

SHELBY COUNTY, TEXAS
Center, Texas

ANNUAL FINANCIAL REPORT

Year Ended September 30, 2015

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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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Shelby County, Texas, as of September 30, 2015, 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note V to the financial statements, in 2015, Shelby County adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date -- an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

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 32 through 38 and supplemental pension schedules, 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 9, 2016 on our consideration of Shelby 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 internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Shelby County's internal control over financial reporting and compliance.

Lufkin, Texas
May 9, 2016


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, 2015 ("FY 2015").

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 \$17,062,201 on a government-wide basis as of September 30, 2015.
- For FY 2015, taxes and other revenues, including program revenues, of the County's governmental activities amounted to \$12,720,044. Expenses, including program expenses, totaled \$11,425,799.
- The County implemented GASB 68 during the 2015 year, resulting in a prior period adjustment of \$192,329 to recognize the pension liability.

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 increases in fund balance of \$790,502 for the fiscal year.
- The County's General Fund reported a fund balance of \$4,748,553, an increase of \$961,458 from September 30, 2014.

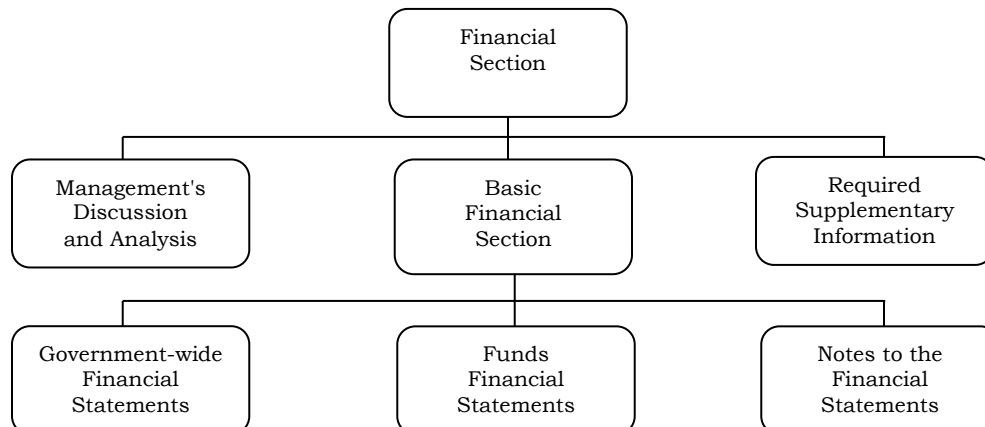
GENERAL FINANCIAL HIGHLIGHTS

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 governmental 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, 2015 and 2014:

	As of September 30,	
	2015	2014
Assets:		
Current and other assets	\$ 9 993 041	\$ 9 449 933
Capital assets (net)	7 191 198	7 078 827
TOTAL ASSETS	<u>17 184 239</u>	<u>16 528 760</u>
Deferred outflow	408 100	-
Liabilities:		
Current liabilities	312 356	564 390
Long-term liabilities	217 782	4 085
TOTAL LIABILITIES	<u>530 138</u>	<u>568 478</u>
Deferred Inflows		
TOTAL DEFERRED INFLOWS	<u>-</u>	<u>1 406 608</u>
Net Position:		
Invested in capital assets, net of related debt	7 191 198	7 078 827
Restricted	3 520 884	3 691 840
Unrestricted	6 350 119	3 783 010
TOTAL NET POSITION	<u>\$ 17 062 201</u>	<u>\$ 14 553 677</u>

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 \$17,062,201 as September 30, 2015, the County's fiscal year-end. This amount represents an increase of \$1,294,245 from the net position at September 30, 2014.

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. The County does not currently have any long-term debt.

Governmental Activities

Revenues for the governmental fund activities for the County totaled \$12,715,404 for the fiscal year 2015.

Taxes constitute the largest source of County revenues, totaling \$9,082,595 for fiscal year 2015.

The cost of the County's governmental fund activities totaled \$11,924,902. Major contributors to costs include:

	<u>2015</u>	<u>2014</u>
Highways and streets	\$ 4 956 344	\$ 4 227 365
Law enforcement	\$ 2 928 562	\$ 2 753 921
General administration	\$ 1 634 279	\$ 1 827 522
Judicial	\$ 1 022 585	\$ 953 664

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, 2015, the County's governmental funds had a combined fund balance totaling \$8,269,437.

The General Fund is the primary operating fund of the County. Unassigned fund balance in the General Fund at September 30, 2015, totaled \$4,748,553. This represents approximately 82.0% of the total expenditures for FY 2015 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, 2015

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 8 581 690
Receivables Net of Allowance for Uncollectibles:	
Taxes	1 411 248
Other	103
TOTAL CURRENT ASSETS	9 993 041
Noncurrent Assets:	
Capital Assets:	
Land	373 550
Streets and infrastructure	16 298 039
Buildings and improvements	3 795 622
Furniture and equipment	7 246 096
Less: Accumulated depreciation	(20 522 109)
TOTAL CAPITAL ASSETS	7 191 198
TOTAL ASSETS	17 184 239
DEFERRED OUTFLOW	
Contribution subsequent to measurement date	267 603
Pension deferred outflows	140 497
TOTAL DEFERRED OUTFLOW	408 100
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 17 592 339
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 181 297
Accrued liabilities	131 059
TOTAL CURRENT LIABILITIES	312 356
Noncurrent Liabilities:	
Pension liability	216 784
Accrued compensation absence	998
TOTAL NONCURRENT LIABILITIES	217 782
TOTAL LIABILITIES	530 138
Invested in capital assets, net of related debt	7 191 198
Restricted	3 520 884
Unrestricted	6 350 119
TOTAL NET POSITION	\$ 17 062 201

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, 2015

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	\$ 1 643 273	\$ 955 459	\$ 11 608	\$ -	\$ (676 206)
Judicial	1 052 509	50 092	193 614	-	(808 803)
Law enforcement and corrections	2 830 243	285 397	107 806	-	(2 437 040)
Streets and bridges	4 473 063	716 336	-	864 907	(2 891 820)
Community service	404 992	-	-	-	(404 992)
Nondepartmental	1 021 719	-	-	-	(1 021 719)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 11 425 799	\$ 2 007 284	\$ 313 028	\$ 864 907	(8 240 580)
General Revenues:					
Taxes:					
Property taxes					7 803 533
Other tax revenue					1 283 702
Unrestricted investment earnings					23 598
Other unrestricted revenue					423 992
TOTAL GENERAL REVENUES					9 534 825
CHANGE IN NET POSITION					1 294 245
Net position, beginning					14 553 677
Prior period adjustment					1 214 279
NET POSITION, BEGINNING, RESTATED					15 767 956
NET POSITION, ENDING					\$ 17 062 201

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

SHELBY COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2015

	GENERAL	NON-MAJOR GOVERNMENTAL	TOTAL
ASSETS			
Cash and investments	\$ 4 904 081	\$ 3 677 609	\$ 8 581 690
Property tax receivable	741 673	669 575	1 411 248
Other receivables	-	103	103
TOTAL ASSETS	\$ 5 645 754	\$ 4 347 287	\$ 9 993 041
 LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 59 443	\$ 121 854	\$ 181 297
Accrued liabilities	96 085	34 974	131 059
TOTAL LIABILITIES	155 528	156 828	312 356
 Deferred Inflows:			
Unavailable revenue	741 673	669 575	1 411 248
TOTAL DEFERRED INFLOWS	741 673	669 575	1 411 248
 Fund Balances:			
Restricted fund balance	-	3 520 884	3 520 884
Unassigned Reported in:			
General fund	4 748 553	-	4 748 553
TOTAL FUND BALANCES	4 748 553	3 520 884	8 269 437
 TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	 \$ 5 645 754	 \$ 4 347 287	
 Capital assets are not recorded in funds, but are included in Statement of Net Position			
			7 191 198
Pension liability and accrued compensated absences is not included in the funds, but are included in Statement of Net Position			
			(217 783)
Deferred outflows are not included in funds, but are included in Statement of Net Position			
			408 100
Unavailable property taxes are included in funds, but are not recognized in the Statement of Net Position			
			1 411 248
Rounding			
			2
 TOTAL NET POSITION			 \$ 17 062 201

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, 2015

	GENERAL	NON-MAJOR FUNDS	TOTAL
Revenues:			
Property taxes	\$ 5 479 576	\$ 2 319 317	\$ 7 798 893
Other taxes	6 312	1 277 390	1 283 702
Fines and fees	579 153	906 931	1 486 084
Interest	22 002	1 596	23 598
Charges for services	461 096	57 907	519 003
Grant and donations	42 217	752 203	794 420
Miscellaneous	282 472	527 232	809 704
TOTAL REVENUES	6 872 828	5 842 576	12 715 404
Expenditures:			
General administration	1 397 327	236 952	1 634 279
Judicial	776 663	245 922	1 022 585
Law enforcement and corrections	2 672 673	255 889	2 928 562
Streets and bridges	-	4 956 344	4 956 344
Community service	-	393 265	393 265
Non-departmental	989 867	-	989 867
TOTAL EXPENDITURES	5 836 530	6 088 372	11 924 902
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1 036 298	(245 796)	790 502
Other Financing Sources (Uses):			
Transfers in (out)	(74 840)	74 840	-
TOTAL OTHER FINANCING SOURCES	(74 840)	74 840	-
NET CHANGE IN FUND BALANCES	961 458	(170 956)	790 502
Fund balances, beginning	3 787 095	3 691 840	7 478 935
FUND BALANCES, ENDING	\$ 4 748 553	\$ 3 520 884	\$ 8 269 437

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, 2015

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

Net change in fund balances - Total governmental funds.	\$	790 502
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 capital outlay exceeded depreciation expenditures expense.		112 371
Governmental funds expense accrued compensated absence and pension liabilities as the payments are made, while government wide statements record the future liabilities.		386 732
Governmental funds defer property taxes until collection, while government wide funds statements recognize the revenue.		<u>4 640</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>1 294 245</u></u>

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

SHELBY COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2015

	COMBINED FIDUCIARY FUNDS
Assets:	
Cash and cash equivalent	\$ 3 612 914
TOTAL ASSETS	<u>\$ 3 612 914</u>
Liabilities:	
Due to others	\$ 3 612 914
TOTAL LIABILITIES	<u>\$ 3 612 914</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, 2015

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 meet criteria as a major governmental fund.

SHELBY COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

SHELBY COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 2015. 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
 NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
 September 30, 2015

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
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

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).

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 then.

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, 2015, the carrying amount of the County's deposits totaled \$12,157,263, 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.

SHELBY COUNTY, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
 September 30, 2015

III. PROPERTY TAXES AND OTHER RECEIVABLES - CONTINUED

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

Property Taxes Receivable:	
General fund	\$ 741 673
Special revenue fund	669 575
TOTAL UNEARNED REVENUE	\$ 1 411 248

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	\$ 872 556	\$ 787 732	\$ 1 660 288
Less: Allowances for uncollectibles	(130 883)	(118 157)	(249 040)
NET RECEIVABLES	\$ 741 673	\$ 669 575	\$ 1 411 248

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 10/01/2014	ADDITIONS	DELETIONS	BALANCE 09/30/2015
Governmental Activities:				
Land	\$ 373 550	\$ -	\$ -	\$ 373 550
Infrastructure	16 298 039	-	-	16 298 039
Buildings and improvements	3 775 744	19 878	-	3 795 622
Vehicles and equipment	6 478 649	894 341	(126 894)	7 246 096
Accumulated depreciation	(19 847 155)	(826 387)	151 433	(20 522 109)
TOTAL ASSETS	\$ 7 078 827	\$ 87 832	\$ 24 539	\$ 7 191 198

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

General administration	\$ 115 876
Judicial	55 854
Law enforcement and corrections	162 296
Streets and bridges	411 021
Community service	21 890
Non-departmental	59 450
	\$ 826 387

SHELBY COUNTY, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
 September 30, 2015

V. RETIREMENT PLAN

Plan Description

The District 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 TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 641 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from 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 10 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 80 or more. Members are vested after 10 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 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.

Actuarial Assumptions

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

Valuation Timing	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.
Actuarial Cost Method	Entry Age Normal ⁽¹⁾
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	Same as funding valuation
Salary Increases	Same as funding valuation
Investment Rate of Return	8.10%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for the District 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.
Retirement Age	Same as funding valuation
Turnover	Same as funding valuation
Mortality	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.

SHELBY COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

V. RETIREMENT PLAN - CONTINUED

Actuarial Methods and Assumptions Used for Funding Valuation:

Following is a description of the assumptions used in the December 31, 2014 actuarial valuation analysis for Shelby County. This information may also be found in the Shelby County December 31, 2014 Summary Valuation Report.

Economic Assumptions:

TCDRS System-Wide Economic Assumptions:

Real rate of return	5.0%
Inflation	3.0%
Long-term investment return	8.0%

The long-term investment return of 8% 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 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee. (See Table 1 for Merit Salary Increases.)

Employer-Specific Economic Assumptions:

Growth in membership	0.00%
Payroll growth	3.50%

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

SHELBY COUNTY, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
 September 30, 2015

V. RETIREMENT PLAN - CONTINUED

Table 1
Merit Salary Increases*

Years of Service	Entry Age			
	Before 30	Ages 30-39	Ages 40-49	50 and Later
0	5.25%	4.75%	4.25%	3.75%
1	4.50%	4.00%	3.50%	3.00%
2	4.00%	3.50%	3.00%	2.50%
3	3.50%	3.00%	2.50%	2.00%
4	3.00%	2.50%	2.00%	1.50%
5	2.65%	2.15%	1.65%	1.15%
6	2.40%	1.90%	1.40%	0.90%
7	2.20%	1.70%	1.20%	0.70%
8	2.05%	1.55%	1.05%	0.55%
9	1.95%	1.45%	0.95%	0.45%
10	1.85%	1.35%	0.85%	0.40%
11	1.75%	1.25%	0.75%	0.40%
12	1.65%	1.15%	0.65%	0.40%
13	1.55%	1.05%	0.55%	0.40%
14	1.56%	0.95%	0.45%	0.40%
15	1.35%	0.90%	0.40%	0.40%
16	1.25%	0.85%	0.40%	0.40%
17	1.15%	0.80%	0.40%	0.40%
18	1.10%	0.75%	0.40%	0.40%
19	1.05%	0.70%	0.40%	0.40%
20	1.00%	0.65%	0.40%	0.40%
21	0.95%	0.60%	0.40%	0.40%
22	0.90%	0.55%	0.40%	0.40%
23	0.85%	0.50%	0.40%	0.40%
24	0.80%	0.45%	0.40%	0.40%
25	0.75%	0.40%	0.40%	0.40%
26	0.70%	0.40%	0.40%	0.40%
27	0.65%	0.40%	0.40%	0.40%
28	0.60%	0.40%	0.40%	0.40%
29	0.55%	0.40%	0.40%	0.40%
30 & Up	0.50%	0.40%	0.40%	0.40%

* These rates do not include the wage inflation rate of 3.5% 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 8.93% total annual increase in his salary. The 8.93% is a combination of the 5.25% merit increase and the 3.5% wage inflation. Note that the two components are compounded, so it is a slightly different result than just adding the two percentages.

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.

SHELBY COUNTY, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
 September 30, 2015

V. RETIREMENT PLAN - CONTINUED

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	0.005%	0.072%
25	0.000%	0.000%	44	0.005%	0.079%
26	0.000%	0.000%	45	0.006%	0.086%
27	0.000%	0.000%	46	0.006%	0.095%
28	0.000%	0.010%	47	0.007%	0.105%
29	0.000%	0.010%	48	0.007%	0.119%
30	0.000%	0.011%	49	0.008%	0.136%
31	0.000%	0.012%	50	0.009%	0.156%
32	0.000%	0.012%	51	0.009%	0.178%
33	0.000%	0.014%	52	0.010%	0.203%
34	0.000%	0.018%	53	0.011%	0.229%
35	0.001%	0.023%	54	0.012%	0.254%
36	0.001%	0.028%	55	0.014%	0.278%
37	0.001%	0.035%	56	0.016%	0.297%
38	0.002%	0.041%	57	0.018%	0.312%
39	0.002%	0.047%	58	0.022%	0.325%
40	0.003%	0.053%	59	0.024%	0.337%
41	0.004%	0.059%	60 & Above	0.000%	0.000%
42	0.004%	0.066%			

* 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	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both with the projection scale AA.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table with the projection scale AA, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a two-year set-forward, both with the projection scale AA.

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.

Table 3
Annual Rates of Service Retirement*

Age	Male	Female	Age	Male	Female
40-44	4.5%	4.5%	62	25.0%	25.0%
45-40	9.0%	9.0%	63	16.0%	16.0%
50	10.0%	10.0%	64	16.0%	16.0%
51	10.0%	10.0%	65	30.0%	30.0%
52	10.5%	10.5%	66	25.0%	25.0%
53	10.5%	10.5%	67	24.0%	24.0%
54	10.5%	10.5%	68	22.0%	22.0%
55	11.0%	11.0%	69	22.0%	22.0%
56	11.0%	11.0%	70	22.0%	22.0%
57	11.0%	11.0%	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	14.0%	14.0%	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.

SHELBY COUNTY, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
 September 30, 2015

V. RETIREMENT PLAN - CONTINUED

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	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
10	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
11	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
12	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
15	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
16	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
18	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
19	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
20	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
21	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
22	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
23	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
24	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
25	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
26	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
27	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
28	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
29	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
30 & Later	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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
0	100%
1	100%
2	100%
3	100%
4	100%
5	100%
6	100%
7	100%
8	100%
9	100%
10	48%
11	47%
12	46%
13	44%
14	42%

Years of Service	Probability
15	40%
16	38%
17	36%
18	34%
19	32%
20	30%
21	28%
22	26%
23	24%
24	22%
25	20%
26	15%
27	10%
28*	5%

* Members with more than 28 years of service are not assumed to refund.

SHELBY COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

V. RETIREMENT PLAN - CONTINUED

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 2015 information for a 7-10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2009 - December 31, 2013 for more details.

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	16.50%	5.35%
Private Equity	Cambridge Associates Global Private Equity Capital Index ⁽³⁾	12.00%	8.35%
Global Equities	MSCI World (net) Index	1.50%	5.65%
International Equities - Developed	50% MSCI World Ex USA (net) + 50% MSCI USA 100% Hedged to USD (net) Index	11.00%	5.35%
International Equities - Emerging	50% MSCI EM Standard (net) Index + 50% EM 100% Hedged to USD (net) Index	9.00%	6.35%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	0.55%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.75%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.00%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	6.75%
REIT Equities	67% FTSE NAREIT Equity REITs Index + FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.00%
Commodities	Bloomberg Commodities Index	2.00%	(0.20)%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	3.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.15%

(1) Target asset allocation adopted at the April 2015 TCDRS Board meeting.
(2) Geometric real rates of return in addition to assumed inflation of 1.7%, per Cliffwater's 2015 capital market assumptions.
(3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.
(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

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 plans 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.

SHELBY COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
September 30, 2015

V. RETIREMENT PLAN - CONTINUED

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 employers 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 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

SHELBY COUNTY, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
 September 30, 2015

V. RETIREMENT PLAN - CONTINUED

Sensitivity Analysis

The following presents the net pension liability of the county/district, calculated using the discount rate of 8.10%, 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 (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 14 164 332	\$ 12 693 417	\$ 11 474 455
Fiduciary net position	\$ 12 476 633	\$ 12 476 633	\$ 12 476 633
Net pension liability/(asset)	\$ 1 687 699	\$ 216 784	\$ (1 002 178)

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, 2013	\$ 11 994 333	\$ 11 802 004	\$ 192 329
Changes for the Year:			
Service cost	463 927	-	463 927
Interest on total pension liability ⁽¹⁾	960 407	-	960 407
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	19 055	-	19 055
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(93 475)	(93 476)	-
Benefit payments	(650 830)	(650 830)	-
Administrative expenses	-	(9 351)	9 351
Member contributions	-	266 626	(266 626)
Net investment income	-	802 479	(802 479)
Employer contributions	-	338 996	(338 996)
Other ⁽²⁾	-	20 185	(20 184)
Balances as of December 31, 2014	<u>\$ 12 693 417</u>	<u>\$ 12 476 633</u>	<u>\$ 216 784</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 December 31, 2014, 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	\$ -	\$ 14 291
Change of assumptions	\$ -	\$ -
Net difference between projected and actual earnings	\$ -	\$ 126 206
Contributions made subsequent to measurement date	\$ -	\$ 267 603

SHELBY COUNTY, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
 September 30, 2015

V. RETIREMENT PLAN - CONTINUED

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,			
2015	\$	36	315
2016	\$	36	315
2017	\$	36	315
2018	\$	31	552
2019	\$		-
Thereafter	\$		-

VI. 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.

VII. 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.

VIII. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 9, 2016, the date the financial statements were available to be issued.

IX. PRIOR PERIOD ADJUSTMENT

Prior period adjustments were made in the Government-wide Statements of \$1,406,608 to recognize property taxes earned in prior periods, and \$(192,329) to recognize the beginning pension liability.

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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 5 287 604	\$ 5 287 604	\$ 5 479 576	\$ 191 972
Other taxes	5 000	5 000	6 312	1 312
Fines	310 000	310 000	334 807	24 807
Fees of office	265 000	265 000	244 346	(20 654)
Interest	15 000	15 000	22 002	7 002
Grants	41 000	41 000	42 217	1 217
Commissions	375 000	375 000	461 096	86 096
Miscellaneous	146 500	146 500	282 472	135 972
TOTAL REVENUES	<u>6 445 104</u>	<u>6 445 104</u>	<u>6 872 828</u>	<u>427 724</u>
Expenditures:				
General Administration Expenditures:				
County Agents:				
Payroll expense	65 823	65 823	66 269	(446)
Operating expense	26 060	26 060	26 692	(632)
TOTAL COUNTY AGENTS	<u>91 883</u>	<u>91 883</u>	<u>92 961</u>	<u>(1 078)</u>
County Auditor:				
Payroll expense	119 958	119 958	121 225	(1 267)
Operating expense	14 600	14 600	5 557	9 043
TOTAL COUNTY AUDITOR	<u>134 558</u>	<u>134 558</u>	<u>126 782</u>	<u>7 776</u>
County Clerk:				
Payroll expense	189 357	189 357	176 944	12 413
Operating expense	56 500	56 500	60 439	(3 939)
TOTAL COUNTY CLERK	<u>245 857</u>	<u>245 857</u>	<u>237 383</u>	<u>8 474</u>
County Clerk Election Deputy:				
Payroll expense	32 542	32 542	33 021	(479)
Operating expense	42 458	42 458	42 146	312
TOTAL COUNTY CLERK ELECTION DEPUTY	<u>75 000</u>	<u>75 000</u>	<u>75 167</u>	<u>(167)</u>
County Judge:				
Payroll expense	117 703	117 703	111 939	5 764
Operating expense	16 600	16 600	14 295	2 305
TOTAL COUNTY JUDGE	<u>134 303</u>	<u>134 303</u>	<u>126 234</u>	<u>8 069</u>
District Clerk:				
Payroll expense	195 662	195 662	180 925	14 737
Operating expense	56 200	56 200	51 897	4 303
TOTAL DISTRICT CLERK	<u>251 862</u>	<u>251 862</u>	<u>232 822</u>	<u>19 040</u>
Courthouse Manager:				
Payroll expense	19 238	19 238	19 347	(109)
Operating expense	23 200	23 200	30 685	(7 485)
TOTAL COURTHOUSE MANAGER	<u>42 438</u>	<u>42 438</u>	<u>50 032</u>	<u>(7 594)</u>
Tax Assessor Collector:				
Payroll expense	212 751	212 751	238 872	(26 121)
Operating expense	64 150	64 150	58 334	5 816
TOTAL TAX ASSESSOR COLLECTOR	<u>276 901</u>	<u>276 901</u>	<u>297 206</u>	<u>(20 305)</u>
County Treasurer:				
Payroll expense	93 545	93 545	89 662	3 883
Operating expense	5 750	5 750	9 153	(3 403)
TOTAL COUNTY TREASURER	<u>99 295</u>	<u>99 295</u>	<u>98 815</u>	<u>480</u>
Commissioner Secretary:				
Payroll expense	35 725	35 725	37 035	(1 310)
Operating expense	4 500	4 500	4 597	(97)
TOTAL COMMISSIONER SECRETARY	<u>40 225</u>	<u>40 225</u>	<u>41 632</u>	<u>(1 407)</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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Veterans Officer:				
Payroll expense	13 690	13 690	13 213	477
Operating expense	4 500	4 500	5 080	(580)
TOTAL VETERANS OFFICER	<u>18 190</u>	<u>18 190</u>	<u>18 293</u>	<u>(103)</u>
TOTAL GENERAL ADMINISTRATION	<u>1 410 512</u>	<u>1 410 512</u>	<u>1 397 327</u>	<u>13 185</u>
Judicial Expenditures:				
County Attorney:				
Payroll expense	227 614	227 614	230 368	(2 754)
Operating expense	13 500	13 500	15 496	(1 996)
TOTAL COUNTY ATTORNEY	<u>241 114</u>	<u>241 114</u>	<u>245 864</u>	<u>(4 750)</u>
District Attorney:				
Payroll expense	176 747	176 747	152 639	24 108
Operating expense	38 800	38 800	50 998	(12 198)
TOTAL DISTRICT ATTORNEY	<u>215 547</u>	<u>215 547</u>	<u>203 637</u>	<u>11 910</u>
District Judges:				
Payroll expense	47 863	47 863	48 255	(392)
Operating expense	9 700	9 700	8 661	1 039
TOTAL DISTRICT JUDGES	<u>57 563</u>	<u>57 563</u>	<u>56 916</u>	<u>647</u>
Justice of the Peace #1:				
Payroll expense	80 306	80 306	79 185	1 121
Operating expense	7 250	7 250	11 072	(3 822)
TOTAL JUSTICE OF THE PEACE #1	<u>87 556</u>	<u>87 556</u>	<u>90 257</u>	<u>(2 701)</u>
Justice of the Peace #2:				
Payroll expense	35 482	35 482	34 739	743
Operating expense	2 860	4 460	10 208	(5 748)
TOTAL JUSTICE OF THE PEACE #2	<u>38 342</u>	<u>39 942</u>	<u>44 947</u>	<u>(5 005)</u>
Justice of the Peace #3:				
Payroll expense	31 655	31 655	32 297	(642)
Operating expense	3 850	3 850	8 363	(4 513)
TOTAL JUSTICE OF THE PEACE #3	<u>35 505</u>	<u>35 505</u>	<u>40 660</u>	<u>(5 155)</u>
Justice of the Peace #4:				
Payroll expense	36 189	36 189	36 650	(461)
Operating expense	6 310	7 810	8 075	(265)
TOTAL JUSTICE OF THE PEACE #4	<u>42 499</u>	<u>43 999</u>	<u>44 725</u>	<u>(726)</u>
Justice of the Peace #5:				
Payroll expense	31 655	31 655	37 152	(5 497)
Operating expense	5 410	9 010	12 505	(3 495)
TOTAL JUSTICE OF THE PEACE #5	<u>37 065</u>	<u>40 665</u>	<u>49 657</u>	<u>(8 992)</u>
TOTAL JUDICIAL EXPENDITURES	<u>755 191</u>	<u>761 891</u>	<u>776 663</u>	<u>(14 772)</u>
Law Enforcement and Corrections				
Expenditures:				
Constable Pct #1:				
Payroll expense	54 470	54 470	55 494	(1 024)
Operating expense	8 700	8 700	5 717	2 983
TOTAL CONSTABLE PCT #1	<u>63 170</u>	<u>63 170</u>	<u>61 211</u>	<u>1 959</u>
Constable Pct #2:				
Payroll expense	54 470	54 470	55 494	(1 024)
Operating expense	8 700	8 700	5 434	3 266
TOTAL CONSTABLE PCT #2	<u>63 170</u>	<u>63 170</u>	<u>60 928</u>	<u>2 242</u>
Constable Pct #3:				
Payroll expense	54 470	54 470	55 494	(1 024)
Operating expense	8 700	8 700	4 016	4 684
TOTAL CONSTABLE PCT #3	<u>63 170</u>	<u>63 170</u>	<u>59 510</u>	<u>3 660</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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Constable Pct #4:				
Payroll expense	54 470	54 470	55 494	(1 024)
Operating expense	11 800	10 300	8 920	1 380
TOTAL CONSTABLE PCT #4	<u>66 270</u>	<u>64 770</u>	<u>64 414</u>	<u>356</u>
Constable Pct #5:				
Payroll expense	54 470	54 470	55 494	(1 024)
Operating expense	8 800	8 800	3 980	4 820
TOTAL CONSTABLE PCT #5	<u>63 270</u>	<u>63 270</u>	<u>59 474</u>	<u>3 796</u>
DPS Secretary:				
Payroll expense	48 588	48 588	47 110	1 478
Operating expense	6 000	6 000	5 459	541
TOTAL DPS SECRETARY	<u>54 588</u>	<u>54 588</u>	<u>52 569</u>	<u>2 019</u>
County Sheriff:				
Payroll expense	1 767 854	1 767 854	1 685 874	81 980
Operating expense	614 650	614 650	594 158	20 492
TOTAL COUNTY SHERIFF	<u>2 382 504</u>	<u>2 382 504</u>	<u>2 280 032</u>	<u>102 472</u>
Adult Probation:				
Operating expense	21 500	21 500	17 910	3 590
TOTAL ADULT PROBATION	<u>21 500</u>	<u>21 500</u>	<u>17 910</u>	<u>3 590</u>
Juvenile Probation:				
Payroll expense	-	-	2 912	(2 912)
Operating expense	29 715	29 715	13 713	16 002
TOTAL JUVENILE PROBATION	<u>29 715</u>	<u>29 715</u>	<u>16 625</u>	<u>13 090</u>
TOTAL LAW ENFORCEMENT AND CORRECTIONS EXPENDITURES	<u>2 807 357</u>	<u>2 805 857</u>	<u>2 672 673</u>	<u>133 184</u>
Non-departmental expenditures	1 472 044	1 466 844	989 867	476 977
TOTAL EXPENDITURES	<u>6 445 104</u>	<u>6 445 104</u>	<u>5 836 530</u>	<u>610 161</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>1 036 298</u>	<u>1 036 298</u>
Other Financing Sources (Uses):				
Transfers in (out)	-	-	(74 840)	(74 840)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(74 840)</u>	<u>(74 840)</u>
NET CHANGE IN FUND BALANCES	-	-	961 458	961 458
Fund balances, beginning	<u>3 787 095</u>	<u>3 787 095</u>	<u>3 787 095</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 3 787 095</u>	<u>\$ 3 787 095</u>	<u>\$ 4 748 553</u>	<u>\$ 961 458</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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 482 127	\$ 482 127	\$ 506 099	\$ 23 972
Other taxes	279 862	279 862	289 587	9 725
Fines and fees	181 500	181 500	179 084	(2 416)
Interest	2 000	2 000	168	(1 832)
Miscellaneous	75 000	75 000	101 214	26 214
TOTAL REVENUES	<u>1 020 489</u>	<u>1 020 489</u>	<u>1 076 152</u>	<u>55 663</u>
Expenditures:				
Payroll expense	320 405	320 405	339 858	(19 453)
Operating expense	700 084	809 076	740 363	68 713
TOTAL EXPENDITURES	<u>1 020 489</u>	<u>1 129 481</u>	<u>1 080 221</u>	<u>49 260</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(108 992)</u>	<u>(4 069)</u>	<u>104 923</u>
Other Financing Sources (Uses):				
Transfers in (out)	-	50 000	203 059	153 059
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>50 000</u>	<u>203 059</u>	<u>153 059</u>
NET CHANGE IN FUND BALANCES	-	(58 992)	198 990	257 982
Fund balances, beginning	<u>210 839</u>	<u>210 839</u>	<u>210 839</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 210 839</u>	<u>\$ 151 847</u>	<u>\$ 409 829</u>	<u>\$ 257 982</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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 482 127	\$ 482 127	\$ 506 099	\$ 23 972
Other taxes	279 862	279 862	289 587	9 725
Fines and fees	181 500	181 500	179 084	(2 416)
Interest	2 000	2 000	215	(1 785)
Miscellaneous	75 000	75 000	161 360	86 360
TOTAL REVENUES	<u>1 020 489</u>	<u>1 020 489</u>	<u>1 136 345</u>	<u>115 856</u>
Expenditures:				
Payroll expense	353 423	353 423	347 431	5 992
Operating expense	667 066	776 058	983 521	(207 463)
TOTAL EXPENDITURES	<u>1 020 489</u>	<u>1 129 481</u>	<u>1 330 952</u>	<u>(201 471)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(108 992)</u>	<u>(194 607)</u>	<u>(85 615)</u>
Other Financing Sources (Uses):				
Transfers in (out)	-	50 000	197 928	147 928
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>50 000</u>	<u>197 928</u>	<u>147 928</u>
NET CHANGE IN FUND BALANCES	-	(58 992)	3 321	62 313
Fund balances, beginning	<u>348 855</u>	<u>348 855</u>	<u>348 855</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 348 855</u>	<u>\$ 289 863</u>	<u>\$ 352 176</u>	<u>\$ 62 313</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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 482 127	\$ 482 127	\$ 506 099	\$ 23 972
Other taxes	279 862	279 862	289 587	9 725
Fines and fees	181 500	181 500	179 084	(2 416)
Interest	2 000	2 000	335	(1 665)
Miscellaneous	75 000	75 000	107 863	32 863
TOTAL REVENUES	<u>1 020 489</u>	<u>1 020 489</u>	<u>1 082 968</u>	<u>62 479</u>
Expenditures:				
Payroll expense	352 664	352 664	382 074	(29 410)
Operating expense	630 491	739 483	1 173 950	(434 467)
Debt service	37 334	101 959	-	101 959
TOTAL EXPENDITURES	<u>1 020 489</u>	<u>1 194 106</u>	<u>1 556 024</u>	<u>(361 918)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(173 617)</u>	<u>(473 056)</u>	<u>(299 439)</u>
Other Financing Sources (Uses):				
Transfers in (out)	<u>-</u>	<u>50 000</u>	<u>197 928</u>	<u>147 928</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>50 000</u>	<u>197 928</u>	<u>147 928</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>(123 617)</u>	<u>(275 128)</u>	<u>(151 511)</u>
Fund balances, beginning	<u>612 963</u>	<u>612 963</u>	<u>612 963</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 612 963</u>	<u>\$ 489 346</u>	<u>\$ 337 835</u>	<u>\$ (151 511)</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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 482 127	\$ 482 127	\$ 506 099	\$ 23 972
Other taxes	279 862	279 862	289 586	9 724
Fines and fees	181 500	181 500	179 084	(2 416)
Interest	2 000	2 000	279	(1 721)
Miscellaneous	75 000	75 000	101 149	26 149
TOTAL REVENUES	<u>1 020 489</u>	<u>1 020 489</u>	<u>1 076 197</u>	<u>55 708</u>
Expenditures:				
Payroll expense	363 657	363 657	380 402	(16 745)
Operating expense	656 832	656 832	404 623	252 209
TOTAL EXPENDITURES	<u>1 020 489</u>	<u>1 020 489</u>	<u>785 025</u>	<u>235 464</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>291 172</u>	<u>291 172</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>-</u>	<u>291 172</u>	<u>291 172</u>
Fund balances, beginning	<u>458 440</u>	<u>458 440</u>	<u>458 440</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 458 440</u>	<u>\$ 458 440</u>	<u>\$ 749 612</u>	<u>\$ 291 172</u>

See independent auditors' report.

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

	2014
Total Pension Liability:	
Service cost	\$ 463 927
Interest (on the total pension liability)	960 407
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	19 055
Benefit payments, including refunds of employee contributions	(744 305)
NET CHANGE IN TOTAL PENSION LIABILITY	699 084
Total pension liability - Beginning	11 994 333
TOTAL PENSION LIABILITY - ENDING	12 693 417
 Plan Fiduciary Net Position:	
Contributions - Employer	338 996
Contributions - Employee	266 626
Net investment income	802 479
Benefit payments, including refunds of employee contributions	(744 306)
Administrative	(9 351)
Other	20 185
NET CHANGE IN PLAN FIDUCIARY NET POSITION	674 629
Plan fiduciary net position - Beginning	11 802 004
PLAN FIDUCIARY NET POSITION - ENDING	12 476 633
 NET PENSION LIABILITY - ENDING	\$ 216 784
 Plan fiduciary net position as a percentage of total pension liability	98.29%
Covered employee payroll	\$ 3 808 942
Net pension liability as a percentage of covered employee payroll	5.69%

Additional years will be provided as they become available.

See independent auditors' report.

SHELBY COUNTY, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS

YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION	ACTUAL EMPLOYER CONTRIBUTION	CONTRIBUTION DEFICIENCY (EXCESS)	PENSIONABLE COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2006	\$ 228 519	\$ 228 519	\$ -	\$ 3 255 259	7.0%
2007	\$ 260 498	\$ 260 498	\$ -	\$ 3 710 792	7.0%
2008	\$ 254 583	\$ 254 583	\$ -	\$ 3 782 802	6.7%
2009	\$ 261 693	\$ 261 693	\$ -	\$ 3 854 090	6.8%
2010	\$ 296 669	\$ 296 669	\$ -	\$ 3 888 187	7.6%
2011	\$ 301 686	\$ 301 686	\$ -	\$ 3 974 778	7.6%
2012	\$ 338 153	\$ 338 153	\$ -	\$ 4 195 441	8.1%
2013	\$ 338 577	\$ 338 577	\$ -	\$ 4 016 333	8.4%
2014	\$ 338 996	\$ 338 996	\$ -	\$ 3 808 942	8.9%

COMBINING SCHEDULES

SHELBY COUNTY, TEXAS
 COMBINING BALANCE SHEET -
 SPECIAL REVENUE FUNDS
 September 30, 2015

	ROAD & BRIDGE #1	ROAD & BRIDGE #2	ROAD & BRIDGE #3	ROAD & BRIDGE #4
ASSETS				
Cash and investments	\$ 421 324	\$ 415 229	\$ 401 013	\$ 761 668
Property tax receivable	157 565	157 565	157 566	157 566
Other receivable	-	-	-	-
TOTAL ASSETS	\$ 578 889	\$ 572 794	\$ 558 579	\$ 919 234
 LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3 919	\$ 55 467	\$ 53 386	\$ 2 574
Accrued expense	7 576	7 586	9 792	9 482
TOTAL LIABILITIES	11 495	63 053	63 178	12 056
 Deferred Inflows:				
Unavailable revenues	157 565	157 565	157 566	157 566
TOTAL DEFERRED INFLOWS	157 565	157 565	157 566	157 566
 Fund Balances:				
Restricted fund balance	409 829	352 176	337 835	749 612
TOTAL FUND BALANCES	409 829	352 176	337 835	749 612
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
	\$ 578 889	\$ 572 794	\$ 558 579	\$ 919 234

See independent auditors' report.

HISTORIC COURTHOUSE FUND	COUNTY CLERK VITAL ARCHIVES FEE FUND	GENERAL RECORDS MANAGEMENT	SHERIFF OFFICE EDUCATION FUND	VEHICLE INVENTORY TAX FUND	SHERIFF COMMISSARY FUND
\$ 1 878	\$ 31 255	\$ 9 853	\$ 2 424	\$ 66 435	\$ 58 526
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1 878</u>	<u>\$ 31 255</u>	<u>\$ 9 853</u>	<u>\$ 2 424</u>	<u>\$ 66 435</u>	<u>\$ 58 526</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1 878</u>	<u>31 255</u>	<u>9 853</u>	<u>2 424</u>	<u>66 435</u>	<u>58 526</u>
<u>1 878</u>	<u>31 255</u>	<u>9 853</u>	<u>2 424</u>	<u>66 435</u>	<u>58 526</u>
<u>\$ 1 878</u>	<u>\$ 31 255</u>	<u>\$ 9 853</u>	<u>\$ 2 424</u>	<u>\$ 66 435</u>	<u>\$ 58 526</u>

SHELBY COUNTY, TEXAS
 COMBINING BALANCE SHEET -
 SPECIAL REVENUE FUNDS - CONTINUED
 September 30, 2015

	<u>CONSTABLE #4 FORFEITURE FUND</u>	<u>DISTRICT ATTORNEY TRUSTEE</u>	<u>DISTRICT ATTORNEY FORFEITURE</u>	<u>LAW ENFORCEMENT FUND</u>
ASSETS				
Cash and investments	\$ 3 525	\$ 246	\$ 34	\$ -
Property tax receivable	-	-	-	-
Other receivable	-	-	-	-
TOTAL ASSETS	<u>\$ 3 525</u>	<u>\$ 246</u>	<u>\$ 34</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expense	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows:				
Unavailable revenues	-	-	-	-
TOTAL DEFERRED INFLOWS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted fund balance	3 525	246	34	-
TOTAL FUND BALANCES	<u>3 525</u>	<u>246</u>	<u>34</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 3 525</u>	<u>\$ 246</u>	<u>\$ 34</u>	<u>\$ -</u>

See independent auditors' report.

COUNTY ATTORNEY FUND	HURRICANE IKE ROUND 2.2 GRANT	JUVENILE COURT TECH FUND	LEOSE CONSTABLES FUND	CHAPTER 19 VOTER REGISTRATION
\$ 18 355	\$ -	\$ 2 150	\$ 11 484	\$ -
-	-	-	-	-
-	-	-	-	-
<u>\$ 18 355</u>	<u>\$ -</u>	<u>\$ 2 150</u>	<u>\$ 11 484</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>18 355</u>	<u>-</u>	<u>2 150</u>	<u>11 484</u>	<u>-</u>
<u>18 355</u>	<u>-</u>	<u>2 150</u>	<u>11 484</u>	<u>-</u>
<u>\$ 18 355</u>	<u>\$ -</u>	<u>\$ 2 150</u>	<u>\$ 11 484</u>	<u>\$ -</u>

SHELBY COUNTY, TEXAS
 COMBINING BALANCE SHEET -
 SPECIAL REVENUE FUNDS - CONTINUED
 September 30, 2015

	LAW LIBRARY FUND	DISTRICT CLERK RECORD MGMT FUND	COUNTY CLERK RECORD MGMT FUND	COURTHOUSE SECURITY FUND
ASSETS				
Cash and investments	\$ 92 033	\$ 5 980	\$ 101 828	\$ 30 955
Property tax receivable	-	-	-	-
Other receivable	-	-	11	-
TOTAL ASSETS	\$ 92 033	\$ 5 980	\$ 101 839	\$ 30 955
 LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expense	-	-	-	52
TOTAL LIABILITIES	-	-	-	52
 Deferred Inflows:				
Unavailable revenues	-	-	-	-
TOTAL DEFERRED INFLOWS	-	-	-	-
 Fund Balances:				
Restricted fund balance	92 033	5 980	101 839	30 903
TOTAL FUND BALANCES	92 033	5 980	101 839	30 903
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
	\$ 92 033	\$ 5 980	\$ 101 828	\$ 30 955

See independent auditors' report.

JURY FUND	RIGHT OF WAY FUND	INDIGENT HEALTH CARE FUND	COURT REPORTER SERVICE FUND	SHELBY COUNTY HOSPITAL FUND	JUVENILE PROBATION FUND
\$ 27 480	\$ 329 633	\$ 577 918	\$ 811	\$ -	\$ 8 171
13 982	9 524	15 807	-	-	-
-	-	-	-	-	92
<u>\$ 41 462</u>	<u>\$ 339 157</u>	<u>\$ 593 725</u>	<u>\$ 811</u>	<u>\$ -</u>	<u>\$ 8 263</u>
\$ -	\$ -	\$ 6 508	\$ -	\$ -	\$ -
-	-	486	-	-	-
-	-	6 994	-	-	-
13 982	9 524	15 807	-	-	-
<u>13 982</u>	<u>9 524</u>	<u>15 807</u>	<u>-</u>	<u>-</u>	<u>-</u>
27 480	329 633	570 924	811	-	8 263
<u>27 480</u>	<u>329 633</u>	<u>570 924</u>	<u>811</u>	<u>-</u>	<u>8 263</u>
<u>\$ 41 462</u>	<u>\$ 339 157</u>	<u>\$ 593 725</u>	<u>\$ 811</u>	<u>\$ -</u>	<u>\$ 8 263</u>

SHELBY COUNTY, TEXAS
 COMBINING BALANCE SHEET -
 SPECIAL REVENUE FUNDS - CONTINUED
 September 30, 2015

	<u>JUVENILE TITLE IV E FUND</u>	<u>SHERIFF FEDERAL SEIZURE</u>	<u>GRANT FUND</u>	<u>SHERIFF LOCAL FORFEITURE</u>
ASSETS				
Cash and investments	\$ 1 143	\$ 2 540	\$ (5 250)	\$ 6 253
Property tax receivable	-	-	-	-
Other receivable	-	-	-	-
TOTAL ASSETS	<u>\$ 1 143</u>	<u>\$ 2 540</u>	<u>\$ (5 250)</u>	<u>\$ 6 253</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expense	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows:				
Unavailable revenues	-	-	-	-
TOTAL DEFERRED INFLOWS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted fund balance	1 143	2 540	(5 250)	6 253
TOTAL FUND BALANCES	<u>1 143</u>	<u>2 540</u>	<u>(5 250)</u>	<u>6 253</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 1 143</u>	<u>\$ 2 540</u>	<u>\$ (5 250)</u>	<u>\$ 6 253</u>

See independent auditors' report.

COUNTY COURT RECORDS TECH FUND	DISTRICT COURT RECORDS TECH FUND	APPELLATE JUDICIAL FEE COUNTY CLERK	APPELLATE JUDICIAL FEE DISTRICT CLERK	RECORDS ARCHIVE FEE COUNTY CLERK
\$ 10 040	\$ 16 031	\$ 150	\$ 350	\$ 151 307
-	-	-	-	-
-	-	-	-	-
<u>\$ 10 040</u>	<u>\$ 16 031</u>	<u>\$ 150</u>	<u>\$ 350</u>	<u>\$ 151 307</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
10 040	16 031	150	350	151 307
10 040	16 031	150	350	151 307
<u>\$ 10 040</u>	<u>\$ 16 031</u>	<u>\$ 150</u>	<u>\$ 350</u>	<u>\$ 151 307</u>

SHELBY COUNTY, TEXAS
 COMBINING BALANCE SHEET -
 SPECIAL REVENUE FUNDS - CONTINUED
 September 30, 2015

	<u>RECORDS ARCHIVE FEE DISTRICT CLERK</u>	<u>JP COURT SECURITY FUND</u>	<u>GUARDIANSHIP FUND</u>
ASSETS			
Cash and investments	\$ 16 755	\$ 20 646	\$ 11 676
Property tax receivable	-	-	-
Other receivable	-	-	-
TOTAL ASSETS	<u>\$ 16 755</u>	<u>\$ 20 646</u>	<u>\$ 11 676</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued expense	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows:			
Unavailable revenues	-	-	-
TOTAL DEFERRED INFLOWS	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted fund balance	16 755	20 646	11 676
TOTAL FUND BALANCES	<u>16 755</u>	<u>20 646</u>	<u>11 676</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 16 755</u>	<u>\$ 20 646</u>	<u>\$ 11 676</u>

See independent auditors' report.

DISTRICT ATTORNEY SEIZURE FUND		DISTRICT ATTORNEY FORFEITURE FUND		DISTRICT ATTORNEY FORFEITURE FUNDS	TOTAL SPECIAL REVENUE FUNDS
NON-TRAFFIC	TRAFFIC	NON-TRAFFIC	TRAFFIC		
\$ 41 992	\$ -	\$ 7 339	\$ 3 429	\$ 13 000	\$ 3 677 609
-	-	-	-	-	669 575
-	-	-	-	-	103
<u>\$ 41 992</u>	<u>\$ -</u>	<u>\$ 7 339</u>	<u>\$ 3 429</u>	<u>\$ 13 000</u>	<u>\$ 4 347 287</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121 854
-	-	-	-	-	34 974
-	-	-	-	-	156 828
-	-	-	-	-	669 575
-	-	-	-	-	669 575
41 992	-	7 339	3 429	13 000	3 520 884
41 992	-	7 339	3 429	13 000	3 520 884
<u>\$ 41 992</u>	<u>\$ -</u>	<u>\$ 7 339</u>	<u>\$ 3 429</u>	<u>\$ 13 000</u>	<u>\$ 4 347 276</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS
 For the Year Ended September 30, 2015

	<u>ROAD & BRIDGE #1</u>	<u>ROAD & BRIDGE #2</u>	<u>ROAD & BRIDGE #3</u>	<u>ROAD & BRIDGE #4</u>
Revenues:				
Property taxes	\$ 506 099	\$ 506 099	\$ 506 099	\$ 506 099
Other taxes	289 587	289 587	289 587	289 586
Fines and fees	179 084	179 084	179 084	179 084
Charges for services	-	-	-	-
Grants and contributions	-	-	-	-
Interest	168	215	335	279
Miscellaneous income	<u>101 214</u>	<u>161 360</u>	<u>107 863</u>	<u>101 149</u>
TOTAL REVENUES	<u>1 076 152</u>	<u>1 136 345</u>	<u>1 082 968</u>	<u>1 076 197</u>
Expenditures:				
Payroll expense	339 858	347 431	382 074	380 402
Operating expense	<u>740 363</u>	<u>983 521</u>	<u>1 173 950</u>	<u>404 623</u>
TOTAL EXPENDITURES	<u>1 080 221</u>	<u>1 330 952</u>	<u>1 556 024</u>	<u>785 025</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4 069)</u>	<u>(194 607)</u>	<u>(473 056)</u>	<u>291 172</u>
Other Financing Sources (Uses):				
Transfer out	-	-	-	-
Transfers in	<u>203 059</u>	<u>197 928</u>	<u>197 928</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>203 059</u>	<u>197 928</u>	<u>197 928</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	198 990	3 321	(275 128)	291 172
Fund balances, beginning	<u>210 839</u>	<u>348 855</u>	<u>612 963</u>	<u>458 440</u>
FUND BALANCES ENDING	<u>\$ 409 829</u>	<u>\$ 352 176</u>	<u>\$ 337 835</u>	<u>\$ 749 612</u>

See independent auditors' report.

HISTORIC COURTHOUSE FUND	COUNTY CLERK VITAL ARCHIVES FEE FUND	GENERAL RECORDS MANAGEMENT	SHERIFF OFFICE EDUCATION FUND	VEHICLE INVENTORY TAX FUND	SHERIFF COMMISSARY FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	119 043	-
-	1 874	7 190	-	-	-
-	-	-	-	-	57 907
697	-	-	13 248	-	-
-	-	-	-	104	-
-	-	-	-	-	-
<u>697</u>	<u>1 874</u>	<u>7 190</u>	<u>13 248</u>	<u>119 147</u>	<u>57 907</u>
-	-	-	-	-	-
-	-	3 210	10 824	126 155	83 853
-	-	<u>3 210</u>	<u>10 824</u>	<u>126 155</u>	<u>83 853</u>
697	1 874	3 980	2 424	(7 008)	(25 946)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
697	1 874	3 980	2 424	(7 008)	(25 946)
<u>1 181</u>	<u>29 381</u>	<u>5 873</u>	<u>-</u>	<u>73 443</u>	<u>84 472</u>
\$ <u>1 878</u>	\$ <u>31 255</u>	\$ <u>9 853</u>	\$ <u>2 424</u>	\$ <u>66 435</u>	\$ <u>58 526</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED
 For the Year Ended September 30, 2015

	CONSTABLE #4 FORFEITURE FUND	DISTRICT ATTORNEY TRUSTEE	DISTRICT ATTORNEY FORFEITURE	LAW ENFORCEMENT FUND
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Fines and fees	-	-	-	-
Charges for services	-	-	-	-
Grants and contributions	-	-	-	-
Interest	5	-	-	2
Miscellaneous income	1 665	28 159	-	-
TOTAL REVENUES	1 670	28 159	-	2
Expenditures:				
Payroll expense	-	24 719	-	-
Operating expense	70	13 713	-	1 949
TOTAL EXPENDITURES	70	38 432	-	1 949
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 1 600	 (10 273)	 -	 (1 947)
Other Financing Sources (Uses):				
Transfer out	-	-	-	-
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
 NET CHANGE IN FUND BALANCES	 1 600	 (10 273)	 -	 (1 947)
Fund balances, beginning	1 925	10 519	34	1 947
 FUND BALANCES ENDING	 \$ 3 525	 \$ 246	 \$ 34	 \$ -

See independent auditors' report.

COUNTY ATTORNEY FUND	HURRICANE IKE ROUND 2.2 GRANT	JUVENILE COURT TECH FUND	LEOSE CONSTABLES FUND	CHAPTER 19 VOTER REGISTRATION
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	5 388	-	-
-	-	-	-	-
-	171 788	-	-	624
42	-	-	-	-
9 522	-	-	1 978	-
<u>9 564</u>	<u>171 788</u>	<u>5 388</u>	<u>1 978</u>	<u>624</u>
16 442	-	-	-	-
-	171 788	18 806	-	624
<u>16 442</u>	<u>171 788</u>	<u>18 806</u>	<u>-</u>	<u>624</u>
(6 878)	-	(13 418)	1 978	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
(6 878)	-	(13 418)	1 978	-
25 233	-	15 568	9 506	-
<u>18 355</u>	<u>-</u>	<u>2 150</u>	<u>11 484</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, 2015

	<u>LAW LIBRARY FUND</u>	<u>DISTRICT CLERK RECORD MGMT FUND</u>	<u>COUNTY CLERK RECORD MGMT FUND</u>	<u>COURTHOUSE SECURITY FUND</u>
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Fines and fees	11 635	2 110	47 140	11 480
Charges for services	-	-	-	-
Grants and contributions	-	-	-	-
Interest	-	-	-	-
Miscellaneous income	-	-	-	-
TOTAL REVENUES	<u>11 635</u>	<u>2 110</u>	<u>47 140</u>	<u>11 480</u>
Expenditures:				
Payroll expense	-	-	34 663	62 083
Operating expense	8 473	1 859	63 384	1 413
TOTAL EXPENDITURES	<u>8 473</u>	<u>1 859</u>	<u>98 047</u>	<u>63 496</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3 162</u>	<u>251</u>	<u>(50 907)</u>	<u>(52 016)</u>
Other Financing Sources (Uses):				
Transfer out	-	-	-	-
Transfers in	-	-	-	74 840
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>74 840</u>
NET CHANGE IN FUND BALANCES	3 162	251	(50 907)	22 824
Fund balances, beginning	<u>88 871</u>	<u>5 729</u>	<u>152 746</u>	<u>8 079</u>
FUND BALANCES ENDING	<u>\$ 92 033</u>	<u>\$ 5 980</u>	<u>\$ 101 839</u>	<u>\$ 30 903</u>

See independent auditors' report.

JURY FUND	RIGHT OF WAY FUND	INDIGENT HEALTH CARE FUND	COURT REPORTER SERVICE FUND	SHELBY COUNTY HOSPITAL FUND	JUVENILE PROBATION FUND
\$ 105 930	\$ 71 866	\$ 117 125	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	4 485	-	-
-	-	-	-	-	-
-	-	-	-	-	107 806
-	-	421	-	-	21
-	-	-	-	-	-
<u>105 930</u>	<u>71 866</u>	<u>117 546</u>	<u>4 485</u>	<u>-</u>	<u>107 827</u>
75 499	-	18 938	-	-	105 694
<u>5 129</u>	<u>32 334</u>	<u>361 770</u>	<u>6 233</u>	<u>12 557</u>	<u>29 321</u>
<u>80 628</u>	<u>32 334</u>	<u>380 708</u>	<u>6 233</u>	<u>12 557</u>	<u>135 015</u>
<u>25 302</u>	<u>39 532</u>	<u>(263 162)</u>	<u>(1 748)</u>	<u>(12 557)</u>	<u>(27 188)</u>
-	(150 000)	-	-	-	-
-	-	-	-	-	-
-	(150 000)	-	-	-	-
<u>25 302</u>	<u>(110 468)</u>	<u>(263 162)</u>	<u>(1 748)</u>	<u>(12 557)</u>	<u>(27 188)</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>\$ 27 480</u>	<u>\$ 329 633</u>	<u>\$ 570 924</u>	<u>\$ 811</u>	<u>\$ -</u>	<u>\$ 8 263</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED
 For the Year Ended September 30, 2015

	<u>JUVENILE</u>	<u>SHERIFF</u>	<u>GRANT</u>	<u>SHERIFF</u>
	IV E	FEDERAL	FUND	LOCAL
	<u>FUND</u>	<u>SEIZURE</u>	<u>FUND</u>	<u>FORFEITURE</u>
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Fines and fees	-	-	-	-
Charges for services	-	-	-	-
Grants and contributions	-	-	458 040	-
Interest	-	-	-	-
Miscellaneous income	-	-	-	750
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>458 040</u>	<u>750</u>
Expenditures:				
Payroll expense	-	-	-	-
Operating expense	-	13 690	-	10 488
TOTAL EXPENDITURES	<u>-</u>	<u>13 690</u>	<u>-</u>	<u>10 488</u>
EXCESS (DEFICIENCY)				
OF REVENUES OVER				
EXPENDITURES	<u>-</u>	<u>(13 690)</u>	<u>458 040</u>	<u>(9 738)</u>
Other Financing Sources (Uses):				
Transfer out	-	-	(448 915)	-
Transfers in	-	-	-	-
TOTAL OTHER FINANCING				
SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(448 915)</u>	<u>-</u>
NET CHANGE IN FUND				
BALANCES	-	(13 690)	9 125	(9 738)
Fund balances, beginning	<u>1 143</u>	<u>16 230</u>	<u>(14 375)</u>	<u>15 991</u>
FUND BALANCES ENDING	<u>\$ 1 143</u>	<u>\$ 2 540</u>	<u>\$ (5 250)</u>	<u>\$ 6 253</u>

See independent auditors' report.

COUNTY COURT RECORDS TECH FUND	DISTRICT COURT RECORDS TECH FUND	APPELLATE JUDICIAL FEE COUNTY CLERK	APPELLATE JUDICIAL FEE DISTRICT CLERK	RECORDS ARCHIVE FEE COUNTY CLERK
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
2 266	3 260	585	1 490	46 791
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>2 266</u>	<u>3 260</u>	<u>585</u>	<u>1 490</u>	<u>46 791</u>
-	-	-	-	-
-	-	610	1 540	7 057
-	-	<u>610</u>	<u>1 540</u>	<u>7 057</u>
2 266	3 260	(25)	(50)	39 734
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2 266	3 260	(25)	(50)	39 734
<u>7 774</u>	<u>12 771</u>	<u>175</u>	<u>400</u>	<u>111 573</u>
\$ <u>10 040</u>	\$ <u>16 031</u>	\$ <u>150</u>	\$ <u>350</u>	\$ <u>151 307</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED
 For the Year Ended September 30, 2015

	RECORDS ARCHIVE FEE DISTRICT CLERK	JP COURT SECURITY FUND	GUARDIANSHIP FUND
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Fines and fees	4 060	831	1 560
Charges for services	-	-	-
Grants and contributions	-	-	-
Interest	-	-	-
Miscellaneous income	-	-	-
TOTAL REVENUES	4 060	831	1 560
Expenditures:			
Payroll expense	-	-	-
Operating expense	-	-	-
TOTAL EXPENDITURES	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4 060	831	1 560
Other Financing Sources (Uses):			
Transfer out	-	-	-
Transfers in	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCES	4 060	831	1 560
Fund balances, beginning	12 695	19 815	10 116
FUND BALANCES ENDING	\$ 16 755	\$ 20 646	\$ 11 676

See independent auditors' report.

DISTRICT ATTORNEY SEIZURE FUND		DISTRICT ATTORNEY FORFEITURE FUND		DISTRICT ATTORNEY FORFEITURE FUNDS	TOTAL SPECIAL REVENUE FUNDS
NON-TRAFFIC	TRAFFIC	NON-TRAFFIC	TRAFFIC		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2 319 317
-	-	-	-	-	1 277 390
38 450	-	-	-	-	906 931
-	-	-	-	-	57 907
-	-	-	-	-	752 203
-	-	3	1	-	1 596
-	-	572	-	13 000	527 232
<u>38 450</u>	<u>-</u>	<u>575</u>	<u>1</u>	<u>13 000</u>	<u>5 842 576</u>
-	-	-	-	-	1 787 803
520	-	6 999	3 743	-	4 300 569
<u>520</u>	<u>-</u>	<u>6 999</u>	<u>3 743</u>	<u>-</u>	<u>6 088 372</u>
37 930	-	(6 424)	(3 742)	13 000	(245 796)
(13 763)	(7 171)	-	-	-	(619 849)
<u>-</u>	<u>-</u>	<u>13 763</u>	<u>7 171</u>	<u>-</u>	<u>694 690</u>
<u>(13 763)</u>	<u>(7 171)</u>	<u>13 763</u>	<u>7 171</u>	<u>-</u>	<u>74 840</u>
24 167	(7 171)	7 339	3 429	13 000	(170 956)
<u>17 825</u>	<u>7 171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3 691 840</u>
<u>\$ 41 992</u>	<u>\$ -</u>	<u>\$ 7 339</u>	<u>\$ 3 429</u>	<u>\$ 13 000</u>	<u>\$ 3 520 884</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 September 30, 2015

		ARENA BLEACHER FUND	COUNTY CLERK	DISTRICT CLERK TRUST	DISTRICT CLERK	MOTOR VEHICLE TAX	PROPERTY TAXES
ASSETS							
Cash and cash equivalents	\$	<u>37 341</u>	\$ <u>150 891</u>	\$ <u>1 794 018</u>	\$ <u>860 502</u>	\$ <u>285 427</u>	\$ <u>292 404</u>
TOTAL ASSETS	\$	<u><u>37 341</u></u>	\$ <u><u>150 891</u></u>	\$ <u><u>1 794 018</u></u>	\$ <u><u>860 502</u></u>	\$ <u><u>285 427</u></u>	\$ <u><u>292 404</u></u>
LIABILITIES							
Due to others	\$	<u>37 341</u>	\$ <u>150 891</u>	\$ <u>1 794 018</u>	\$ <u>860 502</u>	\$ <u>285 427</u>	\$ <u>292 404</u>
TOTAL LIABILITIES	\$	<u><u>37 341</u></u>	\$ <u><u>150 891</u></u>	\$ <u><u>1 794 018</u></u>	\$ <u><u>860 502</u></u>	\$ <u><u>285 427</u></u>	\$ <u><u>292 404</u></u>

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
\$ 54 771	\$ 20 603	\$ 33 771	\$ 10 446	\$ 54 162	\$ 12 526	\$ 1 063
<u>\$ 54 771</u>	<u>\$ 20 603</u>	<u>\$ 33 771</u>	<u>\$ 10 446</u>	<u>\$ 54 162</u>	<u>\$ 12 526</u>	<u>\$ 1 063</u>
\$ 54 771	\$ 20 603	\$ 33 771	\$ 10 446	\$ 54 162	\$ 12 526	\$ 1 063
<u>\$ 54 771</u>	<u>\$ 20 603</u>	<u>\$ 33 771</u>	<u>\$ 10 446</u>	<u>\$ 54 162</u>	<u>\$ 12 526</u>	<u>\$ 1 063</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION - CONTINUED
 September 30, 2015

	<u>FAMILY PROTECTION FEE FUND</u>	<u>CHILD SAFETY FEE FUND</u>	<u>COMBINED FIDUCIARY FUNDS</u>
ASSETS			
Cash and cash equivalents	\$ 3 355	\$ 1 634	\$ 3 612 914
TOTAL ASSETS	<u>\$ 3 355</u>	<u>\$ 1 634</u>	<u>\$ 3 612 914</u>
 LIABILITIES			
Due to others	\$ 3 355	\$ 1 634	\$ 3 612 914
TOTAL LIABILITIES	<u>\$ 3 355</u>	<u>\$ 1 634</u>	<u>\$ 3 612 914</u>

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, 2015, 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 9, 2016.

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 2015-1.

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 9, 2016

SHELBY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2015

A. Summary of the Auditor's Results:

1. Financial Statements

Type of report issued:

Unmodified

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

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

Finding 2015-1:

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 Auditors office.

Questioned Cost - None

Recommendation - We recommend that the function identified be separated within the Justice of Peace offices.

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.