

SHELBY COUNTY, TEXAS
Center, Texas

ANNUAL FINANCIAL REPORT

Year Ended September 30, 2010

TABLE OF CONTENTS

Independent Auditors' Report..... 3

Managements' Discussion and Analysis 5

Basic Financial Statements:

 Government-Wide Financial Statements:

 Statement of Net Assets..... 10

 Statement of Activities..... 11

 Fund Financial Statements:

 Balance Sheet - Governmental Funds 12

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

 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances of Governmental Funds to the
 Statement of Activities..... 14

 Combining Statement of Fiduciary Net Assets 15

 Notes to the Basic Financial Statements 16

Required Supplemental Information:

 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual - General Fund 26

 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual - Road and Bridge #1 29

 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual - Road and Bridge #2 30

 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual - Road and Bridge #3 31

 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual - Road and Bridge #4 32

 Combining Schedule of Net Assets - Special Revenue Funds 34

 Combining Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Special Revenue Funds 44

 Combining Schedule of Fiduciary Net Assets..... 54

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards 57

Independent Auditors' Report on Compliance with Requirements
Applicable that Could have a Direct and Material Effect on Each
Major Program and on Internal Control Over Compliance in
Accordance with OMB Circular A-133 58

Schedule of Expenditures of Federal Awards 60

Notes to Schedule of Expenditures of Federal Awards 61

Schedule of Findings and Questioned Costs 62

Summary Schedule of Prior Audit Findings 64

INDEPENDENT AUDITORS' REPORT

The Honorable Commissioners'
Court of Shelby County
Center, Texas

We have audited the accompanying financial statements of the governmental activities, and the aggregate remaining fund information of Shelby County, Texas (the "County"), as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Shelby County, Texas, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 9, 2012, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 5-8 and the budgetary comparison schedules for the General Fund and Special Revenue Fund on pages 26-32 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents under supplementary financial information are presented for the purposes of additional analysis and are not a required part of the basic financial statements.


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
April 9, 2012

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, 2010 ("FY 2010"). Readers are encouraged to consider the information presented herein in conjunction with the additional information furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

Government-wide Financial Statements - Highlights

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

- The County's assets exceeded liabilities by \$12,277,228 on a government-wide basis as of September 30, 2010.
- For FY 2010, taxes and other revenues, including program revenues, of the County's governmental activities amounted to \$12,486,957. Expenses, including program expenses, totaled \$11,215,919.

Fund Financial Statements - Highlights

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

- The County's governmental funds reported an increase in fund balance of \$1,030,622 for the fiscal year.
- The County's General Fund reported a fund balance of \$4,516,287, an increase of \$586,145 from September 30, 2009.

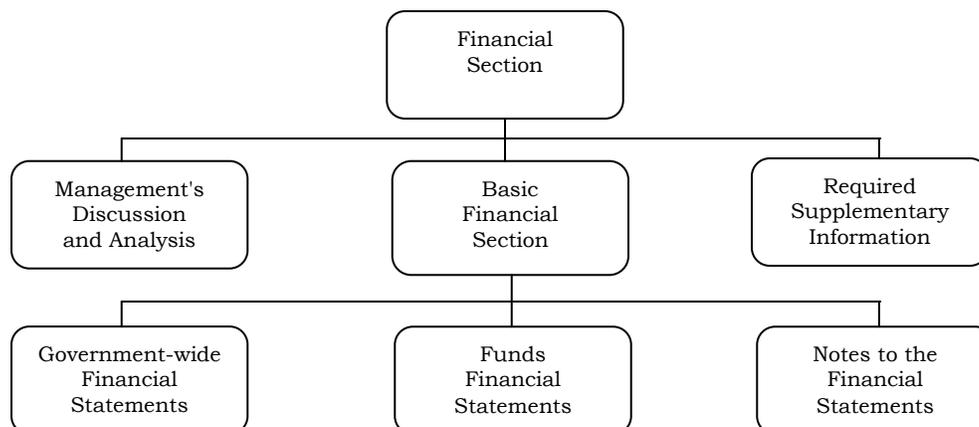
GENERAL FINANCIAL HIGHLIGHTS

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 were required for the first time this year under Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments. These 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 trend data pertaining to the retirement programs 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 Assets is shown on a Assets less Liabilities equals Net Assets, instead of a more traditional Assets = Liabilities + Equity format.

The Statement of Net Assets presents information on all of the assets and liabilities of the County, with the difference reported as net assets. Over a period of several years, the change in net assets 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 assets 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.

Fiduciary Funds

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

Financial Analysis of the County as a Whole

Statement of Net Assets

The following table presents a summary of the County's net assets as of September 30, 2010 and 2009:

	As of September 30,	
	2010	2009
Assets:		
Current and other assets	\$ 8 061 745	\$ 7 578 818
Capital assets (net)	5 470 798	5 359 167
TOTAL ASSETS	<u>13 532 543</u>	<u>12 937 985</u>
Liabilities:		
Current liabilities	1 098 123	900 810
Long-term liabilities	157 192	377 838
TOTAL LIABILITIES	<u>1 255 315</u>	<u>1 278 648</u>
Net Assets:		
Invested in capital assets, net of related debt	5 223 344	4 981 329
Restricted	-	2 762 662
Unrestricted	7 053 884	3 915 346
TOTAL NET ASSETS	<u>\$ 12 277 228</u>	<u>\$ 11 659 337</u>

As noted earlier, net assets, over time, serve as a barometer of a government's financial position. For the County, assets exceeded liabilities by \$12,277,228 as September 30, 2010, the County's fiscal year-end. This amount represents a decrease of \$1,271,038 from the net assets at September 30, 2009.

As noted, a portion of the net assets 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.

Governmental Activities

Revenues for the governmental fund activities for the County totaled \$12,486,957 for the fiscal year 2010.

Taxes constitute the largest source of County revenues, totaling \$7,428,393 for fiscal year 2010.

The cost of the County's governmental fund activities FY 2010 totaled \$11,451,865. Major contributors to costs include:

- \$3,525,718 for highways and streets
- \$2,546,595 for law enforcement
- \$1,609,199 for general administration
- \$1,015,627 for judicial

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to record and provide compliance with government finance-related accounting and legal requirements. The focus of governmental funds is to provide data and information on near-term inflows and outflows of spendable resources, as well as the balances remaining of those resources. This information is used to provide operating and management reports and to meet the reporting requirements of other parties. This would include the use of these statements in long-term financing arrangements. Unreserved 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, 2010, the County's governmental funds had a combined fund balance totaling \$7,123,075.

The General Fund is the primary operating fund of the County. Unreserved fund balance in the General Fund at September 30, 2010, totaled \$4,516,287. This represents approximately 71.8% of the total expenditures for FY 2010 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 ASSETS
September 30, 2010

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets:	
Cash and investments	\$ 7 219 107
Receivables Net of Allowance for Uncollectibles:	
Taxes	826 712
Other	15 926
TOTAL CURRENT ASSETS	8 061 745
Noncurrent Assets:	
Capital Assets:	
Land	366 050
Streets and infrastructure	13 716 689
Buildings and improvements	3 711 780
Furniture and equipment	5 483 410
Less: Accumulated depreciation	(17 807 131)
TOTAL CAPITAL ASSETS	5 470 798
TOTAL ASSETS	\$ 13 532 543
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 58 900
Accrued liabilities	53 058
Deferred revenue	826 712
Accrued compensated absences	69 191
Long-Term Debt Liabilities:	
Current	90 262
TOTAL CURRENT LIABILITIES	1 098 123
Noncurrent Liabilities:	
Long-term	157 192
TOTAL NONCURRENT LIABILITIES	157 192
TOTAL LIABILITIES	1 255 315
NET ASSETS	
Invested in capital assets, net of related debt	5 223 344
Unrestricted	7 053 884
TOTAL NET ASSETS	\$ 12 277 228

SHELBY COUNTY, TEXAS
STATEMENT OF ACTIVITIES
September 30, 2010

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
Primary Government:					
Governmental Activities:					
General administration	\$ 1 701 981	\$ 1 772 737	\$ 31 969	\$ -	\$ 102 725
Judicial	1 069 405	372 287	-	-	(697 118)
Law enforcement and corrections	2 681 439	149 348	192 888	-	(2 339 203)
Streets and bridges	3 003 978	1 340 242	558 458	-	(1 105 278)
Community service	413 223	-	-	-	(413 223)
Nondepartmental	2 266 837	-	-	-	(2 266 837)
Interest expense	79 056	-	-	-	(79 056)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 11 215 919	\$ 3 634 614	\$ 783 315	\$ -	(6 797 990)
General Revenues:					
Taxes:					
Property taxes - General					6 338 359
Other tax revenue					1 090 034
Unrestricted investment earnings					129 217
Other unrestricted revenue					511 418
TOTAL GENERAL REVENUES					8 069 028
CHANGE IN NET ASSETS					1 271 038
Net assets, beginning					11 006 190
NET ASSETS, ENDING					\$ 12 277 228

SHELBY COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2010

	GENERAL	NON-MAJOR GOVERNMENTAL	TOTAL
ASSETS			
Cash and investments	\$ 4 597 928	\$ 2 621 179	\$ 7 219 107
Property tax receivable	562 474	264 238	826 712
Other receivables	11 308	4 618	15 926
TOTAL ASSETS	\$ 5 171 710	\$ 2 890 035	\$ 8 061 745
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 55 919	\$ 2 981	\$ 58 900
Accrued liabilities	37 030	16 028	53 058
Deferred revenue	562 474	264 238	826 712
TOTAL LIABILITIES	655 423	283 247	938 670
Fund Balances:			
Reserved fund balance	-	2 606 788	2 606 788
Unreserved Reported in:			
General fund	4 516 287	-	4 516 287
TOTAL FUND BALANCES	4 516 287	2 606 788	7 123 075
TOTAL LIABILITIES AND FUND BALANCE	\$ 5 171 710	\$ 2 890 035	

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

Capital assets used in governmental activities are financial resources and, therefore, are not reported in the funds.	5 470 798
Other long-term liabilities are not available to pay for current period expenditures.	(69 191)
Debt principal used in governmental activity, not recorded in funds.	(247 454)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 12 277 228

SHELBY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
September 30, 2010

	GENERAL	NON-MAJOR FUNDS	TOTAL
Revenues:			
Property taxes	\$ 5 030 812	\$ 1 307 547	\$ 6 338 359
Other taxes	6 360	1 083 674	1 090 034
Fines and fees	1 208 582	1 315 030	2 523 612
Interest	102 413	26 804	129 217
Charges for services	296 911	133 663	430 574
Grant and donations	-	783 315	783 315
Miscellaneous	228 630	963 216	1 191 846
TOTAL REVENUES	6 873 708	5 613 249	12 486 957
Expenditures:			
General administration	1 245 742	363 457	1 609 199
Judicial	653 633	361 994	1 015 627
Law enforcement and corrections	2 235 345	315 720	2 551 065
Streets and bridges	-	3 525 718	3 525 718
Community service	-	392 443	392 443
Non-departmental	2 152 843	-	2 152 843
Debt service	-	209 440	209 440
TOTAL EXPENDITURES	6 287 563	5 168 772	11 456 335
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	586 145	444 477	1 030 622
Other Financing Sources (Uses):			
Transfers in (out)	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-
NET CHANGE IN FUND BALANCES	586 145	444 477	1 030 622
Fund balances, beginning	3 982 938	2 762 662	6 745 600
Prior period adjustment	(52 796)	(600 351)	(653 147)
FUND BALANCES, BEGINNING (RESTATEd)	3 930 142	2 162 311	6 092 453
FUND BALANCES, ENDING	\$ 4 516 287	\$ 2 606 788	\$ 7 123 075

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, 2010

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

Net change in fund balances - Total governmental funds.	\$ 1 030 622
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 expenditures exceeded depreciation expense.	111 631
Other long-term liabilities are not available to pay for current period expenditures.	1 599
Governmental funds reported debt payments as expenses, however, in the statement of net assets these are reduction of the liability.	<u>127 186</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u><u>1 271 038</u></u>

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

SHELBY COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
September 30, 2010

	COMBINED FIDUCIARY FUNDS
Assets:	
Cash and cash equivalent	\$ 3 971 878
TOTAL ASSETS	<u>\$ 3 971 878</u>
Liabilities:	
Due to others	\$ 3 971 878
TOTAL LIABILITIES	<u>\$ 3 971 878</u>

SHELBY COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2010

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

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

SHELBY COUNTY, TEXAS
STATEMENT OF ACTIVITIES - CONTINUED
September 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Financial Statements

Separate fund financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund and the Special Revenue Fund meet criteria as major governmental funds. Each major fund is reported in separate columns in the fund financial statements.

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

General Fund

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

Special Revenue Funds

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

Fiduciary Funds - Trust

These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Pension trust funds account for pension funds established for classified employees of various departments and are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are district clerk and County clerk fees, justice of the peace fees, revenue from investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Governmental fund level financial statements are reported using the current resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measureable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Property taxes levied prior to September 30, 2010, that became due October 1, 2009 have been assessed to finance the budget of the fiscal year beginning October 1, 2009 and, accordingly, have need reflected as deferred revenue and taxes receivable in the fund financial statements at September 30, 2010. Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

SHELBY COUNTY, TEXAS
STATEMENT OF ACTIVITIES - CONTINUED
September 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business type activities subject to this same limitation. The County has elected not to follow subsequent private sector guidance.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments. 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 2008. 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, 2009 and past due after January 31, 2010. 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 by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund balances are eliminated in the government-wide statements.

3. Capital Assets

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

SHELBY COUNTY, TEXAS
STATEMENT OF ACTIVITIES - CONTINUED
September 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital assets are depreciated using the straight line method over the following estimated useful lives:

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

4. Compensated Absences

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

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

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

5. Long-term Obligations

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

6. Fund Equity

Year ending September 30, 2010, the county implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more 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 nonspendable 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 District 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.

SHELBY COUNTY, TEXAS
STATEMENT OF ACTIVITIES - CONTINUED
September 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- Unassigned Fund Balance - Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

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

II. DEPOSIT, INVESTMENTS AND INVESTMENT POLICIES

Deposits

At the year end, the carrying amount of the County's deposits totaled \$11,190,985, inclusive of fiduciary funds. All bank balances at year end were entirely covered by federal depository insurance or by collateral held by the depository bank in the County's name. All deposits are held in the County's main depository bank, except funds maintained by the District Attorney and Justice of the Peace #3 and 5.

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.

At year end, the County's investment balances were as follows:

	CARRYING VALUE		MARKET VALUE	
Certificates of Deposit	\$ 64 739	\$	64 739	

III. PROPERTY TAXES AND OTHER RECEIVABLES

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

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

Property Taxes Receivable:	
General fund	\$ 562 474
Special revenue fund	264 238
TOTAL DEFERRED REVENUE	<u>\$ 826 712</u>

SHELBY COUNTY, TEXAS
STATEMENT OF ACTIVITIES - CONTINUED
September 30, 2010

III. PROPERTY TAXES AND OTHER RECEIVABLES - CONTINUED

In the government-wide financial statements, deferred revenue of \$826,712 is comprised entirely of property taxes levied for FY 2010. The County is authorized by the tax laws of the State of Texas to levy taxes up to \$.80 per \$100 of assessed valuation for general governmental services and the payment of principal and interest on certain permanent improvement long-term debt. Taxes may be levied in unlimited amounts for the payment of principal and interest on road bond long-term debt issued under Article 3, Section 52 of the Texas constitution.

Receivables as of year-end for the governmental activities including the applicable allowances for uncollectible accounts, as required by GASB Statement No. 34 are as follows:

	GENERAL	SPECIAL REVENUE	TOTAL
Receivables:			
Taxes	\$ 562 474	\$ 264 238	\$ 826 712
Less: Allowances for uncollectibles	-	-	-
NET RECEIVABLES	\$ 562 474	\$ 264 238	\$ 826 712

IV. CAPITAL ASSETS

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

A summary of changes in capital assets follows:

	BALANCE 10/01/09	ADDITIONS	DELETIONS	CHANGES IN CLASSIFI- CATIONS	BALANCE 09/30/10
Governmental Activities:					
Land	\$ 366 050	\$ -	\$ -	\$ -	\$ 366 050
Infrastructure	13 537 218	-	-	179 471	13 716 689
Buildings and improvements	3 656 880	13 810	-	41 090	3 711 780
Vehicles and equipment	5 277 325	708 429	(91 048)	(411 296)	5 483 410
Accumulated depreciation	(17 567 819)	(595 294)	91 048	264 934	(17 807 131)
TOTAL ASSETS	\$ 5 269 654	\$ 126 945	\$ -	\$ 74 199	\$ 5 470 798

SHELBY COUNTY, TEXAS
STATEMENT OF ACTIVITIES - CONTINUED
September 30, 2010

V. LONG-TERM DEBT

Capital Leases

The County is obligated under various capital leases for road and bridge equipment vehicles.

The following is a summary of capital lease obligation transactions of the County for the year ended September 30, 2010:

	PRINCIPAL	INTEREST
Balance at October 1, 2009	\$ 436 562	\$ -
Increases	-	20 313
Retirements	(189 108)	(20 313)
Balance at September 30, 2010	\$ 247 454	\$ -

VI. RETIREMENT PLAN

Plan Description

Shelby County provides retirement, disability, and death benefits for all employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 601 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written requests from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 8 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraint imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is based on the covered payroll of employee members. Under the TCDRS Act, the contributions rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 7.36% for the months of the accounting year in 2009, and 7.63% for the months of the accounting year in 2010.

SHELBY COUNTY, TEXAS
STATEMENT OF ACTIVITIES - CONTINUED
September 30, 2010

VI. RETIREMENT PLAN - CONTINUED

The contribution rate payable by the employee members for calendar year 2010 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost

For the employer's accounting year ending September 30, 2010 the annual pension cost for the TCDRS plan for its employee's totaled \$294,067 and the actual contributions totaled \$563,853.

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

ACTUARIAL VALUATION INFORMATION

Actuarial valuation date	12/31/2007	12/31/2008	12/31/2009
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Amortization period	15 years	20 years	20 years
Asset valuation method	SAF: 10-year smoothed value ESF: Fund value	SAF: 10-year smoothed value ESF: Fund value	SAF: 10-year smoothed value ESF: Fund value
Actuarial Assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases ¹	5.30%	5.30%	5.40%
Inflation	3.50%	3.50%	3.50%
Cost-of-living adjustment	0.00%	0.00%	0.00%

¹ Includes inflation at the stated rate

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

ACCOUNTING YEAR ENDING	ANNUAL PENSION COST	PERCENTAGE IF APC CONTRIBUTED	NET PENSION OBLIGATION
September 30, 2009	\$ 307 848	100%	\$ -
September 30, 2010	\$ 294 067	100%	\$ -

SHELBY COUNTY, TEXAS
STATEMENT OF ACTIVITIES - CONTINUED
September 30, 2010

VI. RETIREMENT PLAN - CONTINUED

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

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED AAL (UAAL)	FUNDED RATIO	ANNUAL COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
12/31/2001	\$ 3 445 715	\$ 4 116 244	\$ 670 529	83.71%	\$ 2 295 375	29.21%
12/31/2002	\$ 3 593 145	\$ 4 354 383	\$ 761 238	82.52%	\$ 2 628 825	28.96%
12/31/2003	\$ 3 992 163	\$ 4 746 443	\$ 754 280	84.11%	\$ 2 861 036	26.36%
12/31/2004	\$ 4 306 549	\$ 4 925 745	\$ 619 196	87.43%	\$ 2 985 737	20.74%
12/31/2005	\$ 4 124 171	\$ 4 648 366	\$ 524 195	88.72%	\$ 3 149 128	16.65%
12/31/2006	\$ 4 524 401	\$ 4 872 091	\$ 347 690	92.86%	\$ 3 671 452	9.47%
12/31/2007	\$ 5 181 285	\$ 5 610 812	\$ 429 527	92.34%	\$ 3 521 897	12.20%
12/31/2008	\$ 5 282 239	\$ 6 161 354	\$ 879 115	85.73%	\$ 3 782 802	23.24%
12/31/2009	\$ 6 119 697	\$ 6 920 713	\$ 801 016	88.43%	\$ 3 854 090	20.78%

VII. RISK MANAGEMENT

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

VIII. CONTINGENT LIABILITIES

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

The County is a defendant in various lawsuits. Although the outcome of these law suits 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 condition of the County.

IX. PRIOR PERIOD ADJUSTMENTS

Changes were made in prior year classification of fund types, which resulted in a restatement of prior year fund balances of \$653,147, within the governmental funds.

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, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 4 877 656	\$ 4 970 702	\$ 5 030 812	\$ 60 110
Other taxes	6 517	6 517	6 360	(157)
Fines	604 123	604 123	513 998	(90 125)
Fees of office	631 753	631 753	694 584	62 831
Interest	139 427	139 427	102 413	(37 014)
Commissions	254 283	254 283	296 911	42 628
Miscellaneous	10 000	192 251	228 630	36 379
TOTAL REVENUES	<u>6 523 759</u>	<u>6 799 056</u>	<u>6 873 708</u>	<u>74 652</u>
Expenditures:				
General Administration Expenditures:				
County Agents:				
Payroll expense	60 223	60 642	59 727	915
Operating expense	19 490	19 763	18 914	849
TOTAL COUNTY AGENTS	<u>79 713</u>	<u>80 405</u>	<u>78 641</u>	<u>1 764</u>
County Auditor:				
Payroll expense	96 158	96 735	94 456	2 279
Operating expense	9 834	11 334	8 486	2 848
TOTAL COUNTY AUDITOR	<u>105 992</u>	<u>108 069</u>	<u>102 942</u>	<u>5 127</u>
County Clerk:				
Payroll expense	244 064	248 507	245 309	3 198
Operating expense	70 381	68 722	68 190	532
TOTAL COUNTY CLERK	<u>314 445</u>	<u>317 229</u>	<u>313 499</u>	<u>3 730</u>
County Judge:				
Payroll expense	78 564	78 659	80 620	(1 961)
Operating expense	11 800	13 551	8 608	4 943
TOTAL COUNTY JUDGE	<u>90 364</u>	<u>92 210</u>	<u>89 228</u>	<u>2 982</u>
District Clerk:				
Payroll expense	197 311	197 311	177 862	19 449
Operating expense	66 460	66 460	47 883	18 577
TOTAL DISTRICT CLERK	<u>263 771</u>	<u>263 771</u>	<u>225 745</u>	<u>38 026</u>
Courthouse Manager:				
Payroll expense	17 235	17 904	17 641	263
Operating expense	22 612	25 898	25 898	-
TOTAL COURTHOUSE MANAGER	<u>39 847</u>	<u>43 802</u>	<u>43 539</u>	<u>263</u>
Tax Assessor Collector:				
Payroll expense	267 489	272 085	265 885	6 200
Operating expense	45 100	40 545	37 018	3 527
TOTAL TAX ASSESSOR COLLECTOR	<u>312 589</u>	<u>312 630</u>	<u>302 903</u>	<u>9 727</u>
County Treasurer:				
Payroll expense	60 811	60 811	55 386	5 425
Operating expense	5 875	5 875	3 528	2 347
TOTAL COUNTY TREASURER	<u>66 686</u>	<u>66 686</u>	<u>58 914</u>	<u>7 772</u>
Commissioner Secretary:				
Payroll expense	29 042	28 862	15 855	13 007
Operating expense	4 200	4 380	2 898	1 482
TOTAL COMMISSIONER SECRETARY	<u>33 242</u>	<u>33 242</u>	<u>18 753</u>	<u>14 489</u>
Veterans Officer:				
Payroll expense	8 713	9 869	9 753	116
Operating expense	2 500	1 825	1 825	-
TOTAL VETERANS OFFICER	<u>11 213</u>	<u>11 694</u>	<u>11 578</u>	<u>116</u>
TOTAL GENERAL ADMINISTRATION	<u>1 317 862</u>	<u>1 329 738</u>	<u>1 245 742</u>	<u>83 996</u>

SHELBY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - CONTINUED
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Judicial Expenditures:				
County Attorney:				
Payroll expense	141 652	141 984	127 804	14 180
Operating expense	13 805	13 805	11 901	1 904
TOTAL COUNTY ATTORNEY	<u>155 457</u>	<u>155 789</u>	<u>139 705</u>	<u>16 084</u>
District Attorney:				
Payroll expense	258 659	258 659	237 886	20 773
Operating expense	29 883	29 883	20 310	9 573
TOTAL DISTRICT ATTORNEY	<u>288 542</u>	<u>288 542</u>	<u>258 196</u>	<u>30 346</u>
District Judges:				
Payroll expense	43 500	43 682	43 007	675
Operating expense	11 356	13 374	11 395	1 979
TOTAL DISTRICT JUDGES	<u>54 856</u>	<u>57 056</u>	<u>54 402</u>	<u>2 654</u>
Justice of the Peace #1:				
Payroll expense	65 076	68 233	67 236	997
Operating expense	8 041	5 805	5 805	-
TOTAL JUSTICE OF THE PEACE #1	<u>73 117</u>	<u>74 038</u>	<u>73 041</u>	<u>997</u>
Justice of the Peace #2:				
Payroll expense	27 344	27 468	27 046	422
Operating expense	2 975	2 852	2 511	341
TOTAL JUSTICE OF THE PEACE #2	<u>30 319</u>	<u>30 320</u>	<u>29 557</u>	<u>763</u>
Justice of the Peace #3:				
Payroll expense	27 261	27 384	26 963	421
Operating expense	4 016	3 893	2 112	1 781
TOTAL JUSTICE OF THE PEACE #3	<u>31 277</u>	<u>31 277</u>	<u>29 075</u>	<u>2 202</u>
Justice of the Peace #4:				
Payroll expense	32 769	32 896	32 383	513
Operating expense	4 607	4 549	4 126	423
TOTAL JUSTICE OF THE PEACE #4	<u>37 376</u>	<u>37 445</u>	<u>36 509</u>	<u>936</u>
Justice of the Peace #5:				
Payroll expense	29 554	29 687	29 233	454
Operating expense	4 652	4 720	3 915	805
TOTAL JUSTICE OF THE PEACE #5	<u>34 206</u>	<u>34 407</u>	<u>33 148</u>	<u>1 259</u>
TOTAL JUDICIAL EXPENDITURES	<u>705 150</u>	<u>708 874</u>	<u>653 633</u>	<u>55 241</u>
Law Enforcement and Corrections Expenditures:				
Constable Pct #1:				
Payroll expense	50 050	50 360	49 591	769
Operating expense	9 152	8 841	7 389	1 452
TOTAL CONSTABLE PCT #1	<u>59 202</u>	<u>59 201</u>	<u>56 980</u>	<u>2 221</u>
Constable Pct #2:				
Payroll expense	50 050	50 333	49 594	739
Operating expense	7 508	7 225	6 105	1 120
TOTAL CONSTABLE PCT #2	<u>57 558</u>	<u>57 558</u>	<u>55 699</u>	<u>1 859</u>
Constable Pct #3:				
Payroll expense	50 050	50 256	49 594	662
Operating expense	7 508	7 459	7 458	1
TOTAL CONSTABLE PCT #3	<u>57 558</u>	<u>57 715</u>	<u>57 052</u>	<u>663</u>
Constable Pct #4:				
Payroll expense	-	23	23	-
TOTAL CONSTABLE PCT #4	<u>-</u>	<u>23</u>	<u>23</u>	<u>-</u>

SHELBY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - CONTINUED
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Constable Pct #5:				
Payroll expense	50 050	50 256	49 594	662
Operating expense	7 508	7 508	7 507	1
TOTAL CONSTABLE PCT #5	<u>57 558</u>	<u>57 764</u>	<u>57 101</u>	<u>663</u>
DPS Secretary:				
Payroll expense	41 339	42 051	40 906	1 145
Operating expense	2 558	15 067	14 455	612
TOTAL DPS SECRETARY	<u>43 897</u>	<u>57 118</u>	<u>55 361</u>	<u>1 757</u>
County Sheriff:				
Payroll expense	1 447 087	1 452 546	1 421 554	30 992
Operating expense	464 197	474 197	454 908	19 289
TOTAL COUNTY SHERIFF	<u>1 911 284</u>	<u>1 926 743</u>	<u>1 876 462</u>	<u>50 281</u>
Adult Probation:				
Operating expense	22 940	23 801	23 197	604
TOTAL ADULT PROBATION	<u>22 940</u>	<u>23 801</u>	<u>23 197</u>	<u>604</u>
Juvenile Probation:				
Payroll expense	42 435	42 585	41 563	1 022
Operating expense	12 056	11 906	11 907	(1)
TOTAL JUVENILE PROBATION	<u>54 491</u>	<u>54 491</u>	<u>53 470</u>	<u>1 021</u>
TOTAL LAW ENFORCEMENT AND CORRECTIONS EXPENDITURES	<u>2 264 488</u>	<u>2 294 414</u>	<u>2 235 345</u>	<u>59 069</u>
Non-departmental expenditures	2 236 257	2 466 029	2 152 843	313 186
TOTAL EXPENDITURES	<u>6 523 757</u>	<u>6 799 055</u>	<u>6 287 563</u>	<u>511 492</u>
NET CHANGE IN FUND BALANCES	2	1	586 145	586 144
Fund balances, beginning	3 930 142	3 930 142	3 930 142	-
FUND BALANCES, ENDING	<u>\$ 3 930 144</u>	<u>\$ 3 930 143</u>	<u>\$ 4 516 287</u>	<u>\$ 586 144</u>

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, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 164 512	\$ 164 512	\$ 178 262	\$ 13 750
Other taxes	268 962	268 962	268 288	(674)
Fines and fees	190 486	190 486	180 180	(10 306)
Interest	8 500	8 500	5 650	(2 850)
Miscellaneous	100 000	186 923	169 757	(17 166)
TOTAL REVENUES	<u>732 460</u>	<u>819 383</u>	<u>802 137</u>	<u>(17 246)</u>
Expenditures:				
Payroll expense	367 591	368 591	276 660	91 931
Operating expense	429 852	515 775	448 689	67 086
Debt service	35 017	35 017	27 778	7 239
TOTAL EXPENDITURES	<u>832 460</u>	<u>919 383</u>	<u>753 127</u>	<u>166 256</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(100 000)</u>	<u>(100 000)</u>	<u>49 010</u>	<u>149 010</u>
Other Financing Sources (Uses):				
Transfers in (out)	-	-	35 000	35 000
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>35 000</u>	<u>35 000</u>
NET CHANGE IN FUND BALANCES	(100 000)	(100 000)	84 010	184 010
Fund balances, beginning	<u>310 566</u>	<u>310 566</u>	<u>310 566</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 210 566</u>	<u>\$ 210 566</u>	<u>\$ 394 576</u>	<u>\$ 184 010</u>

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, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 164 512	\$ 167 512	\$ 176 668	\$ 9 156
Other taxes	268 962	268 962	268 288	(674)
Fines and fees	190 486	190 486	181 774	(8 712)
Interest	8 500	8 500	2 096	(6 404)
Miscellaneous	100 000	217 437	249 398	31 961
TOTAL REVENUES	<u>732 460</u>	<u>852 897</u>	<u>878 224</u>	<u>25 327</u>
Expenditures:				
Payroll expense	325 375	361 283	341 352	19 931
Operating expense	378 217	485 496	463 849	21 647
Debt service	128 868	106 118	73 748	32 370
TOTAL EXPENDITURES	<u>832 460</u>	<u>952 897</u>	<u>878 949</u>	<u>73 948</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(100 000)</u>	<u>(100 000)</u>	<u>(725)</u>	<u>99 275</u>
Other Financing Sources (Uses):				
Transfers in (out)	-	-	35 000	35 000
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>35 000</u>	<u>35 000</u>
NET CHANGE IN FUND BALANCES	(100 000)	(100 000)	34 275	134 275
Fund balances, beginning	<u>2 929</u>	<u>2 929</u>	<u>2 929</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ (97 071)</u>	<u>\$ (97 071)</u>	<u>\$ 37 204</u>	<u>\$ 134 275</u>

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, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 164 512	\$ 166 955	\$ 178 261	\$ 11 306
Other taxes	268 962	272 592	268 288	(4 304)
Fines and fees	190 486	190 486	180 180	(10 306)
Interest	8 500	8 500	2 539	(5 961)
Miscellaneous	100 000	180 850	192 134	11 284
TOTAL REVENUES	<u>732 460</u>	<u>819 393</u>	<u>821 402</u>	<u>2 019</u>
Expenditures:				
Payroll expense	401 028	396 730	352 500	44 230
Operating expense	329 437	425 416	425 510	(94)
Debt service	101 995	97 237	97 237	-
TOTAL EXPENDITURES	<u>832 460</u>	<u>919 383</u>	<u>875 247</u>	<u>44 136</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(100 000)</u>	<u>(100 000)</u>	<u>(53 845)</u>	<u>46 155</u>
Other Financing Sources (Uses):				
Transfers in (out)	-	-	35 000	35 000
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>35 000</u>	<u>35 000</u>
NET CHANGE IN FUND BALANCES	(100 000)	(100 000)	(18 845)	81 155
Fund balances, beginning	<u>91 190</u>	<u>91 190</u>	<u>91 190</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ (8 810)</u>	<u>\$ (8 810)</u>	<u>\$ 72 345</u>	<u>\$ 81 155</u>

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, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 164 512	\$ 177 160	\$ 178 261	\$ 1 101
Other taxes	268 962	289 498	268 288	(21 210)
Fines and fees	190 486	190 486	180 180	(10 306)
Interest	8 500	8 500	5 245	(3 255)
Miscellaneous	100 000	153 738	154 482	744
TOTAL REVENUES	<u>732 460</u>	<u>819 382</u>	<u>786 456</u>	<u>(32 926)</u>
Expenditures:				
Payroll expense	370 232	380 494	366 364	14 130
Operating expense	391 411	479 471	384 092	95 379
Debt service	70 817	59 417	10 677	48 740
TOTAL EXPENDITURES	<u>832 460</u>	<u>919 382</u>	<u>761 133</u>	<u>158 249</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(100 000)</u>	<u>(100 000)</u>	<u>25 323</u>	<u>125 323</u>
Other Financing Sources (Uses):				
Transfers in (out)	-	-	35 000	35 000
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>35 000</u>	<u>35 000</u>
NET CHANGE IN FUND BALANCES	(100 000)	(100 000)	60 323	160 323
Fund balances, beginning	<u>291 650</u>	<u>291 650</u>	<u>291 650</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 191 650</u>	<u>\$ 191 650</u>	<u>\$ 351 973</u>	<u>\$ 160 323</u>

COMBINING SCHEDULES

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF NET ASSETS -
 SPECIAL REVENUE FUNDS
 September 30, 2010

	<u>ROAD & BRIDGE #1</u>	<u>ROAD & BRIDGE #2</u>	<u>ROAD & BRIDGE #3</u>	<u>ROAD & BRIDGE #4</u>
ASSETS				
Cash and investments	\$ 396 215	\$ 38 414	\$ 72 481	\$ 347 452
Property tax receivable	49 405	49 405	49 405	49 405
Other receivable	-	-	-	4 618
TOTAL ASSETS	<u>\$ 445 620</u>	<u>\$ 87 819</u>	<u>\$ 121 886</u>	<u>\$ 401 475</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 97
Accrued expense	1 639	1 210	136	-
Deferred revenue	49 405	49 405	49 405	49 405
TOTAL LIABILITIES	<u>51 044</u>	<u>50 615</u>	<u>49 541</u>	<u>49 502</u>
Fund Balances:				
Reserved fund balance	394 576	37 204	72 345	351 973
TOTAL FUND BALANCES	<u>394 576</u>	<u>37 204</u>	<u>72 345</u>	<u>351 973</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 445 620</u>	<u>\$ 87 819</u>	<u>\$ 121 886</u>	<u>\$ 401 475</u>

VENDING MACHINE FUND	TITLE III FORESTRY FUNDS	HISTORIC COURTHOUSE FUND	COUNTY CLERK VITAL ARCHIVES FEE FUND	GENERAL RECORDS MANAGEMENT	VEHICLE INVENTORY TAX FUND
\$ -	\$ 125 431	\$ 1 420	\$ 19 339	\$ 1 351	\$ 46 095
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 125 431</u>	<u>\$ 1 420</u>	<u>\$ 19 339</u>	<u>\$ 1 351</u>	<u>\$ 46 095</u>
\$ 1 500	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>1 500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1 500)	125 431	1 420	19 339	1 351	46 095
<u>(1 500)</u>	<u>125 431</u>	<u>1 420</u>	<u>19 339</u>	<u>1 351</u>	<u>46 095</u>
<u>\$ -</u>	<u>\$ 125 431</u>	<u>\$ 1 420</u>	<u>\$ 19 339</u>	<u>\$ 1 351</u>	<u>\$ 46 095</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF NET ASSETS -
 SPECIAL REVENUE FUNDS - CONTINUED
 September 30, 2010

	SHERIFF COMMISSARY FUND	CONSTABLE #4 FORFEITURE FUND	DISTRICT ATTORNEY TRUSTEE	DISTRICT ATTORNEY FORFEITURE
ASSETS				
Cash and investments	\$ 52 941	\$ 8 327	\$ 11 077	\$ 43 017
Property tax receivable	-	-	-	-
Other receivable	-	-	-	-
TOTAL ASSETS	\$ 52 941	\$ 8 327	\$ 11 077	\$ 43 017
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expense	-	-	-	-
Deferred revenue	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
 Fund Balances:				
Reserved fund balance	52 941	8 327	11 077	43 017
TOTAL FUND BALANCES	52 941	8 327	11 077	43 017
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 52 941	 \$ 8 327	 \$ 11 077	 \$ 43 017

<u>LAW ENFORCEMENT FUND</u>	<u>COUNTY ATTORNEY COLLECTION</u>	<u>COUNTY JUDGE SALARY SUPPLEMENT</u>	<u>COUNTY ATTORNEY SALARY SUPPLEMENT</u>	<u>ROAD GRANT FUND</u>	<u>JUVENILE COURT TECH FUND</u>
\$ 30 562	\$ 43 148	\$ 7 536	\$ 57 811	\$ -	\$ 13 206
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 30 562</u>	<u>\$ 43 148</u>	<u>\$ 7 536</u>	<u>\$ 57 811</u>	<u>\$ -</u>	<u>\$ 13 206</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	2 801	9 074	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>2 801</u>	<u>9 074</u>	<u>-</u>	<u>-</u>
30 562	43 148	4 735	48 737	-	13 206
<u>30 562</u>	<u>43 148</u>	<u>4 735</u>	<u>48 737</u>	<u>-</u>	<u>13 206</u>
<u>\$ 30 562</u>	<u>\$ 43 148</u>	<u>\$ 7 536</u>	<u>\$ 57 811</u>	<u>\$ -</u>	<u>\$ 13 206</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF NET ASSETS -
 SPECIAL REVENUE FUNDS - CONTINUED
 September 30, 2010

	LEOSE CONSTABLES FUND	CHAPTER 19 VOTER REGISTRATION	LAW LIBRARY FUND	DISTRICT CLERK RECORD MGMT FUND
ASSETS				
Cash and investments	\$ 5 332	\$ 531	\$ 66 091	\$ 3 115
Property tax receivable	-	-	-	-
Other receivable	-	-	-	-
TOTAL ASSETS	\$ 5 332	\$ 531	\$ 66 091	\$ 3 115
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expense	-	-	-	-
Deferred revenue	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
 Fund Balances:				
Reserved fund balance	5 332	531	66 091	3 115
TOTAL FUND BALANCES	5 332	531	66 091	3 115
 TOTAL LIABILITIES AND FUND BALANCES	\$ 5 332	\$ 531	\$ 66 091	\$ 3 115

COUNTY CLERK RECORD MGMT FUND	COURTHOUSE SECURITY FUND	JURY FUND	RIGHT OF WAY FUND	INDIGENT HEALTH CARE FUND	SHELBY COUNTY HOSPITAL FUND
\$ 270 723	\$ 9 921	\$ 57 730	\$ 206 463	\$ 444 055	\$ 22 655
-	-	9 517	705	56 396	-
-	-	-	-	-	-
<u>\$ 270 723</u>	<u>\$ 9 921</u>	<u>\$ 67 247</u>	<u>\$ 207 168</u>	<u>\$ 500 451</u>	<u>\$ 22 655</u>
\$ -	\$ -	\$ -	\$ -	\$ 35	\$ -
447	120	201	-	400	-
-	-	9 517	705	56 396	-
<u>447</u>	<u>120</u>	<u>9 718</u>	<u>705</u>	<u>56 831</u>	<u>-</u>
270 276	9 801	57 529	206 463	443 620	22 655
<u>270 276</u>	<u>9 801</u>	<u>57 529</u>	<u>206 463</u>	<u>443 620</u>	<u>22 655</u>
<u>\$ 270 723</u>	<u>\$ 9 921</u>	<u>\$ 67 247</u>	<u>\$ 207 168</u>	<u>\$ 500 451</u>	<u>\$ 22 655</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF NET ASSETS -
 SPECIAL REVENUE FUNDS - CONTINUED
 September 30, 2010

	JUVENILE PROBATION FUND	CONSTABLE #2 FORFEITURE FUND	ORCA GRANT FUND	JUVENILE TITLE IV E FUND
ASSETS				
Cash and investments	\$ 40 810	\$ -	\$ -	\$ 2 171
Property tax receivable	-	-	-	-
Other receivable	-	-	-	-
TOTAL ASSETS	\$ 40 810	\$ -	\$ -	\$ 2 171
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1 349	\$ -	\$ -	\$ -
Accrued expense	-	-	-	-
Deferred revenue	-	-	-	-
TOTAL LIABILITIES	1 349	-	-	-
 Fund Balances:				
Reserved fund balance	39 461	-	-	2 171
TOTAL FUND BALANCES	39 461	-	-	2 171
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 40 810	 \$ -	 \$ -	 \$ 2 171

<u>SHERIFF FEDERAL SEIZURE</u>	<u>GRANT FUND</u>	<u>SHERIFF LOCAL FORFEITURE</u>	<u>TCDP DISASTER RELIEF GRANT</u>	<u>SP OJP GRANT</u>	<u>123RD D.A. FEDERAL SEIZURE</u>
\$ 38 651	\$ (9 235)	\$ (36)	\$ -	\$ -	\$ 548
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 38 651</u>	<u>\$ (9 235)</u>	<u>\$ (36)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 548</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>38 651</u>	<u>(9 235)</u>	<u>(36)</u>	<u>-</u>	<u>-</u>	<u>548</u>
<u>38 651</u>	<u>(9 235)</u>	<u>(36)</u>	<u>-</u>	<u>-</u>	<u>548</u>
<u>\$ 38 651</u>	<u>\$ (9 235)</u>	<u>\$ (36)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 548</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF NET ASSETS -
 SPECIAL REVENUE FUNDS - CONTINUED
 September 30, 2010

	<u>COUNTY COURT RECORDS TECH FUND</u>	<u>DISTRICT COURT RECORDS TECH FUND</u>	<u>APPELLATE JUDICIAL FEE COUNTY CLERK</u>
ASSETS			
Cash and investments	\$ 836	\$ 3 072	\$ 180
Property tax receivable	-	-	-
Other receivable	-	-	-
TOTAL ASSETS	<u>\$ 836</u>	<u>\$ 3 072</u>	<u>\$ 180</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued expense	-	-	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Reserved fund balance	<u>836</u>	<u>3 072</u>	<u>180</u>
TOTAL FUND BALANCES	<u>836</u>	<u>3 072</u>	<u>180</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 836</u>	<u>\$ 3 072</u>	<u>\$ 180</u>

<u>APPELLATE JUDICIAL FEE DISTRICT CLERK</u>	<u>RECORDS ARCHIVE FEE COUNTY CLERK</u>	<u>RECORDS ARCHIVE FEE DISTRICT CLERK</u>	<u>JP COURT SECURITY FUND</u>	<u>TOTAL SPECIAL REVENUE FUNDS</u>
\$ 395	\$ 128 174	\$ 1 870	\$ 11 304	\$ 2 621 179
-	-	-	-	264 238
-	-	-	-	4 618
<u>\$ 395</u>	<u>\$ 128 174</u>	<u>\$ 1 870</u>	<u>\$ 11 304</u>	<u>\$ 2 890 035</u>

\$ -	\$ -	\$ -	\$ -	\$ 2 981
-	-	-	-	16 028
-	-	-	-	264 238
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283 247</u>

<u>395</u>	<u>128 174</u>	<u>1 870</u>	<u>11 304</u>	<u>2 606 788</u>
<u>395</u>	<u>128 174</u>	<u>1 870</u>	<u>11 304</u>	<u>2 606 788</u>

<u>\$ 395</u>	<u>\$ 128 174</u>	<u>\$ 1 870</u>	<u>\$ 11 304</u>	<u>\$ 2 890 035</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, 2010

	ROAD & BRIDGE #1	ROAD & BRIDGE #2	ROAD & BRIDGE #3	ROAD & BRIDGE #4
Revenues:				
Property taxes	\$ 178 262	\$ 176 668	\$ 178 261	\$ 178 261
Other taxes	268 288	268 288	268 288	268 288
Fines and fees	180 180	181 774	180 180	180 180
Charges for services	-	-	-	-
Grants and contributions	-	-	-	-
Interest	5 650	2 096	2 539	5 245
Miscellaneous income	169 757	249 398	192 134	154 482
TOTAL REVENUES	802 137	878 224	821 402	786 456
Expenditures:				
Payroll expense	276 660	341 352	352 500	366 364
Operating expense	448 689	463 849	425 510	384 092
Debt service	27 778	73 748	97 237	10 677
TOTAL EXPENDITURES	753 127	878 949	875 247	761 133
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	49 010	(725)	(53 845)	25 323
Other Financing Sources (Uses):				
Transfer out	-	-	-	-
Transfers in	35 000	35 000	35 000	35 000
TOTAL OTHER FINANCING SOURCES (USES)	35 000	35 000	35 000	35 000
NET CHANGE IN FUND BALANCES	84 010	34 275	(18 845)	60 323
Fund balances, beginning	310 566	2 929	91 190	291 650
FUND BALANCES ENDING	\$ 394 576	\$ 37 204	\$ 72 345	\$ 351 973

VENDING MACHINE FUND	TITLE III FORESTRY FUNDS	HISTORIC COURTHOUSE FUND	COUNTY CLERK VITAL ARCHIVES FEE FUND	GENERAL RECORDS MANAGEMENT	VEHICLE INVENTORY TAX FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	10 522
-	-	-	3 021	9 851	-
-	-	-	-	-	-
-	32 588	1 749	-	-	-
-	2 364	-	-	-	407
745	278	-	-	-	997
<u>745</u>	<u>35 230</u>	<u>1 749</u>	<u>3 021</u>	<u>9 851</u>	<u>11 926</u>
-	-	-	-	-	-
191	108 885	441	-	8 693	-
-	-	-	-	-	-
<u>191</u>	<u>108 885</u>	<u>441</u>	<u>-</u>	<u>8 693</u>	<u>-</u>
554	(73 655)	1 308	3 021	1 158	11 926
-	-	-	(653)	-	-
-	-	-	16 971	-	-
-	-	-	16 318	-	-
554	(73 655)	1 308	19 339	1 158	11 926
(2 054)	199 086	112	-	193	34 169
<u>\$ (1 500)</u>	<u>\$ 125 431</u>	<u>\$ 1 420</u>	<u>\$ 19 339</u>	<u>\$ 1 351</u>	<u>\$ 46 095</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED
 For the Year Ended September 30, 2010

	SHERIFF COMMISSARY FUND	CONSTABLE #4 FORFEITURE FUND	DISTRICT ATTORNEY TRUSTEE	DISTRICT ATTORNEY FORFEITURE
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Fines and fees	-	-	-	-
Charges for services	123 004	-	-	-
Grants and contributions	-	-	-	-
Interest	-	113	-	1 118
Miscellaneous income	-	301	45 323	12 183
TOTAL REVENUES	123 004	414	45 323	13 301
Expenditures:				
Payroll expense	-	-	32 402	5 433
Operating expense	80 265	1 951	4 428	80 491
Debt service	-	-	-	-
TOTAL EXPENDITURES	80 265	1 951	36 830	85 924
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	42 739	(1 537)	8 493	(72 623)
Other Financing Sources (Uses):				
Transfer out	-	-	-	-
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	42 739	(1 537)	8 493	(72 623)
Fund balances, beginning	10 202	9 864	2 584	115 640
FUND BALANCES ENDING	\$ 52 941	\$ 8 327	\$ 11 077	\$ 43 017

LAW ENFORCEMENT FUND	COUNTY ATTORNEY COLLECTION	COUNTY JUDGE SALARY SUPPLEMENT	COUNTY ATTORNEY SALARY SUPPLEMENT	ROAD GRANT FUND	JUVENILE COURT TECH FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	11 866
10 659	-	-	-	-	-
29 968	-	-	-	242 572	-
284	529	-	-	-	-
446	31 373	16 387	62 500	-	-
<u>41 357</u>	<u>31 902</u>	<u>16 387</u>	<u>62 500</u>	<u>242 572</u>	<u>11 866</u>
-	20 707	17 516	68 941	-	-
23 704	2 217	999	-	242 572	8 693
-	-	-	-	-	-
<u>23 704</u>	<u>22 924</u>	<u>18 515</u>	<u>68 941</u>	<u>242 572</u>	<u>8 693</u>
17 653	8 978	(2 128)	(6 441)	-	3 173
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
17 653	8 978	(2 128)	(6 441)	-	3 173
12 909	34 170	6 863	55 178	-	10 033
<u>\$ 30 562</u>	<u>\$ 43 148</u>	<u>\$ 4 735</u>	<u>\$ 48 737</u>	<u>\$ -</u>	<u>\$ 13 206</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED
 For the Year Ended September 30, 2010

	LEOSE CONSTABLES FUND	CHAPTER 19 VOTER REGISTRATION	LAW LIBRARY FUND	DISTRICT CLERK RECORD MGMT FUND
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Fines and fees	-	-	18 120	3 115
Charges for services	-	-	-	-
Grants and contributions	-	-	-	-
Interest	19	-	-	-
Miscellaneous income	-	-	-	-
TOTAL REVENUES	19	-	18 120	3 115
Expenditures:				
Payroll expense	-	-	-	-
Operating expense	-	-	4 296	-
Debt service	-	-	-	-
TOTAL EXPENDITURES	-	-	4 296	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	19	-	13 824	3 115
Other Financing Sources (Uses):				
Transfer out	-	-	-	-
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	19	-	13 824	3 115
Fund balances, beginning	5 313	531	52 267	-
FUND BALANCES ENDING	\$ 5 332	\$ 531	\$ 66 091	\$ 3 115

COUNTY CLERK RECORD MGMT FUND	COURTHOUSE SECURITY FUND	JURY FUND	RIGHT OF WAY FUND	INDIGENT HEALTH CARE FUND	SHELBY COUNTY HOSPITAL FUND
\$ -	\$ -	\$ 85 250	\$ 6 494	\$ 504 351	\$ -
-	-	-	-	-	-
379 720	27 302	-	-	-	-
-	-	-	-	-	-
-	-	-	-	5 864	-
-	-	-	-	8 194	-
<u>379 720</u>	<u>27 302</u>	<u>85 250</u>	<u>6 494</u>	<u>518 409</u>	<u>-</u>
26 652	40 096	68 467	-	16 232	-
191 045	4 588	19 645	6 436	266 170	715
-	-	-	-	-	-
<u>217 697</u>	<u>44 684</u>	<u>88 112</u>	<u>6 436</u>	<u>282 402</u>	<u>715</u>
162 023	(17 382)	(2 862)	58	236 007	(715)
(16 318)	(8 716)	-	(40 000)	(100 000)	-
-	-	-	-	-	-
<u>(16 318)</u>	<u>(8 716)</u>	<u>-</u>	<u>(40 000)</u>	<u>(100 000)</u>	<u>-</u>
145 705	(26 098)	(2 862)	(39 942)	136 007	(715)
124 571	35 899	60 391	246 405	307 613	23 370
<u>270 276</u>	<u>9 801</u>	<u>57 529</u>	<u>206 463</u>	<u>443 620</u>	<u>22 655</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED
 For the Year Ended September 30, 2010

	JUVENILE PROBATION FUND	CONSTABLE #2 FORFEITURE FUND	ORCA GRANT FUND	JUVENILE TITLE IV E FUND
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Fines and fees	-	-	-	-
Charges for services	-	-	-	-
Grants and contributions	148 041	-	62 346	252
Interest	576	-	-	-
Miscellaneous income	-	-	-	-
TOTAL REVENUES	<u>148 617</u>	<u>-</u>	<u>62 346</u>	<u>252</u>
Expenditures:				
Payroll expense	61 991	-	-	-
Operating expense	83 197	36	62 346	22
Debt service	-	-	-	-
TOTAL EXPENDITURES	<u>145 188</u>	<u>36</u>	<u>62 346</u>	<u>22</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3 429</u>	<u>(36)</u>	<u>-</u>	<u>230</u>
Other Financing Sources (Uses):				
Transfer out	-	-	-	-
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	3 429	(36)	-	230
Fund balances, beginning	<u>36 032</u>	<u>36</u>	<u>-</u>	<u>1 941</u>
FUND BALANCES ENDING	<u>\$ 39 461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2 171</u>

SHERIFF FEDERAL SEIZURE	GRANT FUND	SHERIFF LOCAL FORFEITURE	TCDP DISASTER RELIEF GRANT	SP OJP GRANT	123 RD D.A. FEDERAL SEIZURE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	45 764	-	217 694	2 341	-
-	-	-	-	-	-
-	-	4 471	-	-	14 247
<u>-</u>	<u>45 764</u>	<u>4 471</u>	<u>217 694</u>	<u>2 341</u>	<u>14 247</u>
-	-	-	-	-	-
30 139	54 999	3 711	217 694	17 005	13 699
-	-	-	-	-	-
<u>30 139</u>	<u>54 999</u>	<u>3 711</u>	<u>217 694</u>	<u>17 005</u>	<u>13 699</u>
<u>(30 139)</u>	<u>(9 235)</u>	<u>760</u>	<u>-</u>	<u>(14 664)</u>	<u>548</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>(30 139)</u>	<u>(9 235)</u>	<u>760</u>	<u>-</u>	<u>(14 664)</u>	<u>548</u>
68 790	-	(796)	-	14 664	-
<u>68 790</u>	<u>-</u>	<u>(796)</u>	<u>-</u>	<u>14 664</u>	<u>-</u>
\$ <u>38 651</u>	\$ <u>(9 235)</u>	\$ <u>(36)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>548</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED
 For the Year Ended September 30, 2010

	COUNTY COURT RECORDS TECH FUND	DISTRICT COURT RECORDS TECH FUND	APPELLATE JUDICIAL FEE COUNTY CLERK
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Fines and fees	836	3 072	560
Charges for services	-	-	-
Grants and contributions	-	-	-
Interest	-	-	-
Miscellaneous income	-	-	-
TOTAL REVENUES	836	3 072	560
Expenditures:			
Payroll expense	-	-	-
Operating expense	-	-	380
Debt service	-	-	-
TOTAL EXPENDITURES	-	-	380
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	836	3 072	180
Other Financing Sources (Uses):			
Transfer out	-	-	-
Transfers in	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCES	836	3 072	180
Fund balances, beginning	-	-	-
FUND BALANCES ENDING	\$ 836	\$ 3 072	\$ 180

APPELLATE JUDICIAL FEE DISTRICT CLERK	RECORDS ARCHIVE FEE COUNTY CLERK	RECORDS ARCHIVE FEE DISTRICT CLERK	JP COURT SECURITY FUND	TOTAL SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ -	\$ 1 307 547
-	-	-	-	1 083 674
1 515	129 190	1 870	2 678	1 315 030
-	-	-	-	133 663
-	-	-	-	783 315
-	-	-	-	26 804
-	-	-	-	963 216
<u>1 515</u>	<u>129 190</u>	<u>1 870</u>	<u>2 678</u>	<u>5 613 249</u>
-	-	-	-	1 695 313
1 120	1 016	-	90	3 264 019
-	-	-	-	209 440
<u>1 120</u>	<u>1 016</u>	<u>-</u>	<u>90</u>	<u>5 168 772</u>
395	128 174	1 870	2 588	444 477
-	-	-	(691)	(166 378)
-	-	-	9 407	166 378
-	-	-	8 716	-
395	128 174	1 870	11 304	444 477
-	-	-	-	2 162 311
<u>\$ 395</u>	<u>\$ 128 174</u>	<u>\$ 1 870</u>	<u>\$ 11 304</u>	<u>\$ 2 606 788</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF FIDUCIARY NET ASSETS
 September 30, 2010

	COUNTY CLERK	DISTRICT CLERK TRUST	DISTRICT CLERK	MOTOR VEHICLE TAX	PROPERTY TAXES	JUSTICE OF THE PEACE #5
ASSETS						
Cash and cash equivalents	\$ 67 297	\$ 2 669 726	\$ 7 025	\$ 369 105	\$ 258 017	\$ 125
TOTAL ASSETS	\$ 67 297	\$ 2 669 726	\$ 7 025	\$ 369 105	\$ 258 017	\$ 125
LIABILITIES						
Due to others	\$ 67 297	\$ 2 669 726	\$ 7 025	\$ 369 105	\$ 258 017	\$ 125
TOTAL LIABILITIES	\$ 67 297	\$ 2 669 726	\$ 7 025	\$ 369 105	\$ 258 017	\$ 125

<u>COUNTY ATTORNEY RESTITUTION</u>	<u>COUNTY ATTORNEY TRUST</u>	<u>INMATE ACCOUNT</u>	<u>DISTRICT ATTORNEY FORFEITURE</u>	<u>AGENCY FUND</u>	<u>GARZA COUNTY FUND</u>	<u>COMBINED FIDUCIARY FUNDS</u>
\$ 70 056	\$ 12 360	\$ 16 497	\$ 361 371	\$ 129 621	\$ 10 678	\$ 3 971 878
<u>\$ 70 056</u>	<u>\$ 12 360</u>	<u>\$ 16 497</u>	<u>\$ 361 371</u>	<u>\$ 129 621</u>	<u>\$ 10 678</u>	<u>\$ 3 971 878</u>
\$ 70 056	\$ 12 360	\$ 16 497	\$ 361 371	\$ 129 621	\$ 10 678	\$ 3 971 878
<u>\$ 70 056</u>	<u>\$ 12 360</u>	<u>\$ 16 497</u>	<u>\$ 361 371</u>	<u>\$ 129 621</u>	<u>\$ 10 678</u>	<u>\$ 3 971 878</u>

COMPLIANCE SECTION

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Judge and Commissioners
Shelby County, Texas
Center, Texas

We have audited the financial statements of Shelby County, Texas, as of and for the year ended September 30, 2010 and have issued our report thereon dated April 9, 2012. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Shelby County, Texas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We noted certain matters that we reported in our Schedule of Finds and Questioned Cost.

This report is intended for the information of the Judge and Commissioners and is not intended to be used by anyone other than these specified parties.

Lufkin, Texas
April 9, 2012


CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Judge and Commissioners
Shelby County, Texas
Center, Texas

Compliance

We have audited the compliance of Shelby County, Texas with the types of compliance requirements described in the U.S. office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010. Shelby County, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Shelby County's management. Our responsibility is to express an opinion on Shelby County, Texas' compliance based on our audit.

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

In our opinion, Shelby County, Texas, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

Internal Control Over Compliance

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

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

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

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


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
April 9, 2012

SHELBY COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2010

<u>GRANT/CONTRACT</u>	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT NUMBER/ PASS - THROUGH GRANTOR'S NUMBER</u>	<u>TOTAL EXPENDITURES</u>
U. S. Department of Housing and Urban Development:			
Passed Through of Texas of Rural Affairs:			
Community Development			
Block Grants/States Program	14.228	728507	\$ 217 694
Community Development			
Block Grants/States Program	14.228	R729600A	220 867
Community Development			
Block Grants/States Program	14.228	R729600B	21 705
Community Development			
Block Grants/States Program	14.228	726186	62 346
Community Development			
Block Grants/States Program	14.228	DRS060080	<u>917</u>
TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>523 529</u>
 TOTAL FEDERAL AWARDS			 <u>\$ 523 529</u>

SHELBY COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2010

NOTE 1 - BASIS OF PRESENTATION

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

SHELBY COUNTY, TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended September 30, 2010

A. Summary of the Auditor's Results:

1. Financial Statements

Type of report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? X Yes ___ No

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

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ Yes X No

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? ___ Yes X No

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

Finding 2010-1:

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

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

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

Questioned Cost - None

SHELBY COUNTY, TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
 For the Year Ended September 30, 2010

Recommendation - We recommend that the function identified by separated by individuals and departments within the County.

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

Finding 2010-2:

Condition - The County has not followed the document retention policies required by the State.

Criteria - Some documents were scanned and the originals shredded, in violation of State guidelines.

Effect - Some original documentation could not be located and scanned documentation was the only documentation retained by the County.

Questioned Cost - None

Recommendation - The County should comply with the requirements of the State document retention policy.

Client Response - The personnel involved are no longer employed by the County, and current employees will follow the required policy.

Finding 2010-3:

Condition - The County does not have formal documentation of the process for handling financial transactions within the County.

Criteria - To assure consistent and accurate financial accountability, the County should prepare formal documentation of the transactions process.

Effect - Transactions are not consistently recorded and managed between similar departments within the County.

Questioned Cost - None

Recommendation - The County should develop formal documentation of the policies and procedures relating to the financial accounting function within the County.

Client Response - The County is aware of this problem, and will work on standardized formal procedures in the future to assure accountability for all departments.

C. Findings and Questioned Costs for Federal Awards:

PROGRAM	FINDING/ NONCOMPLIANCE	QUESTIONED COSTS
None	None	\$ -

SHELBY COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2010

Prior Audit Finding / Recommendation / Current Status

There were no prior audit findings relating to federal awards.