

SHELBY COUNTY, TEXAS  
Center, Texas

ANNUAL FINANCIAL REPORT

Year Ended September 30, 2014

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INDEPENDENT AUDITORS' REPORT

The Honorable Commissioners'  
Court of Shelby County  
Center, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Shelby County, Texas (the "County"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Shelby County, Texas, as of September 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 8, and pages 26 through 32, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Shelby County, Texas' basic financial statements. The combining nonmajor fund financial statements, and compliance section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

  
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas  
May 11, 2015

## 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, 2014 ("FY 2014").

### 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 exceeded liabilities by \$14,553,677 on a government-wide basis as of September 30, 2014.
- For FY 2014, taxes and other revenues, including program revenues, of the County's governmental activities amounted to \$14,173,422. Expenses, including program expenses, totaled \$11,398,822.

#### 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 \$403,681 for the fiscal year.
- The County's General Fund reported a fund balance of \$3,787,095, an increase of \$538,970 from September 30, 2013.

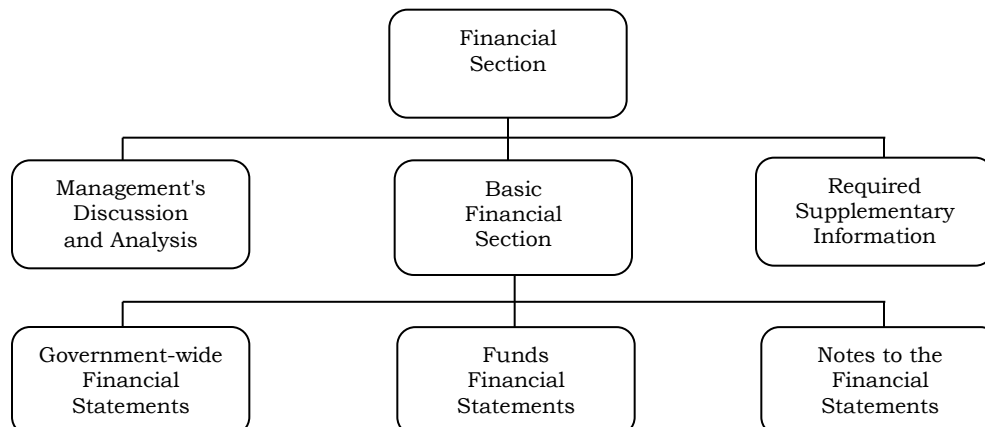
### GENERAL FINANCIAL HIGHLIGHTS

#### 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 is shown on a 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 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. Currently, the County does not have any of these funds.

## 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, 2014 and 2013:

	As of September 30,	
	2014	2013
Assets:		
Current and other assets	\$ 9 449 933	\$ 8 534 122
Capital assets (net)	7 078 827	4 948 328
TOTAL ASSETS	<u>16 528 760</u>	<u>13 482 450</u>
Liabilities:		
Current liabilities	564 390	509 572
Long-term liabilities	4 085	73 151
TOTAL LIABILITIES	<u>568 478</u>	<u>582 723</u>
Deferred Inflows		
TOTAL DEFERRED INFLOWS	<u>1 406 608</u>	<u>1 120 650</u>
Net Position:		
Invested in capital assets, net of related debt	7 078 827	4 778 565
Restricted	3 691 840	3 827 129
Unrestricted	3 783 010	3 173 383
TOTAL NET POSITION	<u>\$ 14 553 677</u>	<u>\$ 11 779 077</u>

As noted earlier, net position, over time, serves as a barometer of a government's financial position. For the County, assets exceeded liabilities by \$14,553,677 as September 30, 2014, the County's fiscal year-end. This amount represents an increase of \$2,774,600 from the net position at September 30, 2013.

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 on page 21, and details of the long term debt are on page 22.

Governmental Activities

Revenues for the governmental fund activities for the County totaled \$14,173,422 for the fiscal year 2014.

Taxes constitute the largest source of County revenues, totaling \$8,458,844 for fiscal year 2014.

The cost of the County's governmental fund activities totaled \$11,398,822. Major contributors to costs include:

	2014	2013
Highways and streets	\$ 4 227 365	\$ 4 143 557
Law enforcement	\$ 2 753 921	\$ 3 109 367
General administration	\$ 1 827 522	\$ 1 826 580
Judicial	\$ 953 664	\$ 1 142 697

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. This would include the use of these statements in long-term financing arrangements. 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, 2014, the County's governmental funds had a combined fund balance totaling \$7,478,935.

The General Fund is the primary operating fund of the County. Unassigned fund balance in the General Fund at September 30, 2014, totaled \$3,787,095. This represents approximately 66.1% of the total expenditures for FY 2014 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, 2014

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 7 967 188
Receivables Net of Allowance for Uncollectibles:	
Taxes	1 328 957
Other	153 788
<b>TOTAL CURRENT ASSETS</b>	<u>9 449 933</u>
Noncurrent Assets:	
Capital Assets:	
Land	373 550
Streets and infrastructure	16 298 039
Buildings and improvements	3 775 744
Furniture and equipment	6 478 649
Less: Accumulated depreciation	<u>(19 847 155)</u>
<b>TOTAL CAPITAL ASSETS</b>	<u>7 078 827</u>
<b>TOTAL ASSETS</b>	<u>\$ 16 528 760</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	\$ 518 047
Accrued liabilities	46 343
<b>TOTAL CURRENT LIABILITIES</b>	<u>564 390</u>
Noncurrent Liabilities:	
Accrued compensation absence	<u>4 085</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>4 085</u>
<b>TOTAL LIABILITIES</b>	<u>568 475</u>
<b>DEFERRED INFLOWS</b>	
Deferred revenues	<u>1 406 608</u>
<b>TOTAL DEFERRED INFLOWS</b>	<u>1 406 608</u>
Invested in capital assets, net of related debt	7 078 827
Restricted	3 691 840
Unrestricted	3 783 010
<b>TOTAL NET POSITION</b>	<u>\$ 14 553 677</u>

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, 2014

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	\$ 1 827 522	\$ 1 002 013	\$ 142 323	\$ -	\$ (683 186)
Judicial	953 664	247 552	44 238	-	(661 874)
Law enforcement and corrections	2 753 921	58 621	161 081	-	(2 534 219)
Streets and bridges	4 227 365	722 392	-	3 007 102	(497 871)
Community service	369 905	-	-	-	(369 905)
Nondepartmental	1 262 071	-	-	-	(1 262 071)
Debt service	4 374	-	-	-	(4 374)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 11 398 822</b>	<b>\$ 2 030 578</b>	<b>\$ 347 642</b>	<b>\$ 3 007 102</b>	<b>(6 013 500)</b>
General Revenues:					
Taxes:					
Property taxes - General					7 254 214
Other tax revenue					1 204 630
Unrestricted investment earnings					24 819
Other unrestricted revenue					304 437
<b>TOTAL GENERAL REVENUES</b>					<b>8 788 100</b>
<b>CHANGE IN NET POSITION</b>					<b>2 774 600</b>
Net position, beginning					11 779 077
<b>NET POSITION, ENDING</b>					<b>\$ 14 553 677</b>

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

SHELBY COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2014

	GENERAL	NON-MAJOR GOVERNMENTAL	TOTAL
<b>ASSETS</b>			
Cash and investments	\$ 3 969 141	\$ 3 998 047	\$ 7 967 188
Property tax receivable	801 375	527 582	1 328 957
Other receivables	-	153 788	153 788
<b>TOTAL ASSETS</b>	<b>\$ 4 770 516</b>	<b>\$ 4 679 417</b>	<b>\$ 9 449 933</b>
 <b>LIABILITIES DEFERRED INFLOWS AND FUND EQUITY</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 70 777	\$ 447 270	\$ 518 047
Accrued liabilities	33 618	12 725	46 343
<b>TOTAL LIABILITIES</b>	<b>104 395</b>	<b>459 995</b>	<b>564 390</b>
 <b>Deferred Inflows:</b>			
Deferred revenue	879 026	527 582	1 406 608
<b>TOTAL DEFERRED INFLOWS</b>	<b>879 026</b>	<b>527 582</b>	<b>1 406 608</b>
 <b>Fund Balances:</b>			
Restricted fund balance	-	3 691 840	3 691 840
Unassigned Reported in:			
General fund	3 787 095	-	3 787 095
<b>TOTAL FUND BALANCES</b>	<b>3 787 095</b>	<b>3 691 840</b>	<b>7 478 935</b>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <b>\$ 4 770 516</b>	 <b>\$ 4 679 417</b>	
 Capital assets are not recorded in funds, but are included in Statement of Net Position			7 078 827
 Long-term debt and accrued interest is not included in the funds, but are included in Statement of Net Position			(4 085)
 <b>TOTAL NET POSITION</b>			<b>\$ 14 553 677</b>

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

SHELBY COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
For the Year Ended September 30, 2014

	GENERAL	NON-MAJOR FUNDS	TOTAL
Revenues:			
Property taxes	\$ 4 983 470	\$ 2 270 744	\$ 7 254 214
Other taxes	7 695	1 196 935	1 204 630
Fines and fees	647 658	897 475	1 545 133
Interest	17 380	7 439	24 819
Charges for services	426 824	58 621	485 445
Grant and donations	50 844	2 933 848	2 984 692
Miscellaneous	204 209	470 280	674 489
TOTAL REVENUES	6 338 080	7 835 342	14 173 422
Expenditures:			
General administration	1 278 980	468 076	1 747 056
Judicial	689 818	221 856	911 674
Law enforcement and corrections	2 471 873	225 558	2 697 431
Streets and bridges	-	6 612 623	6 612 623
Community service	-	353 618	353 618
Non-departmental	1 292 408	-	1 292 408
Debt service	-	154 931	154 931
TOTAL EXPENDITURES	5 733 079	8 036 662	13 769 741
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	605 001	(201 320)	403 681
Other Financing Sources (Uses):			
Transfers in (out)	(66 031)	66 031	-
TOTAL OTHER FINANCING SOURCES	(66 031)	66 031	-
NET CHANGE IN FUND BALANCES	538 970	(135 289)	403 681
Fund balances, beginning	3 248 125	3 827 129	7 075 254
FUND BALANCES, ENDING	\$ 3 787 095	\$ 3 691 840	\$ 7 478 935

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

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, 2014

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

Net change in fund balances - Total governmental funds.	\$ 403 681
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.	2 130 499
Governmental funds reported debt payments as expenses and proceeds as revenues, however, in the statement of net position these are a change in the liability.	<u>240 420</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2 774 600</u>

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

SHELBY COUNTY, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
September 30, 2014

	<u>COMBINED FIDUCIARY FUNDS</u>
Assets:	
Cash and cash equivalent	\$ 4 464 393
TOTAL ASSETS	<u>\$ 4 464 393</u>
Liabilities:	
Due to others	\$ 4 464 393
TOTAL LIABILITIES	<u>\$ 4 464 393</u>

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

SHELBY COUNTY, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
September 30, 2014

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.



SHELBY COUNTY, TEXAS  
STATEMENT OF ACTIVITIES - CONTINUED  
September 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 meet criteria as a major governmental fund.

Governmental activities presented as governmental funds in the fund financial statements:

*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.

*Special Revenue Funds*

These funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specified purposes.

*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 (assets equal liabilities) and do not involve measurement of results of operations.

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.

SHELBY COUNTY, TEXAS  
STATEMENT OF ACTIVITIES - CONTINUED  
September 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 2014. 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.

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.

SHELBY COUNTY, TEXAS  
STATEMENT OF ACTIVITIES - CONTINUED  
September 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 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.

SHELBY COUNTY, TEXAS  
STATEMENT OF ACTIVITIES - CONTINUED  
September 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- 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 Commission 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).

II. DEPOSIT, INVESTMENTS AND INVESTMENT POLICIES

Deposits

At September 30, 2014, the carrying amount of the County's deposits totaled \$12,431,581, 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. All deposits are held in the County's main depository bank.

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 deferred revenue and unearned revenue reported in the governmental funds were as follows:

Property Taxes Receivable:		
General fund	\$	801 375
Special revenue fund		527 582
TOTAL DEFERRED REVENUE	\$	<u>1 328 957</u>

SHELBY COUNTY, TEXAS  
STATEMENT OF ACTIVITIES - CONTINUED  
September 30, 2014

III. PROPERTY TAXES AND OTHER RECEIVABLES - CONTINUED

In the government-wide financial statements, deferred revenue of \$1,406,608 is comprised entirely of property taxes levied for FY 2014. 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, as required by GASB Statement No. 34 are as follows:

	GENERAL	SPECIAL REVENUE	TOTAL
Receivables:			
Taxes	\$ 898 873	\$ 620 686	\$ 1 519 559
Interfund security	37 333	-	37 333
Less: Allowances for uncollectibles	(134 831)	(93 104)	(227 935)
NET RECEIVABLES	\$ 801 375	\$ 527 582	\$ 1 328 957

IV. 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 10/01/2013	ADDITIONS	DELETIONS	BALANCE 09/30/2014
Governmental Activities:				
Land	\$ 373 550	\$ -	\$ -	\$ 373 550
Infrastructure	13 660 989	2 637 050	-	16 298 039
Buildings and improvements	3 795 744	-	(20 000)	3 775 744
Vehicles and equipment	6 480 200	161 212	(162 763)	6 478 649
Accumulated depreciation	(19 362 155)	(627 074)	142 074	(19 847 155)
TOTAL ASSETS	\$ 4 948 328	\$ 2 171 188	\$ (40 689)	\$ 7 078 827

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

General administration	\$ 80 466
Judicial	41 990
Law enforcement and corrections	124 239
Streets and bridges	304 566
Community service	16 287
Non-departmental	59 526
	\$ 627 074

SHELBY COUNTY, TEXAS  
STATEMENT OF ACTIVITIES - CONTINUED  
September 30, 2014

V. LONG-TERM DEBT

Notes Payable

The County is obligated under various notes payable for road and bridge equipment and vehicles.

The following is a summary of note obligation transactions of the County for the year ended September 30, 2014:

	TERM	INTEREST RATE	BALANCE 09/30/13	ADDITIONS	PAYMENTS	BALANCE 09/30/14
Various equipment notes payable	1-3 years	3.25 - 4.5%	\$ 169 763	-	\$ (169 763)	-

VI. RETIREMENT PLAN

Plan Description

Shelby County provides retirement, disability, and death benefits for all employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 601 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written requests from the TCDRS 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 TCDRS (TCDRS 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 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 the 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 constraint imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is based on the covered payroll of employee members. Under the TCDRS Act, the contributions rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 8.43% for the year 2013, and 8.90% for 2014.

SHELBY COUNTY, TEXAS  
STATEMENT OF ACTIVITIES - CONTINUED  
September 30, 2014

VI. RETIREMENT PLAN - CONTINUED

The contribution rate payable by the employee members for calendar year 2014 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as December 31, 2013 and December 31, 2012, the basis for determining the contribution rates for calendar years 2014 and 2013. The December 31, 2013 actuarial valuation is the most recent valuation.

ACTUARIAL VALUATION INFORMATION

Actuarial valuation date	12/31/2011	12/31/2012	12/31/2013
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period	20 years	20 years	20 years
Asset valuation method	SAF: 10-year smoothed value ESF: Fund value	SAF: 10-year smoothed value ESF: Fund value	SAF: 10-year smoothed value ESF: Fund value
Actuarial Assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases <sup>1</sup>	5.40%	5.40%	4.90%
Inflation	3.50%	3.50%	3.00%
Cost-of-living adjustment	0.00%	0.00%	0.00%

<sup>1</sup> Includes inflation at the stated rate

Trend Information for the Retirement Plan  
For the Employees of Shelby County

ACCOUNTING YEAR ENDING	ANNUAL PENSION COST	PERCENTAGE IF APC CONTRIBUTED	NET PENSION OBLIGATION
September 30, 2012	\$ 333 242	100%	\$ -
September 30, 2013	\$ 353 676	100%	\$ -
September 30, 2014	\$ 328 461	100%	\$ -

SHELBY COUNTY, TEXAS  
STATEMENT OF ACTIVITIES - CONTINUED  
September 30, 2014

VI. RETIREMENT PLAN - CONTINUED

Schedule of Funding Progress for the Retirement Plan  
For the Employees of Shelby County

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED AAL (UAAL)	FUNDED RATIO	ANNUAL COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
12/31/2011	\$ 6 462 678	\$ 8 026 319	\$ 1 183 641	85.25%	\$ 3 974 778	29.78%
12/31/2012	\$ 7 098 707	\$ 8 496 057	\$ 1 397 350	83.55%	\$ 4 195 441	33.31%
12/31/2013	\$ 7 358 085	\$ 8 465 309	\$ 1 107 224	86.92%	\$ 4 016 333	27.57%

VII. 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.

VIII. 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.

IX. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 11, 2015, the date the financial statements were available to be issued.



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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b>Revenues:</b>				
Property taxes	\$ 4 904 471	\$ 4 904 471	\$ 4 983 470	\$ 78 999
Other taxes	5 000	5 000	7 695	2 695
Fines	335 000	335 000	351 036	16 036
Fees of office	290 000	290 000	296 622	6 622
Interest	55 000	55 000	17 380	(37 620)
Grants	49 000	49 000	50 844	1 844
Commissions	350 000	350 000	426 824	76 824
Miscellaneous	113 500	113 500	204 209	90 709
<b>TOTAL REVENUES</b>	<u>6 101 971</u>	<u>6 101 971</u>	<u>6 338 080</u>	<u>236 109</u>
<b>Expenditures:</b>				
<b>General Administration Expenditures:</b>				
<b>County Agents:</b>				
Payroll expense	63 141	63 141	59 363	3 778
Operating expense	24 860	24 860	22 559	2 301
<b>TOTAL COUNTY AGENTS</b>	<u>88 001</u>	<u>88 001</u>	<u>81 922</u>	<u>6 079</u>
<b>County Auditor:</b>				
Payroll expense	115 182	115 182	113 722	1 460
Operating expense	14 100	14 100	7 116	6 984
<b>TOTAL COUNTY AUDITOR</b>	<u>129 282</u>	<u>129 282</u>	<u>120 838</u>	<u>8 444</u>
<b>County Clerk:</b>				
Payroll expense	180 577	180 577	176 035	4 542
Operating expense	56 500	56 500	48 378	8 122
<b>TOTAL COUNTY CLERK</b>	<u>237 077</u>	<u>237 077</u>	<u>224 413</u>	<u>12 664</u>
<b>County Clerk Election Deputy:</b>				
Payroll expense	34 420	34 420	32 075	2 345
Operating expense	40 580	40 580	35 011	5 569
<b>TOTAL COUNTY CLERK ELECTION DEPUTY</b>	<u>75 000</u>	<u>75 000</u>	<u>67 086</u>	<u>7 914</u>
<b>County Judge:</b>				
Payroll expense	84 128	84 128	83 796	332
Operating expense	12 300	12 300	7 846	4 454
<b>TOTAL COUNTY JUDGE</b>	<u>96 428</u>	<u>96 428</u>	<u>91 642</u>	<u>4 786</u>
<b>District Clerk:</b>				
Payroll expense	165 368	165 368	158 649	6 719
Operating expense	60 000	60 000	48 572	11 428
<b>TOTAL DISTRICT CLERK</b>	<u>225 368</u>	<u>225 368</u>	<u>207 221</u>	<u>18 147</u>
<b>Courthouse Manager:</b>				
Payroll expense	18 391	18 391	18 219	172
Operating expense	23 200	23 200	29 330	(6 130)
<b>TOTAL COURTHOUSE MANAGER</b>	<u>41 591</u>	<u>41 591</u>	<u>47 549</u>	<u>(5 958)</u>
<b>Tax Assessor Collector:</b>				
Payroll expense	234 722	234 722	225 296	9 426
Operating expense	47 650	47 650	67 249	(19 599)
<b>TOTAL TAX ASSESSOR COLLECTOR</b>	<u>282 372</u>	<u>282 372</u>	<u>292 545</u>	<u>(10 173)</u>
<b>County Treasurer:</b>				
Payroll expense	89 937	89 937	88 487	1 450
Operating expense	5 750	5 750	4 047	1 703
<b>TOTAL COUNTY TREASURER</b>	<u>95 687</u>	<u>95 687</u>	<u>92 534</u>	<u>3 153</u>
<b>Commissioner Secretary:</b>				
Payroll expense	34 420	34 420	33 842	578
Operating expense	4 500	4 500	4 071	429
<b>TOTAL COMMISSIONER SECRETARY</b>	<u>38 920</u>	<u>38 920</u>	<u>37 913</u>	<u>1 007</u>

SHELBY COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - CONTINUED  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended September 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Veterans Officer:				
Payroll expense	13 091	13 091	9 681	3 410
Operating expense	2 500	2 500	5 636	(3 136)
TOTAL VETERANS OFFICER	<u>15 591</u>	<u>15 591</u>	<u>15 317</u>	<u>274</u>
TOTAL GENERAL ADMINISTRATION	<u>1 325 317</u>	<u>1 325 317</u>	<u>1 278 980</u>	<u>46 337</u>
Judicial Expenditures:				
County Attorney:				
Payroll expense	222 276	222 276	219 729	2 547
Operating expense	13 500	13 500	12 168	1 332
TOTAL COUNTY ATTORNEY	<u>235 776</u>	<u>235 776</u>	<u>231 897</u>	<u>3 879</u>
District Attorney:				
Payroll expense	176 554	176 554	156 835	19 719
Operating expense	36 000	38 800	26 385	12 415
TOTAL DISTRICT ATTORNEY	<u>212 554</u>	<u>215 354</u>	<u>183 220</u>	<u>32 134</u>
District Judges:				
Payroll expense	46 015	46 015	45 360	655
Operating expense	9 450	9 450	9 849	(399)
TOTAL DISTRICT JUDGES	<u>55 465</u>	<u>55 465</u>	<u>55 209</u>	<u>256</u>
Justice of the Peace #1:				
Payroll expense	77 012	77 012	74 043	2 969
Operating expense	6 750	6 750	9 262	(2 512)
TOTAL JUSTICE OF THE PEACE #1	<u>83 762</u>	<u>83 762</u>	<u>83 305</u>	<u>457</u>
Justice of the Peace #2:				
Payroll expense	27 982	27 982	27 765	217
Operating expense	2 860	2 860	2 255	605
TOTAL JUSTICE OF THE PEACE #2	<u>30 842</u>	<u>30 842</u>	<u>30 020</u>	<u>822</u>
Justice of the Peace #3:				
Payroll expense	27 897	27 897	27 705	192
Operating expense	3 850	3 850	2 771	1 079
TOTAL JUSTICE OF THE PEACE #3	<u>31 747</u>	<u>31 747</u>	<u>30 476</u>	<u>1 271</u>
Justice of the Peace #4:				
Payroll expense	34 853	34 853	34 290	563
Operating expense	6 310	6 310	6 434	(124)
TOTAL JUSTICE OF THE PEACE #4	<u>41 163</u>	<u>41 163</u>	<u>40 724</u>	<u>439</u>
Justice of the Peace #5:				
Payroll expense	30 244	30 244	30 008	236
Operating expense	5 410	5 410	4 959	451
TOTAL JUSTICE OF THE PEACE #5	<u>35 654</u>	<u>35 654</u>	<u>34 967</u>	<u>687</u>
TOTAL JUDICIAL EXPENDITURES	<u>726 963</u>	<u>729 763</u>	<u>689 818</u>	<u>39 945</u>
Law Enforcement and Corrections				
Expenditures:				
Constable Pct #1:				
Payroll expense	52 314	52 314	51 756	558
Operating expense	8 700	8 700	7 898	802
TOTAL CONSTABLE PCT #1	<u>61 014</u>	<u>61 014</u>	<u>59 654</u>	<u>1 360</u>
Constable Pct #2:				
Payroll expense	52 314	52 314	51 756	558
Operating expense	8 700	8 700	6 888	1 812
TOTAL CONSTABLE PCT #2	<u>61 014</u>	<u>61 014</u>	<u>58 644</u>	<u>2 370</u>
Constable Pct #3:				
Payroll expense	52 314	52 314	51 756	558
Operating expense	8 700	8 700	5 851	2 849
TOTAL CONSTABLE PCT #3	<u>61 014</u>	<u>61 014</u>	<u>57 607</u>	<u>3 407</u>

SHELBY COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - CONTINUED  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended September 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Constable Pct #4:				
Payroll expense	52 314	52 314	51 756	558
Operating expense	8 800	8 800	8 632	168
TOTAL CONSTABLE PCT #4	<u>61 114</u>	<u>61 114</u>	<u>60 388</u>	<u>726</u>
Constable Pct #5:				
Payroll expense	52 314	52 314	51 756	558
Operating expense	8 800	8 800	5 317	3 483
TOTAL CONSTABLE PCT #5	<u>61 114</u>	<u>61 114</u>	<u>57 073</u>	<u>4 041</u>
DPS Secretary:				
Payroll expense	46 706	46 706	43 820	2 886
Operating expense	6 000	6 000	3 778	2 222
TOTAL DPS SECRETARY	<u>52 706</u>	<u>52 706</u>	<u>47 598</u>	<u>5 108</u>
County Sheriff:				
Payroll expense	1 636 991	1 636 991	1 542 573	94 418
Operating expense	573 450	573 450	554 421	19 029
TOTAL COUNTY SHERIFF	<u>2 210 441</u>	<u>2 210 441</u>	<u>2 096 994</u>	<u>113 447</u>
Adult Probation:				
Operating expense	21 500	21 500	18 938	2 562
TOTAL ADULT PROBATION	<u>21 500</u>	<u>21 500</u>	<u>18 938</u>	<u>2 562</u>
Juvenile Probation:				
Operating expense	29 715	29 715	14 977	14 738
TOTAL JUVENILE PROBATION	<u>29 715</u>	<u>29 715</u>	<u>14 977</u>	<u>14 738</u>
TOTAL LAW ENFORCEMENT AND CORRECTIONS EXPENDITURES	<u>2 619 632</u>	<u>2 619 632</u>	<u>2 471 873</u>	<u>147 759</u>
Non-departmental expenditures	1 430 059	1 430 059	1 292 408	137 651
TOTAL EXPENDITURES	<u>6 101 971</u>	<u>6 104 771</u>	<u>5 733 079</u>	<u>371 692</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(2 800)</u>	<u>605 001</u>	<u>607 801</u>
Other Financing Sources (Uses):				
Transfers in (out)	-	-	(66 031)	(66 031)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(66 031)</u>	<u>(66 031)</u>
NET CHANGE IN FUND BALANCES	-	(2 800)	538 970	541 770
Fund balances, beginning	<u>3 248 125</u>	<u>3 248 125</u>	<u>3 248 125</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 3 248 125</u>	<u>\$ 3 245 325</u>	<u>\$ 3 787 095</u>	<u>\$ 541 770</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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 431 087	\$ 431 087	\$ 446 710	\$ 15 623
Other taxes	264 625	264 625	274 029	9 404
Fines and fees	174 500	174 500	180 598	6 098
Interest	4 000	4 000	1 000	(3 000)
Miscellaneous	75 000	75 000	93 515	18 515
TOTAL REVENUES	<u>949 212</u>	<u>949 212</u>	<u>995 852</u>	<u>46 640</u>
Expenditures:				
Payroll expense	324 969	324 969	292 776	32 193
Operating expense	545 884	634 813	636 188	(1 375)
Debt service	78 359	78 359	79 645	(1 286)
TOTAL EXPENDITURES	<u>949 212</u>	<u>1 038 141</u>	<u>1 008 609</u>	<u>29 532</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(88 929)</u>	<u>(12 757)</u>	<u>76 172</u>
Other Financing Sources (Uses):				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>25 000</u>	<u>25 000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>25 000</u>	<u>25 000</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>(88 929)</u>	<u>12 243</u>	<u>101 172</u>
Fund balances, beginning	<u>198 596</u>	<u>198 596</u>	<u>198 596</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 198 596</u>	<u>\$ 109 667</u>	<u>\$ 210 839</u>	<u>\$ 101 172</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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 431 087	\$ 431 087	\$ 446 710	\$ 15 623
Other taxes	264 625	264 625	274 029	9 404
Fines and fees	174 500	174 500	180 598	6 098
Interest	4 000	4 000	1 198	(2 802)
Miscellaneous	75 000	75 000	125 911	50 911
TOTAL REVENUES	<u>949 212</u>	<u>949 212</u>	<u>1 028 446</u>	<u>79 234</u>
Expenditures:				
Payroll expense	324 969	325 032	288 396	36 636
Operating expense	545 884	747 474	603 672	143 802
Debt service	78 359	55 547	75 286	(19 739)
TOTAL EXPENDITURES	<u>949 212</u>	<u>1 128 053</u>	<u>967 354</u>	<u>160 699</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(178 841)</u>	<u>61 092</u>	<u>239 933</u>
Other Financing Sources (Uses):				
Transfers in (out)	<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	<u>-</u>	<u>(178 841)</u>	<u>61 092</u>	<u>239 933</u>
Fund balances, beginning	<u>287 763</u>	<u>287 763</u>	<u>287 763</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 287 763</u>	<u>\$ 108 922</u>	<u>\$ 348 855</u>	<u>\$ 239 933</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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 431 087	\$ 431 087	\$ 446 710	\$ 15 623
Other taxes	264 625	264 625	274 029	9 404
Fines and fees	174 500	174 500	180 598	6 098
Interest	4 000	4 000	1 795	(2 205)
Miscellaneous	75 000	75 000	101 839	26 839
TOTAL REVENUES	<u>949 212</u>	<u>949 212</u>	<u>1 004 971</u>	<u>55 759</u>
Expenditures:				
Payroll expense	338 530	338 530	307 289	31 241
Operating expense	570 922	1 053 231	705 830	347 401
Debt service	39 760	39 760	-	39 760
TOTAL EXPENDITURES	<u>949 212</u>	<u>1 431 521</u>	<u>1 013 119</u>	<u>418 402</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(482 309)</u>	<u>(8 148)</u>	<u>474 161</u>
Other Financing Sources (Uses):				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>25 000</u>	<u>25 000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>25 000</u>	<u>25 000</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>(482 309)</u>	<u>16 852</u>	<u>499 161</u>
Fund balances, beginning	<u>596 111</u>	<u>596 111</u>	<u>596 111</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 596 111</u>	<u>\$ 113 802</u>	<u>\$ 612 963</u>	<u>\$ 499 161</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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 431 087	\$ 431 087	\$ 446 710	\$ 15 623
Other taxes	264 625	264 625	274 029	9 404
Fines and fees	174 500	174 500	180 598	6 098
Interest	4 000	4 000	1 488	(2 512)
Miscellaneous	75 000	75 000	92 780	17 780
TOTAL REVENUES	<u>949 212</u>	<u>949 212</u>	<u>995 605</u>	<u>46 393</u>
Expenditures:				
Payroll expense	312 261	312 261	324 405	(12 144)
Operating expense	636 951	1 152 363	817 017	335 346
Debt service	-	-	-	-
TOTAL EXPENDITURES	<u>949 212</u>	<u>1 464 624</u>	<u>1 141 422</u>	<u>323 202</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(515 412)</u>	<u>(145 817)</u>	<u>276 809</u>
Other Financing Sources (Uses):				
Transfers in (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	(515 412)	(145 817)	276 809
Fund balances, beginning	<u>604 257</u>	<u>604 257</u>	<u>604 257</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 604 257</u>	<u>\$ 88 845</u>	<u>\$ 458 440</u>	<u>\$ 276 809</u>

See independent auditors' report.



COMBINING SCHEDULES

SHELBY COUNTY, TEXAS  
 COMBINING BALANCE SHEET -  
 SPECIAL REVENUE FUNDS  
 September 30, 2014

	ROAD & BRIDGE #1	ROAD & BRIDGE #2	ROAD & BRIDGE #3	ROAD & BRIDGE #4
<b>ASSETS</b>				
Cash and investments	\$ 245 986	\$ 435 356	\$ 696 522	\$ 499 413
Property tax receivable	113 620	113 620	113 621	113 621
Other receivable	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 359 606</b>	<b>\$ 548 976</b>	<b>\$ 810 143</b>	<b>\$ 613 034</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 32 158	\$ 83 505	\$ 80 336	\$ 37 943
Accrued expense	2 989	2 996	3 223	3 030
Deferred revenue	113 620	113 620	113 621	113 621
<b>TOTAL LIABILITIES</b>	<b>148 767</b>	<b>200 121</b>	<b>197 180</b>	<b>154 594</b>
 Fund Balances:				
Restricted fund balance	210 839	348 855	612 963	458 440
<b>TOTAL FUND BALANCES</b>	<b>210 839</b>	<b>348 855</b>	<b>612 963</b>	<b>458 440</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 359 606</b>	<b>\$ 548 976</b>	<b>\$ 810 143</b>	<b>\$ 613 034</b>

See independent auditors' report.

TITLE III FORESTRY FUNDS	HISTORIC COURTHOUSE FUND	COUNTY CLERK VITAL ARCHIVES FEE FUND	GENERAL RECORDS MANAGEMENT	VEHICLE INVENTORY TAX FUND	SHERIFF COMMISSARY FUND
\$ -	\$ 1 181	\$ 29 381	\$ 5 873	\$ 73 443	\$ 84 472
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1 181</u>	<u>\$ 29 381</u>	<u>\$ 5 873</u>	<u>\$ 73 443</u>	<u>\$ 84 472</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1 181	29 381	5 873	73 443	84 472
<u>-</u>	<u>1 181</u>	<u>29 381</u>	<u>5 873</u>	<u>73 443</u>	<u>84 472</u>
<u>\$ -</u>	<u>\$ 1 181</u>	<u>\$ 29 381</u>	<u>\$ 5 873</u>	<u>\$ 73 443</u>	<u>\$ 84 472</u>

SHELBY COUNTY, TEXAS  
 COMBINING BALANCE SHEET -  
 SPECIAL REVENUE FUNDS - CONTINUED  
 September 30, 2014

	CONSTABLE #4 FORFEITURE FUND	DISTRICT ATTORNEY TRUSTEE	DISTRICT ATTORNEY FORFEITURE	LAW ENFORCEMENT FUND
<b>ASSETS</b>				
Cash and investments	\$ 1 925	\$ 10 519	\$ 34	\$ 1 947
Property tax receivable	-	-	-	-
Other receivable	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1 925</b>	<b>\$ 10 519</b>	<b>\$ 34</b>	<b>\$ 1 947</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expense	-	-	-	-
Deferred revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
 <b>Fund Balances:</b>				
Restricted fund balance	1 925	10 519	34	1 947
<b>TOTAL FUND BALANCES</b>	<b>1 925</b>	<b>10 519</b>	<b>34</b>	<b>1 947</b>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <b>\$ 1 925</b>	 <b>\$ 10 519</b>	 <b>\$ 34</b>	 <b>\$ 1 947</b>

<u>COUNTY ATTORNEY FUND</u>	<u>HURRICANE IKE ROUND 2.2 GRANT</u>	<u>JUVENILE COURT TECH FUND</u>	<u>LEOSE CONSTABLES FUND</u>	<u>CHAPTER 19 VOTER REGISTRATION</u>
\$ 25 233	\$ -	\$ 15 568	\$ 9 506	\$ -
-	-	-	-	-
-	153 788	-	-	-
<u>\$ 25 233</u>	<u>\$ 153 788</u>	<u>\$ 15 568</u>	<u>\$ 9 506</u>	<u>\$ -</u>

\$ -	\$ 153 788	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>153 788</u>	<u>-</u>	<u>-</u>	<u>-</u>

<u>25 233</u>	<u>-</u>	<u>15 568</u>	<u>9 506</u>	<u>-</u>
<u>25 233</u>	<u>-</u>	<u>15 568</u>	<u>9 506</u>	<u>-</u>

<u>\$ 25 233</u>	<u>\$ 153 788</u>	<u>\$ 15 568</u>	<u>\$ 9 506</u>	<u>\$ -</u>
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SHELBY COUNTY, TEXAS  
 COMBINING BALANCE SHEET -  
 SPECIAL REVENUE FUNDS - CONTINUED  
 September 30, 2014

	LAW LIBRARY FUND	DISTRICT CLERK RECORD MGMT FUND	COUNTY CLERK RECORD MGMT FUND	COURTHOUSE SECURITY FUND
<b>ASSETS</b>				
Cash and investments	\$ 88 871	\$ 5 729	\$ 152 746	\$ 8 131
Property tax receivable	-	-	-	-
Other receivable	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 88 871</b>	<b>\$ 5 729</b>	<b>\$ 152 746</b>	<b>\$ 8 131</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expense	-	-	-	52
Deferred revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52</b>
Fund Balances:				
Restricted fund balance	88 871	5 729	152 746	8 079
<b>TOTAL FUND BALANCES</b>	<b>88 871</b>	<b>5 729</b>	<b>152 746</b>	<b>8 079</b>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 88 871</b>	<b>\$ 5 729</b>	<b>\$ 152 746</b>	<b>\$ 8 131</b>

<u>JURY FUND</u>	<u>RIGHT OF WAY FUND</u>	<u>INDIGENT HEALTH CARE FUND</u>	<u>COURT REPORTER SERVICE FUND</u>	<u>SHELBY COUNTY HOSPITAL FUND</u>	<u>JUVENILE PROBATION FUND</u>
\$ 2 178	\$ 440 101	\$ 851 932	\$ 2 559	\$ 12 557	\$ 52 580
12 574	10 019	50 507	-	-	-
-	-	-	-	-	-
<u>\$ 14 752</u>	<u>\$ 450 120</u>	<u>\$ 902 439</u>	<u>\$ 2 559</u>	<u>\$ 12 557</u>	<u>\$ 52 580</u>

\$ -	\$ -	\$ 17 411	\$ -	\$ -	\$ 17 129
-	-	435	-	-	-
12 574	10 019	50 507	-	-	-
<u>12 574</u>	<u>10 019</u>	<u>68 353</u>	<u>-</u>	<u>-</u>	<u>17 129</u>

<u>2 178</u>	<u>440 101</u>	<u>834 086</u>	<u>2 559</u>	<u>12 557</u>	<u>35 451</u>
<u>2 178</u>	<u>440 101</u>	<u>834 086</u>	<u>2 559</u>	<u>12 557</u>	<u>35 451</u>

<u>\$ 14 752</u>	<u>\$ 450 120</u>	<u>\$ 902 439</u>	<u>\$ 2 559</u>	<u>\$ 12 557</u>	<u>\$ 52 580</u>
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SHELBY COUNTY, TEXAS  
 COMBINING BALANCE SHEET -  
 SPECIAL REVENUE FUNDS - CONTINUED  
 September 30, 2014

	JUENILE TITLE IV E FUND	SHERIFF FEDERAL SEIZURE	GRANT FUND	SHERIFF LOCAL FORFEITURE
<b>ASSETS</b>				
Cash and investments	\$ 1 143	\$ 16 230	\$ (14 375)	\$ 15 991
Property tax receivable	-	-	-	-
Other receivable	-	-	-	-
<b>TOTAL ASSETS</b>	\$ 1 143	\$ 16 230	\$ (14 375)	\$ 15 991
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expense	-	-	-	-
Deferred revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	-	-	-	-
 Fund Balances:				
Restricted fund balance	1 143	16 230	(14 375)	15 991
<b>TOTAL FUND BALANCES</b>	1 143	16 230	(14 375)	15 991
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>				
	\$ 1 143	\$ 16 230	\$ (14 375)	\$ 15 991



<u>123<sup>RD</sup> D.A. FEDERAL SEIZURE</u>	<u>COUNTY COURT RECORDS TECH FUND</u>	<u>DISTRICT COURT RECORDS TECH FUND</u>	<u>APPELLATE JUDICIAL FEE COUNTY CLERK</u>	<u>APPELLATE JUDICIAL FEE DISTRICT CLERK</u>
\$ -	\$ 7 774	\$ 12 771	\$ 175	\$ 400
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ 7 774</u>	<u>\$ 12 771</u>	<u>\$ 175</u>	<u>\$ 400</u>

\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>7 774</u>	<u>12 771</u>	<u>175</u>	<u>400</u>
<u>-</u>	<u>7 774</u>	<u>12 771</u>	<u>175</u>	<u>400</u>
<u>\$ -</u>	<u>\$ 7 774</u>	<u>\$ 12 771</u>	<u>\$ 175</u>	<u>\$ 400</u>

SHELBY COUNTY, TEXAS  
 COMBINING BALANCE SHEET -  
 SPECIAL REVENUE FUNDS - CONTINUED  
 September 30, 2014

	RECORDS ARCHIVE FEE COUNTY CLERK	RECORDS ARCHIVE FEE DISTRICT CLERK	JP COURT SECURITY FUND
<b>ASSETS</b>			
Cash and investments	\$ 136 573	\$ 12 695	\$ 19 815
Property tax receivable	-	-	-
Other receivable	-	-	-
TOTAL ASSETS	\$ 136 573	\$ 12 695	\$ 19 815
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 25 000	\$ -	\$ -
Accrued expense	-	-	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	25 000	-	-
Fund Balances:			
Restricted fund balance	111 573	12 695	19 815
TOTAL FUND BALANCES	111 573	12 695	19 815
TOTAL LIABILITIES AND FUND BALANCES	\$ 136 573	\$ 12 695	\$ 19 815

GUARDIANSHIP FUND	DISTRICT ATTORNEY SEIZURE FUND		TOTAL SPECIAL REVENUE FUNDS
	NON-TRAFFIC	TRAFFIC	
\$ 10 116	\$ 17 825	\$ 7 171	\$ 3 998 047
-	-	-	527 582
-	-	-	153 788
<u>\$ 10 116</u>	<u>\$ 17 825</u>	<u>\$ 7 171</u>	<u>\$ 4 679 417</u>

\$ -	\$ -	\$ -	\$ 447 270
-	-	-	12 725
-	-	-	527 582
<u>-</u>	<u>-</u>	<u>-</u>	<u>987 577</u>

<u>10 116</u>	<u>17 825</u>	<u>7 171</u>	<u>3 691 840</u>
<u>10 116</u>	<u>17 825</u>	<u>7 171</u>	<u>3 691 840</u>

<u>\$ 10 116</u>	<u>\$ 17 825</u>	<u>\$ 7 171</u>	<u>\$ 4 679 417</u>
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SHELBY COUNTY, TEXAS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS  
 For the Year Ended September 30, 2014

	<u>ROAD &amp; BRIDGE #1</u>	<u>ROAD &amp; BRIDGE #2</u>	<u>ROAD &amp; BRIDGE #3</u>	<u>ROAD &amp; BRIDGE #4</u>
Revenues:				
Property taxes	\$ 446 710	\$ 446 710	\$ 446 710	\$ 446 710
Other taxes	274 029	274 029	274 029	274 029
Fines and fees	180 598	180 598	180 598	180 598
Charges for services	-	-	-	-
Grants and contributions	-	-	-	-
Interest	1 000	1 198	1 795	1 488
Miscellaneous income	93 515	125 911	101 839	92 780
TOTAL REVENUES	<u>995 852</u>	<u>1 028 446</u>	<u>1 004 971</u>	<u>995 605</u>
Expenditures:				
Payroll expense	292 776	288 396	307 289	324 405
Operating expense	636 188	603 672	705 830	817 017
Debt service	79 645	75 286	-	-
TOTAL EXPENDITURES	<u>1 008 609</u>	<u>967 354</u>	<u>1 013 119</u>	<u>1 141 422</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(12 757)</u>	<u>61 092</u>	<u>(8 148)</u>	<u>(145 817)</u>
Other Financing Sources (Uses):				
Transfer out	-	-	-	-
Transfers in	25 000	-	25 000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>25 000</u>	<u>-</u>	<u>25 000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	12 243	61 092	16 852	(145 817)
Fund balances, beginning	<u>198 596</u>	<u>287 763</u>	<u>596 111</u>	<u>604 257</u>
FUND BALANCES ENDING	<u>\$ 210 839</u>	<u>\$ 348 855</u>	<u>\$ 612 963</u>	<u>\$ 458 440</u>

See independent auditors' report.

TITLE III FORESTRY FUNDS	HISTORIC COURTHOUSE FUND	COUNTY CLERK VITAL ARCHIVES FEE FUND	GENERAL RECORDS MANAGEMENT	VEHICLE INVENTORY TAX FUND	SHERIFF COMMISSARY FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	100 819	-
-	-	2 123	8 047	-	-
-	-	-	-	-	49 048
-	18	-	-	-	-
-	-	-	-	120	-
-	-	-	-	-	-
<u>-</u>	<u>18</u>	<u>2 123</u>	<u>8 047</u>	<u>100 939</u>	<u>49 048</u>
-	-	-	-	-	-
-	-	695	14 015	87 583	50 779
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>695</u>	<u>14 015</u>	<u>87 583</u>	<u>50 779</u>
-	18	1 428	(5 968)	13 356	(1 731)
-	-	-	-	-	-
<u>1 134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1 134	-	-	-	-	-
1 134	18	1 428	(5 968)	13 356	(1 731)
<u>(1 134)</u>	<u>1 163</u>	<u>27 953</u>	<u>11 841</u>	<u>60 087</u>	<u>86 203</u>
\$ -	\$ 1 181	\$ 29 381	\$ 5 873	\$ 73 443	\$ 84 472

SHELBY COUNTY, TEXAS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED  
 For the Year Ended September 30, 2014

	CONSTABLE #4 FORFEITURE FUND	DISTRICT ATTORNEY TRUSTEE	DISTRICT ATTORNEY FORFEITURE	LAW ENFORCEMENT FUND
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Fines and fees	-	-	-	-
Charges for services	-	-	-	9 573
Grants and contributions	-	-	-	-
Interest	4	-	-	15
Miscellaneous income	-	22 543	-	3 224
TOTAL REVENUES	4	22 543	-	12 812
Expenditures:				
Payroll expense	-	23 665	-	-
Operating expense	-	9 526	-	19 197
Debt service	-	-	-	-
TOTAL EXPENDITURES	-	33 191	-	19 197
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4	(10 648)	-	(6 385)
Other Financing Sources (Uses):				
Transfer out	-	-	-	-
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	4	(10 648)	-	(6 385)
Fund balances, beginning	1 921	21 167	34	8 332
FUND BALANCES ENDING	\$ 1 925	\$ 10 519	\$ 34	\$ 1 947

COUNTY ATTORNEY FUND	HURRICANE IKE ROUND 2.2 GRANT	JUVENILE COURT TECH FUND	LEOSE CONSTABLES FUND	CHAPTER 19 VOTER REGISTRATION
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	8 852	-	-
-	-	-	-	-
-	2 637 050	-	-	6 792
60	-	-	-	-
10 950	-	-	2 601	-
<u>11 010</u>	<u>2 637 050</u>	<u>8 852</u>	<u>2 601</u>	<u>6 792</u>
16 469	-	-	-	-
-	2 637 050	6 444	-	7 323
-	-	-	-	-
<u>16 469</u>	<u>2 637 050</u>	<u>6 444</u>	<u>-</u>	<u>7 323</u>
(5 459)	-	2 408	2 601	(531)
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
(5 459)	-	2 408	2 601	(531)
30 692	-	13 160	6 905	531
<u>\$ 25 233</u>	<u>\$ -</u>	<u>\$ 15 568</u>	<u>\$ 9 506</u>	<u>\$ -</u>

SHELBY COUNTY, TEXAS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED  
 For the Year Ended September 30, 2014

	LAW LIBRARY FUND	DISTRICT CLERK RECORD MGMT FUND	COUNTY CLERK RECORD MGMT FUND	COURTHOUSE SECURITY FUND
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Fines and fees	11 655	2 140	48 987	14 418
Charges for services	-	-	-	-
Grants and contributions	-	-	-	-
Interest	-	-	-	-
Miscellaneous income	-	-	-	-
TOTAL REVENUES	11 655	2 140	48 987	14 418
Expenditures:				
Payroll expense	-	-	24 405	62 230
Operating expense	8 216	6 851	42 654	2 355
Debt service	-	-	-	-
TOTAL EXPENDITURES	8 216	6 851	67 059	64 585
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3 439	(4 711)	(18 072)	(50 167)
Other Financing Sources (Uses):				
Transfer out	-	-	-	-
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	3 439	(4 711)	(18 072)	(50 167)
Fund balances, beginning	85 432	10 440	170 818	58 246
FUND BALANCES ENDING	\$ 88 871	\$ 5 729	\$ 152 746	\$ 8 079



JURY FUND	RIGHT OF WAY FUND	INDIGENT HEALTH CARE FUND	COURT REPORTER SERVICE FUND	SHELBY COUNTY HOSPITAL FUND	JUVENILE PROBATION FUND
\$ 84 041	\$ 69 869	\$ 329 994	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	4 425	-	-
-	-	-	-	-	-
-	-	-	-	-	146 568
-	-	1 694	-	-	65
-	-	-	-	-	-
<u>84 041</u>	<u>69 869</u>	<u>331 688</u>	<u>4 425</u>	<u>-</u>	<u>146 633</u>
70 880	-	43 015	-	-	101 172
10 655	-	306 788	2 601	3 815	35 126
-	-	-	-	-	-
<u>81 535</u>	<u>-</u>	<u>349 803</u>	<u>2 601</u>	<u>3 815</u>	<u>136 298</u>
<u>2 506</u>	<u>69 869</u>	<u>(18 115)</u>	<u>1 824</u>	<u>(3 815)</u>	<u>10 335</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2 506	69 869	(18 115)	1 824	(3 815)	10 335
<u>(328)</u>	<u>370 232</u>	<u>852 201</u>	<u>735</u>	<u>16 372</u>	<u>25 116</u>
\$ <u>2 178</u>	\$ <u>440 101</u>	\$ <u>834 086</u>	\$ <u>2 559</u>	\$ <u>12 557</u>	\$ <u>35 451</u>

SHELBY COUNTY, TEXAS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED  
 For the Year Ended September 30, 2014

	JUVENILE TITLE IV E FUND	SHERIFF FEDERAL SEIZURE	GRANT FUND	SHERIFF LOCAL FORFEITURE
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Fines and fees	-	-	-	-
Charges for services	-	-	-	-
Grants and contributions	-	-	143 420	-
Interest	-	-	-	-
Miscellaneous income	-	-	-	16 917
TOTAL REVENUES	-	-	143 420	16 917
Expenditures:				
Payroll expense	-	-	-	-
Operating expense	760	15 740	148 420	2 243
Debt service	-	-	-	-
TOTAL EXPENDITURES	760	15 740	148 420	2 243
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(760)	(15 740)	(5 000)	14 674
Other Financing Sources (Uses):				
Transfer out	-	-	-	-
Transfers in	-	-	14 897	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	14 897	-
NET CHANGE IN FUND BALANCES	(760)	(15 740)	9 897	14 674
Fund balances, beginning	1 903	31 970	(24 272)	1 317
FUND BALANCES ENDING	\$ 1 143	\$ 16 230	\$ (14 375)	\$ 15 991

<u>123<sup>RD</sup> D.A. FEDERAL SEIZURE</u>	<u>COUNTY COURT RECORDS TECH FUND</u>	<u>DISTRICT COURT RECORDS TECH FUND</u>	<u>APPELLATE JUDICIAL FEE COUNTY CLERK</u>	<u>APPELLATE JUDICIAL FEE DISTRICT CLERK</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	1 878	3 158	670	1 450
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>1 878</u>	<u>3 158</u>	<u>670</u>	<u>1 450</u>
-	-	-	-	-
541	-	5 052	575	1 295
-	-	-	-	-
<u>541</u>	<u>-</u>	<u>5 052</u>	<u>575</u>	<u>1 295</u>
<u>(541)</u>	<u>1 878</u>	<u>(1 894)</u>	<u>95</u>	<u>155</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(541)</u>	<u>1 878</u>	<u>(1 894)</u>	<u>95</u>	<u>155</u>
<u>541</u>	<u>5 896</u>	<u>14 665</u>	<u>80</u>	<u>245</u>
\$ <u>-</u>	\$ <u>7 774</u>	\$ <u>12 771</u>	\$ <u>175</u>	\$ <u>400</u>

SHELBY COUNTY, TEXAS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED  
 For the Year Ended September 30, 2014

	RECORDS ARCHIVE FEE COUNTY CLERK	RECORDS ARCHIVE FEE DISTRICT CLERK	JP COURT SECURITY FUND
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Fines and fees	48 425	3 370	1 950
Charges for services	-	-	-
Grants and contributions	-	-	-
Interest	-	-	-
Miscellaneous income	-	-	-
TOTAL REVENUES	48 425	3 370	1 950
Expenditures:			
Payroll expense	-	-	-
Operating expense	136 130	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	136 130	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(87 705)	3 370	1 950
Other Financing Sources (Uses):			
Transfer out	-	-	-
Transfers in	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCES	(87 705)	3 370	1 950
Fund balances, beginning	199 278	9 325	17 865
FUND BALANCES ENDING	\$ 111 573	\$ 12 695	\$ 19 815

GUARDIANS FUND	DISTRICT ATTORNEY SEIZURE FUND		TOTAL SPECIAL REVENUE FUNDS
	NON-TRAFFIC	TRAFFIC	
\$ -	\$ -	\$ -	\$ 2 270 744
-	-	-	1 196 935
1 696	4 668	7 171	897 475
-	-	-	58 621
-	-	-	2 933 848
-	-	-	7 439
-	-	-	470 280
<u>1 696</u>	<u>4 668</u>	<u>7 171</u>	<u>7 835 342</u>
-	-	-	1 554 702
-	1 893	-	6 327 029
-	-	-	154 931
<u>-</u>	<u>1 893</u>	<u>-</u>	<u>8 036 662</u>
1 696	2 775	7 171	(201 320)
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>66 031</u>
-	-	-	66 031
1 696	2 775	7 171	(135 289)
<u>8 420</u>	<u>15 050</u>	<u>-</u>	<u>3 827 129</u>
<u>\$ 10 116</u>	<u>\$ 17 825</u>	<u>\$ 7 171</u>	<u>\$ 3 691 840</u>

SHELBY COUNTY, TEXAS  
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION  
 September 30, 2014

	COUNTY CLERK	DISTRICT CLERK TRUST	DISTRICT CLERK	MOTOR VEHICLE TAX	PROPERTY TAXES	JUSTICE OF THE PEACE #5
ASSETS						
Cash and cash equivalents	\$ 183 999	\$ 2 668 952	\$ 893 805	\$ 299 368	\$ 230 494	\$ 155
TOTAL ASSETS	\$ 183 999	\$ 2 668 952	\$ 893 805	\$ 299 368	\$ 230 494	\$ 155
LIABILITIES						
Due to others	\$ 183 999	\$ 2 668 952	\$ 893 805	\$ 299 368	\$ 230 494	\$ 155
TOTAL LIABILITIES	\$ 183 999	\$ 2 668 952	\$ 893 805	\$ 299 368	\$ 230 494	\$ 155

See independent auditors' report.

COUNTY ATTORNEY RESTITUTION	COUNTY ATTORNEY TRUST	INMATE ACCOUNT	DISTRICT ATTORNEY FORFEITURE	AGENCY FUND	GARZA COUNTY FUND	CHILD ABUSE PREVENTION FEE FUND
\$ 51 080	\$ 17 313	\$ 28 457	\$ 10 441	\$ 63 217	\$ 12 526	\$ 963
<u>\$ 51 080</u>	<u>\$ 17 313</u>	<u>\$ 28 457</u>	<u>\$ 10 441</u>	<u>\$ 63 217</u>	<u>\$ 12 526</u>	<u>\$ 963</u>
\$ 51 080	\$ 17 313	\$ 28 457	\$ 10 441	\$ 63 217	\$ 12 526	\$ 963
<u>\$ 51 080</u>	<u>\$ 17 313</u>	<u>\$ 28 457</u>	<u>\$ 10 441</u>	<u>\$ 63 217</u>	<u>\$ 12 526</u>	<u>\$ 963</u>

SHELBY COUNTY, TEXAS  
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION - CONTINUED  
 September 30, 2014

	<u>FAMILY PROTECTION FEE FUND</u>	<u>CHILD SAFETY FEE FUND</u>	<u>COMBINED FIDUCIARY FUNDS</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1 720	\$ 1 903	\$ 4 464 393
<b>TOTAL ASSETS</b>	<b><u>\$ 1 720</u></b>	<b><u>\$ 1 903</u></b>	<b><u>\$ 4 464 393</u></b>
 <b>LIABILITIES</b>			
Due to others	\$ 1 720	\$ 1 903	\$ 4 464 393
<b>TOTAL LIABILITIES</b>	<b><u>\$ 1 720</u></b>	<b><u>\$ 1 903</u></b>	<b><u>\$ 4 464 393</u></b>

See independent auditors' report.



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, 2014, and the related notes to the financial statements, which collectively comprise Shelby County, Texas' basic financial statements, and have issued our report thereon dated May 11, 2015.

**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 Findings 2014-1.

## **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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

  
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas  
May 11, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Judge and Commissioners  
Shelby County, Texas  
Center, Texas

**Compliance**

We have audited the compliance of Shelby County, Texas with the types of compliance requirements described in the U.S. office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014. Shelby County, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Shelby County's management. Our responsibility is to express an opinion on Shelby County, Texas' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Shelby County, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Shelby County, Texas' compliance with those requirements.

In our opinion, Shelby County, Texas, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

**Internal Control Over Compliance**

The management of Shelby County, Texas, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Shelby County, Texas' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Shelby County's internal control over compliance.

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

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

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

  
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas  
May 11, 2015

SHELBY COUNTY, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2014

<u>GRANT/CONTRACT</u>	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT NUMBER/ PASS - THROUGH GRANTOR'S NUMBER</u>	<u>TOTAL EXPENDITURES</u>
U. S. Department of Housing and Urban Development:			
Passed Through General Land Office:			
Community Development			
Block Grants/Disaster Recovery	14.218	12-482-000-6648	\$ <u>2 483 262</u>
TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>2 483 262</u>
U. S. Department of Homeland Security:			
Passed Through Office of Governor:			
Hazard Mitigation Grant	97.073	N/A	<u>143 420</u>
TOTAL U. S. DEPARTMENT OF HOMELAND SECURITY			<u>143 420</u>
 TOTAL FEDERAL AWARDS			 \$ <u>2 626 682</u>

See independent auditors' report and notes to schedule of expenditures of federal awards.

SHELBY COUNTY, TEXAS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2014

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Shelby County, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SHELBY COUNTY, TEXAS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended September 30, 2014

A. Summary of the Auditor's Results:

1. Financial Statements

Type of report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(s) that are not considered to be material weaknesses?  Yes  None reported

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified?  Yes  No

Reportable condition(s) identified that are not considered to be material weaknesses?  Yes  None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	U. S. Department of Housing and Urban Development: Community Development Block Grant

Dollar threshold to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?  Yes  No

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

*Finding 2014-1:*

Condition - The County does not have adequate separation of duties 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 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 that the function identified be separated by individuals and departments within the County.

Client Response - The County administration is aware of the problem and is currently assessing the possibility of segregating the functions as needed for proper control.



SHELBY COUNTY, TEXAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended September 30, 2014

Prior Audit Finding / Recommendation / Current Status

There were no prior audit findings relating to federal awards.