

SHELBY COUNTY, TEXAS
Center, Texas

ANNUAL FINANCIAL REPORT

Year Ended September 30, 2011

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INDEPENDENT AUDITORS' REPORT

The Honorable Commissioners'
Court of Shelby County
Center, Texas

We have audited the accompanying financial statements of the governmental activities, and the aggregate remaining fund information of Shelby County, Texas (the "County"), as of and for the year ended September 30, 2011, 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, 2011, 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 July 23, 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, 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. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
July 23, 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, 2011 ("FY 2011"). 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 \$12,495,288 on a government-wide basis as of September 30, 2011.
- For FY 2011, taxes and other revenues, including program revenues, of the County's governmental activities amounted to \$12,577,916. Expenses, including program expenses, totaled \$12,359,856.

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 \$655,076 for the fiscal year.
- The County's General Fund reported a fund balance of \$4,037,666, a decrease of \$478,621 from September 30, 2010.

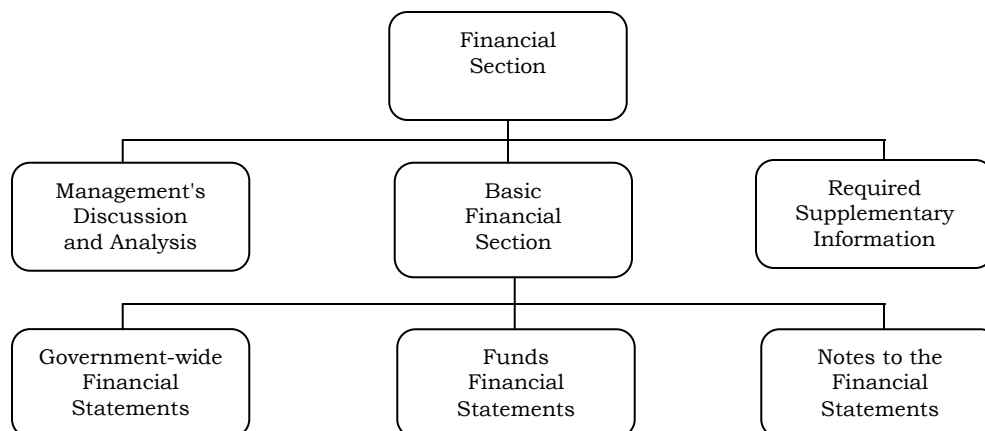
GENERAL FINANCIAL HIGHLIGHTS

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 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. The County does not currently have any funds of this type.

Fiduciary Funds

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

Financial Analysis of the County as a Whole

Statement of Net Assets

The following table presents a summary of the County's net assets as of September 30, 2011 and 2010:

	As of September 30,	
	2011	2010
Assets:		
Current and other assets	\$ 9 452 057	\$ 8 061 745
Capital assets (net)	5 312 353	5 470 798
TOTAL ASSETS	<u>14 764 410</u>	<u>13 532 543</u>
Liabilities:		
Current liabilities	1 887 164	1 098 123
Long-term liabilities	381 958	157 192
TOTAL LIABILITIES	<u>2 269 122</u>	<u>1 255 315</u>
Net Assets:		
Invested in capital assets, net of related debt	4 789 335	5 223 344
Restricted	3 740 484	2 606 788
Unrestricted	3 965 469	4 447 096
TOTAL NET ASSETS	<u>\$ 12 495 288</u>	<u>\$ 12 277 228</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 \$12,495,288 as September 30, 2011, the County's fiscal year-end. This amount represents an increase of \$218,060 from the net assets at September 30, 2010.

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 \$12,577,916 for the fiscal year 2011.

Taxes constitute the largest source of County revenues, totaling \$7,620,594 for fiscal year 2011.

The cost of the County's governmental fund activities FY 2011 totaled \$12,359,856. Major contributors to costs include:

- \$4,562,571 for highways and streets
- \$2,790,996 for law enforcement
- \$1,587,508 for general administration
- \$1,057,795 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. 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, 2011, the County's governmental funds had a combined fund balance totaling \$7,778,151.

The General Fund is the primary operating fund of the County. Unassigned fund balance in the General Fund at September 30, 2011, totaled \$4,037,666. This represents approximately 64.2% of the total expenditures for FY 2011 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, 2011

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 8 570 539
Receivables Net of Allowance for Uncollectibles:	
Taxes	876 900
Other	4 618
TOTAL CURRENT ASSETS	9 452 057
Noncurrent Assets:	
Capital Assets:	
Land	366 050
Streets and infrastructure	13 716 689
Buildings and improvements	3 728 845
Furniture and equipment	5 913 331
Less: Accumulated depreciation	(18 412 562)
TOTAL CAPITAL ASSETS	5 312 353
TOTAL ASSETS	\$ 14 764 410
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 767 807
Accrued liabilities	79 387
Deferred revenue	826 712
Accrued compensated absences	4 167
Long-Term Debt Liabilities:	
Current	209 091
TOTAL CURRENT LIABILITIES	1 887 164
Noncurrent Liabilities:	
Notes payable	309 760
Accrued comp absence	72 198
TOTAL NONCURRENT LIABILITIES	381 958
TOTAL LIABILITIES	2 269 122
NET ASSETS	
Invested in capital assets, net of related debt	4 789 335
Restricted	3 740 484
Unrestricted	3 965 469
TOTAL NET ASSETS	\$ 12 495 288

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, 2011

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	\$ 1 587 508	\$ 1 206 165	\$ -	\$ -	\$ (381 343)
Judicial	1 057 795	95 284	-	-	(962 511)
Law enforcement and corrections	2 790 996	473 450	248 959	-	(2 068 587)
Streets and bridges	4 562 571	722 888	1 809 205	-	(2 030 478)
Community service	297 109	-	36	-	(297 073)
Nondepartmental	2 027 532	-	-	-	(2 027 532)
Interest expense	36 345	-	-	-	(36 345)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 12 359 856	\$ 2 497 787	\$ 2 058 200	\$ -	(7 803 869)
General Revenues:					
Taxes:					
Property taxes - General					6 336 920
Sales taxes					203 300
Other tax revenue					1 080 374
Unrestricted investment earnings					114 061
Other unrestricted revenue					287 274
TOTAL GENERAL REVENUES					8 021 929
CHANGE IN NET ASSETS					218 060
Net assets, beginning					12 277 228
NET ASSETS, ENDING					\$ 12 495 288

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

SHELBY COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2011

	GENERAL	NON-MAJOR GOVERNMENTAL	TOTAL
ASSETS			
Cash and investments	\$ 4 233 754	\$ 4 336 785	\$ 8 570 539
Property tax receivable	591 142	285 758	876 900
Other receivables	-	4 618	4 618
TOTAL ASSETS	\$ 4 824 896	\$ 4 627 161	\$ 9 452 057
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 167 206	\$ 600 601	\$ 767 807
Accrued liabilities	57 550	21 837	79 387
Deferred revenue	562 474	264 238	826 712
TOTAL LIABILITIES	787 230	886 676	1 673 906
Fund Balances:			
Restricted fund balance	-	3 740 485	3 740 485
Unassigned Reported in:			
General fund	4 037 666	-	4 037 666
TOTAL FUND BALANCES	4 037 666	3 740 485	7 778 151
TOTAL LIABILITIES AND FUND BALANCE	\$ 4 824 896	\$ 4 627 161	\$ 9 452 057

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

SHELBY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2011

	GENERAL	NON-MAJOR FUNDS	TOTAL
Revenues:			
Property taxes	\$ 4 259 913	\$ 2 077 007	\$ 6 336 920
Sales taxes	203 300	-	203 300
Other taxes	6 593	1 073 781	1 080 374
Fines and fees	1 027 703	1 067 755	2 095 458
Interest	78 031	36 030	114 061
Charges for services	287 223	66 082	353 305
Grant and donations	-	253 495	253 495
Miscellaneous	146 705	2 494 567	2 641 272
TOTAL REVENUES	6 009 468	7 068 717	13 078 185
Expenditures:			
General administration	1 272 989	237 288	1 510 277
Judicial	686 182	322 870	1 009 052
Law enforcement and corrections	2 406 855	316 152	2 723 007
Streets and bridges	-	4 717 239	4 717 239
Community service	-	278 274	278 274
Non-departmental	1 924 210	-	1 924 210
Debt service	-	261 050	261 050
TOTAL EXPENDITURES	6 290 236	6 132 873	12 423 109
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(280 768)	935 844	655 076
Other Financing Sources (Uses):			
Transfers in (out)	(197 853)	197 853	-
TOTAL OTHER FINANCING SOURCES	(197 853)	197 853	-
NET CHANGE IN FUND BALANCES	(478 621)	1 133 697	655 076
Fund balances, beginning	4 516 287	2 606 788	7 123 075
FUND BALANCES, ENDING	\$ 4 037 666	\$ 3 740 485	\$ 7 778 151

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

SHELBY COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2011

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

Net change in fund balances - Total governmental funds.	\$ 655 076
Governmental funds report capital outlays as expenditures; however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount depreciation exceeded capital outlay expenditures expense.	(158 445)
Other long-term liabilities are not available to pay for current period expenditures.	3 007
Governmental funds reported debt payments as expenses and proceeds as revenues, however, in the statement of net assets these are a change in the liability.	<u>(281 578)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 218 060</u>

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

SHELBY COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
September 30, 2011

	<u>COMBINED FIDUCIARY FUNDS</u>
Assets:	
Cash and cash equivalent	\$ 4 261 911
TOTAL ASSETS	<u>\$ 4 261 911</u>
Liabilities:	
Due to others	\$ 4 261 911
TOTAL LIABILITIES	<u>\$ 4 261 911</u>

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

SHELBY COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2011

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, 2011

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, 2011, that became due October 1, 2010 have been assessed to finance the budget of the fiscal year beginning October 1, 2010 and, accordingly, have need reflected as deferred revenue and taxes receivable in the fund financial statements at September 30, 2011. 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, 2011

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. 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 2011. 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, 2010 and past due after January 31, 2011. 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, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

4. Compensated Absences

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

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

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

5. Long-term Obligations

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

6. Fund Equity

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 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.

SHELBY COUNTY, TEXAS
STATEMENT OF ACTIVITIES - CONTINUED
September 30, 2011

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 September 30, 2011, the carrying amount of the County's deposits totaled \$12,832,450, 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.

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, 2011

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 2011. 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	\$ 690 402	\$ 249 734	\$ 940 136
Less: Allowances for uncollectibles	<u>(99 260)</u>	<u>(34 775)</u>	<u>(134 035)</u>
NET RECEIVABLES	<u>\$ 591 142</u>	<u>\$ 214 959</u>	<u>\$ 806 101</u>

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 10/01/10	ADDITIONS	DELETIONS	BALANCE 09/30/11
Governmental Activities:				
Land	\$ 366 050	\$ -	\$ -	\$ 366 050
Infrastructure	13 716 689	-	-	13 716 689
Buildings and improvements	3 711 780	17 065	-	3 728 845
Vehicles and equipment	5 483 410	429 921	-	5 913 331
Accumulated depreciation	<u>(17 807 131)</u>	<u>(605 431)</u>	<u>-</u>	<u>(18 412 562)</u>
TOTAL ASSETS	<u>\$ 5 470 798</u>	<u>\$ (158 445)</u>	<u>\$ -</u>	<u>\$ 5 312 353</u>

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

General administration	\$ 77 231
Judicial	48 743
Law enforcement and corrections	122 220
Streets and bridges	235 080
Community service	18 835
Non-departmental	<u>103 322</u>
	<u>\$ 605 431</u>

SHELBY COUNTY, TEXAS
STATEMENT OF ACTIVITIES - CONTINUED
September 30, 2011

V. LONG-TERM DEBT

Notes Payable

The County is obligated under various notes payable 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, 2011:

	TERM	INTEREST RATE	BALANCE 09/30/10	ADDITIONS	PAYMENTS	BALANCE 09/30/11
Various equipment notes payable	1-3 years	3.25 - 4.5%	\$ 247 454	\$ 528 568	\$ (237 737)	\$ 518 851

Required future payments:

	PRINCIPAL	INTEREST	TOTAL
2012	\$ 209 091	\$ 16 984	\$ 226 075
2013	198 880	10 067	208 947
2014	110 880	3 604	114 484
	\$ 518 851	\$ 30 655	\$ 549 506

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 7.63% for the months of the accounting year in 2010, and 7.59% for the months of the accounting year in 2011.

SHELBY COUNTY, TEXAS
STATEMENT OF ACTIVITIES - CONTINUED
September 30, 2011

VI. RETIREMENT PLAN - CONTINUED

The contribution rate payable by the employee members for calendar year 2011 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, 2011 the annual pension cost for the TCDRS plan for its employee's totaled \$272,173 and the actual contributions totaled \$567,286.

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, 2010 and December 31, 2011, the basis for determining the contribution rates for calendar years 2011 and 2010. The December 31, 2010 actuarial valuation is the most recent valuation.

ACTUARIAL VALUATION INFORMATION

Actuarial valuation date	12/31/2008	12/31/2009	12/31/2010
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period	20 years	20 years	20 years
Asset valuation method	SAF: 10-year smoothed value ESF: Fund value	SAF: 10-year smoothed value ESF: Fund value	SAF: 10-year smoothed value ESF: Fund value
Actuarial Assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases ¹	5.30%	5.40%	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%	\$ -
September 30, 2011	\$ 272 173	100%	\$ -

SHELBY COUNTY, TEXAS
STATEMENT OF ACTIVITIES - CONTINUED
September 30, 2011

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%
12/31/2010	\$ 6 346 943	\$ 7 289 859	\$ 942 916	87.07%	\$ 3 888 187	24.25%

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. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 23, 2012, the date the financial statements were available to be issues.

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, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 4 230 636	\$ 4 230 636	\$ 4 259 913	\$ 29 277
Sales taxes	-	-	203 300	203 300
Other taxes	6 517	6 517	6 593	76
Fines	604 123	604 123	501 280	(102 843)
Fees of office	631 753	631 753	526 423	(105 330)
Interest	139 427	139 427	78 031	(61 396)
Commissions	254 283	254 283	287 223	32 940
Miscellaneous	10 000	10 000	146 705	136 705
TOTAL REVENUES	<u>5 876 739</u>	<u>5 876 739</u>	<u>6 009 468</u>	<u>132 729</u>
Expenditures:				
General Administration Expenditures:				
County Agents:				
Payroll expense	62 420	58 287	58 502	(215)
Operating expense	20 460	24 593	23 577	1 016
TOTAL COUNTY AGENTS	<u>82 880</u>	<u>82 880</u>	<u>82 079</u>	<u>801</u>
County Auditor:				
Payroll expense	100 047	100 047	82 129	17 918
Operating expense	11 400	11 400	11 612	(212)
TOTAL COUNTY AUDITOR	<u>111 447</u>	<u>111 447</u>	<u>93 741</u>	<u>17 706</u>
County Clerk:				
Payroll expense	253 701	253 701	251 065	2 636
Operating expense	70 600	70 600	63 038	7 562
TOTAL COUNTY CLERK	<u>324 301</u>	<u>324 301</u>	<u>314 103</u>	<u>10 198</u>
County Judge:				
Payroll expense	81 188	81 188	83 374	(2 186)
Operating expense	12 300	12 300	8 680	3 620
TOTAL COUNTY JUDGE	<u>93 488</u>	<u>93 488</u>	<u>92 054</u>	<u>1 434</u>
District Clerk:				
Payroll expense	205 064	205 064	195 443	9 621
Operating expense	66 650	66 650	48 814	17 836
TOTAL DISTRICT CLERK	<u>271 714</u>	<u>271 714</u>	<u>244 257</u>	<u>27 457</u>
Courthouse Manager:				
Payroll expense	17 512	17 512	18 100	(588)
Operating expense	23 712	23 712	23 674	38
TOTAL COURTHOUSE MANAGER	<u>41 224</u>	<u>41 224</u>	<u>41 774</u>	<u>(550)</u>
Tax Assessor Collector:				
Payroll expense	278 355	278 355	275 467	2 888
Operating expense	45 100	47 500	39 557	7 943
TOTAL TAX ASSESSOR COLLECTOR	<u>323 455</u>	<u>325 855</u>	<u>315 024</u>	<u>10 831</u>
County Treasurer:				
Payroll expense	62 138	62 138	60 063	2 075
Operating expense	5 875	6 192	6 529	(337)
TOTAL COUNTY TREASURER	<u>68 013</u>	<u>68 330</u>	<u>66 592</u>	<u>1 738</u>
Commissioner Secretary:				
Payroll expense	30 459	30 459	7 615	22 844
Operating expense	4 800	4 800	3 742	1 058
TOTAL COMMISSIONER SECRETARY	<u>35 259</u>	<u>35 259</u>	<u>11 357</u>	<u>23 902</u>
Veterans Officer:				
Payroll expense	8 853	8 853	10 042	(1 189)
Operating expense	2 500	2 500	1 966	534
TOTAL VETERANS OFFICER	<u>11 353</u>	<u>11 353</u>	<u>12 008</u>	<u>(655)</u>
TOTAL GENERAL ADMINISTRATION	<u>1 363 134</u>	<u>1 365 851</u>	<u>1 272 989</u>	<u>92 862</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, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Judicial Expenditures:				
County Attorney:				
Payroll expense	146 329	146 329	145 022	1 307
Operating expense	13 900	13 900	10 191	3 709
TOTAL COUNTY ATTORNEY	<u>160 229</u>	<u>160 229</u>	<u>155 213</u>	<u>5 016</u>
District Attorney:				
Payroll expense	268 667	268 667	250 251	18 416
Operating expense	29 900	29 900	19 332	10 568
TOTAL DISTRICT ATTORNEY	<u>298 567</u>	<u>298 567</u>	<u>269 583</u>	<u>28 984</u>
District Judges:				
Payroll expense	45 300	45 300	44 122	1 178
Operating expense	11 400	11 400	9 745	1 655
TOTAL DISTRICT JUDGES	<u>56 700</u>	<u>56 700</u>	<u>53 867</u>	<u>2 833</u>
Justice of the Peace #1:				
Payroll expense	68 893	68 893	69 443	(550)
Operating expense	8 085	8 085	6 305	1 780
TOTAL JUSTICE OF THE PEACE #1	<u>76 978</u>	<u>76 978</u>	<u>75 748</u>	<u>1 230</u>
Justice of the Peace #2:				
Payroll expense	27 680	27 680	27 839	(159)
Operating expense	3 015	3 015	2 272	743
TOTAL JUSTICE OF THE PEACE #2	<u>30 695</u>	<u>30 695</u>	<u>30 111</u>	<u>584</u>
Justice of the Peace #3:				
Payroll expense	27 597	27 597	27 756	(159)
Operating expense	4 016	4 016	2 017	1 999
TOTAL JUSTICE OF THE PEACE #3	<u>31 613</u>	<u>31 613</u>	<u>29 773</u>	<u>1 840</u>
Justice of the Peace #4:				
Payroll expense	33 909	33 909	33 301	608
Operating expense	4 607	4 607	4 653	(46)
TOTAL JUSTICE OF THE PEACE #4	<u>38 516</u>	<u>38 516</u>	<u>37 954</u>	<u>562</u>
Justice of the Peace #5:				
Payroll expense	29 917	29 917	30 087	(170)
Operating expense	4 652	4 652	3 846	806
TOTAL JUSTICE OF THE PEACE #5	<u>34 569</u>	<u>34 569</u>	<u>33 933</u>	<u>636</u>
TOTAL JUDICIAL EXPENDITURES	<u>727 867</u>	<u>727 867</u>	<u>686 182</u>	<u>41 685</u>
Law Enforcement and Corrections				
Expenditures:				
Constable Pct #1:				
Payroll expense	51 367	51 367	50 613	754
Operating expense	9 152	9 152	8 791	361
TOTAL CONSTABLE PCT #1	<u>60 519</u>	<u>60 519</u>	<u>59 404</u>	<u>1 115</u>
Constable Pct #2:				
Payroll expense	51 367	51 367	50 613	754
Operating expense	7 508	7 508	8 933	(1 425)
TOTAL CONSTABLE PCT #2	<u>58 875</u>	<u>58 875</u>	<u>59 546</u>	<u>(671)</u>
Constable Pct #3:				
Payroll expense	51 367	51 367	50 613	754
Operating expense	7 508	7 508	7 515	(7)
TOTAL CONSTABLE PCT #3	<u>58 875</u>	<u>58 875</u>	<u>58 128</u>	<u>747</u>
Constable Pct #4:				
Payroll expense	34 357	38 357	36 828	1 529
Operating expense	7 508	7 508	8 197	(689)
TOTAL CONSTABLE PCT #4	<u>41 865</u>	<u>45 865</u>	<u>45 025</u>	<u>840</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, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Constable Pct #5:				
Payroll expense	51 367	51 367	50 613	754
Operating expense	7 508	7 508	7 866	(358)
TOTAL CONSTABLE PCT #5	<u>58 875</u>	<u>58 875</u>	<u>58 479</u>	<u>396</u>
DPS Secretary:				
Payroll expense	43 755	43 755	41 822	1 933
Operating expense	6 600	6 600	5 761	839
TOTAL DPS SECRETARY	<u>50 355</u>	<u>50 355</u>	<u>47 583</u>	<u>2 772</u>
County Sheriff:				
Payroll expense	1 506 795	1 506 795	1 457 469	49 326
Operating expense	482 225	482 225	541 625	(59 400)
TOTAL COUNTY SHERIFF	<u>1 989 020</u>	<u>1 989 020</u>	<u>1 999 094</u>	<u>(10 074)</u>
Adult Probation:				
Operating expense	22 940	22 940	21 827	1 113
TOTAL ADULT PROBATION	<u>22 940</u>	<u>22 940</u>	<u>21 827</u>	<u>1 113</u>
Juvenile Probation:				
Payroll expense	44 178	44 178	48 549	(4 371)
Operating expense	10 313	10 313	9 220	1 093
TOTAL JUVENILE PROBATION	<u>54 491</u>	<u>54 491</u>	<u>57 769</u>	<u>(3 278)</u>
TOTAL LAW ENFORCEMENT AND CORRECTIONS EXPENDITURES	<u>2 395 815</u>	<u>2 399 815</u>	<u>2 406 855</u>	<u>(7 040)</u>
Non-departmental expenditures	<u>3 586 715</u>	<u>2 989 145</u>	<u>1 924 210</u>	<u>1 064 935</u>
TOTAL EXPENDITURES	<u>8 073 531</u>	<u>7 482 678</u>	<u>6 290 236</u>	<u>1 192 442</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2 196 792)</u>	<u>(1 605 939)</u>	<u>(280 768)</u>	<u>1 325 171</u>
Other Financing Sources (Uses):				
Transfers in (out)	-	-	(197 853)	(197 853)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(197 853)</u>	<u>(197 853)</u>
NET CHANGE IN FUND BALANCES	(2 196 792)	(1 605 939)	(478 621)	1 127 318
Fund balances, beginning	<u>4 516 287</u>	<u>4 516 287</u>	<u>4 516 287</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 2 319 495</u>	<u>\$ 2 910 348</u>	<u>\$ 4 037 666</u>	<u>\$ 1 127 318</u>

See independent auditors' report.

SHELBY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE #1
For the Year Ended September 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 361 996	\$ 361 996	\$ 364 501	\$ 2 505
Other taxes	276 994	276 994	247 516	(29 478)
Fines and fees	165 835	165 835	180 722	14 887
Interest	3 542	3 542	7 982	4 440
Miscellaneous	162 624	581 792	582 768	976
TOTAL REVENUES	<u>970 991</u>	<u>1 390 159</u>	<u>1 383 489</u>	<u>(6 670)</u>
Expenditures:				
Payroll expense	380 602	380 602	318 073	62 529
Operating expense	665 527	1 357 417	1 177 764	179 653
Debt service	24 862	60 862	49 967	10 895
TOTAL EXPENDITURES	<u>1 070 991</u>	<u>1 798 881</u>	<u>1 545 804</u>	<u>253 077</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(100 000)</u>	<u>(408 722)</u>	<u>(162 315)</u>	<u>246 407</u>
Other Financing Sources (Uses):				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>322 223</u>	<u>322 223</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>322 223</u>	<u>322 223</u>
NET CHANGE IN FUND BALANCES	(100 000)	(408 722)	159 908	568 630
Fund balances, beginning	<u>394 576</u>	<u>394 576</u>	<u>394 576</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 294 576</u>	<u>\$ (14 146)</u>	<u>\$ 554 484</u>	<u>\$ 568 630</u>

See independent auditors' report.

SHELBY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE #2
For the Year Ended September 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 361 996	\$ 361 996	\$ 364 501	\$ 2 505
Other taxes	276 994	276 994	277 829	835
Fines and fees	165 835	165 835	180 722	14 887
Interest	3 542	3 542	5 084	1 542
Miscellaneous	162 624	581 792	582 768	976
TOTAL REVENUES	<u>970 991</u>	<u>1 390 159</u>	<u>1 410 904</u>	<u>20 745</u>
Expenditures:				
Payroll expense	332 457	379 605	379 637	(32)
Operating expense	696 914	1 145 842	801 187	344 655
Debt service	41 620	44 284	84 891	(40 607)
TOTAL EXPENDITURES	<u>1 070 991</u>	<u>1 569 731</u>	<u>1 265 715</u>	<u>304 016</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(100 000)</u>	<u>(179 572)</u>	<u>145 189</u>	<u>324 761</u>
Other Financing Sources (Uses):				
Transfers in (out)	-	-	93 073	93 073
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>93 073</u>	<u>93 073</u>
NET CHANGE IN FUND BALANCES	(100 000)	(179 572)	238 262	417 834
Fund balances, beginning	<u>37 204</u>	<u>37 204</u>	<u>37 204</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ (62 796)</u>	<u>\$ (142 368)</u>	<u>\$ 275 466</u>	<u>\$ 417 834</u>

See independent auditors' report.

SHELBY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE #3
For the Year Ended September 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 361 996	\$ 361 996	\$ 364 501	\$ 2 505
Other taxes	276 994	276 994	266 175	(10 819)
Fines and fees	165 835	165 835	180 722	14 887
Interest	3 542	3 542	6 438	2 896
Miscellaneous	162 624	581 792	571 270	(10 522)
TOTAL REVENUES	<u>970 991</u>	<u>1 390 159</u>	<u>1 389 106</u>	<u>(1 053)</u>
Expenditures:				
Payroll expense	415 475	415 475	321 939	93 536
Operating expense	594 753	1 097 015	649 027	447 988
Debt service	60 764	92 977	115 516	(22 539)
TOTAL EXPENDITURES	<u>1 070 992</u>	<u>1 605 467</u>	<u>1 086 482</u>	<u>518 985</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(100 001)</u>	<u>(215 308)</u>	<u>302 624</u>	<u>517 932</u>
Other Financing Sources (Uses):				
Transfers in (out)	-	-	115 307	115 307
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>115 307</u>	<u>115 307</u>
NET CHANGE IN FUND BALANCES	(100 001)	(215 308)	417 931	633 239
Fund balances, beginning	<u>72 345</u>	<u>72 345</u>	<u>72 345</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ (27 656)</u>	<u>\$ (142 963)</u>	<u>\$ 490 276</u>	<u>\$ 633 239</u>

See independent auditors' report.

SHELBY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE #4
For the Year Ended September 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 361 996	\$ 361 996	\$ 364 501	\$ 2 505
Other taxes	276 994	276 994	275 515	(1 479)
Fines and fees	165 835	165 835	180 722	14 887
Interest	3 542	3 542	7 674	4 132
Miscellaneous	162 624	581 792	568 168	(13 624)
TOTAL REVENUES	<u>970 991</u>	<u>1 390 159</u>	<u>1 396 580</u>	<u>6 421</u>
Expenditures:				
Payroll expense	383 301	383 301	366 114	17 187
Operating expense	675 693	1 182 111	697 973	484 138
Debt service	11 997	11 997	10 676	1 321
TOTAL EXPENDITURES	<u>1 070 991</u>	<u>1 577 409</u>	<u>1 074 763</u>	<u>502 646</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(100 000)</u>	<u>(187 250)</u>	<u>321 817</u>	<u>509 067</u>
Other Financing Sources (Uses):				
Transfers in (out)	-	-	87 250	87 250
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>87 250</u>	<u>87 250</u>
NET CHANGE IN FUND BALANCES	(100 000)	(187 250)	409 067	596 317
Fund balances, beginning	<u>351 973</u>	<u>351 973</u>	<u>351 973</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 251 973</u>	<u>\$ 164 723</u>	<u>\$ 761 040</u>	<u>\$ 596 317</u>

See independent auditors' report.

COMBINING SCHEDULES

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF NET ASSETS -
 SPECIAL REVENUE FUNDS
 September 30, 2011

	<u>ROAD & BRIDGE #1</u>	<u>ROAD & BRIDGE #2</u>	<u>ROAD & BRIDGE #3</u>	<u>ROAD & BRIDGE #4</u>
ASSETS				
Cash and investments	\$ 757 313	\$ 339 960	\$ 680 570	\$ 861 940
Property tax receivable	53 814	53 715	53 715	53 715
Other receivable	-	-	-	4 618
TOTAL ASSETS	<u>\$ 811 127</u>	<u>\$ 393 675</u>	<u>\$ 734 285</u>	<u>\$ 920 273</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 201 948	\$ 63 046	\$ 189 864	\$ 104 354
Accrued expense	5 290	5 758	4 740	5 474
Deferred revenue	49 405	49 405	49 405	49 405
TOTAL LIABILITIES	<u>256 643</u>	<u>118 209</u>	<u>244 009</u>	<u>159 233</u>
Fund Balances:				
Reserved fund balance	554 484	275 466	490 276	761 040
TOTAL FUND BALANCES	<u>554 484</u>	<u>275 466</u>	<u>490 276</u>	<u>761 040</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 811 127</u>	 <u>\$ 393 675</u>	 <u>\$ 734 285</u>	 <u>\$ 920 273</u>

See independent auditors' report.

VENDING MACHINE FUND	TITLE III FORESTRY FUNDS	HISTORIC COURTHOUSE FUND	COUNTY CLERK VITAL ARCHIVES FEE FUND	GENERAL RECORDS MANAGEMENT	VEHICLE INVENTORY TAX FUND
\$ -	\$ 63 349	\$ 1 299	\$ 21 516	\$ 2 916	\$ 51 640
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 63 349</u>	<u>\$ 1 299</u>	<u>\$ 21 516</u>	<u>\$ 2 916</u>	<u>\$ 51 640</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	63 349	1 299	21 516	2 916	51 640
<u>-</u>	<u>63 349</u>	<u>1 299</u>	<u>21 516</u>	<u>2 916</u>	<u>51 640</u>
<u>\$ -</u>	<u>\$ 63 349</u>	<u>\$ 1 299</u>	<u>\$ 21 516</u>	<u>\$ 2 916</u>	<u>\$ 51 640</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF NET ASSETS -
 SPECIAL REVENUE FUNDS - CONTINUED
 September 30, 2011

	SHERIFF COMMISSARY FUND	CONSTABLE #4 FORFEITURE FUND	DISTRICT ATTORNEY TRUSTEE	DISTRICT ATTORNEY FORFEITURE
ASSETS				
Cash and investments	\$ 57 831	\$ 8 894	\$ 10 259	\$ 53 518
Property tax receivable	-	-	-	-
Other receivable	-	-	-	-
TOTAL ASSETS	\$ 57 831	\$ 8 894	\$ 10 259	\$ 53 518
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expense	-	-	-	-
Deferred revenue	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
 Fund Balances:				
Reserved fund balance	57 831	8 894	10 259	53 518
TOTAL FUND BALANCES	57 831	8 894	10 259	53 518
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 57 831	 \$ 8 894	 \$ 10 259	 \$ 53 518

LAW ENFORCEMENT FUND	COUNTY ATTORNEY COLLECTION	COUNTY JUDGE SALARY SUPPLEMENT	COUNTY ATTORNEY SALARY SUPPLEMENT	ROAD GRANT FUND	JUVENILE COURT TECH FUND
\$ 5 193	\$ 35 222	\$ 9 737	\$ (8 994)	\$ -	\$ 17 010
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 5 193</u>	<u>\$ 35 222</u>	<u>\$ 9 737</u>	<u>\$ (8 994)</u>	<u>\$ -</u>	<u>\$ 17 010</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ 212
-	-	-	106	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>106</u>	<u>-</u>	<u>212</u>
5 193	35 222	9 737	(9 100)	-	16 798
<u>5 193</u>	<u>35 222</u>	<u>9 737</u>	<u>(9 100)</u>	<u>-</u>	<u>16 798</u>
<u>\$ 5 193</u>	<u>\$ 35 222</u>	<u>\$ 9 737</u>	<u>\$ (8 994)</u>	<u>\$ -</u>	<u>\$ 17 010</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF NET ASSETS -
 SPECIAL REVENUE FUNDS - CONTINUED
 September 30, 2011

	LEOSE CONSTABLES FUND	CHAPTER 19 VOTER REGISTRATION	LAW LIBRARY FUND	DISTRICT CLERK RECORD MGMT FUND
ASSETS				
Cash and investments	\$ 7 154	\$ 531	\$ 75 693	\$ 4 890
Property tax receivable	-	-	-	-
Other receivable	-	-	-	-
TOTAL ASSETS	\$ 7 154	\$ 531	\$ 75 693	\$ 4 890
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 419	\$ -
Accrued expense	-	-	-	-
Deferred revenue	-	-	-	-
TOTAL LIABILITIES	-	-	419	-
 Fund Balances:				
Reserved fund balance	7 154	531	75 274	4 890
TOTAL FUND BALANCES	7 154	531	75 274	4 890
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 7 154	 \$ 531	 \$ 75 693	 \$ 4 890

COUNTY CLERK RECORD MGMT FUND	COURTHOUSE SECURITY FUND	JURY FUND	RIGHT OF WAY FUND	INDIGENT HEALTH CARE FUND	SHELBY COUNTY HOSPITAL FUND
\$ 296 304	\$ 20 847	\$ 23 761	\$ 268 437	\$ 333 834	\$ 20 405
-	-	9 859	1 131	59 809	-
-	-	-	-	-	-
<u>\$ 296 304</u>	<u>\$ 20 847</u>	<u>\$ 33 620</u>	<u>\$ 269 568</u>	<u>\$ 393 643</u>	<u>\$ 20 405</u>

\$ 23 182	\$ 278	\$ 230	\$ -	\$ 14 830	\$ -
40	-	-	-	429	-
-	-	9 517	705	56 396	-
<u>23 222</u>	<u>278</u>	<u>9 747</u>	<u>705</u>	<u>71 655</u>	<u>-</u>

<u>273 082</u>	<u>20 569</u>	<u>23 873</u>	<u>268 863</u>	<u>321 988</u>	<u>20 405</u>
<u>273 082</u>	<u>20 569</u>	<u>23 873</u>	<u>268 863</u>	<u>321 988</u>	<u>20 405</u>
<u>\$ 296 304</u>	<u>\$ 20 847</u>	<u>\$ 33 620</u>	<u>\$ 269 568</u>	<u>\$ 393 643</u>	<u>\$ 20 405</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF NET ASSETS -
 SPECIAL REVENUE FUNDS - CONTINUED
 September 30, 2011

	JUVENILE PROBATION FUND	ORCA GRANT FUND	JUVENILE TITLE IV E FUND	SHERIFF FEDERAL SEIZURE
ASSETS				
Cash and investments	\$ 42 995	\$ -	\$ 2 156	\$ 6 672
Property tax receivable	-	-	-	-
Other receivable	-	-	-	-
TOTAL ASSETS	\$ 42 995	\$ -	\$ 2 156	\$ 6 672
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2 238	\$ -	\$ -	\$ -
Accrued expense	-	-	-	-
Deferred revenue	-	-	-	-
TOTAL LIABILITIES	2 238	-	-	-
 Fund Balances:				
Reserved fund balance	40 757	-	2 156	6 672
TOTAL FUND BALANCES	40 757	-	2 156	6 672
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 42 995	 \$ -	 \$ 2 156	 \$ 6 672

<u>GRANT FUND</u>	<u>SHERIFF LOCAL FORFEITURE</u>	<u>123RD D.A. FEDERAL SEIZURE</u>	<u>COUNTY COURT RECORDS TECH FUND</u>	<u>DISTRICT COURT RECORDS TECH FUND</u>	<u>APPELLATE JUDICIAL FEE COUNTY CLERK</u>
\$ (9 235)	\$ 465	\$ 548	\$ 2 608	\$ 7 208	\$ 125
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ (9 235)</u>	<u>\$ 465</u>	<u>\$ 548</u>	<u>\$ 2 608</u>	<u>\$ 7 208</u>	<u>\$ 125</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(9 235)	465	548	2 608	7 208	125
<u>(9 235)</u>	<u>465</u>	<u>548</u>	<u>2 608</u>	<u>7 208</u>	<u>125</u>
<u>\$ (9 235)</u>	<u>\$ 465</u>	<u>\$ 548</u>	<u>\$ 2 608</u>	<u>\$ 7 208</u>	<u>\$ 125</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF NET ASSETS -
 SPECIAL REVENUE FUNDS - CONTINUED
 September 30, 2011

	APPELLATE JUDICIAL FEE DISTRICT CLERK	RECORDS ARCHIVE FEE COUNTY CLERK	RECORDS ARCHIVE FEE DISTRICT CLERK
ASSETS			
Cash and investments	\$ 325	\$ 243 779	\$ 4 410
Property tax receivable	-	-	-
Other receivable	-	-	-
TOTAL ASSETS	\$ 325	\$ 243 779	\$ 4 410
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued expense	-	-	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	-	-	-
Fund Balances:			
Reserved fund balance	325	243 779	4 410
TOTAL FUND BALANCES	325	243 779	4 410
TOTAL LIABILITIES AND FUND BALANCES	\$ 325	\$ 243 779	\$ 4 410

JP COURT SECURITY FUND	TOTAL SPECIAL REVENUE FUNDS
\$ 13 700	\$ 4 336 785
-	285 758
-	4 618
<u>\$ 13 700</u>	<u>\$ 4 627 161</u>

\$ -	\$ 600 601
-	21 837
-	264 238
<u>-</u>	<u>886 676</u>

<u>13 700</u>	<u>3 740 485</u>
<u>13 700</u>	<u>3 740 485</u>

<u>\$ 13 700</u>	<u>\$ 4 627 161</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, 2011

	<u>ROAD & BRIDGE #1</u>	<u>ROAD & BRIDGE #2</u>	<u>ROAD & BRIDGE #3</u>	<u>ROAD & BRIDGE #4</u>
Revenues:				
Property taxes	\$ 364 501	\$ 364 501	\$ 364 501	\$ 364 501
Other taxes	247 516	277 829	266 175	275 515
Fines and fees	180 722	180 722	180 722	180 722
Charges for services	-	-	-	-
Grants and contributions	-	-	-	-
Interest	7 982	5 084	6 438	7 674
Miscellaneous income	582 768	582 768	571 270	568 168
TOTAL REVENUES	<u>1 383 489</u>	<u>1 410 904</u>	<u>1 389 106</u>	<u>1 396 580</u>
Expenditures:				
Payroll expense	318 073	379 637	321 939	366 114
Operating expense	1 177 764	801 187	649 027	697 973
Debt service	49 967	84 891	115 516	10 676
TOTAL EXPENDITURES	<u>1 545 804</u>	<u>1 265 715</u>	<u>1 086 482</u>	<u>1 074 763</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(162 315)</u>	<u>145 189</u>	<u>302 624</u>	<u>321 817</u>
Other Financing Sources (Uses):				
Transfer out	-	-	-	-
Transfers in	322 223	93 073	115 307	87 250
TOTAL OTHER FINANCING SOURCES (USES)	<u>322 223</u>	<u>93 073</u>	<u>115 307</u>	<u>87 250</u>
NET CHANGE IN FUND BALANCES	159 908	238 262	417 931	409 067
Fund balances, beginning	<u>394 576</u>	<u>37 204</u>	<u>72 345</u>	<u>351 973</u>
FUND BALANCES ENDING	<u>\$ 554 484</u>	<u>\$ 275 466</u>	<u>\$ 490 276</u>	<u>\$ 761 040</u>

See independent auditors' report.

VENDING MACHINE FUND	TITLE III FORESTRY FUNDS	HISTORIC COURTHOUSE FUND	COUNTY CLERK VITAL ARCHIVES FEE FUND	GENERAL RECORDS MANAGEMENT	VEHICLE INVENTORY TAX FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	6 746
-	-	-	3 050	9 300	-
-	-	-	-	-	-
-	-	36	-	-	-
-	981	-	-	-	319
1 500	-	-	-	-	-
<u>1 500</u>	<u>981</u>	<u>36</u>	<u>3 050</u>	<u>9 300</u>	<u>7 065</u>
-	-	-	-	-	-
-	63 063	157	873	7 735	1 520
-	-	-	-	-	-
<u>-</u>	<u>63 063</u>	<u>157</u>	<u>873</u>	<u>7 735</u>	<u>1 520</u>
1 500	(62 082)	(121)	2 177	1 565	5 545
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1 500	(62 082)	(121)	2 177	1 565	5 545
(1 500)	125 431	1 420	19 339	1 351	46 095
<u>\$ -</u>	<u>\$ 63 349</u>	<u>\$ 1 299</u>	<u>\$ 21 516</u>	<u>\$ 2 916</u>	<u>\$ 51 640</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED
 For the Year Ended September 30, 2011

	SHERIFF COMMISSARY FUND	CONSTABLE #4 FORFEITURE FUND	DISTRICT ATTORNEY TRUSTEE	DISTRICT ATTORNEY FORFEITURE
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Fines and fees	-	-	-	-
Charges for services	57 368	-	-	-
Grants and contributions	-	-	-	-
Interest	-	180	-	746
Miscellaneous income	-	37 356	20 500	72 798
TOTAL REVENUES	<u>57 368</u>	<u>37 536</u>	<u>20 500</u>	<u>73 544</u>
Expenditures:				
Payroll expense	-	-	20 749	4 087
Operating expense	52 478	36 969	569	58 956
Debt service	-	-	-	-
TOTAL EXPENDITURES	<u>52 478</u>	<u>36 969</u>	<u>21 318</u>	<u>63 043</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4 890</u>	<u>567</u>	<u>(818)</u>	<u>10 501</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	4 890	567	(818)	10 501
Fund balances, beginning	<u>52 941</u>	<u>8 327</u>	<u>11 077</u>	<u>43 017</u>
FUND BALANCES ENDING	<u>\$ 57 831</u>	<u>\$ 8 894</u>	<u>\$ 10 259</u>	<u>\$ 53 518</u>

LAW ENFORCEMENT FUND	COUNTY ATTORNEY COLLECTION	COUNTY JUDGE SALARY SUPPLEMENT	COUNTY ATTORNEY SALARY SUPPLEMENT	ROAD GRANT FUND	JUVENILE COURT TECH FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	15 310
8 714	-	-	-	-	-
1 133	-	-	-	4 500	-
106	376	-	-	-	-
11 073	24 955	17 530	-	-	-
<u>21 026</u>	<u>25 331</u>	<u>17 530</u>	<u>-</u>	<u>4 500</u>	<u>15 310</u>
-	29 614	12 528	57 837	-	-
46 395	3 643	-	-	4 500	11 718
-	-	-	-	-	-
<u>46 395</u>	<u>33 257</u>	<u>12 528</u>	<u>57 837</u>	<u>4 500</u>	<u>11 718</u>
(25 369)	(7 926)	5 002	(57 837)	-	3 592
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>(25 369)</u>	<u>(7 926)</u>	<u>5 002</u>	<u>(57 837)</u>	<u>-</u>	<u>3 592</u>
30 562	43 148	4 735	48 737	-	13 206
<u>5 193</u>	<u>35 222</u>	<u>9 737</u>	<u>(9 100)</u>	<u>-</u>	<u>16 798</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED
 For the Year Ended September 30, 2011

	LEOSE CONSTABLES FUND	CHAPTER 19 VOTER REGISTRATION	LAW LIBRARY FUND	DISTRICT CLERK RECORD MGMT FUND
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Fines and fees	-	-	16 261	2 887
Charges for services	-	-	-	-
Grants and contributions	-	-	-	-
Interest	-	-	-	-
Miscellaneous income	3 286	-	-	-
TOTAL REVENUES	<u>3 286</u>	<u>-</u>	<u>16 261</u>	<u>2 887</u>
Expenditures:				
Payroll expense	-	-	-	-
Operating expense	1 464	-	7 078	1 112
Debt service	-	-	-	-
TOTAL EXPENDITURES	<u>1 464</u>	<u>-</u>	<u>7 078</u>	<u>1 112</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1 822</u>	<u>-</u>	<u>9 183</u>	<u>1 775</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	1 822	-	9 183	1 775
Fund balances, beginning	<u>5 332</u>	<u>531</u>	<u>66 091</u>	<u>3 115</u>
FUND BALANCES ENDING	<u>\$ 7 154</u>	<u>\$ 531</u>	<u>\$ 75 274</u>	<u>\$ 4 890</u>

COUNTY CLERK RECORD MGMT FUND	COURTHOUSE SECURITY FUND	JURY FUND	RIGHT OF WAY FUND	INDIGENT HEALTH CARE FUND	SHELBY COUNTY HOSPITAL FUND
\$ -	\$ -	\$ 50 197	\$ 63 425	\$ 505 381	\$ -
-	-	-	-	-	-
116 201	52 536	-	-	-	-
-	-	-	-	-	-
-	-	-	-	5 791	-
-	-	-	-	-	-
<u>116 201</u>	<u>52 536</u>	<u>50 197</u>	<u>63 425</u>	<u>511 172</u>	<u>-</u>
9 933	41 079	69 531	-	16 381	-
103 462	689	14 322	1 025	196 423	2 250
-	-	-	-	-	-
<u>113 395</u>	<u>41 768</u>	<u>83 853</u>	<u>1 025</u>	<u>212 804</u>	<u>2 250</u>
2 806	10 768	(33 656)	62 400	298 368	(2 250)
-	-	-	-	(420 000)	-
-	-	-	-	-	-
-	-	-	-	(420 000)	-
2 806	10 768	(33 656)	62 400	(121 632)	(2 250)
<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>273 082</u>	\$ <u>20 569</u>	\$ <u>23 873</u>	\$ <u>268 863</u>	\$ <u>321 988</u>	\$ <u>20 405</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED
 For the Year Ended September 30, 2011

	JUVENILE PROBATION FUND	ORCA GRANT FUND	JUVENILE TITLE IV E FUND	SHERIFF FEDERAL SEIZURE
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Fines and fees	-	-	-	-
Charges for services	-	-	-	-
Grants and contributions	147 701	83 778	-	-
Interest	353	-	-	-
Miscellaneous income	-	-	-	-
TOTAL REVENUES	148 054	83 778	-	-
Expenditures:				
Payroll expense	58 206	-	-	-
Operating expense	88 552	83 778	15	31 979
Debt service	-	-	-	-
TOTAL EXPENDITURES	146 758	83 778	15	31 979
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1 296	-	(15)	(31 979)
Other Financing Sources (Uses):				
Transfer out	-	-	-	-
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	1 296	-	(15)	(31 979)
Fund balances, beginning	39 461	-	2 171	38 651
FUND BALANCES ENDING	\$ 40 757	\$ -	\$ 2 156	\$ 6 672

GRANT FUND	SHERIFF LOCAL FORFEITURE	123 RD D.A. FEDERAL SEIZURE	COUNTY COURT RECORDS TECH FUND	DISTRICT COURT RECORDS TECH FUND	APPELLATE JUDICIAL FEE COUNTY CLERK
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	1 772	4 136	640
-	-	-	-	-	-
16 347	-	-	-	-	-
-	-	-	-	-	-
-	595	-	-	-	-
<u>16 347</u>	<u>595</u>	<u>-</u>	<u>1 772</u>	<u>4 136</u>	<u>640</u>
-	-	-	-	-	-
16 347	94	-	-	-	695
-	-	-	-	-	-
<u>16 347</u>	<u>94</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>695</u>
-	501	-	1 772	4 136	(55)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	501	-	1 772	4 136	(55)
<u>(9 235)</u>	<u>(36)</u>	<u>548</u>	<u>836</u>	<u>3 072</u>	<u>180</u>
\$ <u>(9 235)</u>	\$ <u>465</u>	\$ <u>548</u>	\$ <u>2 608</u>	\$ <u>7 208</u>	\$ <u>125</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED
 For the Year Ended September 30, 2011

	APPELLATE JUDICIAL FEE DISTRICT CLERK	RECORDS ARCHIVE FEE COUNTY CLERK	RECORDS ARCHIVE FEE DISTRICT CLERK
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Fines and fees	1 940	115 605	2 540
Charges for services	-	-	-
Grants and contributions	-	-	-
Interest	-	-	-
Miscellaneous income	-	-	-
TOTAL REVENUES	1 940	115 605	2 540
Expenditures:			
Payroll expense	-	-	-
Operating expense	2 010	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	2 010	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(70)	115 605	2 540
Other Financing Sources (Uses):			
Transfer out	-	-	-
Transfers in	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCES	(70)	115 605	2 540
Fund balances, beginning	395	128 174	1 870
FUND BALANCES ENDING	\$ 325	\$ 243 779	\$ 4 410

JP COURT SECURITY FUND	TOTAL SPECIAL REVENUE FUNDS
\$ -	\$ 2 077 007
-	1 073 781
2 689	1 067 755
-	66 082
-	253 495
-	36 030
-	2 494 567
<u>2 689</u>	<u>7 068 717</u>
-	1 705 708
293	4 166 115
-	261 050
<u>293</u>	<u>6 132 873</u>
<u>2 396</u>	<u>935 844</u>
-	(420 000)
-	617 853
-	197 853
2 396	1 133 697
<u>11 304</u>	<u>2 606 788</u>
\$ <u>13 700</u>	\$ <u>3 740 485</u>

SHELBY COUNTY, TEXAS
 COMBINING SCHEDULE OF FIDUCIARY NET ASSETS
 September 30, 2011

		COUNTY CLERK	DISTRICT CLERK TRUST	DISTRICT CLERK	MOTOR VEHICLE TAX	PROPERTY TAXES	JUSTICE OF THE PEACE #5
ASSETS							
Cash and cash equivalents	\$	217 893	\$ 1 892 471	\$ 972 713	\$ 300 455	\$ 403 661	\$ 305
TOTAL ASSETS	\$	<u>217 893</u>	<u>\$ 1 892 471</u>	<u>\$ 972 713</u>	<u>\$ 300 455</u>	<u>\$ 403 661</u>	<u>\$ 305</u>
LIABILITIES							
Due to others	\$	217 893	\$ 1 892 471	\$ 972 713	\$ 300 455	\$ 403 661	\$ 305
TOTAL LIABILITIES	\$	<u>217 893</u>	<u>\$ 1 892 471</u>	<u>\$ 972 713</u>	<u>\$ 300 455</u>	<u>\$ 403 661</u>	<u>\$ 305</u>

See independent auditors' report.

COUNTY ATTORNEY RESTITUTION	COUNTY ATTORNEY TRUST	INMATE ACCOUNT	DISTRICT ATTORNEY FORFEITURE	AGENCY FUND	GARZA COUNTY FUND	COMBINED FIDUCIARY FUNDS
\$ 78 053	\$ 26 073	\$ 18 951	\$ 200 426	\$ 128 232	\$ 22 678	\$ 4 261 911
<u>\$ 78 053</u>	<u>\$ 26 073</u>	<u>\$ 18 951</u>	<u>\$ 200 426</u>	<u>\$ 128 232</u>	<u>\$ 22 678</u>	<u>\$ 4 261 911</u>
\$ 78 053	\$ 26 073	\$ 18 951	\$ 200 426	\$ 128 232	\$ 22 678	\$ 4 261 911
<u>\$ 78 053</u>	<u>\$ 26 073</u>	<u>\$ 18 951</u>	<u>\$ 200 426</u>	<u>\$ 128 232</u>	<u>\$ 22 678</u>	<u>\$ 4 261 911</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, 2011 and have issued our report thereon dated July 23, 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.


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
July 23, 2012

SHELBY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2011

A. Summary of the Auditor's Results:

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

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

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.

SHELBY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
For the Year Ended September 30, 2011

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.