994
155	355	370 882	39 046	25 313	2 427	147 994
<u>\$ 155</u>	<u>\$ 355</u>	<u>\$ 370 882</u>	<u>\$ 39 046</u>	<u>\$ 25 313</u>	<u>\$ 2 427</u>	<u>\$ 147 994</u>



SHELBY COUNTY, TEXAS  
 COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS - CONTINUED  
 September 30, 2021

	DISTRICT ATTORNEY FORFEITURE FUND TRAFFIC	DISTRICT ATTORNEY FORFEITURE FUNDS	PRETRIAL INTER- VENTION PROGRAM FUND	DRUG COURT FUND	TOTAL SPECIAL REVENUE FUNDS
<b>ASSETS</b>					
Cash and investments	\$ 1 865	\$ 5 937	\$ 19 393	\$ 45 438	\$ 5 652 234
Property tax receivable (net)	-	-	-	-	104 910
<b>TOTAL ASSETS</b>	<b>\$ 1 865</b>	<b>\$ 5 937</b>	<b>\$ 19 393</b>	<b>\$ 45 438</b>	<b>\$ 5 757 144</b>
 <b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 52 978
Accrued expense	-	-	-	-	2 128
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55 106</b>
 <b>Deferred Inflows:</b>					
Unavailable revenue	-	-	-	-	104 910
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160 016</b>
 <b>Fund Balances:</b>					
Restricted fund balance	1 865	5 937	19 393	45 438	5 597 128
<b>TOTAL FUND BALANCES</b>	<b>1 865</b>	<b>5 937</b>	<b>19 393</b>	<b>45 438</b>	<b>5 597 128</b>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 1 865</b>	<b>\$ 5 937</b>	<b>\$ 19 393</b>	<b>\$ 45 438</b>	<b>\$ 5 757 144</b>

See independent auditors' report.

SHELBY COUNTY, TEXAS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS  
 For the Year Ended September 30, 2021

	DONATION FUND	COUNTY CLERK VITAL ARCHIVES FEE FUND	GENERAL RECORDS MANAGEMENT	SHERIFF OFFICE EDUCATION FUND	VEHICLE INVENTORY TAX FUND
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	165 405
Fines and fees	-	2 385	7 154	-	-
Charges for services	-	-	-	-	-
Grants and contributions	18 659	-	-	-	-
Interest	-	-	-	-	48
Miscellaneous income	-	-	-	2 433	-
<b>TOTAL REVENUES</b>	<u>18 659</u>	<u>2 385</u>	<u>7 154</u>	<u>2 433</u>	<u>165 453</u>
Expenditures:					
Payroll expense	-	-	-	-	-
Operating expense	11 656	-	3 210	7 258	137 533
<b>TOTAL EXPENDITURES</b>	<u>11 656</u>	<u>-</u>	<u>3 210</u>	<u>7 258</u>	<u>137 533</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>7 003</u>	<u>2 385</u>	<u>3 944</u>	<u>(4 825)</u>	<u>27 920</u>
Other Financing Sources (Uses):					
Transfers out	-	-	-	-	-
Transfers in	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	7 003	2 385	3 944	(4 825)	27 920
Fund balances, beginning	-	36 669	19 260	5 725	67 909
<b>FUND BALANCES ENDING</b>	<u>\$ 7 003</u>	<u>\$ 39 054</u>	<u>\$ 23 204</u>	<u>\$ 900</u>	<u>\$ 95 829</u>

See independent auditors' report.

HISTORIC COURTHOUSE FUND	GARZA COUNTY FUND	SHERIFF COMMISSARY FUND	DISTRICT ATTORNEY TRUSTEE	AMERICAN RESCUE PLAN GRANT	COUNTY ATTORNEY FUND	HAVA CARES ACT	CORONA VIRUS RELIEF FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	123 215	28 142	-	-	-	-
7	-	-	-	2 454 589	-	-	-
-	-	-	-	-	9	-	-
-	13 200	-	-	-	4 672	-	-
<u>7</u>	<u>13 200</u>	<u>123 215</u>	<u>28 142</u>	<u>2 454 589</u>	<u>4 681</u>	<u>-</u>	<u>-</u>
-	-	-	26 443	-	12 958	-	234 255
<u>169</u>	<u>11 970</u>	<u>98 581</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>19 600</u>	<u>-</u>
<u>169</u>	<u>11 970</u>	<u>98 581</u>	<u>26 455</u>	<u>-</u>	<u>12 958</u>	<u>19 600</u>	<u>234 255</u>
<u>(162)</u>	<u>1 230</u>	<u>24 634</u>	<u>1 687</u>	<u>2 454 589</u>	<u>(8 277)</u>	<u>(19 600)</u>	<u>(234 255)</u>
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
<u>(162)</u>	<u>1 230</u>	<u>24 634</u>	<u>1 687</u>	<u>2 454 589</u>	<u>(8 277)</u>	<u>(19 600)</u>	<u>(234 255)</u>
<u>3 508</u>	<u>12 526</u>	<u>85 012</u>	<u>3 368</u>	<u>-</u>	<u>23 151</u>	<u>22 574</u>	<u>848 482</u>
<u>\$ 3 346</u>	<u>\$ 13 756</u>	<u>\$ 109 646</u>	<u>\$ 5 055</u>	<u>\$ 2 454 589</u>	<u>\$ 14 874</u>	<u>\$ 2 974</u>	<u>\$ 614 227</u>

SHELBY COUNTY, TEXAS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED  
 For the Year Ended September 30, 2021

	ROAD GRANT	JUVENILE COURT TECH FUND	LEOSE CONSTABLES FUND	LAW LIBRARY FUND
Revenues:				
Property taxes	\$ -	\$ 7 329	\$ -	\$ -
Other taxes	-	-	-	-
Fines and fees	-	5 368	-	11 599
Charges for services	-	-	-	-
Grants and contributions	-	-	-	-
Interest	-	-	-	-
Miscellaneous income	-	-	4 034	-
TOTAL REVENUES	<u>-</u>	<u>12 697</u>	<u>4 034</u>	<u>11 599</u>
Expenditures:				
Payroll expense	-	-	-	-
Operating expense	1 284	16 986	5 075	11 781
TOTAL EXPENDITURES	<u>1 284</u>	<u>16 986</u>	<u>5 075</u>	<u>11 781</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1 284)</u>	<u>(4 289)</u>	<u>(1 041)</u>	<u>(182)</u>
Other Financing Sources (Uses):				
Transfers out	-	-	-	-
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1 284)	(4 289)	(1 041)	(182)
Fund balances, beginning	1 284	13 378	17 842	107 168
FUND BALANCES ENDING	<u>\$ -</u>	<u>\$ 9 089</u>	<u>\$ 16 801</u>	<u>\$ 106 986</u>

See independent auditors' report.

DISTRICT CLERK RECORD MGMT FUND	COUNTY CLERK RECORD MGMT FUND	COURT- HOUSE SECURITY FUND	JURY FUND	RIGHT OF WAY FUND	INDIGENT HEALTH CARE FUND	COURT REPORTER SERVICE FUND	JUVENILE PROBATION FUND
\$ -	\$ -	\$ 61 930	\$ 97 316	\$ -	\$ 560 310	\$ -	\$ -
-	-	-	-	-	-	-	-
2 019	54 213	13 630	3 474	-	-	4 573	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	117 188
-	-	-	-	-	-	-	-
<u>2 019</u>	<u>54 213</u>	<u>75 560</u>	<u>100 790</u>	<u>-</u>	<u>560 310</u>	<u>4 573</u>	<u>117 188</u>
-	33 828	76 635	92 485	-	37 424	-	122 857
<u>6 782</u>	<u>20 984</u>	<u>3 575</u>	<u>3 810</u>	<u>1 126</u>	<u>297 482</u>	<u>3 041</u>	<u>31 179</u>
<u>6 782</u>	<u>54 812</u>	<u>80 210</u>	<u>96 295</u>	<u>1 126</u>	<u>334 906</u>	<u>3 041</u>	<u>154 036</u>
<u>(4 763)</u>	<u>(599)</u>	<u>(4 650)</u>	<u>4 495</u>	<u>(1 126)</u>	<u>225 404</u>	<u>1 532</u>	<u>(36 848)</u>
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
<u>(4 763)</u>	<u>(599)</u>	<u>(4 650)</u>	<u>4 495</u>	<u>(1 126)</u>	<u>225 404</u>	<u>1 532</u>	<u>(36 848)</u>
<u>7 527</u>	<u>129 082</u>	<u>4 326</u>	<u>34 901</u>	<u>55 198</u>	<u>905 264</u>	<u>882</u>	<u>48 976</u>
\$ <u>2 764</u>	\$ <u>128 483</u>	\$ <u>(324)</u>	\$ <u>39 396</u>	\$ <u>54 072</u>	\$ <u>1 130 668</u>	\$ <u>2 414</u>	\$ <u>12 128</u>

SHELBY COUNTY, TEXAS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED  
 For the Year Ended September 30, 2021

	<u>GRANT FUND</u>	<u>SHERIFF LOCAL FORFEITURE</u>	<u>COUNTY COURT RECORDS TECH FUND</u>	<u>DISTRICT COURT RECORDS TECH FUND</u>
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Fines and fees	-	-	4 406	635
Charges for services	-	-	-	-
Grants and contributions	218 558	-	-	-
Interest	-	-	-	-
Miscellaneous income	-	560	-	-
TOTAL REVENUES	<u>218 558</u>	<u>560</u>	<u>4 406</u>	<u>635</u>
Expenditures:				
Payroll expense	-	-	-	-
Operating expense	<u>218 558</u>	<u>6 524</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>218 558</u>	<u>6 524</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(5 964)</u>	<u>4 406</u>	<u>635</u>
Other Financing Sources (Uses):				
Transfers out	-	-	-	-
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	(5 964)	4 406	635
Fund balances, beginning	<u>-</u>	<u>7 319</u>	<u>44 727</u>	<u>266</u>
FUND BALANCES ENDING	<u>\$ -</u>	<u>\$ 1 355</u>	<u>\$ 49 133</u>	<u>\$ 901</u>

See independent auditors' report.

APPELLATE JUDICIAL FEE COUNTY CLERK	APPELLATE JUDICIAL FEE DISTRICT CLERK	RECORDS ARCHIVE FEE COUNTY CLERK	RECORDS ARCHIVE FEE DISTRICT CLERK	JP COURT SECURITY FUND	GUARDIAN- SHIP FUND	DISTRICT ATTORNEY SEIZURE FUND NON-TRAFFIC
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
600	1 465	53 933	3 697	242	1 600	9 637
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>600</u>	<u>1 465</u>	<u>53 933</u>	<u>3 697</u>	<u>242</u>	<u>1 600</u>	<u>9 637</u>
-	-	-	-	-	-	-
<u>560</u>	<u>1 425</u>	<u>1 720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>560</u>	<u>1 425</u>	<u>1 720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>40</u>	<u>40</u>	<u>52 213</u>	<u>3 697</u>	<u>242</u>	<u>1 600</u>	<u>9 637</u>
-	-	-	-	-	-	(5 279)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5 279)</u>
<u>40</u>	<u>40</u>	<u>52 213</u>	<u>3 697</u>	<u>242</u>	<u>1 600</u>	<u>4 358</u>
<u>115</u>	<u>315</u>	<u>318 669</u>	<u>35 349</u>	<u>25 071</u>	<u>827</u>	<u>143 636</u>
\$ <u>155</u>	\$ <u>355</u>	\$ <u>370 882</u>	\$ <u>39 046</u>	\$ <u>25 313</u>	\$ <u>2 427</u>	\$ <u>147 994</u>

SHELBY COUNTY, TEXAS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED  
 For the Year Ended September 30, 2021

	DISTRICT ATTORNEY FORFEITURE FUND TRAFFIC	DISTRICT ATTORNEY FORFEITURE FUNDS	PRETRIAL INTER- VENTION PROGRAM FUND	DRUG COURT FUND	TOTAL SPECIAL REVENUE FUNDS
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 726 885
Other taxes	-	-	-	-	165 405
Fines and fees	-	-	4 625	2 204	187 459
Charges for services	-	-	-	-	151 357
Grants and contributions	-	-	-	-	2 809 001
Interest	1	2 575	-	-	2 633
Miscellaneous income	-	-	-	-	24 899
<b>TOTAL REVENUES</b>	<u>1</u>	<u>2 575</u>	<u>4 625</u>	<u>2 204</u>	<u>4 067 639</u>
Expenditures:					
Payroll expense	-	-	-	-	636 885
Operating expense	1 577	2 116	11 000	8 833	945 407
<b>TOTAL EXPENDITURES</b>	<u>1 577</u>	<u>2 116</u>	<u>11 000</u>	<u>8 833</u>	<u>1 582 292</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1 576)</u>	<u>459</u>	<u>(6 375)</u>	<u>(6 629)</u>	<u>2 485 347</u>
Other Financing Sources (Uses):					
Transfers out	-	-	-	-	(5 279)
Transfers in	-	5 279	-	-	5 279
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>5 279</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(1 576)</u>	<u>5 738</u>	<u>(6 375)</u>	<u>(6 629)</u>	<u>2 485 347</u>
Fund balances, beginning	3 441	199	25 768	52 067	3 111 781
<b>FUND BALANCES ENDING</b>	<u>\$ 1 865</u>	<u>\$ 5 937</u>	<u>\$ 19 393</u>	<u>\$ 45 438</u>	<u>\$ 5 597 128</u>

See independent auditors' report.



SHELBY COUNTY, TEXAS  
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION  
 September 30, 2021

	ARENA BLEACHER FUND	COUNTY CLERK	DISTRICT CLERK TRUST	DISTRICT CLERK	MOTOR VEHICLE TAX	PROPERTY TAXES
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1 109	\$ 113 564	\$ 1 874 035	\$ 677 651	\$ 474 978	\$ 395 708
<b>TOTAL ASSETS</b>	<b>\$ 1 109</b>	<b>\$ 113 564</b>	<b>\$ 1 874 035</b>	<b>\$ 677 651</b>	<b>\$ 474 978</b>	<b>\$ 395 708</b>
<b>LIABILITIES</b>						
Due to others	\$ -	\$ -	\$ -	\$ 34 415	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34 415</b>	<b>-</b>	<b>-</b>
Net position	1 109	113 564	1 874 035	643 236	474 978	395 708
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1 109</b>	<b>\$ 113 564</b>	<b>\$ 1 874 035</b>	<b>\$ 677 651</b>	<b>\$ 474 978</b>	<b>\$ 395 708</b>

See independent auditors' report.

COUNTY ATTORNEY RESTITUTION	INMATE ACCOUNT	DISTRICT ATTORNEY FORFEITURE	AGENCY FUND	CHILD ABUSE PREVENTION FEE FUND	FAMILY PROTECTION FEE FUND	CHILD SAFETY FEE FUND	COMBINED FIDUCIARY FUNDS
\$ 24 444	\$ 47 396	\$ 10 486	\$ 58 701	\$ 2 768	\$ 5 250	\$ 570	\$ 3 686 660
<u>\$ 24 444</u>	<u>\$ 47 396</u>	<u>\$ 10 486</u>	<u>\$ 58 701</u>	<u>\$ 2 768</u>	<u>\$ 5 250</u>	<u>\$ 570</u>	<u>\$ 3 686 660</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34 415
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34 415</u>
24 444	47 396	10 486	58 701	2 768	5 250	570	3 652 245
<u>\$ 24 444</u>	<u>\$ 47 396</u>	<u>\$ 10 486</u>	<u>\$ 58 701</u>	<u>\$ 2 768</u>	<u>\$ 5 250</u>	<u>\$ 570</u>	<u>\$ 3 686 660</u>

SHELBY COUNTY, TEXAS  
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION  
 September 30, 2021

	ARENA BLEACHER FUND	COUNTY CLERK	DISTRICT CLERK TRUST	DISTRICT CLERK	MOTOR VEHICLE TAX	PROPERTY TAXES
Additions:						
Interest income	\$ 1	\$ 419	\$ -	\$ -	\$ -	\$ 683
Fees and fines	-	423 395	-	233 590	6 305 776	-
Taxes	-	-	-	-	-	28 341 171
Other income	-	-	177 250	-	-	-
TOTAL ADDITIONS	<u>1</u>	<u>423 814</u>	<u>177 250</u>	<u>233 590</u>	<u>6 305 776</u>	<u>28 341 854</u>
Deductions:						
Disbursements	<u>46 320</u>	<u>409 712</u>	<u>20 551</u>	<u>259 401</u>	<u>6 175 133</u>	<u>28 065 088</u>
TOTAL DEDUCTIONS	<u>46 320</u>	<u>409 712</u>	<u>20 551</u>	<u>259 401</u>	<u>6 175 133</u>	<u>28 065 088</u>
CHANGE IN NET POSITION	(46 319)	14 102	156 699	(25 811)	130 643	276 766
Net position - Beginning	<u>47 428</u>	<u>99 462</u>	<u>1 717 336</u>	<u>669 047</u>	<u>344 335</u>	<u>118 942</u>
NET POSITION - ENDING	<u>\$ 1 109</u>	<u>\$ 113 564</u>	<u>\$ 1 874 035</u>	<u>\$ 643 236</u>	<u>\$ 474 978</u>	<u>\$ 395 708</u>

See independent auditors' report.

COUNTY ATTORNEY RESTITUTION	INMATE ACCOUNT	DISTRICT ATTORNEY FORFEITURE	AGENCY FUND	CHILD ABUSE PREVENTION FEE FUND	FAMILY PROTECTION FEE FUND	CHILD SAFETY FEE FUND	COMBINED FIDUCIARY FUNDS
\$ -	\$ -	\$ 12	\$ -	\$ -	\$ -	\$ -	\$ 1 115
-	-	-	254 187	291	1 545	36 068	7 254 852
-	-	-	-	-	-	-	28 341 171
<u>38 900</u>	<u>140 239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356 389</u>
<u>38 900</u>	<u>140 239</u>	<u>12</u>	<u>254 187</u>	<u>291</u>	<u>1 545</u>	<u>36 068</u>	<u>35 953 527</u>
<u>43 458</u>	<u>140 328</u>	<u>-</u>	<u>278 749</u>	<u>-</u>	<u>-</u>	<u>36 148</u>	<u>35 474 888</u>
<u>43 458</u>	<u>140 328</u>	<u>-</u>	<u>278 749</u>	<u>-</u>	<u>-</u>	<u>36 148</u>	<u>35 474 888</u>
(4 558)	(89)	12	(24 562)	291	1 545	(80)	478 639
<u>29 002</u>	<u>47 485</u>	<u>10 474</u>	<u>83 263</u>	<u>2 477</u>	<u>3 705</u>	<u>650</u>	<u>3 173 606</u>
<u>\$ 24 444</u>	<u>\$ 47 396</u>	<u>\$ 10 486</u>	<u>\$ 58 701</u>	<u>\$ 2 768</u>	<u>\$ 5 250</u>	<u>\$ 570</u>	<u>\$ 3 652 245</u>

COMPLIANCE SECTION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Commissioners'  
Court of Shelby County  
Center, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Shelby County, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Shelby County, Texas' basic financial statements, and have issued our report thereon dated June 29, 2022.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the Schedule of Findings and Questioned Costs that we consider to be significant deficiencies. See Finding 2021-01 through 2021-4.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Shelby County, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

**Shelby County's Response to Findings**

Shelby County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Shelby County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

Lufkin, Texas  
June 29, 2022

  
CERTIFIED PUBLIC ACCOUNTANTS

SHELBY COUNTY, TEXAS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended September 30, 2021

A. Summary of the Auditor's Results:

1. Financial Statements

Type of report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	___ Yes <u>X</u> No
Significant deficiency(s) not considered material weaknesses?	<u>X</u> Yes    ___ None reported

B. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

*Finding 2021-1:*

Condition - The County does not have adequate separation of duties in the Justice of Peace offices to assure that all transactions are properly accounted for during the year.

Criteria - The receipt, disbursement, and reconciliation process is performed by personnel within the same department and in some cases the same personnel.

Effect - There is a risk due to a lack of preventative controls of material misstatement in the financial records due to the lack of adequate segregation of controls related to these financial transactions. The County relies on detective controls to detect and correct errors after the fact with review processes in the County Auditor's office.

Questioned Cost - None

Recommendation - We recommend that the function identified be separated within the Justice of Peace offices. Centralizing the collection process outside of the various Justice of the Peace offices would allow for standardization of the process and would largely segregate case judgement and fine collection.

Client Response - The County administration is aware of the problem and is currently assessing the possibility of segregating the functions, specifically in the collection process, in the Justice of Peace office to assure proper controls.

*Finding 2021-2:*

Condition - The County does not have adequate separation of duties in the journal entry process to assure that all entries are correctly and properly applied to the general ledger during the year.

Criteria - The journal entry is prepared and posted to the general ledger by the same personnel.

Effect - There is a risk due to a lack of preventative controls of material misstatement in the financial records due to the lack of adequate segregation of controls related to these financial transactions.

Questioned Cost - None

Recommendation - We recommend the journal entries be approved by the Commissioners Court monthly to assure an independent review of the transactions.

Client Response - The County Auditor has started to report journal entries to the Commissioners Court with other financial reports for approval of the Court.

*Finding 2021-3:*

Condition - The County did apply the bid requirements to several cumulative purchases during the year.

Criteria - The Counties formal bid process is required to assure compliance with state and federal guidelines related to purchases.

Effect - There is a risk with the increased state and federal funds received by the County that some purchases may not be with appropriately qualified vendors for the state and federal funds.

Questioned Cost - None

Recommendation - We recommend that the County establish a procedure to monitor and assure that cumulative purchases with vendors that should comply with bid requirements are processed through the bid system.

Client Response - The County will begin to monitor and require bid processing for this activity.

SHELBY COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
For the Year Ended September 30, 2021

*Finding 2021-4:*

Condition - The County does not have a listing of the amounts owed to individual outside parties from the restitution fund.

Criteria - The funds within the restitution fund are collected and held for outside parties and are required to be distributed to these parties.

Effect -A Without a listing of the amounts owed to individual parties, the County cannot make the required restitution.

Questioned Cost - None

Recommendation - We recommend that the County reconcile the funds to the appropriate individual records and institute a monthly reconciliation process to assure these funds are handled correctly.

Client Response - The County will address this issue.



SHELBY COUNTY, TEXAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended September 30, 2021

Prior Audit Finding / Recommendation / Current Status

Finding 2020-01:

Condition - The County does not have adequate separation of duties in the Justice of Peace offices to assure that all transactions are properly accounted for during the year.

Client Response - The County administration is aware of the problem and is currently assessing the possibility of segregating the functions in the Justice of Peace office to assure proper controls.

Current Status - Ongoing