

SHELBY COUNTY, TEXAS
Center, Texas

ANNUAL FINANCIAL REPORT

Year Ended September 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Honorable County Judge
and Commissioners
Center, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities, the fiduciary activities, each major fund, and the aggregate remaining fund information of Shelby County, as of and for the year ended September 30, 2024, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the fiduciary activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2024, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying *Schedule of Expenditures of Federal and State Awards* is also presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2025, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
May 28, 2025



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, 2024 ("FY 2024").

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 \$26,627,585 on a government-wide basis as of September 30, 2024.
- For FY 2024, taxes and other revenues, including program revenues, of the County's governmental activities amounted to \$17,771,458. Expenses, including program expenses, totaled \$17,420,002.

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 a decrease in fund balance of \$512,617 for the fiscal year.
- The County's General Fund reported a fund balance of \$9,496,048, an increase of \$169,458 from September 30, 2023.

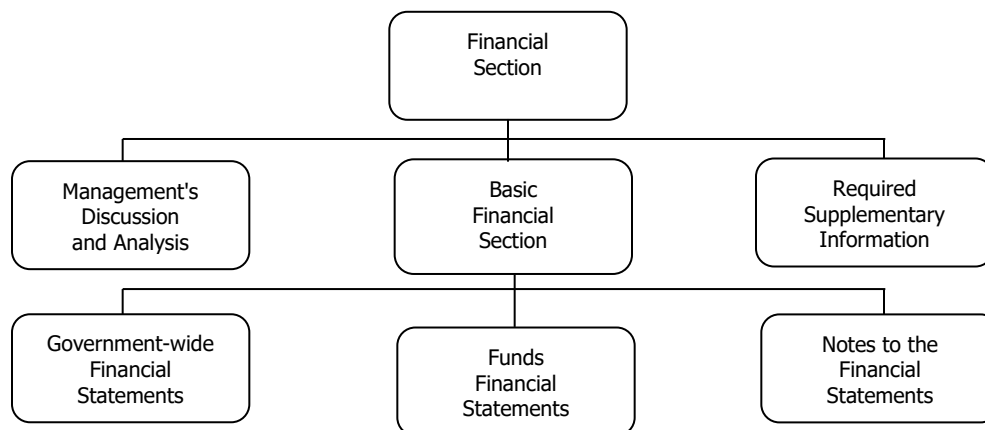
GENERAL FINANCIAL HIGHLIGHTS

Overview of the Financial Statements

The financial section of the financial report includes three parts:

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

COMPONENTS OF THE FINANCIAL SECTION



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

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of third parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements, since the resources of those funds are not available to support the County's programs or activities. Fiduciary funds in the County consist of custodial 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, 2024 and 2023:

	September 30,	
	2024	2023
Assets:		
Current and other assets	\$ 19 586 533	\$ 18 398 664
Capital assets (net)	8 117 756	8 083 060
Pension asset	851 223	162 849
TOTAL ASSETS	<u>28 555 512</u>	<u>26 644 573</u>
Deferred outflow	<u>502 347</u>	<u>665 359</u>
Liabilities:		
Current liabilities	529 445	445 922
Long-term liabilities	238 368	343 973
TOTAL LIABILITIES	<u>767 813</u>	<u>789 895</u>
Deferred inflows	<u>1 662 461</u>	<u>243 908</u>
Net Position:		
Net investment in capital assets	7 868 418	7 657 737
Restricted	6 122 268	6 804 343
Unrestricted	12 636 899	11 814 049
TOTAL NET POSITION	<u>\$ 26 627 585</u>	<u>\$ 26 276 129</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 \$26,627,585 at September 30, 2024, the County's fiscal year-end. This amount represents an increase of \$351,456 from the net position at September 30, 2023.

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 and long-term debt are in the notes.

Governmental Activities

Revenues for the governmental activities for the County totaled \$17,771,458 for the fiscal year 2024.

Taxes constitute the largest source of County revenues, totaling \$12,508,921 for fiscal year 2024.

The cost of the County's governmental activities totaled \$17,420,002. Major contributors to costs include:

	2024	2023
Streets and bridges	\$ 5 522 864	\$ 5 507 592
Law enforcement	\$ 4 917 265	\$ 4 343 096
General administration	\$ 2 153 589	\$ 2 188 690
Judicial	\$ 1 400 267	\$ 1 280 040

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, 2024, the County's governmental funds had a combined fund balance totaling \$15,618,316.

The General Fund is the primary operating fund of the County. Unassigned fund balance in the General Fund at September 30, 2024, totaled \$9,496,048. This represents approximately 97% of the total expenditures for FY 2024 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, 2024

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 16 027 015
Receivables Net of Allowance for Uncollectibles:	
Taxes receivable	2 130 620
Lease receivable	27 000
Court receivable	1 401 898
TOTAL CURRENT ASSETS	<u>19 586 533</u>
Noncurrent Assets:	
Pension asset	851 223
Capital Assets:	
Land	374 436
Streets and infrastructure	16 751 142
Buildings and improvements	5 669 742
Furniture and equipment	12 035 531
Construction in progress	381 367
Less: Accumulated depreciation	<u>(27 094 462)</u>
TOTAL CAPITAL ASSETS	<u>8 117 756</u>
 TOTAL NONCURRENT ASSETS	 <u>8 968 979</u>
 TOTAL ASSETS	 <u>28 555 512</u>
 DEFERRED OUTFLOW	
Contribution subsequent to measurement date	323 885
Pension deferred outflows	178 462
TOTAL DEFERRED OUTFLOW	<u>502 347</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 29 057 859</u>
 LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 281 554
Accrued liabilities	127 145
Accrued interest payable	57
Capital leases due in one year	120 689
TOTAL CURRENT LIABILITIES	<u>529 445</u>
Noncurrent Liabilities:	
Capital leases due in more than one year	128 649
Accrued compensation absence	109 719
TOTAL NONCURRENT LIABILITIES	<u>238 368</u>
TOTAL LIABILITIES	<u>767 813</u>
 DEFERRED INFLOWS	
Pension deferred inflows	62 118
Deferred lease inflows	1 600 343
TOTAL DEFERRED INFLOWS	<u>1 662 461</u>
 NET POSITION	
Net investment in capital assets	7 868 418
Restricted	6 122 268
Unrestricted	12 636 899
TOTAL NET POSITION	<u>\$ 26 627 585</u>

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

SHELBY COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

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	\$ 2 153 589	\$ 1 224 880	\$ 288 687	\$ -	\$ (640 022)
Judicial	1 400 267	147 717	356 517	-	(896 033)
Law enforcement and corrections	4 917 265	111 091	615 911	-	(4 190 263)
Streets and bridges	5 522 864	699 996	-	705 706	(4 117 162)
Community service	762 160	-	100	-	(762 060)
Nondepartmental	2 663 857	-	-	-	(2 663 857)
TOTAL GOVERNMENTAL ACTIVITIES	\$ <u>17 420 002</u>	\$ <u>2 183 684</u>	\$ <u>1 261 215</u>	\$ <u>705 706</u>	<u>(13 269 397)</u>
General Revenues:					
Taxes:					
Property taxes					11 161 362
Other tax revenue					1 347 559
Unrestricted investment earnings					954 697
Gain (loss) on sale of capital assets					40 493
Other unrestricted revenue					116 742
TOTAL GENERAL REVENUES					<u>13 620 853</u>
CHANGE IN NET POSITION					351 456
Net position, beginning					26 276 129
NET POSITION, ENDING					<u>\$ 26 627 585</u>

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

SHELBY COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2024

	<u>GENERAL</u>	<u>ROAD & BRIDGE #1</u>	<u>ROAD & BRIDGE #2</u>
ASSETS			
Cash and investments	\$ 9 645 489	\$ 428 491	\$ 276 313
Property tax receivable (net)	1 264 910	194 515	194 515
Other receivables	<u>1 428 898</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>12 339 297</u>	\$ <u>623 006</u>	\$ <u>470 828</u>
LIABILITIES, FUND EQUITY			
Liabilities:			
Accounts payable	\$ 54 241	\$ 69 332	\$ 72 415
Accrued liabilities	<u>95 200</u>	<u>7 774</u>	<u>8 091</u>
TOTAL LIABILITIES	<u>149 441</u>	<u>77 106</u>	<u>80 506</u>
Deferred Inflows:			
Unavailable revenue	<u>2 693 808</u>	<u>194 515</u>	<u>194 515</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>2 843 249</u>	<u>271 621</u>	<u>275 021</u>
Fund Balances:			
Restricted fund balance	-	351 385	195 807
Unassigned Reported in:			
General fund	<u>9 496 048</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>9 496 048</u>	<u>351 385</u>	<u>195 807</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ <u>12 339 297</u>	\$ <u>623 006</u>	\$ <u>470 828</u>

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

ROAD & BRIDGE #3	ROAD & BRIDGE #4	AMERICAN RESCUE PLAN GRANT	NON-MAJOR GOVERNMENTAL	TOTAL
\$ 98 481	\$ 175 117	\$ 1 568 610	\$ 3 834 514	\$ 16 027 015
194 515	194 515	-	87 650	2 130 620
-	-	-	-	1 428 898
<u>\$ 292 996</u>	<u>\$ 369 632</u>	<u>\$ 1 568 610</u>	<u>\$ 3 922 164</u>	<u>\$ 19 586 533</u>

\$ 9 441	\$ 6 297	\$ 69 768	\$ 60	\$ 281 554
5 441	7 045	-	3 594	127 145
<u>14 882</u>	<u>13 342</u>	<u>69 768</u>	<u>3 654</u>	<u>408 699</u>

194 515	194 515	-	87 650	3 559 518
<u>209 397</u>	<u>207 857</u>	<u>69 768</u>	<u>91 304</u>	<u>3 968 217</u>

83 599	161 775	1 498 842	3 830 860	6 122 268
-	-	-	-	9 496 048
<u>83 599</u>	<u>161 775</u>	<u>1 498 842</u>	<u>3 830 860</u>	<u>15 618 316</u>
<u>\$ 292 996</u>	<u>\$ 369 632</u>	<u>\$ 1 568 610</u>	<u>\$ 3 922 164</u>	

Capital assets are not recorded in funds, but are included in Statement of Net Position	8 117 756
Long-term liabilities related to capital leases and accrued interest payable are not recorded in the funds, but are included in the Statement of Net Position	(249 395)
Pension asset and accrued compensated absences is not included in the funds, but are included in Statement of Net Position	741 504
Deferred outflows related to pensions are not included in funds, but are included in Statement of Net Position	502 347
Deferred inflows related to pensions are not included in funds, but in Statement of Net Position	<u>(62 118)</u>
TOTAL NET POSITION	<u>\$ 26 627 585</u>

SHELBY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2024

	GENERAL	ROAD & BRIDGE #1	ROAD & BRIDGE #2
Revenues:			
Property taxes	\$ 7 514 904	\$ 781 286	\$ 781 286
Other taxes	16 566	306 092	306 092
Fines and fees	577 517	174 999	174 999
Interest	954 652	-	-
Charges for services	-	-	-
Grant and donations	105 615	-	-
Miscellaneous	696 025	169 245	175 345
TOTAL REVENUES	<u>9 865 279</u>	<u>1 431 622</u>	<u>1 437 722</u>
Expenditures:			
General administration	1 894 953	-	-
Judicial	1 039 920	-	-
Law enforcement and corrections	4 250 802	-	-
Streets and bridges	-	1 378 473	1 438 163
Community service	-	-	-
Non-departmental	2 550 639	-	-
TOTAL EXPENDITURES	<u>9 736 314</u>	<u>1 378 473</u>	<u>1 438 163</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>128 965</u>	<u>53 149</u>	<u>(441)</u>
Other Financing Sources (Uses):			
Proceeds from sale of capital assets	40 493	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>40 493</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	169 458	53 149	(441)
Fund balances, beginning	<u>9 326 590</u>	<u>298 236</u>	<u>196 248</u>
FUND BALANCES, ENDING	\$ <u>9 496 048</u>	\$ <u>351 385</u>	\$ <u>195 807</u>

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

ROAD & BRIDGE #3	ROAD & BRIDGE #4	AMERICAN RESCUE PLAN GRANT	NON-MAJOR GOVERNMENTAL	TOTAL
\$ 781 286	\$ 781 286	\$ -	\$ 521 314	\$ 11 161 362
306 092	306 092	-	106 625	1 347 559
174 999	174 999	-	213 423	1 490 936
-	-	-	1 145	955 797
-	-	-	78 693	78 693
-	-	-	1 150 158	1 255 773
169 245	172 028	-	58 957	1 440 845
<u>1 431 622</u>	<u>1 434 405</u>	<u>-</u>	<u>2 130 315</u>	<u>17 730 965</u>
-	-	59 535	569 880	2 524 368
-	-	-	300 834	1 340 754
-	-	179 611	418 702	4 849 115
1 528 234	1 472 855	471 209	498	6 289 432
-	-	443 491	286 276	729 767
-	-	-	-	2 550 639
<u>1 528 234</u>	<u>1 472 855</u>	<u>1 153 846</u>	<u>1 576 190</u>	<u>18 284 075</u>
<u>(96 612)</u>	<u>(38 450)</u>	<u>(1 153 846)</u>	<u>554 125</u>	<u>(553 110)</u>
-	-	-	-	40 493
-	-	-	-	40 493
(96 612)	(38 450)	(1 153 846)	554 125	(512 617)
<u>180 211</u>	<u>200 225</u>	<u>2 652 688</u>	<u>3 276 735</u>	<u>16 130 933</u>
\$ <u>83 599</u>	\$ <u>161 775</u>	\$ <u>1 498 842</u>	\$ <u>3 830 860</u>	\$ <u>15 618 316</u>

SHELBY COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

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

Net change in fund balances - Total governmental funds.	\$ (512 617)
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.	34 696
Governmental funds report principal payments on long-term debt as expenditures; however, in the government-wide financial statements, such payments are reflected as a reduction of the liabilities.	178 054
Governmental funds expense accrued compensated absence and pension liabilities as the payments are made, while government-wide statements record the future liabilities.	<u>651 323</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>351 456</u>

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

SHELBY COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2024

	COMBINED FIDUCIARY FUNDS
Assets:	
Cash and cash equivalent	\$ 3 359 114
TOTAL ASSETS	<u>\$ 3 359 114</u>
Liabilities:	
Accounts payable	\$ 700
TOTAL LIABILITIES	<u>700</u>
Net Position:	
Restricted Net Position	3 358 414
TOTAL NET POSITION	<u>\$ 3 358 414</u>

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

SHELBY COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended September 30, 2024

	COMBINED FIDUCIARY FUNDS
Additions:	
Interest income	\$ 260
Fees and fines	7 132 396
Taxes	30 121 749
Other income	260 749
TOTAL ADDITIONS	<u>37 515 154</u>
Deductions:	
Disbursements	<u>37 267 240</u>
TOTAL DEDUCTIONS	<u>37 267 240</u>
CHANGE IN NET POSITION	247 914
Net position - Beginning	<u>3 110 500</u>
NET POSITION - ENDING	<u>\$ 3 358 414</u>

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

SHELBY COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The County is a public corporation and political subdivision of the State of Texas. The Commissioners Court, which is made up of four commissioners and the county judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general government (e.g., tax collection), judicial (e.g., courts, juries, district attorney, etc.), public safety (e.g., sheriff, jail), highways and streets, health, education, and public welfare (e.g., juvenile services and assistance to indigents).

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

B. Basis of Presentation

Government-wide Financial Statements

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

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Fund Financial Statements

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

General Fund

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

Road & Bridge Funds

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

American Rescue Plan Grant Fund

This fund accounts for the grant activity of the American Rescue Plan Grant related to the Coronavirus recovery.

Fiduciary Funds - Trust

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

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.

SHELBY COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
September 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

D. Assets, Liabilities and Net Position or Equity

1. Cash and Investments

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

The County invested only in certificates of deposit for the fiscal year 2023. 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.

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

SHELBY COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
September 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Compensated Absences

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

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

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

5. Long-term Obligations

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

6. Use of Estimates

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

7. Fund Balance

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

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

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

8. Deferred Outflows and Inflows of Resources

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

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

SHELBY COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
September 30, 2024

II. DEPOSIT, INVESTMENTS AND INVESTMENT POLICIES

Deposits

At September 30, the carrying amount of the County's deposits and cash on hand totaled \$19,386,129, 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.

Investments Held:	
Tex Pool	\$ 4 965 128
Certificate of Deposit	1 046 528

III. PROPERTY TAXES AND OTHER RECEIVABLES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied prior to September 30, become due on October 1 and are delinquent after January 31. The County bills and collects its own property taxes.

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

Property Taxes Receivable, Net:	
General fund	\$ 1 264 910
Special revenue funds	865 710
TOTAL NET PROPERTY TAX RECEIVABLE	<u>\$ 2 130 620</u>

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

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

	GENERAL	SPECIAL REVENUE	TOTAL
Receivables:			
Taxes	\$ 1 488 130	\$ 1 018 482	\$ 2 506 612
Less: Allowances for uncollectible	<u>(223 220)</u>	<u>(152 772)</u>	<u>(375 992)</u>
NET RECEIVABLES	<u>\$ 1 264 910</u>	<u>\$ 865 710</u>	<u>\$ 2 130 620</u>

IV. TAX ABATEMENTS

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

For the fiscal year ended September 30, 2024, the County abated property taxes totaling \$11,919,935 under this program, including the following tax abatement agreements:

- A 50 percent tax abatement to be used for expanding employment and retaining these additional employees. The 2024 fiscal year is the third of five years of the agreement. The abatement amounted to \$81,437 for the year ended September 30, 2024.

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

V. CAPITAL ASSETS

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

SHELBY COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
September 30, 2024

V. CAPITAL ASSETS - CONTINUED

A summary of changes in capital assets follows:

	BALANCE 10/01	ADDITIONS	DELETIONS	BALANCE 09/30
Governmental Activities:				
Land	\$ 374 436	\$ -	\$ -	\$ 374 436
Infrastructure	16 642 738	108 404	-	16 751 142
Buildings and improvements	5 056 232	613 510	-	5 669 742
Vehicles and equipment	11 655 635	396 160	(84 997)	11 966 798
Construction in progress	-	381 367	-	381 367
Right of use assets - Subscriptions	68 733	-	-	68 733
Accumulated depreciation	(25 714 714)	(1 464 745)	84 997	(27 094 462)
TOTAL ASSETS	\$ 8 083 060	\$ 34 696	\$ -	\$ 8 117 756

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

General administration	\$ 202 228
Judicial	107 408
Law enforcement and corrections	388 465
Streets and bridges	503 849
Community service	58 462
Non-departmental	204 333
	<u>\$ 1 464 745</u>

VI. LONG-TERM OBLIGATION ACTIVITY

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

GOVERNMENTAL ACTIVITIES	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
Capital lease	\$ 364 756	\$ 14 573	\$ 178 964	\$ 200 365	\$ 108 638
Subscription based IT arrangements	60 567	-	1 594	48 973	12 051
TOTAL GOVERNMENTAL ACTIVITIES	\$ 425 323	\$ 14 573	\$ 190 558	\$ 249 338	\$ 120 689

Commitments under capitalized lease agreements for equipment and subscription based IT arrangements for software usage provide for minimum future payments as of year-end are as follows:

YEAR ENDING AUGUST 31,	PRINCIPAL	INTEREST
2025	\$ 120 689	\$ 4 548
2026	81 170	2 651
2027	31 387	1 269
2028	14 485	371
2029	1 607	27
Thereafter	-	-
TOTAL	<u>\$ 249 338</u>	<u>\$ 8 866</u>

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

VII. RETIREMENT PLAN

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of 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 annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR 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 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

SHELBY COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
September 30, 2024

VII. RETIREMENT PLAN - CONTINUED

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	5 year smoothed market
Inflation	Same as funding valuation
Salary Increases	Same as funding valuation
Investment Rate of Return	7.60%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for the County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
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.

Actuarial Methods and Assumptions Used for Funding Valuation:

Following is a description of the assumptions used in the December 31, 2023 actuarial valuation analysis for Shelby County. This information may also be found in the Shelby County December 31, 2023 Summary Valuation Report.

Economic Assumptions:

TCDRS System-Wide Economic Assumptions:

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

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

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

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

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

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

Employer-Specific Economic Assumptions:

Growth in membership	0.00%
Payroll growth	3.00%

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

SHELBY COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
September 30, 2024

VII. RETIREMENT PLAN - CONTINUED

Table 1
Merit Salary Increases*

Years of Service	Before 30	Entry Age Ages 30-39	Ages 40-49	50 and Later
0	5.25%	4.75%	4.25%	3.50%
1	4.50%	4.00%	3.50%	2.75%
2	4.10%	3.25%	2.85%	2.20%
3	3.70%	3.00%	2.50%	1.75%
4	3.35%	2.75%	2.25%	1.65%
5	3.10%	2.60%	2.15%	1.55%
6	2.85%	2.40%	2.05%	1.40%
7	2.65%	2.25%	1.90%	1.25%
8	2.50%	2.15%	1.80%	1.15%
9	2.35%	2.00%	1.65%	1.05%
10	2.20%	1.85%	1.50%	0.95%
11	2.10%	1.75%	1.35%	0.85%
12	1.95%	1.65%	1.25%	0.80%
13	1.85%	1.55%	1.10%	0.75%
14	1.75%	1.45%	1.00%	0.70%
15	1.65%	1.35%	0.90%	0.65%
16	1.50%	1.25%	0.85%	0.60%
17	1.40%	1.15%	0.75%	0.55%
18	1.30%	1.05%	0.70%	0.50%
19	1.25%	1.00%	0.65%	0.45%
20	1.20%	0.95%	0.60%	0.40%
21	1.15%	0.90%	0.55%	0.40%
22	1.10%	0.85%	0.50%	0.40%
23	1.00%	0.75%	0.45%	0.40%
24	0.94%	0.65%	0.40%	0.40%
25	0.88%	0.60%	0.40%	0.40%
26	0.82%	0.60%	0.40%	0.40%
27	0.76%	0.60%	0.40%	0.40%
28	0.70%	0.60%	0.40%	0.40%
29	0.65%	0.60%	0.40%	0.40%
30 & Up	0.60%	0.60%	0.40%	0.40%

* These rates do not include the wage inflation rate of 3.00% per year. For example, a member who entered the system at age 20 and is in the first year of service is assumed to receive an 8.41% total annual increase in his salary. The 8.41% is a combination of the 5.25% merit increase and the 3.00% 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 TCERS experience.

Table 2
Annual Rates of Disability*

Age	Work Related Male and Female	All Other Causes Male and Female	Age	Work Related Male and Female	All Other Causes Male and Female
less than 25	0.001%	0.001%	43	0.001%	0.058%
25	0.001%	0.003%	44	0.001%	0.066%
26	0.001%	0.006%	45	0.001%	0.074%
27	0.001%	0.009%	46	0.001%	0.082%
28	0.001%	0.011%	47	0.001%	0.090%
29	0.001%	0.013%	48	0.001%	0.099%
30	0.001%	0.014%	49	0.001%	0.108%
31	0.001%	0.016%	50	0.001%	0.117%
32	0.001%	0.018%	51	0.001%	0.126%
33	0.001%	0.020%	52	0.001%	0.135%
34	0.001%	0.023%	53	0.001%	0.144%
35	0.001%	0.025%	54	0.001%	0.153%
36	0.001%	0.028%	55	0.001%	0.162%
37	0.001%	0.030%	56	0.001%	0.171%
38	0.001%	0.034%	57	0.001%	0.180%
39	0.001%	0.038%	58	0.001%	0.189%
40	0.001%	0.042%	59	0.001%	0.198%
41	0.001%	0.046%	60 & Above	0.000%	0.000%
42	0.001%	0.050%			

* The probability of disability from All Causes is applicable for members who are vested (satisfied service requirement for retirement at age 60). Before a member is vested, the Work-Related disability assumptions are applicable. No disability retirements are assumed to occur after a member becomes eligible for service retirement.

SHELBY COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
September 30, 2024

VII. RETIREMENT PLAN - CONTINUED

Mortality

Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

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	Active Service <15	Active Service 15-24	Active Service 25-29	Active Service 30+	Deferred All Service
40-49	5.3%	6.3%	7.7%	8.8%	0.0%
50	5.6%	6.8%	8.3%	9.4%	0.0%
51	5.6%	6.8%	8.3%	9.4%	0.0%
52	6.0%	7.2%	8.8%	10.0%	0.0%
53	6.0%	7.2%	8.8%	10.0%	0.0%
54	6.8%	8.1%	9.9%	11.3%	0.0%
55	6.8%	8.1%	9.9%	11.3%	0.0%
56	6.8%	8.1%	9.9%	11.3%	0.0%
57	7.5%	9.0%	11.0%	12.5%	0.0%
58	7.5%	9.0%	11.0%	12.5%	0.0%
59	7.5%	9.0%	11.0%	12.5%	0.0%
60	9.0%	10.8%	13.2%	15.0%	12.0%
61	9.0%	10.8%	13.2%	15.0%	12.0%
62	13.5%	16.2%	19.8%	22.5%	18.0%
63	11.3%	13.5%	16.5%	18.8%	15.0%
64	11.3%	13.5%	16.5%	18.8%	15.0%
65	22.5%	22.5%	27.5%	27.5%	25.0%
66	22.5%	22.5%	27.5%	27.5%	25.0%
67	21.6%	21.6%	26.4%	26.4%	24.0%
68	18.9%	18.9%	23.1%	23.1%	21.0%
69	18.9%	18.9%	23.1%	23.1%	21.0%
70	20.7%	20.7%	25.3%	25.3%	23.0%
71	20.7%	20.7%	25.3%	25.3%	23.0%
72	20.7%	20.7%	25.3%	25.3%	23.0%
73	20.7%	20.7%	25.3%	25.3%	23.0%
74	20.7%	20.7%	25.3%	25.3%	23.0%
75 & Above	100.0%	100.0%	100.0%	100.0%	100.0%

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

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

SHELBY COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
September 30, 2024

VII. 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	39.6%	39.6%	32.4%	32.4%	28.8%	28.8%	26.4%	26.4%
1	30.0%	30.0%	25.2%	25.2%	21.6%	21.6%	19.2%	19.2%
2	25.2%	25.2%	21.6%	21.6%	16.8%	16.8%	15.6%	15.6%
3	21.6%	21.6%	18.0%	18.0%	14.4%	14.4%	13.2%	13.2%
4	18.0%	18.0%	15.6%	15.6%	12.0%	12.0%	10.8%	10.8%
5	15.6%	15.6%	13.2%	13.2%	10.8%	10.8%	9.6%	9.6%
6	13.2%	13.2%	12.0%	12.0%	9.6%	9.6%	8.4%	8.4%
7	12.0%	12.0%	10.8%	10.8%	8.4%	8.4%	7.2%	7.2%
8	10.8%	10.8%	9.6%	9.6%	7.2%	7.2%	6.6%	6.6%
9	9.6%	9.6%	8.4%	8.4%	6.6%	6.6%	6.0%	6.0%
10	8.4%	8.4%	7.8%	7.8%	6.1%	6.1%	0.0%	0.0%
11	7.8%	7.8%	7.2%	7.2%	5.8%	5.8%	0.0%	0.0%
12	7.2%	7.2%	6.6%	6.6%	5.4%	5.4%	0.0%	0.0%
13	6.6%	6.6%	6.0%	6.0%	5.0%	5.0%	0.0%	0.0%
14	6.0%	6.0%	5.6%	5.6%	4.6%	4.6%	0.0%	0.0%
15	5.3%	5.3%	5.3%	5.3%	4.1%	4.1%	0.0%	0.0%
16	4.8%	4.8%	4.8%	4.8%	3.6%	3.6%	0.0%	0.0%
17	4.3%	4.3%	4.3%	4.3%	3.1%	3.1%	0.0%	0.0%
18	4.0%	4.0%	4.0%	4.0%	2.6%	2.6%	0.0%	0.0%
19	3.6%	3.6%	6.3%	3.6%	2.2%	2.2%	0.0%	0.0%
20	3.2%	3.2%	3.2%	3.2%	0.0%	0.0%	0.0%	0.0%
21	3.0%	3.0%	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%
22	2.8%	2.8%	2.8%	2.8%	0.0%	0.0%	0.0%	0.0%
23	2.5%	2.5%	2.5%	2.5%	0.0%	0.0%	0.0%	0.0%
24	2.3%	2.3%	2.3%	2.3%	0.0%	0.0%	0.0%	0.0%
25	2.0%	2.0%	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%
26	1.8%	1.8%	1.8%	1.8%	0.0%	0.0%	0.0%	0.0%
27	1.6%	1.6%	1.6%	1.6%	0.0%	0.0%	0.0%	0.0%
28	1.3%	1.3%	1.3%	1.3%	0.0%	0.0%	0.0%	0.0%
29	1.2%	1.2%	1.2%	1.2%	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	Years of Service	Probability
0	100%	15	26%
1	100%	16	25%
2	100%	17	24%
3	100%	18	23%
4	100%	19	22%
5	100%	20	21%
6	100%	21	20%
7	100%	22	19%
8	34%	23	19%
9	33%	24	18%
10	32%	25	18%
11	31%	26	17%
12	30%	27	17%
13	29%	28	16%
14	27%	29*	16%

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

SHELBY COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
September 30, 2024

VII. 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 2024 information for a 10-year time horizon.

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

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.75%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	6.90%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.60%

(1) Target asset allocation adopted at the March 2024 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.2%, per Cliffwater's 2024 capital market assumptions.

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

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

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

Depletion of Plan Assets / GASB Discount Rate

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

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

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

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

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

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

SHELBY COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
September 30, 2024

VII. RETIREMENT PLAN - CONTINUED

4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

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

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

Sensitivity Analysis

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 23 674 898	\$ 20 967 397	\$ 18 709 877
Fiduciary net position	\$ 21 818 618	\$ 21 818 620	\$ 21 818 618
Net pension liability/(asset)	\$ 1 856 280	\$ (851 223)	\$ (3 108 741)

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, 2022	\$ 19 761 026	\$ 19 923 875	\$ (162 849)
Changes for the Year:			
Service cost	595 997	-	595 997
Interest on total pension liability ⁽¹⁾	1 508 140	-	1 508 140
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	147 532	-	147 532
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(107 243)	(107 243)	-
Benefit payments	(938 055)	(938 055)	-
Administrative expenses	-	(11 393)	11 393
Member contributions	-	381 866	(381 866)
Net investment income	-	2 186 934	(2 186 934)
Employer contributions	-	388 412	(388 412)
Other ⁽³⁾	-	(5 776)	5 776
Balances as of December 31, 2023	\$ 20 967 397	\$ 21 818 620	\$ (851 223)

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

(2) No plan changes valued.

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

Pension Expense/(Income)

Pension Expense/(Income)	January 1, 2023 to December 31, 2023
Service cost	\$ 595 997
Interest on total pension liability ⁽¹⁾	1 508 190
Effect of plan changes	-
Administrative expenses	11 393
Member contributions	(381 866)
Employer contribution	(1 503 315)
Expected investment return net of investment expenses	-
Recognition of Deferred Inflows/Outflows of Resources:	
Recognition of economic/demographic gains or losses	(51 889)
Recognition of assumption changes or inputs	(26 724)
Recognition of investment gains or losses	(384 173)
Other ⁽²⁾	5 776
PENSION EXPENSE/(INCOME)	\$ (226 600)

(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.

SHELBY COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
September 30, 2024

VII. RETIREMENT PLAN - CONTINUED

Pension Expense and Deferred Inflows/Outflows

As of September 30, 2024, 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	\$ 62 118	\$ 98 355
Change of assumptions	-	-
Net difference between projected and actual earnings	-	80 107
Contributions made subsequent to measurement date	-	323 885
	<u>\$ 62 118</u>	<u>\$ 502 347</u>

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

Year Ended December 31,	
2025	\$ (158 654)
2026	\$ (21 888)
2027	\$ 433 610
2028	\$ (136 724)
2029	\$ -
Thereafter	\$ -

Membership Information

Membership Class	
Inactive employees entitled to but not yet receiving benefits	159
Active employees	135
Currently receiving benefits	86
	<u>380</u>

VIII. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains a limited amount of commercial insurance coverage for these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims did not exceed this commercial insurance coverage during the current fiscal year.

IX. CONTINGENT LIABILITIES

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

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

X. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 28, 2025, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

SHELBY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 7 757 616	\$ 7 757 616	\$ 7 514 904	\$ (242 712)
Other taxes	5 000	5 000	16 566	11 566
Fines	245 000	245 000	285 520	40 520
Fees of office	202 000	202 000	291 997	89 997
Interest	300 000	300 000	954 652	654 652
Grants	178 767	178 767	105 615	(73 152)
Commissions	450 000	450 000	533 519	83 519
Miscellaneous	125 500	125 500	162 506	37 006
TOTAL REVENUES	9 263 883	9 263 883	9 865 279	601 396
Expenditures:				
General Administration Expenditures:				
County Agents:				
Payroll expense	95 574	95 574	94 819	755
Operating expense	30 278	30 278	26 626	3 652
TOTAL COUNTY AGENTS	125 852	125 852	121 445	4 407
County Auditor:				
Payroll expense	166 774	166 774	160 179	6 595
Operating expense	14 100	14 100	9 338	4 762
TOTAL COUNTY AUDITOR	180 874	180 874	169 517	11 357
County Clerk:				
Payroll expense	192 161	192 161	236 108	(43 947)
Operating expense	82 600	82 600	82 504	96
TOTAL COUNTY CLERK	274 761	274 761	318 612	(43 851)
Election Administrator:				
Payroll expense	101 422	101 422	103 192	(1 770)
Operating expense	71 500	71 500	60 848	10 652
TOTAL ELECTION ADMINISTRATOR	172 922	172 922	164 040	8 882
County Judge:				
Payroll expense	116 124	116 124	134 256	(18 132)
Operating expense	24 250	24 250	18 707	5 543
TOTAL COUNTY JUDGE	140 374	140 374	152 963	(12 589)
District Clerk:				
Payroll expense	309 046	309 046	271 647	37 399
Operating expense	54 300	54 300	44 788	9 512
TOTAL DISTRICT CLERK	363 346	363 346	316 435	46 911
Courthouse Manager:				
Operating expense	48 100	48 100	51 427	(3 327)
TOTAL COURTHOUSE MANAGER	48 100	48 100	51 427	(3 327)
Tax Assessor Collector:				
Payroll expense	322 818	322 818	321 254	1 564
Operating expense	80 300	80 300	78 439	1 861
TOTAL TAX ASSESSOR COLLECTOR	403 118	403 118	399 693	3 425
County Treasurer:				
Payroll expense	130 114	130 114	129 750	364
Operating expense	10 700	10 700	9 285	1 415
TOTAL COUNTY TREASURER	140 814	140 814	139 035	1 779
Veterans Officer:				
Payroll expense	39 299	39 299	39 028	271
Operating expense	3 900	3 900	3 729	171
TOTAL VETERANS OFFICER	43 199	43 199	42 757	442
Emergency Management Coordinator:				
Payroll expense	30 760	30 760	15 267	15 493
Operating expense	5 150	5 150	3 762	1 388
TOTAL EMERGENCY MANAGEMENT COORDINATOR	35 910	35 910	19 029	16 881
TOTAL GENERAL ADMINISTRATION	1 929 270	1 929 270	1 894 953	34 317

SHELBY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Judicial Expenditures:				
County Attorney:				
Payroll expense	254 582	254 582	253 721	861
Operating expense	12 800	12 800	12 518	282
TOTAL COUNTY ATTORNEY	267 382	267 382	266 239	1 143
District Attorney:				
Payroll expense	279 123	279 123	222 526	56 597
Operating expense	37 264	37 264	28 957	8 307
TOTAL DISTRICT ATTORNEY	316 387	316 387	251 483	64 904
District Judges:				
Payroll expense	109 807	109 807	115 300	(5 493)
Operating expense	20 128	20 128	12 796	7 332
TOTAL DISTRICT JUDGES	129 935	129 935	128 096	1 839
Justice of the Peace #1:				
Payroll expense	114 344	114 344	110 779	3 565
Operating expense	14 950	14 950	19 168	(4 218)
TOTAL JUSTICE OF THE PEACE #1	129 294	129 294	129 947	(653)
Justice of the Peace #2:				
Payroll expense	52 671	52 671	52 502	169
Operating expense	10 910	10 910	9 555	1 355
TOTAL JUSTICE OF THE PEACE #2	63 581	63 581	62 057	1 524
Justice of the Peace #3:				
Payroll expense	52 671	52 671	52 502	169
Operating expense	20 260	20 260	16 236	4 024
TOTAL JUSTICE OF THE PEACE #3	72 931	72 931	68 738	4 193
Justice of the Peace #4:				
Payroll expense	52 671	52 671	52 502	169
Operating expense	11 270	11 270	12 610	(1 340)
TOTAL JUSTICE OF THE PEACE #4	63 941	63 941	65 112	(1 171)
Justice of the Peace #5:				
Payroll expense	52 671	52 671	52 477	194
Operating expense	18 250	18 250	15 771	2 479
TOTAL JUSTICE OF THE PEACE #5	70 921	70 921	68 248	2 673
TOTAL JUDICIAL EXPENDITURES	1 114 372	1 114 372	1 039 920	74 452
Law Enforcement and Corrections Expenditures:				
Constable Pct #1:				
Payroll expense	71 003	71 003	71 103	(100)
Operating expense	9 550	9 550	6 613	2 937
TOTAL CONSTABLE PCT #1	80 553	80 553	7 716	2 837
Constable Pct #2:				
Payroll expense	71 003	71 003	71 103	(100)
Operating expense	9 550	9 550	15 363	(5 813)
TOTAL CONSTABLE PCT #2	80 553	80 553	86 466	(5 913)
Constable Pct #3:				
Payroll expense	71 003	71 003	71 103	(100)
Operating expense	9 55	9 55	12 107	(2 557)
TOTAL CONSTABLE PCT #3	80 553	80 553	83 210	(2 657)
Constable Pct #4:				
Payroll expense	71 003	71 003	71 056	(53)
Operating expense	10 750	10 750	16 222	(5 472)
TOTAL CONSTABLE PCT #4	81 753	81 753	87 278	(5 525)
Constable Pct #5:				
Payroll expense	141 665	141 665	116 148	25 517
Operating expense	9 500	9 500	27 763	(18 263)
TOTAL CONSTABLE PCT #5	151 165	151 165	143 911	7 254
DPS Secretary:				
Payroll expense	67 512	67 512	64 368	3 144
Operating expense	5 500	5 500	5 715	(215)
TOTAL DPS SECRETARY	73 012	73 012	70 083	2 929

SHELBY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
County Sheriff:				
Payroll expense	3 136 909	3 136 909	2 674 770	462 139
Operating expense	550 750	550 750	897 929	(347 179)
TOTAL COUNTY SHERIFF	<u>3 687 659</u>	<u>3 687 659</u>	<u>3 572 699</u>	<u>114 960</u>
Adult Probation:				
Operating expense	25 500	25 500	18 503	6 997
TOTAL ADULT PROBATION	<u>25 500</u>	<u>25 500</u>	<u>18 503</u>	<u>6 997</u>
Juvenile Probation:				
Payroll expense	6 037	6 037	5 378	659
Operating expense	39 815	39 815	46 352	(6 537)
TOTAL JUVENILE PROBATION	<u>45 852</u>	<u>45 852</u>	<u>51 730</u>	<u>(5 878)</u>
911 Administrator:				
Payroll expense	53 774	53 774	55 351	(1 577)
Operating expense	2 000	2 000	3 855	(1 855)
TOTAL 911 ADMINISTRATOR	<u>55 774</u>	<u>55 774</u>	<u>59 206</u>	<u>(3 432)</u>
TOTAL LAW ENFORCEMENT AND CORRECTIONS EXPENDITURES	<u>4 362 374</u>	<u>4 362 374</u>	<u>4 250 802</u>	<u>111 572</u>
Non-departmental expenditures	2 528 491	2 528 491	2 550 639	(22 148)
TOTAL EXPENDITURES	<u>9 934 507</u>	<u>9 934 507</u>	<u>9 736 314</u>	<u>198 193</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(670 624)</u>	<u>(670 624)</u>	<u>128 965</u>	<u>799 589</u>
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	-	-	40 493	40 493
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>40 493</u>	<u>40 493</u>
NET CHANGE IN FUND BALANCES	(670 624)	(670 624)	169 458	840 082
Fund balances, beginning	<u>9 326 590</u>	<u>9 326 590</u>	<u>9 326 590</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 8 655 966</u>	<u>\$ 8 655 966</u>	<u>\$ 9 496 048</u>	<u>\$ 840 082</u>

See independent auditor's 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, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 786 121	\$ 786 121	\$ 781 286	\$ (4 835)
Other taxes	306 279	306 279	306 092	(187)
Fines and fees	188 500	188 500	174 999	(13 501)
Miscellaneous	95 000	95 000	169 245	74 245
TOTAL REVENUES	<u>1 375 900</u>	<u>1 375 900</u>	<u>1 431 622</u>	<u>55 722</u>
Expenditures:				
Payroll expense	552 636	552 636	475 008	77 628
Operating expense	823 264	1 128 866	903 465	225 401
TOTAL EXPENDITURES	<u>1 375 900</u>	<u>1 681 502</u>	<u>1 378 473</u>	<u>303 029</u>
NET CHANGE IN FUND BALANCES	-	(305 602)	53 149	358 751
Fund balances, beginning	<u>298 236</u>	<u>298 236</u>	<u>298 236</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 298 236</u>	<u>\$ (7 366)</u>	<u>\$ 351 385</u>	<u>\$ 358 751</u>

See independent auditor's 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, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 786 121	\$ 786 121	\$ 781 286	\$ (4 835)
Other taxes	306 279	306 279	306 092	(187)
Fines and fees	188 500	188 500	174 999	(13 501)
Miscellaneous	95 000	95 000	175 345	80 345
TOTAL REVENUES	<u>1 375 900</u>	<u>1 375 900</u>	<u>1 437 722</u>	<u>61 822</u>
Expenditures:				
Payroll expense	554 933	554 933	474 978	79 955
Operating expense	820 967	1 025 543	963 185	62 358
TOTAL EXPENDITURES	<u>1 375 900</u>	<u>1 580 476</u>	<u>1 438 163</u>	<u>142 313</u>
NET CHANGE IN FUND BALANCES	-	(204 576)	(441)	204 135
Fund balances, beginning	<u>196 248</u>	<u>196 248</u>	<u>196 248</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 196 248</u>	<u>\$ (8 328)</u>	<u>\$ 195 807</u>	<u>\$ 204 135</u>

See independent auditor's 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, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 786 121	\$ 786 121	\$ 781 286	\$ (4 835)
Other taxes	306 279	306 279	306 092	(187)
Fines and fees	188 500	188 500	174 999	(13 501)
Miscellaneous	95 000	95 000	169 245	74 245
TOTAL REVENUES	<u>1 375 900</u>	<u>1 375 900</u>	<u>1 431 622</u>	<u>55 722</u>
Expenditures:				
Payroll expense	553 745	553 745	511 071	42 674
Operating expense	760 496	947 314	955 537	(8 223)
Debt service	61 659	61 659	61 626	33
TOTAL EXPENDITURES	<u>1 375 900</u>	<u>1 562 718</u>	<u>1 528 234</u>	<u>34 484</u>
NET CHANGE IN FUND BALANCES	-	(186 818)	(96 612)	90 206
Fund balances, beginning	<u>180 211</u>	<u>180 211</u>	<u>180 211</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 180 211</u>	<u>\$ (6 607)</u>	<u>\$ 83 599</u>	<u>\$ 90 206</u>

See independent auditor's 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, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 786 121	\$ 786 121	\$ 781 286	\$ (4 835)
Other taxes	306 279	306 279	306 092	(187)
Fines and fees	188 500	188 500	174 999	(13 501)
Miscellaneous	95 000	95 000	172 028	77 028
TOTAL REVENUES	<u>1 375 900</u>	<u>1 375 900</u>	<u>1 434 405</u>	<u>58 505</u>
Expenditures:				
Payroll expense	492 220	492 220	500 867	(8 647)
Operating expense	871 053	971 053	959 408	11 645
Debt service	12 627	12 627	12 580	47
TOTAL EXPENDITURES	<u>1 375 900</u>	<u>1 475 900</u>	<u>1 472 855</u>	<u>3 045</u>
NET CHANGE IN FUND BALANCES	-	(100 000)	(38 450)	61 550
Fund balances, beginning	<u>200 225</u>	<u>200 225</u>	<u>200 225</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 200 225</u>	<u>\$ 100 225</u>	<u>\$ 161 775</u>	<u>\$ 61 550</u>

See independent auditor's report.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service cost	\$ 595 997	\$ 607 503	\$ 545 247	\$ 567 011	\$ 530 223	\$ 582 300	\$ 560 000	\$ 576 630	\$ 487 702	\$ 463 927
Interest (on the total pension liability)	1 508 140	1 443 228	1 379 238	1 327 818	1 261 272	1 198 990	1 127 656	1 058 536	1 020 941	960 407
Changes of benefit terms	-	-	-	-	-	-	-	-	(88 405)	-
Change of assumptions	-	-	(80 172)	977 553	-	-	65 151	-	138 045	-
Demographic/economic (gains)/losses	147 532	(186 354)	(116 846)	(145 146)	(62 925)	(58 148)	(28 935)	(197 579)	(321 991)	19 055
Benefit payments, including refunds of employee contributions	(1 045 298)	(953 922)	(941 786)	(957 662)	(930 472)	(874 895)	(856 476)	(866 430)	(719 291)	(744 305)
NET CHANGE IN TOTAL PENSION LIABILITY	1 206 371	910 455	785 681	1 769 574	798 098	848 247	867 396	571 157	517 001	699 084
Total pension liability - Beginning	19 761 026	18 850 571	18 064 890	16 295 316	15 497 218	14 648 971	13 781 575	13 210 418	12 693 417	11 994 333
TOTAL PENSION LIABILITY- ENDING	20 967 397	19 761 026	18 850 571	18 064 890	16 295 316	15 497 218	14 648 971	13 781 575	13 210 418	12 693 417
Plan Fiduciary Net Position:										
Contributions - Employer	388 412	457 713	380 796	374 850	355 417	368 461	354 054	365 822	367 665	338 996
Contributions - Employee	381 866	361 217	345 281	329 642	332 610	331 521	324 821	304 489	308 006	266 626
Net investment income	2 186 934	(1 237 680)	3 858 501	1 680 386	2 332 128	(275 150)	1 889 569	904 301	9 855	802 479
Benefit payments, including refunds of employee contributions	(1 045 298)	(953 922)	(941 786)	(957 662)	(930 472)	(874 895)	(856 476)	(866 430)	(719 291)	(744 305)
Administrative	(11 393)	(11 676)	(11 529)	(12 936)	(12 399)	(11 405)	(9 752)	(9 883)	(8 908)	(9 351)
Other	(5 776)	(1 196)	(1 241)	(5 879)	(6 034)	(3 443)	(2 472)	(32 134)	(135 211)	20 185
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1 894 745	(1 385 546)	3 630 022	1 408 401	2 071 250	(464 911)	1 699 744	666 165	(177 884)	674 630
Plan fiduciary net position - Beginning	19 923 875	21 309 419	17 679 399	16 270 998	14 199 748	14 664 659	12 964 915	12 298 750	12 476 634	11 802 004
PLAN FIDUCIARY NET POSITION - ENDING	21 818 620	19 923 875	21 309 421	17 679 399	16 270 998	14 199 748	14 664 659	12 964 915	12 298 750	12 476 634
NET PENSION LIABILITY (ASSET) - ENDING	\$ (851 223)	\$ (162 849)	\$ (2 458 850)	\$ 385 491	\$ 24 318	\$ 1 297 470	\$ (15 688)	\$ 816 660	\$ 911 668	\$ 216 783
Plan fiduciary net position as a percentage of total pension liability	104.06%	100.82%	113.04%	97.87%	99.85%	91.63%	100.11%	94.07%	93.10%	98.29%
Covered employee payroll	\$ 5 455 225	\$ 5 160 241	\$ 4 932 588	\$ 4 709 172	\$ 4 751 567	\$ 4 763 009	\$ 4 640 294	\$ 4 349 850	\$ 4 285 142	\$ 3 808 942
Net pension liability as a percentage of covered employee payroll	(15.60)%	(3.16)%	(49.85)%	8.19%	0.51%	27.40%	(0.34)%	18.77%	21.28%	5.69%

See independent auditor's report.

SHELBY COUNTY, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>YEAR ENDING DECEMBER 31,</u>	<u>ACTUARIALLY DETERMINED CONTRIBUTION</u>	<u>ACTUAL EMPLOYER CONTRIBUTION</u>	<u>CONTRIBUTION DEFICIENCY (EXCESS)</u>	<u>PENSIONABLE COVERED PAYROLL</u>	<u>ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL</u>
2015	\$ 350 419	\$ 350 419	\$ -	\$ 4 285 142	8.7%
2016	\$ 367 451	\$ 367 451	\$ -	\$ 4 349 850	8.5%
2017	\$ 353 237	\$ 353 237	\$ -	\$ 4 640 294	7.8%
2018	\$ 370 407	\$ 370 407	\$ -	\$ 4 763 009	7.7%
2019	\$ 375 062	\$ 375 062	\$ -	\$ 4 751 567	7.8%
2020	\$ 374 850	\$ 374 850	\$ -	\$ 4 709 172	8.0%
2021	\$ 380 796	\$ 380 796	\$ -	\$ 4 932 588	7.7%
2022	\$ 457 713	\$ 457 713	\$ -	\$ 5 160 241	8.9%
2023	\$ 388 412	\$ 388 412	\$ -	\$ 5 455 225	7.1%

Additional years will be provided as they become available.

SHELBY COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2024

Budgetary Procedures

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

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

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

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are canceled, consequently there are none as of September 30, 2024.

Pension Plan

See Note VII for details on retirement plan provisions and changes to the plan during the year ended September 30, 2024.

COMBINING SCHEDULES

SHELBY COUNTY, TEXAS
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
September 30, 2024

	COUNTY CLERK VITAL ARCHIVES FEE FUND	GENERAL RECORDS MANAGEMENT	SHERIFF OFFICE EDUCATION FUND	VEHICLE INVENTORY TAX FUND	HISTORIC COURT- HOUSE FUND
ASSETS					
Cash and investments	\$ 44 456	\$ 14 100	\$ 3 365	\$ 67 337	\$ 1 100
Property tax receivable (net)	-	-	-	-	-
TOTAL ASSETS	<u>\$ 44 456</u>	<u>\$ 14 100</u>	<u>\$ 3 365</u>	<u>\$ 67 337</u>	<u>\$ 1 100</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expense	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows:					
Unavailable revenue	-	-	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted fund balance	44 456	14 100	3 365	67 337	1 100
TOTAL FUND BALANCES	<u>44 456</u>	<u>14 100</u>	<u>3 365</u>	<u>67 337</u>	<u>1 100</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 44 456</u>	<u>\$ 14 100</u>	<u>\$ 3 365</u>	<u>\$ 67 337</u>	<u>\$ 1 100</u>

See independent auditor's report.

GARZA COUNTY FUND	SHERIFF COMMISSARY FUND	DISTRICT ATTORNEY TRUSTEE	LOCAL ASSISTANCE AND TRIBAL FUND	COUNTY ATTORNEY FUND	OPIOD ABATE- MENT FUND	JUSTICE OF THE PEACE COURT TECH FUND	LEOSE CONSTABLES FUND
\$ 13 200	\$ 144 751	\$ 51 943	\$ 28 566	\$ 6 833	\$ 40 601	\$ 9 363	\$ 18 639
-	-	-	-	-	-	2 443	-
\$ <u>13 200</u>	\$ <u>144 751</u>	\$ <u>51 943</u>	\$ <u>28 566</u>	\$ <u>6 833</u>	\$ <u>40 601</u>	\$ <u>11 806</u>	\$ <u>18 639</u>
\$ -	\$ 60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	60	-	-	-	-	-	-
-	-	-	-	-	-	2 443	-
-	-	-	-	-	-	2 443	-
13 200	144 691	51 943	28 566	6 833	40 601	9 363	18 639
13 200	144 691	51 943	28 566	6 833	40 601	9 363	18 639
\$ <u>13 200</u>	\$ <u>144 751</u>	\$ <u>51 943</u>	\$ <u>28 566</u>	\$ <u>6 833</u>	\$ <u>40 601</u>	\$ <u>11 806</u>	\$ <u>18 639</u>

SHELBY COUNTY, TEXAS
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS - CONTINUED
September 30, 2024

	CHAPTER 19 VOTER REGISTRATION	LAW LIBRARY FUND	DISTRICT CLERK RECORD MGMT FUND	COUNTY CLERK RECORD MGMT FUND	COURT- HOUSE SECURITY FUND
ASSETS					
Cash and investments	\$ -	\$ 123 021	\$ 17 695	\$ 161 585	\$ 63 814
Property tax receivable (net)	-	-	-	-	13 960
TOTAL ASSETS	\$ -	\$ 123 021	\$ 17 695	\$ 161 585	\$ 77 774
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expense	-	-	-	88	1 420
TOTAL LIABILITIES	-	-	-	88	1 420
Deferred Inflows:					
Unavailable revenue	-	-	-	-	13 960
TOTAL LIABILITIES AND DEFERRED INFLOWS	-	-	-	-	13 960
Fund Balances:					
Restricted fund balance	-	123 021	17 695	161 497	62 394
TOTAL FUND BALANCES	-	123 021	17 695	161 497	62 394
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ -	\$ 123 021	\$ 17 695	\$ 161 585	\$ 77 774

See independent auditor's report.

JURY FUND	RIGHT OF WAY FUND	INDIGENT HEALTH CARE FUND	COURT REPORTER SERVICE FUND	LAW ENFORCE- MENT GRANT FUND	JUVENILE PROBATION FUND	DA SALARY GRANT FUND	CA SALARY GRANT FUND
\$ 34 872	\$ 54 072	\$ 1 259 113	\$ 6 743	\$ 257 976	\$ 10 824	\$ 341 335	\$ 144 784
17 812	-	53 435	-	-	-	-	-
\$ <u>52 684</u>	\$ <u>54 072</u>	\$ <u>1 312 548</u>	\$ <u>6 743</u>	\$ <u>257 976</u>	\$ <u>10 824</u>	\$ <u>341 335</u>	\$ <u>144 784</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	-	1 865	-	-	215	-	-
<u>6</u>	<u>-</u>	<u>1 865</u>	<u>-</u>	<u>-</u>	<u>215</u>	<u>-</u>	<u>-</u>
17 812	-	53 435	-	-	-	-	-
<u>17 812</u>	<u>-</u>	<u>53 435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
34 866	54 072	1 257 248	6 743	257 976	10 609	341 335	144 784
<u>34 866</u>	<u>54 072</u>	<u>1 257 248</u>	<u>6 743</u>	<u>257 976</u>	<u>10 609</u>	<u>341 335</u>	<u>144 784</u>
\$ <u>52 684</u>	\$ <u>54 072</u>	\$ <u>1 312 548</u>	\$ <u>6 743</u>	\$ <u>257 976</u>	\$ <u>10 824</u>	\$ <u>341 335</u>	\$ <u>144 784</u>

SHELBY COUNTY, TEXAS
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS - CONTINUED
September 30, 2024

	PERMANENT ACCOUNT GARZA CO FUND	SHERIFF LOCAL FORFEITURE	JUSTICE COURT SUPPORT FUND	LANGUAGE ACCESS GRANT FUND	COUNTY COURT RECORDS TECH FUND
ASSETS					
Cash and investments	\$ 15 484	\$ 2 476	\$ 24 450	\$ 5 353	\$ 50 874
Property tax receivable (net)	-	-	-	-	-
TOTAL ASSETS	\$ 15 484	\$ 2 476	\$ 24 450	\$ 5 353	\$ 50 874
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expense	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
Deferred Inflows:					
Unavailable revenue	-	-	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	-	-	-	-	-
Fund Balances:					
Restricted fund balance	15 484	2 476	24 450	5 353	50 874
TOTAL FUND BALANCES	15 484	2 476	24 450	5 353	50 874
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 15 484	\$ 2 476	\$ 24 450	\$ 5 353	\$ 50 874

See independent auditor's report.

DISTRICT COURT RECORDS TECH FUND	APPELLATE JUDICIAL FEE COUNTY CLERK	APPELLATE JUDICIAL FEE DISTRICT CLERK	RECORDS ARCHIVE FEE COUNTY CLERK	RECORDS ARCHIVE FEE DISTRICT CLERK	JP COURT SECURITY FUND	CHILD ABUSE PREVENTION FEE FUND	GUARDIAN- SHIP FUND
\$ 2 650	\$ -	\$ -	\$ 522 400	\$ 40 521	\$ 16 744	\$ 3 119	\$ 3 727
-	-	-	-	-	-	-	-
<u>\$ 2 650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 522 400</u>	<u>\$ 40 521</u>	<u>\$ 16 744</u>	<u>\$ 3 119</u>	<u>\$ 3 727</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2 650	-	-	522 400	40 521	16 744	3 119	3 727
<u>2 650</u>	<u>-</u>	<u>-</u>	<u>522 400</u>	<u>40 521</u>	<u>16 744</u>	<u>3 119</u>	<u>3 727</u>
<u>\$ 2 650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 522 400</u>	<u>\$ 40 521</u>	<u>\$ 16 744</u>	<u>\$ 3 119</u>	<u>\$ 3 727</u>

SHELBY COUNTY, TEXAS
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS - CONTINUED
September 30, 2024

	CHILD SAFETY FEE FUND	DISTRICT ATTORNEY SEIZURE FUND NON-TRAFFIC	DISTRICT ATTORNEY FORFEITURE FUNDS	PRETRIAL INTER- VENTION PROGRAM FUND
ASSETS				
Cash and investments	\$ 1 179	\$ 154 078	\$ 11 459	\$ 10 386
Property tax receivable (net)	-	-	-	-
TOTAL ASSETS	<u>\$ 1 179</u>	<u>\$ 154 078</u>	<u>\$ 11 459</u>	<u>\$ 10 386</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expense	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows:				
Unavailable revenue	-	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted fund balance	<u>1 179</u>	<u>154 078</u>	<u>11 459</u>	<u>10 386</u>
TOTAL FUND BALANCES	<u>1 179</u>	<u>154 078</u>	<u>11 459</u>	<u>10 386</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 1 179</u>	<u>\$ 154 078</u>	<u>\$ 11 459</u>	<u>\$ 10 386</u>

See independent auditor's report.

DRUG COURT FUND	TOTAL SPECIAL REVENUE FUNDS
\$ 49 526	\$ 3 834 514
-	87 650
<u>\$ 49 526</u>	<u>\$ 3 922 164</u>

\$ -	\$ 60
-	3 594
-	3 654

-	87 650
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-	87 650
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49 526	3 830 860
49 526	3 830 860

<u>\$ 49 526</u>	<u>\$ 3 922 164</u>
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SHELBY COUNTY, TEXAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2024

	COUNTY CLERK VITAL ARCHIVES FEE FUND	GENERAL RECORDS MANAGEMENT	SHERIFF OFFICE EDUCATION FUND	VEHICLE INVENTORY TAX FUND	HISTORIC COURT- HOUSE FUND
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	106 625	-
Fines and fees	2 171	4 511	-	-	-
Charges for services	-	-	-	-	-
Grants and contributions	-	-	5 740	-	-
Interest	-	-	-	13	1 100
Miscellaneous income	-	-	-	-	-
TOTAL REVENUES	<u>2 171</u>	<u>4 511</u>	<u>5 740</u>	<u>106 638</u>	<u>1 100</u>
Expenditures:					
Payroll expense	-	-	-	-	-
Operating expense	<u>1 085</u>	<u>10 479</u>	<u>4 187</u>	<u>126 306</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1 085</u>	<u>10 479</u>	<u>4 187</u>	<u>126 306</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1 086	(5 968)	1 553	(19 668)	1 100
Fund balances, beginning	<u>43 370</u>	<u>20 068</u>	<u>1 812</u>	<u>87 005</u>	<u>-</u>
FUND BALANCES ENDING	<u>\$ 44 456</u>	<u>\$ 14 100</u>	<u>\$ 3 365</u>	<u>\$ 67 337</u>	<u>\$ 1 100</u>

See independent auditor's report.

GARZA COUNTY FUND	SHERIFF COMMISSARY FUND	DISTRICT ATTORNEY TRUSTEE	LOCAL ASSISTANCE AND TRIBAL FUND	COUNTY ATTORNEY FUND	OPIOD ABATE- MENT FUND	JUSTICE OF THE PEACE COURT TECH FUND	LEOSE CONSTABLES FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14 475	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	5 815	-
-	78 693	-	-	-	-	-	-
-	-	-	-	-	6 713	-	7 185
-	-	-	-	2	-	-	-
<u>13 200</u>	<u>-</u>	<u>28 937</u>	<u>-</u>	<u>1 820</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>13 200</u>	<u>78 693</u>	<u>28 937</u>	<u>-</u>	<u>1 822</u>	<u>6 713</u>	<u>20 290</u>	<u>7 185</u>
-	-	14 487	-	-	-	-	-
<u>13 200</u>	<u>26 118</u>	<u>1 400</u>	<u>354 454</u>	<u>-</u>	<u>620</u>	<u>15 400</u>	<u>1 092</u>
<u>13 200</u>	<u>26 118</u>	<u>15 887</u>	<u>354 454</u>	<u>-</u>	<u>620</u>	<u>15 400</u>	<u>1 092</u>
-	52 575	13 050	(354 454)	1 822	6 093	4 890	6 093
<u>13 200</u>	<u>92 116</u>	<u>38 893</u>	<u>383 020</u>	<u>5 011</u>	<u>34 508</u>	<u>4 473</u>	<u>12 546</u>
\$ <u>13 200</u>	\$ <u>144 691</u>	\$ <u>51 943</u>	\$ <u>28 566</u>	\$ <u>6 833</u>	\$ <u>40 601</u>	\$ <u>9 363</u>	\$ <u>18 639</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED
 For the Year Ended September 30, 2024

	CHAPTER 19 VOTER REGISTRATION	LAW LIBRARY FUND	DISTRICT CLERK RECORD MGMT FUND	COUNTY CLERK RECORD MGMT FUND	COURT- HOUSE SECURITY FUND
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 82 960
Other taxes	-	-	-	-	-
Fines and fees	-	12 989	11 251	48 395	16 465
Charges for services	-	-	-	-	-
Grants and contributions	4 491	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous income	-	-	-	-	-
TOTAL REVENUES	<u>4 491</u>	<u>12 989</u>	<u>11 251</u>	<u>48 395</u>	<u>99 425</u>
Expenditures:					
Payroll expense	-	-	-	46 370	80 659
Operating expense	<u>4 491</u>	<u>5 499</u>	<u>7 579</u>	<u>5 916</u>	<u>6 072</u>
TOTAL EXPENDITURES	<u>4 491</u>	<u>5 499</u>	<u>7 579</u>	<u>52 286</u>	<u>86 731</u>
NET CHANGE IN FUND BALANCES	-	7 490	3 672	(3 891)	12 694
Fund balances, beginning	<u>-</u>	<u>115 531</u>	<u>14 023</u>	<u>165 388</u>	<u>49 700</u>
FUND BALANCES ENDING	\$ <u>-</u>	\$ <u>123 021</u>	\$ <u>17 695</u>	\$ <u>161 497</u>	\$ <u>62 394</u>

See independent auditor's report.

JURY FUND	RIGHT OF WAY FUND	INDIGENT HEALTH CARE FUND	COURT REPORTER SERVICE FUND	LAW ENFORCE- MENT GRANT FUND	JUVENILE PROBATION FUND	DA SALARY GRANT FUND	CA SALARY GRANT FUND
\$ 106 048	\$ -	\$ 317 831	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
4 222	-	-	9 624	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	350 000	231 806	350 000	175 000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>110 270</u>	<u>-</u>	<u>317 831</u>	<u>9 624</u>	<u>350 000</u>	<u>231 806</u>	<u>350 000</u>	<u>175 000</u>
110 014	-	42 775	-	45 274	136 116	8 665	30 216
<u>11 267</u>	<u>-</u>	<u>243 501</u>	<u>9 095</u>	<u>46 750</u>	<u>102 732</u>	<u>-</u>	<u>-</u>
<u>121 281</u>	<u>-</u>	<u>286 276</u>	<u>9 095</u>	<u>92 024</u>	<u>238 848</u>	<u>8 665</u>	<u>30 216</u>
(11 011)	-	31 555	529	257 976	(7 042)	341 335	144 784
<u>45 877</u>	<u>54 072</u>	<u>1 225 693</u>	<u>6 214</u>	<u>-</u>	<u>17 651</u>	<u>-</u>	<u>-</u>
\$ <u>34 866</u>	\$ <u>54 072</u>	\$ <u>1 257 248</u>	\$ <u>6 743</u>	\$ <u>257 976</u>	\$ <u>10 609</u>	\$ <u>341 335</u>	\$ <u>144 784</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED
 For the Year Ended September 30, 2024

	PERMANENT ACCOUNT GARZA CO FUND	SHERIFF LOCAL FORFEITURE	JUSTICE COURT SUPPORT FUND	LANGUAGE ACCESS GRANT FUND	COUNTY COURT RECORDS TECH FUND
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Fines and fees	-	-	-	-	133
Charges for services	-	-	-	-	-
Grants and contributions	7 390	-	9 575	2 258	-
Interest	-	-	-	-	-
Miscellaneous income	-	-	-	-	-
TOTAL REVENUES	<u>7 390</u>	<u>-</u>	<u>9 575</u>	<u>2 258</u>	<u>133</u>
Expenditures:					
Payroll expense	-	-	-	-	-
Operating expense	<u>-</u>	<u>3 231</u>	<u>-</u>	<u>498</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>3 231</u>	<u>-</u>	<u>498</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	7 390	(3 231)	9 575	1 760	133
Fund balances, beginning	<u>8 094</u>	<u>5 707</u>	<u>14 875</u>	<u>3 593</u>	<u>50 741</u>
FUND BALANCES ENDING	<u>\$ 15 484</u>	<u>\$ 2 476</u>	<u>\$ 24 450</u>	<u>\$ 5 353</u>	<u>\$ 50 874</u>

See independent auditor's report.

DISTRICT COURT RECORDS TECH FUND	APPELLATE JUDICIAL FEE COUNTY CLERK	APPELLATE JUDICIAL FEE DISTRICT CLERK	RECORDS ARCHIVE FEE COUNTY CLERK	RECORDS ARCHIVE FEE DISTRICT CLERK	JP COURT SECURITY FUND	CHILD ABUSE PREVENTION FEE FUND	GUARDIAN- SHIP FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
626	425	1 414	48 000	167	54	34	2 180
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>626</u>	<u>425</u>	<u>1 414</u>	<u>48 000</u>	<u>167</u>	<u>54</u>	<u>34</u>	<u>2 180</u>
-	-	-	-	-	-	-	-
-	480	(1 414)	-	-	4 283	-	5 950
-	480	(1 414)	-	-	4 283	-	5 950
626	(55)	-	48 000	167	(4 229)	34	(3 770)
<u>2 024</u>	<u>55</u>	<u>-</u>	<u>474 400</u>	<u>40 354</u>	<u>20 973</u>	<u>3 085</u>	<u>7 497</u>
\$ <u>2 650</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>522 400</u>	\$ <u>40 521</u>	\$ <u>16 744</u>	\$ <u>3 119</u>	\$ <u>3 727</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED
 For the Year Ended September 30, 2024

	CHILD SAFETY FEE FUND	DISTRICT ATTORNEY SEIZURE FUND NON-TRAFFIC	DISTRICT ATTORNEY FORFEITURE FUNDS	PRETRIAL INTER- VENTION PROGRAM FUND
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Fines and fees	35 373	-	-	8 407
Charges for services	-	-	-	-
Grants and contributions	-	-	-	-
Interest	-	-	30	-
Miscellaneous income	-	15 000	-	-
TOTAL REVENUES	<u>35 373</u>	<u>15 000</u>	<u>30</u>	<u>8 407</u>
Expenditures:				
Payroll expense	-	-	-	14 321
Operating expense	<u>34 194</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>34 194</u>	<u>-</u>	<u>-</u>	<u>14 321</u>
NET CHANGE IN FUND BALANCES	1 179	15 000	30	(5 914)
Fund balances, beginning	<u>-</u>	<u>139 078</u>	<u>11 429</u>	<u>16 300</u>
FUND BALANCES ENDING	\$ <u>1 179</u>	\$ <u>154 078</u>	\$ <u>11 459</u>	\$ <u>10 386</u>

See independent auditor's report.

DRUG COURT FUND	TOTAL SPECIAL REVENUE FUNDS
\$ -	\$ 521 314
-	106 625
1 167	213 423
-	78 693
-	1 150 158
-	1 145
-	58 957
<u>1 167</u>	<u>2 130 315</u>
-	528 897
-	<u>1 047 293</u>
-	<u>1 576 190</u>
1 167	554 125
<u>48 359</u>	<u>3 276 735</u>
\$ <u>49 526</u>	\$ <u>3 830 860</u>

SHELBY COUNTY, TEXAS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
September 30, 2024

	ARENA BLEACHER FUND	COUNTY CLERK	DISTRICT CLERK TRUST	DISTRICT CLERK	MOTOR VEHICLE TAX	PROPERTY TAXES
ASSETS						
Cash and cash equivalents	\$ 1 109	\$ 123 552	\$ 1 783 690	\$ 715 540	\$ 353 005	\$ 271 158
TOTAL ASSETS	<u>\$ 1 109</u>	<u>\$ 123 552</u>	<u>\$ 1 783 690</u>	<u>\$ 715 540</u>	<u>\$ 353 005</u>	<u>\$ 271 158</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position	1 109	123 552	1 783 690	715 540	353 005	271 158
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1 109</u>	<u>\$ 123 552</u>	<u>\$ 1 783 690</u>	<u>\$ 715 540</u>	<u>\$ 353 005</u>	<u>\$ 271 158</u>

See independent auditor's report.

COUNTY ATTORNEY RESTITUTION	INMATE ACCOUNT	DISTRICT ATTORNEY FORFEITURE	AGENCY FUND	COMBINED FIDUCIARY FUNDS
\$ 9 217	\$ 12 690	\$ 10 531	\$ 78 622	\$ 3 359 114
\$ 9 217	\$ 12 690	\$ 10 531	\$ 78 622	\$ 3 359 114
\$ 700	\$ -	\$ -	\$ -	\$ 700
700	-	-	-	700
8 517	12 690	10 531	78 622	3 358 414
\$ 9 217	\$ 12 690	\$ 10 531	\$ 78 622	\$ 3 359 114

SHELBY COUNTY, TEXAS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
September 30, 2024

	ARENA BLEACHER FUND	COUNTY CLERK	DISTRICT CLERK TRUST	DISTRICT CLERK	MOTOR VEHICLE TAX	PROPERTY TAXES
Additions:						
Interest income	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ 226
Fees and fines	-	440 393	-	160 482	6 270 048	-
Taxes	-	-	-	-	-	30 121 749
Other income	-	-	110 355	-	-	-
TOTAL ADDITIONS	-	440 400	110 355	160 482	6 270 048	30 121 975
Deductions:						
Disbursements	-	419 934	232 290	105 302	5 815 120	30 292 456
TOTAL DEDUCTIONS	-	419 934	232 290	105 302	5 815 120	30 292 456
CHANGE IN NET POSITION	-	20 466	(121 935)	55 180	454 928	(170 481)
Net position - Beginning	1 109	103 086	1 905 625	660 360	(101 923)	441 639
NET POSITION - ENDING	\$ 1 109	\$ 123 552	\$ 1 783 690	\$ 715 540	\$ 353 005	\$ 271 158

See independent auditor's report.

COUNTY ATTORNEY RESTITUTION	INMATE ACCOUNT	DISTRICT ATTORNEY FORFEITURE	AGENCY FUND	COMBINED FIDUCIARY FUNDS
\$ -	\$ -	\$ 27	\$ -	\$ 260
-	-	-	261 473	7 132 396
-	-	-	-	30 121 749
<u>32 876</u>	<u>117 518</u>	<u>-</u>	<u>-</u>	<u>260 749</u>
<u>32 876</u>	<u>117 518</u>	<u>27</u>	<u>261 473</u>	<u>37 515 154</u>
<u>28 499</u>	<u>146 353</u>	<u>-</u>	<u>227 286</u>	<u>37 267 240</u>
<u>28 499</u>	<u>146 353</u>	<u>-</u>	<u>227 286</u>	<u>37 267 240</u>
4 377	(28 835)	27	34 187	247 914
<u>4 140</u>	<u>41 525</u>	<u>10 504</u>	<u>44 435</u>	<u>3 110 500</u>
\$ <u>8 517</u>	\$ <u>12 690</u>	\$ <u>10 531</u>	\$ <u>78 622</u>	\$ <u>3 358 414</u>

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S 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, 2024, 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 28, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the Schedule of Findings and Questioned Costs that we consider to be significant deficiencies. See Finding 2024-01.

Report on Compliance and Other Matters

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

Shelby County's Response to Findings

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

Purpose of this Report

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

Lufkin, Texas
May 28, 2025


CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

Honorable Commissioners'
Court of Shelby County
Center, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Shelby County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Shelby County's major federal programs for the year ended September 30, 2024. Shelby County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Shelby County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Shelby County and to meet our other ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Shelby County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Shelby County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Shelby County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Shelby County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Shelby County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Shelby County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Shelby County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
May 28, 2025

SHELBY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2024

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) not considered material weaknesses? ☒ Yes ☐ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

2. Federal Awards

Internal control over major programs:

Material control over major programs:

Material weakness(es) identified? ☐ Yes ☒ No

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

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? ☐ Yes ☒ No

Identification of major programs:

<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Recovery Funds
10.923	Emergency Watershed Protection Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

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

Finding 2024-01:

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

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

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

Questioned Cost - None

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

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

C. Federal Award Findings and Questioned Costs

None

SHELBY COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2024

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	(2) FEDERAL CFDA NUMBER	(2A) PASS-THROUGH ENTITY IDENTIFYING NUMBER	(4) FEDERAL EXPENDITURES
U.S. Department of Agriculture:			
Schools and Roads - Grants to Counties	10.666	N/A	\$ 51 520
Emergency Watershed Protection Program	10.923	N4841NFR0010098	<u>906 038</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>957 558</u>
Department of the Interior:			
Payments in Lieu of Taxes	15.226	N/A	28 726
National Forest Acquired Lands	15.438	N/A	<u>625 460</u>
TOTAL DEPARTMENT OF THE INTERIOR			<u>654 186</u>
Department of the Treasury:			
Coronavirus State and Local Fiscal Recovery Funds	21.032	N/A	354 454
American Rescue Plan - Covid	21.027	N/A	<u>1 084 078</u>
TOTAL DEPARTMENT OF THE TREASURY			<u>1 438 532</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>3 050 276</u>

The accompanying notes are an integral part of this schedule.

SHELBY COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2024

1. General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Shelby County and is presented on the modified accrual basis of accounting. The information in this schedule is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in the preparation of the general purpose financial statements. Special revenue funds are used to account for resources restricted to, or designed for, specific purposes by a grantor. Generally, unused balances are returned to the grantor at the close of the specific project period.

2. Basis of Accounting

The accounting and financial reporting treatment applied to Special Revenue funds is the current financial resource measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in fund balance. The modified accrual basis of accounting recognizes revenues in the accounting period in which they become measurable and available, and expenditures in the accounting period in which the liability is incurred, except for unmatured interest on long-term debt, which is recognized when matured, and certain compensated absences, pension liability, other post-employment benefits, and claims, which are recognized when the obligations are expected to be liquidated with expendable available resources. Grant funds are considered to be earned as soon as all eligibility requirements imposed by the provider are met and expenditures have been incurred, and, accordingly, when such funds are received in advance, they are recorded as deferred revenue until earned.

3. Availability of Funds

The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the project period extended 30 days beyond the project period ending date.

4. Indirect Cost

The County did not use an indirect cost.

SHELBY COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2024

Prior Audit Finding / Recommendation / Current Status

Finding 2023-01:

Condition - Inadequate segregation of duties in Justice of the Peace Offices.

Status - The County continues to monitor and work to resolve this issue. (Ongoing)