

SHELBY COUNTY, TEXAS  
Center, Texas

ANNUAL FINANCIAL REPORT

Year Ended September 30, 2013

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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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Shelby County, Texas (the "County"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Shelby County, Texas, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

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

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

  
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas  
April 28, 2014

## 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, 2013 ("FY 2013"). 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 \$11,779,077 on a government-wide basis as of September 30, 2013.
- For FY 2013, taxes and other revenues, including program revenues, of the County's governmental activities amounted to \$11,960,237. Expenses, including program expenses, totaled \$12,069,343.

#### 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 \$360,885 for the fiscal year.
- The County's General Fund reported a fund balance of \$3,248,125, a decrease of \$203,114 from September 30, 2012.

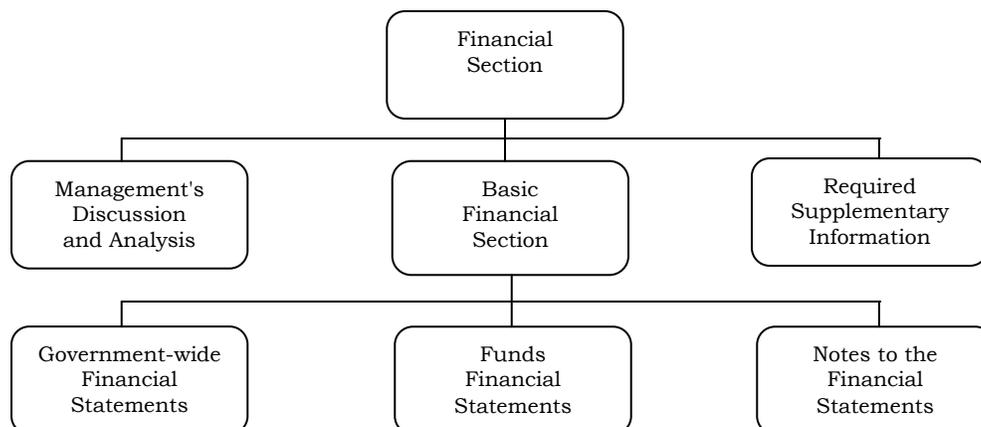
### GENERAL FINANCIAL HIGHLIGHTS

#### 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 other budgeted funds of the County.

### Government-wide Financial Statements

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

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

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

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

### Fund Financial Statements

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

## Governmental Funds

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

## Proprietary Funds

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

## Fiduciary Funds

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

## Financial Analysis of the County as a Whole

### Statement of Net Position

The following table presents a summary of the County's net position as of September 30, 2013 and 2012:

	As of September 30,	
	2013	2012
Assets:		
Current and other assets	\$ 8 534 122	\$ 8 262 933
Capital assets (net)	4 948 328	5 529 914
TOTAL ASSETS	<u>13 482 450</u>	<u>13 792 847</u>
Liabilities:		
Current liabilities	1 630 222	1 714 003
Long-term liabilities	73 151	190 661
TOTAL LIABILITIES	<u>1 703 373</u>	<u>1 904 664</u>
Net Position:		
Invested in capital assets, net of related debt	4 778 565	5 252 322
Restricted	3 827 129	3 263 130
Unrestricted	3 173 383	3 372 731
TOTAL NET POSITION	<u>\$ 11 779 077</u>	<u>\$ 11 888 183</u>

As noted earlier, net position, over time, serves as a barometer of a government's financial position. For the County, assets exceeded liabilities by \$11,779,077 as September 30, 2013, the County's fiscal year-end. This amount represents a decrease of \$109,106 from the net position at September 30, 2012.

As noted, a portion of the net position represents our investment in capital assets (e.g., roads, land, buildings, equipment, vehicles, etc., net of depreciation), less the outstanding debt used to acquire those assets.

Unrestricted net assets represent the remaining amount of assets that are neither related to the purchases of capital assets nor restricted for specific uses.

Governmental Activities

Revenues for the governmental fund activities for the County totaled \$11,960,237 for the fiscal year 2013.

Taxes constitute the largest source of County revenues, totaling \$9,164,759 for fiscal year 2013.

The cost of the County's governmental fund activities totaled \$12,069,343. Major contributors to costs include:

	2013	2012
Highways and streets	\$ 4 143 557	\$ 5 289 315
Law enforcement	\$ 3 109 367	\$ 3 294 770
General administration	\$ 1 826 580	\$ 1 939 938
Judicial	\$ 1 142 697	\$ 1 195 647

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, 2013, the County's governmental funds had a combined fund balance totaling \$7,075,254.

The General Fund is the primary operating fund of the County. Unassigned fund balance in the General Fund at September 30, 2013, totaled \$3,248,125. This represents approximately 55.0% of the total expenditures for FY 2013 from the General Fund.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of Shelby County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the County Auditor:

200 San Augustine Street  
Center, Texas 75935

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SHELBY COUNTY, TEXAS  
STATEMENT OF NET POSITION  
September 30, 2013

	GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 7 411 364
Receivables Net of Allowance for Uncollectibles:	
Taxes	1 120 650
Other	2 108
<b>TOTAL CURRENT ASSETS</b>	<b>8 534 122</b>
Noncurrent Assets:	
Capital Assets:	
Land	373 550
Streets and infrastructure	13 660 989
Buildings and improvements	3 795 744
Furniture and equipment	6 480 200
Less: Accumulated depreciation	(19 362 155)
<b>TOTAL CAPITAL ASSETS</b>	<b>4 948 328</b>
<b>TOTAL ASSETS</b>	<b>\$ 13 482 450</b>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	\$ 257 427
Accrued liabilities	80 791
Accrued interest payable	1 591
Deferred revenue	1 120 650
Current portion of long-term debt	169 763
<b>TOTAL CURRENT LIABILITIES</b>	<b>1 630 222</b>
Noncurrent Liabilities:	
Accrued compensation absence	73 151
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>73 151</b>
<b>TOTAL LIABILITIES</b>	<b>1 703 373</b>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	4 778 565
Restricted	3 827 129
Unrestricted	3 173 383
<b>TOTAL NET POSITION</b>	<b>\$ 11 779 077</b>

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, 2013

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
Primary Government:					
Governmental Activities:					
General administration	\$ 1 826 580	\$ 922 365	\$ 76 446	\$ -	\$ (827 769)
Judicial	1 142 697	84 090	-	-	(1 058 607)
Law enforcement and corrections	3 109 367	337 685	138 567	-	(2 633 115)
Streets and bridges	4 143 557	457 068	-	403 100	(3 283 389)
Community service	266 365	8 420	33 833	-	(224 112)
Nondepartmental	1 417 822	-	-	-	(1 417 822)
Debt service	162 955	-	-	-	(162 955)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 12 069 343</b>	<b>\$ 1 809 628</b>	<b>\$ 248 846</b>	<b>\$ 403 100</b>	<b>(9 607 769)</b>
General Revenues:					
Taxes:					
Property taxes - General					7 874 426
Other tax revenue					1 290 333
Unrestricted investment earnings					68 403
Other unrestricted revenue					265 501
<b>TOTAL GENERAL REVENUES</b>					<b>9 498 663</b>
<b>CHANGE IN NET POSITION</b>					<b>(109 106)</b>
Net position, beginning					11 888 183
<b>NET POSITION, ENDING</b>					<b>\$ 11 779 077</b>

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

SHELBY COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2013

	GENERAL	NON-MAJOR GOVERNMENTAL	TOTAL
<b>ASSETS</b>			
Cash and investments	\$ 3 453 048	\$ 3 958 316	\$ 7 411 364
Property tax receivable	645 473	475 177	1 120 650
Other receivables	-	2 108	2 108
<b>TOTAL ASSETS</b>	<b>\$ 4 098 521</b>	<b>\$ 4 435 601</b>	<b>\$ 8 534 122</b>
 <b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 144 015	\$ 113 412	\$ 257 427
Accrued liabilities	60 908	19 883	80 791
Deferred revenue	645 473	475 177	1 120 650
<b>TOTAL LIABILITIES</b>	<b>850 396</b>	<b>608 472</b>	<b>1 458 868</b>
 <b>Fund Balances:</b>			
Restricted fund balance	-	3 827 129	3 827 129
Unassigned Reported in:			
General fund	3 248 125	-	3 248 125
<b>TOTAL FUND BALANCES</b>	<b>3 248 125</b>	<b>3 827 129</b>	<b>7 075 254</b>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <b>\$ 4 098 521</b>	 <b>\$ 4 435 601</b>	
 Capital assets are not recorded in funds, but are included in Statement of Net Position			4 948 328
 Long-term debt and accrued interest is not included in the funds, but are included in Statement of Net Position			(244 505)
 <b>TOTAL NET POSITION</b>			<b>\$ 11 779 077</b>

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

SHELBY COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
For the Year Ended September 30, 2013

	GENERAL	NON-MAJOR FUNDS	TOTAL
Revenues:			
Property taxes	\$ 4 839 240	\$ 3 035 186	\$ 7 874 426
Other taxes	5 962	1 284 371	1 290 333
Fines and fees	693 395	613 569	1 306 964
Interest	42 602	25 801	68 403
Charges for services	406 677	95 987	502 664
Grant and donations	33 785	233 548	267 333
Miscellaneous	171 259	478 855	650 114
TOTAL REVENUES	6 192 920	5 767 317	11 960 237
Expenditures:			
General administration	1 428 790	300 896	1 729 686
Judicial	762 680	320 880	1 083 560
Law enforcement and corrections	2 703 723	247 090	2 950 813
Streets and bridges	-	3 972 252	3 972 252
Community service	-	252 580	252 580
Non-departmental	1 339 125	-	1 339 125
Debt service	-	271 336	271 336
TOTAL EXPENDITURES	6 234 318	5 365 034	11 599 352
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(41 398)	402 283	360 885
Other Financing Sources (Uses):			
Transfers in (out)	(161 716)	161 716	-
TOTAL OTHER FINANCING SOURCES	(161 716)	161 716	-
NET CHANGE IN FUND BALANCES	(203 114)	563 999	360 885
Fund balances, beginning	3 451 239	3 263 130	6 714 369
FUND BALANCES, ENDING	\$ 3 248 125	\$ 3 827 129	\$ 7 075 254

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, 2013

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

Net change in fund balances - Total governmental funds.	\$	360 885
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.		(581 586)
Governmental funds reported debt payments as expenses and proceeds as revenues, however, in the statement of net position these are a change in the liability.		<u>111 595</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(109 106)</u>

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

SHELBY COUNTY, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
September 30, 2013

	COMBINED FIDUCIARY FUNDS
Assets:	
Cash and cash equivalent	\$ 4 667 063
TOTAL ASSETS	<u>\$ 4 667 063</u>
Liabilities:	
Due to others	\$ 4 667 063
TOTAL LIABILITIES	<u>\$ 4 667 063</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, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Basis of Presentation

Government-wide Financial Statements

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

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

SHELBY COUNTY, TEXAS  
STATEMENT OF ACTIVITIES - CONTINUED  
September 30, 2013

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.

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

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

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

SHELBY COUNTY, TEXAS  
STATEMENT OF ACTIVITIES - CONTINUED  
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

D. Assets, Liabilities and Net Position or Equity

1. Cash and Investments

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

The County invested only in certificates of deposit for the fiscal year 2013. The County records investments at fair market value in accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. All investment income is recognized as revenue in the appropriate fund's statement of activity or statement of revenues, expenditures and changes in fund balance.

2. Receivables and Payables

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1 and past due after January 31. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible.

Lending or borrowing between funds is reflected as "due to or due from" (current portion) or "advances to/from other funds" (non-current). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund balances are eliminated in the government-wide statements.

3. Capital Assets

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

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

SHELBY COUNTY, TEXAS  
STATEMENT OF ACTIVITIES - CONTINUED  
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

4. Compensated Absences

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

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

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

5. Long-term Obligations

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

6. Use of Estimates

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

7. Fund Equity

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" provide clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

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

SHELBY COUNTY, TEXAS  
STATEMENT OF ACTIVITIES - CONTINUED  
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- Assigned Fund Balance - Amounts the County intends to use for a specific purpose. Intent can be expressed by the Commission or by an official or body to which the Commission delegates the authority.
- Unassigned Fund Balance - Amounts that are available for any purpose.

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

II. DEPOSIT, INVESTMENTS AND INVESTMENT POLICIES

Deposits

At September 30, 2013, the carrying amount of the County's deposits totaled \$12,078,427, inclusive of fiduciary funds. All bank balances at year end were entirely covered by federal depository insurance or by collateral held by the depository bank in the County's name. All deposits are held in the County's main depository bank.

Investments

The County's investment policies are in accordance with the laws of the State of Texas. The policies identify authorized investments and investment terms, collateral requirements and safekeeping requirements for collateral. The County's investments are categorized as either (1) insured and registered for which the securities are held by the County's agent in the name of the County, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the name of the County, or (3) uninsured and unregistered for which the securities are held by the Counter-party or by its trust department or agent but not in the name of the County. The investments of the County fall under category 1.

III. PROPERTY TAXES AND OTHER RECEIVABLES

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

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

Property Taxes Receivable:		
General fund	\$	645 473
Special revenue fund		475 177
TOTAL DEFERRED REVENUE	\$	<u>1 120 650</u>

SHELBY COUNTY, TEXAS  
STATEMENT OF ACTIVITIES - CONTINUED  
September 30, 2013

III. PROPERTY TAXES AND OTHER RECEIVABLES - CONTINUED

In the government-wide financial statements, deferred revenue of \$1,120,650 is comprised entirely of property taxes levied for FY 2013. 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	\$ 759 380	\$ 559 032	\$ 1 318 412
Less: Allowances for uncollectibles	(113 907)	(83 855)	(197 762)
NET RECEIVABLES	\$ 645 473	\$ 475 177	\$ 1 120 650

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 10/01/2012	ADDITIONS	DELETIONS	BALANCE 09/30/2013
Governmental Activities:				
Land	\$ 373 550	\$ -	\$ -	\$ 373 550
Infrastructure	13 716 689	-	(55 700)	13 660 989
Buildings and improvements	3 802 777	-	(7 033)	3 795 744
Vehicles and equipment	6 627 305	151 585	(298 690)	6 480 200
Accumulated depreciation	(18 990 407)	(627 075)	255 327	(19 362 155)
TOTAL ASSETS	\$ 5 529 914	\$ (475 490)	\$ (106 096)	\$ 4 948 328

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

General administration	\$ 96 894
Judicial	59 137
Law enforcement and corrections	158 554
Streets and bridges	216 794
Community service	13 785
Non-departmental	81 911
	\$ 627 075

SHELBY COUNTY, TEXAS  
STATEMENT OF ACTIVITIES - CONTINUED  
September 30, 2013

V. LONG-TERM DEBT

Notes Payable

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

The following is a summary of note obligation transactions of the County for the year ended September 30, 2013:

	<u>TERM</u>	<u>INTEREST RATE</u>	<u>BALANCE 09/30/12</u>	<u>ADDITIONS</u>	<u>PAYMENTS</u>	<u>BALANCE 09/30/13</u>
Various equipment notes payable	1-3 years	3.25 - 4.5%	\$ 277 593	\$ 110 932	\$ (218 762)	\$ 169 763

Required future payments:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2014	\$ 169 763	\$ 5 517	\$ 175 280

VI. RETIREMENT PLAN

Plan Description

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

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the employer.

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

Funding Policy

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is based on the covered payroll of employee members. Under the TCDRS Act, the contributions rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 8.06% for the year 2012, and 8.43% for 2013.

SHELBY COUNTY, TEXAS  
STATEMENT OF ACTIVITIES - CONTINUED  
September 30, 2013

VI. RETIREMENT PLAN - CONTINUED

The contribution rate payable by the employee members for calendar year 2013 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, 2013 the annual pension cost for the TCDRS plan for its employee's totaled \$293,681 and the County's contributions totaled \$353,676.

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, 2012 and December 31, 2011, the basis for determining the contribution rates for calendar years 2013 and 2012. The December 31, 2012 actuarial valuation is the most recent valuation.

ACTUARIAL VALUATION INFORMATION

Actuarial valuation date	12/31/2010	12/31/2011	12/31/2012
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period	20 years	20 years	20 years
Asset valuation method	SAF: 10-year smoothed value ESF: Fund value	SAF: 10-year smoothed value ESF: Fund value	SAF: 10-year smoothed value ESF: Fund value
Actuarial Assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases <sup>1</sup>	5.40%	5.40%	5.40%
Inflation	3.50%	3.50%	3.50%
Cost-of-living adjustment	0.00%	0.00%	0.00%

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

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

ACCOUNTING YEAR ENDING	ANNUAL PENSION COST	PERCENTAGE IF APC CONTRIBUTED	NET PENSION OBLIGATION
September 30, 2010	\$ 294 067	100%	\$ -
September 30, 2011	\$ 272 173	100%	\$ -
September 30, 2012	\$ 333 242	100%	\$ -
September 30, 2013	\$ 353 676	100%	\$ -

SHELBY COUNTY, TEXAS  
STATEMENT OF ACTIVITIES - CONTINUED  
September 30, 2013

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
12/31/2006	\$ 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%
12/31/2011	\$ 6 462 678	\$ 8 026 319	\$ 1 183 641	85.25%	\$ 3 974 778	29.78%
12/31/2012	\$ 7 098 707	\$ 8 496 057	\$ 1 397 350	83.55%	\$ 4 195 441	33.31%

VII. RISK MANAGEMENT

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

VIII. CONTINGENT LIABILITIES

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

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

IX. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 28, 2014, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

SHELBY COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended September 30, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b>Revenues:</b>				
Property taxes	\$ 4 755 197	\$ 4 755 197	\$ 4 839 240	\$ 84 043
Other taxes	5 000	5 000	5 962	962
Fines	430 000	430 000	377 025	(52 975)
Fees of office	365 000	365 000	316 370	(48 630)
Interest	55 000	55 000	42 602	(12 398)
Grants	-	-	33 785	33 785
Commissions	250 000	250 000	406 677	156 677
Miscellaneous	138 500	138 500	171 259	32 759
<b>TOTAL REVENUES</b>	<u>5 998 697</u>	<u>5 998 697</u>	<u>6 192 920</u>	<u>194 223</u>
<b>Expenditures:</b>				
<b>General Administration Expenditures:</b>				
<b>County Agents:</b>				
Payroll expense	63 799	63 799	59 392	4 407
Operating expense	21 585	21 585	21 724	(139)
<b>TOTAL COUNTY AGENTS</b>	<u>85 384</u>	<u>85 384</u>	<u>81 116</u>	<u>4 268</u>
<b>County Auditor:</b>				
Payroll expense	109 048	109 048	117 064	(8 016)
Operating expense	14 100	14 100	11 782	2 318
<b>TOTAL COUNTY AUDITOR</b>	<u>123 148</u>	<u>123 148</u>	<u>128 846</u>	<u>(5 698)</u>
<b>County Clerk:</b>				
Payroll expense	218 323	218 323	207 929	10 394
Operating expense	55 500	55 500	46 121	9 379
<b>TOTAL COUNTY CLERK</b>	<u>273 823</u>	<u>273 823</u>	<u>254 050</u>	<u>19 773</u>
<b>County Clerk Election Deputy:</b>				
Payroll expense	34 349	34 349	34 801	(452)
Operating expense	40 651	40 651	40 989	(338)
<b>TOTAL COUNTY CLERK ELECTION DEPUTY</b>	<u>75 000</u>	<u>75 000</u>	<u>75 790</u>	<u>(790)</u>
<b>County Judge:</b>				
Payroll expense	104 767	104 767	106 412	(1 645)
Operating expense	12 800	12 800	7 921	4 879
<b>TOTAL COUNTY JUDGE</b>	<u>117 567</u>	<u>117 567</u>	<u>114 333</u>	<u>3 234</u>
<b>District Clerk:</b>				
Payroll expense	199 724	199 724	210 185	(10 461)
Operating expense	59 700	59 700	44 384	15 316
<b>TOTAL DISTRICT CLERK</b>	<u>259 424</u>	<u>259 424</u>	<u>254 569</u>	<u>4 855</u>
<b>Courthouse Manager:</b>				
Payroll expense	18 579	18 579	18 704	(125)
Operating expense	23 200	23 200	23 319	(119)
<b>TOTAL COURTHOUSE MANAGER</b>	<u>41 779</u>	<u>41 779</u>	<u>42 023</u>	<u>(244)</u>
<b>Tax Assessor Collector:</b>				
Payroll expense	293 975	293 975	278 284	15 691
Operating expense	42 900	42 900	49 922	(7 022)
<b>TOTAL TAX ASSESSOR COLLECTOR</b>	<u>336 875</u>	<u>336 875</u>	<u>328 206</u>	<u>8 669</u>
<b>County Treasurer:</b>				
Payroll expense	91 471	91 471	91 337	134
Operating expense	7 050	7 050	5 415	1 635
<b>TOTAL COUNTY TREASURER</b>	<u>98 521</u>	<u>98 521</u>	<u>96 752</u>	<u>1 769</u>
<b>Commissioner Secretary:</b>				
Payroll expense	34 349	34 349	34 640	(291)
Operating expense	3 500	3 500	4 252	(752)
<b>TOTAL COMMISSIONER SECRETARY</b>	<u>37 849</u>	<u>37 849</u>	<u>38 892</u>	<u>(1 043)</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, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Veterans Officer:				
Payroll expense	12 973	12 973	11 953	1 020
Operating expense	2 500	2 500	2 260	240
TOTAL VETERANS OFFICER	<u>15 473</u>	<u>15 473</u>	<u>14 213</u>	<u>1 260</u>
TOTAL GENERAL ADMINISTRATION	<u>1 464 843</u>	<u>1 464 843</u>	<u>1 428 790</u>	<u>36 053</u>
Judicial Expenditures:				
County Attorney:				
Payroll expense	249 685	249 685	215 274	34 411
Operating expense	18 500	18 500	14 859	3 641
TOTAL COUNTY ATTORNEY	<u>268 185</u>	<u>268 185</u>	<u>230 133</u>	<u>38 052</u>
District Attorney:				
Payroll expense	266 727	266 727	231 275	35 452
Operating expense	26 000	26 000	18 464	7 536
TOTAL DISTRICT ATTORNEY	<u>292 727</u>	<u>292 727</u>	<u>249 739</u>	<u>42 988</u>
District Judges:				
Payroll expense	46 065	46 065	46 597	(532)
Operating expense	8 000	8 000	9 650	(1 650)
TOTAL DISTRICT JUDGES	<u>54 065</u>	<u>54 065</u>	<u>56 247</u>	<u>(2 182)</u>
Justice of the Peace #1:				
Payroll expense	77 536	77 536	76 479	1 057
Operating expense	6 950	6 950	7 872	(922)
TOTAL JUSTICE OF THE PEACE #1	<u>84 486</u>	<u>84 486</u>	<u>84 351</u>	<u>135</u>
Justice of the Peace #2:				
Payroll expense	28 340	28 340	28 870	(530)
Operating expense	2 460	2 460	2 009	451
TOTAL JUSTICE OF THE PEACE #2	<u>30 800</u>	<u>30 800</u>	<u>30 879</u>	<u>(79)</u>
Justice of the Peace #3:				
Payroll expense	28 254	28 254	28 784	(530)
Operating expense	3 450	3 450	2 787	663
TOTAL JUSTICE OF THE PEACE #3	<u>31 704</u>	<u>31 704</u>	<u>31 571</u>	<u>133</u>
Justice of the Peace #4:				
Payroll expense	34 860	34 860	35 363	(503)
Operating expense	5 910	5 910	7 104	(1 194)
TOTAL JUSTICE OF THE PEACE #4	<u>40 770</u>	<u>40 770</u>	<u>42 467</u>	<u>(1 697)</u>
Justice of the Peace #5:				
Payroll expense	30 631	30 631	31 203	(572)
Operating expense	5 010	5 010	6 090	(1 080)
TOTAL JUSTICE OF THE PEACE #5	<u>35 641</u>	<u>35 641</u>	<u>37 293</u>	<u>(1 652)</u>
TOTAL JUDICIAL EXPENDITURES	<u>838 378</u>	<u>838 378</u>	<u>762 680</u>	<u>75 698</u>
Law Enforcement and Corrections				
Expenditures:				
Constable Pct #1:				
Payroll expense	52 579	52 579	53 376	(797)
Operating expense	8 700	8 700	8 205	495
TOTAL CONSTABLE PCT #1	<u>61 279</u>	<u>61 279</u>	<u>61 581</u>	<u>(302)</u>
Constable Pct #2:				
Payroll expense	52 579	52 579	53 339	(760)
Operating expense	8 700	8 700	5 117	3 583
TOTAL CONSTABLE PCT #2	<u>61 279</u>	<u>61 279</u>	<u>58 456</u>	<u>2 823</u>
Constable Pct #3:				
Payroll expense	52 579	52 579	53 376	(797)
Operating expense	8 700	8 700	7 800	900
TOTAL CONSTABLE PCT #3	<u>61 279</u>	<u>61 279</u>	<u>61 176</u>	<u>103</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, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Constable Pct #4:				
Payroll expense	52 579	52 579	53 376	(797)
Operating expense	8 700	8 700	8 932	(232)
TOTAL CONSTABLE PCT #4	<u>61 279</u>	<u>61 279</u>	<u>62 308</u>	<u>(1 029)</u>
Constable Pct #5:				
Payroll expense	52 579	52 579	53 376	(797)
Operating expense	8 700	8 700	7 886	814
TOTAL CONSTABLE PCT #5	<u>61 279</u>	<u>61 279</u>	<u>61 262</u>	<u>17</u>
DPS Secretary:				
Payroll expense	46 349	46 349	44 821	1 528
Operating expense	6 000	6 000	5 530	470
TOTAL DPS SECRETARY	<u>52 349</u>	<u>52 349</u>	<u>50 351</u>	<u>1 998</u>
County Sheriff:				
Payroll expense	1 677 581	1 677 581	1 693 793	(16 212)
Operating expense	562 740	562 740	579 831	(17 091)
TOTAL COUNTY SHERIFF	<u>2 240 321</u>	<u>2 240 321</u>	<u>2 273 624</u>	<u>(33 303)</u>
Adult Probation:				
Operating expense	25 400	25 400	24 299	1 101
TOTAL ADULT PROBATION	<u>25 400</u>	<u>25 400</u>	<u>24 299</u>	<u>1 101</u>
Juvenile Probation:				
Payroll expense	44 710	44 710	40 273	4 437
Operating expense	10 400	10 400	10 393	7
TOTAL JUVENILE PROBATION	<u>55 110</u>	<u>55 110</u>	<u>50 666</u>	<u>4 444</u>
TOTAL LAW ENFORCEMENT AND CORRECTIONS EXPENDITURES	<u>2 679 575</u>	<u>2 679 575</u>	<u>2 703 723</u>	<u>(24 148)</u>
Non-departmental expenditures	1 782 966	1 782 966	1 339 125	443 841
TOTAL EXPENDITURES	<u>6 765 762</u>	<u>6 765 762</u>	<u>6 234 318</u>	<u>531 444</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(767 065)</u>	<u>(767 065)</u>	<u>(41 398)</u>	<u>695 707</u>
Other Financing Sources (Uses):				
Transfers in (out)	(148 761)	(148 761)	(161 716)	(12 955)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(148 761)</u>	<u>(148 761)</u>	<u>(161 716)</u>	<u>(12 955)</u>
NET CHANGE IN FUND BALANCES	(915 826)	(915 826)	(203 114)	712 712
Fund balances, beginning	<u>3 451 239</u>	<u>3 451 239</u>	<u>3 451 239</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 2 535 413</u>	<u>\$ 2 535 413</u>	<u>\$ 3 248 125</u>	<u>\$ 712 712</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, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 531 360	\$ 531 360	\$ 607 643	\$ 76 283
Other taxes	290 490	290 490	298 260	7 770
Fines and fees	174 500	174 500	114 267	(60 233)
Interest	4 000	4 000	3 427	(573)
Miscellaneous	100 000	100 000	106 172	6 172
TOTAL REVENUES	<u>1 100 350</u>	<u>1 100 350</u>	<u>1 129 769</u>	<u>29 419</u>
Expenditures:				
Payroll expense	355 875	355 875	326 081	29 794
Operating expense	663 706	663 706	774 171	(110 465)
Debt service	80 769	80 769	82 590	(1 821)
TOTAL EXPENDITURES	<u>1 100 350</u>	<u>1 100 350</u>	<u>1 182 842</u>	<u>(82 492)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(53 073)</u>	<u>(53 073)</u>
Other Financing Sources (Uses):				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	(53 073)	(53 073)
Fund balances, beginning	<u>251 669</u>	<u>251 669</u>	<u>251 669</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 251 669</u>	<u>\$ 251 669</u>	<u>\$ 198 596</u>	<u>\$ (53 073)</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, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 531 360	\$ 531 360	\$ 607 646	\$ 76 286
Other taxes	290 490	290 490	298 260	7 770
Fines and fees	174 500	174 500	114 267	(60 233)
Interest	4 000	4 000	3 919	(81)
Miscellaneous	100 000	100 000	106 172	6 172
TOTAL REVENUES	<u>1 100 350</u>	<u>1 100 350</u>	<u>1 130 264</u>	<u>29 914</u>
Expenditures:				
Payroll expense	391 363	391 363	362 997	28 366
Operating expense	601 401	601 401	609 424	(8 023)
Debt service	107 586	107 586	98 807	8 779
TOTAL EXPENDITURES	<u>1 100 350</u>	<u>1 100 350</u>	<u>1 071 228</u>	<u>29 122</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>59 036</u>	<u>59 036</u>
Other Financing Sources (Uses):				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	59 036	59 036
Fund balances, beginning	<u>228 727</u>	<u>228 727</u>	<u>228 727</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 228 727</u>	<u>\$ 228 727</u>	<u>\$ 287 763</u>	<u>\$ 59 036</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, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 531 360	\$ 531 360	\$ 607 647	\$ 76 287
Other taxes	290 490	290 490	298 260	7 770
Fines and fees	174 500	174 500	114 267	(60 233)
Interest	4 000	4 000	5 644	1 644
Miscellaneous	100 000	100 000	86 553	(13 447)
TOTAL REVENUES	<u>1 100 350</u>	<u>1 100 350</u>	<u>1 112 371</u>	<u>12 021</u>
Expenditures:				
Payroll expense	388 714	388 714	341 481	47 233
Operating expense	661 043	661 043	503 927	157 116
Debt service	50 593	50 593	89 939	(39 346)
TOTAL EXPENDITURES	<u>1 100 350</u>	<u>1 100 350</u>	<u>935 347</u>	<u>165 003</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>177 024</u>	<u>177 024</u>
Other Financing Sources (Uses):				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	177 024	177 024
Fund balances, beginning	<u>419 087</u>	<u>419 087</u>	<u>419 087</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 419 087</u>	<u>\$ 419 087</u>	<u>\$ 596 111</u>	<u>\$ 177 024</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, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 531 360	\$ 531 360	\$ 607 643	\$ 76 283
Other taxes	290 490	290 490	298 260	7 770
Fines and fees	174 500	174 500	114 267	(60 233)
Interest	4 000	4 000	5 955	1 955
Miscellaneous	100 000	100 000	85 716	(14 284)
TOTAL REVENUES	<u>1 100 350</u>	<u>1 100 350</u>	<u>1 111 841</u>	<u>11 491</u>
Expenditures:				
Payroll expense	409 642	409 642	389 993	19 649
Operating expense	690 708	690 708	625 907	64 801
Debt service	-	-	-	-
TOTAL EXPENDITURES	<u>1 100 350</u>	<u>1 100 350</u>	<u>1 015 900</u>	<u>84 450</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>95 941</u>	<u>95 941</u>
Other Financing Sources (Uses):				
Transfers in (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	95 941	95 941
Fund balances, beginning	<u>508 316</u>	<u>508 316</u>	<u>508 316</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 508 316</u>	<u>\$ 508 316</u>	<u>\$ 604 257</u>	<u>\$ 95 941</u>

See independent auditors' report.

COMBINING SCHEDULES

SHELBY COUNTY, TEXAS  
 COMBINING BALANCE SHEET -  
 SPECIAL REVENUE FUNDS  
 September 30, 2013

	<u>ROAD &amp; BRIDGE #1</u>	<u>ROAD &amp; BRIDGE #2</u>	<u>ROAD &amp; BRIDGE #3</u>	<u>ROAD &amp; BRIDGE #4</u>
<b>ASSETS</b>				
Cash and investments	\$ 221 326	\$ 309 761	\$ 622 081	\$ 650 095
Property tax receivable	95 261	95 261	95 262	95 262
Other receivable	-	-	-	2 108
<b>TOTAL ASSETS</b>	<u>\$ 316 587</u>	<u>\$ 405 022</u>	<u>\$ 717 343</u>	<u>\$ 747 465</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 18 173	\$ 17 553	\$ 21 393	\$ 42 155
Accrued expense	4 557	4 445	4 577	5 791
Deferred revenue	95 261	95 261	95 262	95 262
<b>TOTAL LIABILITIES</b>	<u>117 991</u>	<u>117 259</u>	<u>121 232</u>	<u>143 208</u>
Fund Balances:				
Restricted fund balance	<u>198 596</u>	<u>287 763</u>	<u>596 111</u>	<u>604 257</u>
<b>TOTAL FUND BALANCES</b>	<u>198 596</u>	<u>287 763</u>	<u>596 111</u>	<u>604 257</u>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <u>\$ 316 587</u>	 <u>\$ 405 022</u>	 <u>\$ 717 343</u>	 <u>\$ 747 465</u>

See independent auditors' report.

TITLE III FORESTRY FUNDS	HISTORIC COURTHOUSE FUND	COUNTY CLERK VITAL ARCHIVES FEE FUND	GENERAL RECORDS MANAGEMENT	VEHICLE INVENTORY TAX FUND	SHERIFF COMMISSARY FUND
\$ (1 134)	\$ 1 163	\$ 27 953	\$ 11 841	\$ 60 087	\$ 86 203
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ (1 134)</u>	<u>\$ 1 163</u>	<u>\$ 27 953</u>	<u>\$ 11 841</u>	<u>\$ 60 087</u>	<u>\$ 86 203</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1 134)	1 163	27 953	11 841	60 087	86 203
<u>(1 134)</u>	<u>1 163</u>	<u>27 953</u>	<u>11 841</u>	<u>60 087</u>	<u>86 203</u>
<u>\$ (1 134)</u>	<u>\$ 1 163</u>	<u>\$ 27 953</u>	<u>\$ 11 841</u>	<u>\$ 60 087</u>	<u>\$ 86 203</u>

SHELBY COUNTY, TEXAS  
 COMBINING BALANCE SHEET -  
 SPECIAL REVENUE FUNDS - CONTINUED  
 September 30, 2013

	CONSTABLE #4 FORFEITURE FUND	DISTRICT ATTORNEY TRUSTEE	DISTRICT ATTORNEY FORFEITURE	LAW ENFORCEMENT FUND
<b>ASSETS</b>				
Cash and investments	\$ 1 921	\$ 21 167	\$ 34	\$ 8 332
Property tax receivable	-	-	-	-
Other receivable	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1 921</b>	<b>\$ 21 167</b>	<b>\$ 34</b>	<b>\$ 8 332</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expense	-	-	-	-
Deferred revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
 <b>Fund Balances:</b>				
Restricted fund balance	1 921	21 167	34	8 332
<b>TOTAL FUND BALANCES</b>	<b>1 921</b>	<b>21 167</b>	<b>34</b>	<b>8 332</b>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <b>\$ 1 921</b>	 <b>\$ 21 167</b>	 <b>\$ 34</b>	 <b>\$ 8 332</b>

COUNTY ATTORNEY FUND	COUNTY JUDGE SALARY SUPPLEMENT	COUNTY ATTORNEY SALARY SUPPLEMENT	HURRICANE IKE ROUND 2.2 GRANT	JUVENILE COURT TECH FUND
\$ 30 692	\$ -	\$ -	\$ -	\$ 13 160
-	-	-	-	-
-	-	-	-	-
<u>\$ 30 692</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13 160</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
30 692	-	-	-	13 160
<u>30 692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13 160</u>
<u>\$ 30 692</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13 160</u>

SHELBY COUNTY, TEXAS  
 COMBINING BALANCE SHEET -  
 SPECIAL REVENUE FUNDS - CONTINUED  
 September 30, 2013

	LEOSE CONSTABLES FUND	CHAPTER 19 VOTER REGISTRATION	LAW LIBRARY FUND	DISTRICT CLERK RECORD MGMT FUND
<b>ASSETS</b>				
Cash and investments	\$ 6 905	\$ 531	\$ 86 494	\$ 10 440
Property tax receivable	-	-	-	-
Other receivable	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 6 905</b>	<b>\$ 531</b>	<b>\$ 86 494</b>	<b>\$ 10 440</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 1 062	\$ -
Accrued expense	-	-	-	-
Deferred revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>1 062</b>	<b>-</b>
 <b>Fund Balances:</b>				
Restricted fund balance	6 905	531	85 432	10 440
<b>TOTAL FUND BALANCES</b>	<b>6 905</b>	<b>531</b>	<b>85 432</b>	<b>10 440</b>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <b>\$ 6 905</b>	 <b>\$ 531</b>	 <b>\$ 86 494</b>	 <b>\$ 10 440</b>

COUNTY CLERK RECORD MGMT FUND	COURTHOUSE SECURITY FUND	JURY FUND	RIGHT OF WAY FUND	COURT REPORTER SERVICE FUND	INDIGENT HEALTH CARE FUND
\$ 179 122	\$ 58 297	\$ (328)	\$ 370 232	\$ 735	\$ 852 698
-	-	7 684	17 174	-	69 273
-	-	-	-	-	-
<u>\$ 179 122</u>	<u>\$ 58 297</u>	<u>\$ 7 356</u>	<u>\$ 387 406</u>	<u>\$ 735</u>	<u>\$ 921 971</u>

\$ 8 304	\$ -	\$ -	\$ -	\$ -	\$ 35
-	51	-	-	-	462
-	-	7 684	17 174	-	69 273
<u>8 304</u>	<u>51</u>	<u>7 684</u>	<u>17 174</u>	<u>-</u>	<u>69 770</u>

<u>170 818</u>	<u>58 246</u>	<u>(328)</u>	<u>370 232</u>	<u>735</u>	<u>852 201</u>
<u>170 818</u>	<u>58 246</u>	<u>(328)</u>	<u>370 232</u>	<u>735</u>	<u>852 201</u>

<u>\$ 179 122</u>	<u>\$ 58 297</u>	<u>\$ 7 356</u>	<u>\$ 387 406</u>	<u>\$ 735</u>	<u>\$ 921 971</u>
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SHELBY COUNTY, TEXAS  
 COMBINING BALANCE SHEET -  
 SPECIAL REVENUE FUNDS - CONTINUED  
 September 30, 2013

	SHELBY COUNTY HOSPITAL FUND	JUVENILE PROBATION FUND	JUVENILE TITLE IV E FUND	SHERIFF FEDERAL SEIZURE
<b>ASSETS</b>				
Cash and investments	\$ 16 372	\$ 29 853	\$ 1 903	\$ 31 970
Property tax receivable	-	-	-	-
Other receivable	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 16 372</b>	<b>\$ 29 853</b>	<b>\$ 1 903</b>	<b>\$ 31 970</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 4 737	\$ -	\$ -
Accrued expense	-	-	-	-
Deferred revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>4 737</b>	<b>-</b>	<b>-</b>
 <b>Fund Balances:</b>				
Restricted fund balance	16 372	25 116	1 903	31 970
<b>TOTAL FUND BALANCES</b>	<b>16 372</b>	<b>25 116</b>	<b>1 903</b>	<b>31 970</b>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <b>\$ 16 372</b>	 <b>\$ 29 853</b>	 <b>\$ 1 903</b>	 <b>\$ 31 970</b>

<u>GRANT FUND</u>	<u>SHERIFF LOCAL FORFEITURE</u>	<u>123<sup>RD</sup> D.A. FEDERAL SEIZURE</u>	<u>COUNTY COURT RECORDS TECH FUND</u>	<u>DISTRICT COURT RECORDS TECH FUND</u>	<u>APPELLATE JUDICIAL FEE COUNTY CLERK</u>
\$ (24 272)	\$ 1 317	\$ 541	\$ 5 896	\$ 14 665	\$ 80
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ (24 272)</u>	<u>\$ 1 317</u>	<u>\$ 541</u>	<u>\$ 5 896</u>	<u>\$ 14 665</u>	<u>\$ 80</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(24 272)	1 317	541	5 896	14 665	80
<u>(24 272)</u>	<u>1 317</u>	<u>541</u>	<u>5 896</u>	<u>14 665</u>	<u>80</u>

<u>\$ (24 272)</u>	<u>\$ 1 317</u>	<u>\$ 541</u>	<u>\$ 5 896</u>	<u>\$ 14 665</u>	<u>\$ 80</u>
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SHELBY COUNTY, TEXAS  
 COMBINING BALANCE SHEET -  
 SPECIAL REVENUE FUNDS - CONTINUED  
 September 30, 2013

	APPELLATE JUDICIAL FEE DISTRICT CLERK	RECORDS ARCHIVE FEE COUNTY CLERK	RECORDS ARCHIVE FEE DISTRICT CLERK
<b>ASSETS</b>			
Cash and investments	\$ 245	\$ 199 278	\$ 9 325
Property tax receivable	-	-	-
Other receivable	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 245</b>	<b>\$ 199 278</b>	<b>\$ 9 325</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued expense	-	-	-
Deferred revenue	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
 <b>Fund Balances:</b>			
Restricted fund balance	245	199 278	9 325
<b>TOTAL FUND BALANCES</b>	<b>245</b>	<b>199 278</b>	<b>9 325</b>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <b>\$ 245</b>	 <b>\$ 199 278</b>	 <b>\$ 9 325</b>

JP COURT SECURITY FUND	GUARDIANSHIP FUND	DISTRICT ATTORNEY SEIZURE FUND	TOTAL SPECIAL REVENUE FUNDS
\$ 17 865	\$ 8 420	\$ 15 050	\$ 3 958 316
-	-	-	475 177
-	-	-	2 108
<u>\$ 17 865</u>	<u>\$ 8 420</u>	<u>\$ 15 050</u>	<u>\$ 4 435 601</u>

\$ -	\$ -	\$ -	\$ 113 412
-	-	-	19 883
-	-	-	475 177
<u>-</u>	<u>-</u>	<u>-</u>	<u>608 472</u>

17 865	8 420	15 050	3 827 129
<u>17 865</u>	<u>8 420</u>	<u>15 050</u>	<u>3 827 129</u>

<u>\$ 17 865</u>	<u>\$ 8 420</u>	<u>\$ 15 050</u>	<u>\$ 4 435 601</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, 2013

	ROAD & BRIDGE #1	ROAD & BRIDGE #2	ROAD & BRIDGE #3	ROAD & BRIDGE #4
Revenues:				
Property taxes	\$ 607 643	\$ 607 646	\$ 607 647	\$ 607 643
Other taxes	298 260	298 260	298 260	298 260
Fines and fees	114 267	114 267	114 267	114 267
Charges for services	-	-	-	-
Grants and contributions	-	-	-	-
Interest	3 427	3 919	5 644	5 955
Miscellaneous income	106 172	106 172	86 553	85 716
TOTAL REVENUES	1 129 769	1 130 264	1 112 371	1 111 841
Expenditures:				
Payroll expense	326 081	362 997	341 481	389 993
Operating expense	774 171	609 424	503 927	625 907
Debt service	82 590	98 807	89 939	-
TOTAL EXPENDITURES	1 182 842	1 071 228	935 347	1 015 900
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(53 073)	59 036	177 024	95 941
Other Financing Sources (Uses):				
Transfer out	-	-	-	-
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	(53 073)	59 036	177 024	95 941
Fund balances, beginning	251 669	228 727	419 087	508 316
FUND BALANCES ENDING	\$ 198 596	\$ 287 763	\$ 596 111	\$ 604 257

See independent auditors' report.

TITLE III FORESTRY FUNDS	HISTORIC COURTHOUSE FUND	COUNTY CLERK VITAL ARCHIVES FEE FUND	GENERAL RECORDS MANAGEMENT	VEHICLE INVENTORY TAX FUND	SHERIFF COMMISSARY FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	91 331	-
-	-	5 001	6 815	-	-
-	-	-	-	-	73 243
18 487	48	-	-	-	-
340	-	-	-	301	-
-	-	-	-	-	-
<u>18 827</u>	<u>48</u>	<u>5 001</u>	<u>6 815</u>	<u>91 632</u>	<u>73 243</u>
-	-	-	-	-	-
80 446	184	-	6 999	80 388	83 361
-	-	-	-	-	-
<u>80 446</u>	<u>184</u>	<u>-</u>	<u>6 999</u>	<u>80 388</u>	<u>83 361</u>
(61 619)	(136)	5 001	(184)	11 244	(10 118)
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(61 619)	(136)	5 001	(184)	11 244	(10 118)
60 485	1 299	22 952	12 025	48 843	96 321
<u>60 485</u>	<u>1 299</u>	<u>22 952</u>	<u>12 025</u>	<u>48 843</u>	<u>96 321</u>
\$ <u>(1 134)</u>	\$ <u>1 163</u>	\$ <u>27 953</u>	\$ <u>11 841</u>	\$ <u>60 087</u>	\$ <u>86 203</u>

SHELBY COUNTY, TEXAS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED  
 For the Year Ended September 30, 2013

	CONSTABLE #4 FORFEITURE FUND	DISTRICT ATTORNEY TRUSTEE	DISTRICT ATTORNEY FORFEITURE	LAW ENFORCEMENT FUND
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Fines and fees	-	-	-	-
Charges for services	-	-	-	22 744
Grants and contributions	-	-	-	-
Interest	67	-	112	26
Miscellaneous income	-	37 972	-	1 239
TOTAL REVENUES	<u>67</u>	<u>37 972</u>	<u>112</u>	<u>24 009</u>
Expenditures:				
Payroll expense	-	27 274	6 950	-
Operating expense	12 312	9 253	20 702	17 306
Debt service	-	-	-	-
TOTAL EXPENDITURES	<u>12 312</u>	<u>36 527</u>	<u>27 652</u>	<u>17 306</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(12 245)</u>	<u>1 445</u>	<u>(27 540)</u>	<u>6 703</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	(12 245)	1 445	(27 540)	6 703
Fund balances, beginning	<u>14 166</u>	<u>19 722</u>	<u>27 574</u>	<u>1 629</u>
FUND BALANCES ENDING	<u>\$ 1 921</u>	<u>\$ 21 167</u>	<u>\$ 34</u>	<u>\$ 8 332</u>

COUNTY ATTORNEY FUND	COUNTY JUDGE SALARY SUPPLEMENT	COUNTY ATTORNEY SALARY SUPPLEMENT	HURRICANE IKE ROUND 2.2 GRANT	JUVENILE COURT TECH FUND
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	8 445
-	-	-	-	-
-	-	-	5 000	-
200	-	-	-	-
19 183	-	-	-	-
<u>19 383</u>	<u>-</u>	<u>-</u>	<u>5 000</u>	<u>8 445</u>
16 405	-	-	-	-
316	-	-	5 000	6 255
-	-	-	-	-
<u>16 721</u>	<u>-</u>	<u>-</u>	<u>5 000</u>	<u>6 255</u>
2 662	-	-	-	2 190
-	(9 782)	-	-	-
-	-	13 268	-	-
-	(9 782)	13 268	-	-
2 662	(9 782)	13 268	-	2 190
28 030	9 782	(13 268)	-	10 970
<u>\$ 30 692</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13 160</u>

SHELBY COUNTY, TEXAS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED  
 For the Year Ended September 30, 2013

	LEOSE CONSTABLES FUND	CHAPTER 19 VOTER REGISTRATION	LAW LIBRARY FUND	DISTRICT CLERK RECORD MGMT FUND
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Fines and fees	-	-	13 150	2 546
Charges for services	-	-	-	-
Grants and contributions	-	-	-	-
Interest	-	-	-	-
Miscellaneous income	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>13 150</u>	<u>2 546</u>
Expenditures:				
Payroll expense	-	-	-	-
Operating expense	-	-	7 660	-
Debt service	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>7 660</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>5 490</u>	<u>2 546</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	-	-	5 490	2 546
Fund balances, beginning	<u>6 905</u>	<u>531</u>	<u>79 942</u>	<u>7 894</u>
FUND BALANCES ENDING	<u>\$ 6 905</u>	<u>\$ 531</u>	<u>\$ 85 432</u>	<u>\$ 10 440</u>

COUNTY CLERK RECORD MGMT FUND	COURTHOUSE SECURITY FUND	JURY FUND	RIGHT OF WAY FUND	COURT REPORTER SERVICE FUND	INDIGENT HEALTH CARE FUND
\$ -	\$ -	\$ 86 245	\$ 71 166	\$ -	\$ 447 196
-	-	-	-	-	-
35 345	14 230	-	-	735	-
-	-	-	-	-	-
-	-	-	-	-	5 464
-	-	-	-	-	-
<u>35 345</u>	<u>14 230</u>	<u>86 245</u>	<u>71 166</u>	<u>735</u>	<u>452 660</u>
405	136 520	71 542	-	-	22 952
32 315	1 951	13 788	38 271	-	145 765
-	-	-	-	-	-
<u>32 720</u>	<u>138 471</u>	<u>85 330</u>	<u>38 271</u>	<u>-</u>	<u>168 717</u>
2 625	(124 241)	915	32 895	735	283 943
-	-	-	-	-	-
-	148 761	-	-	-	-
-	148 761	-	-	-	-
2 625	24 520	915	32 895	735	283 943
168 193	33 726	(1 243)	337 337	-	568 258
<u>\$ 170 818</u>	<u>\$ 58 246</u>	<u>\$ (328)</u>	<u>\$ 370 232</u>	<u>\$ 735</u>	<u>\$ 852 201</u>

SHELBY COUNTY, TEXAS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED  
 For the Year Ended September 30, 2013

	SHELBY COUNTY HOSPITAL FUND	JUVENILE PROBATION FUND	JUVENILE TITLE IV E FUND	SHERIFF FEDERAL SEIZURE
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Fines and fees	-	-	-	-
Charges for services	-	-	-	-
Grants and contributions	-	140 630	-	-
Interest	-	346	-	-
Miscellaneous income	-	-	-	35 848
TOTAL REVENUES	<u>-</u>	<u>140 976</u>	<u>-</u>	<u>35 848</u>
Expenditures:				
Payroll expense	-	64 476	-	-
Operating expense	3 233	64 162	253	4 588
Debt service	-	-	-	-
TOTAL EXPENDITURES	<u>3 233</u>	<u>128 638</u>	<u>253</u>	<u>4 588</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3 233)</u>	<u>12 338</u>	<u>(253)</u>	<u>31 260</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	(3 233)	12 338	(253)	31 260
Fund balances, beginning	<u>19 605</u>	<u>12 778</u>	<u>2 156</u>	<u>710</u>
FUND BALANCES ENDING	<u>\$ 16 372</u>	<u>\$ 25 116</u>	<u>\$ 1 903</u>	<u>\$ 31 970</u>

GRANT FUND	SHERIFF LOCAL FORFEITURE	123 <sup>RD</sup> D.A. FEDERAL SEIZURE	COUNTY COURT RECORDS TECH FUND	DISTRICT COURT RECORDS TECH FUND	APPELLATE JUDICIAL FEE COUNTY CLERK
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	1 610	3 574	510
-	-	-	-	-	-
69 383	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>69 383</u>	<u>-</u>	<u>-</u>	<u>1 610</u>	<u>3 574</u>	<u>510</u>
-	-	-	-	-	-
37 502	625	7	-	49	510
-	-	-	-	-	-
<u>37 502</u>	<u>625</u>	<u>7</u>	<u>-</u>	<u>49</u>	<u>510</u>
-	-	-	-	-	-
31 881	(625)	(7)	1 610	3 525	-
-	-	-	-	-	-
9 469	-	-	-	-	-
-	-	-	-	-	-
<u>9 469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
41 350	(625)	(7)	1 610	3 525	-
(65 622)	1 942	548	4 286	11 140	80
<u>(24 272)</u>	<u>1 317</u>	<u>541</u>	<u>5 896</u>	<u>14 665</u>	<u>80</u>

SHELBY COUNTY, TEXAS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - CONTINUED  
 For the Year Ended September 30, 2013

	APPELLATE JUDICIAL FEE DISTRICT CLERK	RECORDS ARCHIVE FEE COUNTY CLERK	RECORDS ARCHIVE FEE DISTRICT CLERK
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Fines and fees	1 670	34 970	2 380
Charges for services	-	-	-
Grants and contributions	-	-	-
Interest	-	-	-
Miscellaneous income	-	-	-
TOTAL REVENUES	1 670	34 970	2 380
Expenditures:			
Payroll expense	-	-	-
Operating expense	1 705	138 287	-
Debt service	-	-	-
TOTAL EXPENDITURES	1 705	138 287	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(35)	(103 317)	2 380
Other Financing Sources (Uses):			
Transfer out	-	-	-
Transfers in	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCES	(35)	(103 317)	2 380
Fund balances, beginning	280	302 595	6 945
FUND BALANCES ENDING	\$ 245	\$ 199 278	\$ 9 325

JP COURT SECURITY FUND	GUARDIANSHIP FUND	DISTRICT ATTORNEY SEIZURE FUND	TOTAL SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ 3 035 186
-	-	-	1 284 371
2 050	8 420	15 050	613 569
-	-	-	95 987
-	-	-	233 548
-	-	-	25 801
-	-	-	478 855
<u>2 050</u>	<u>8 420</u>	<u>15 050</u>	<u>5 767 317</u>
-	-	-	1 767 076
-	-	-	3 326 622
-	-	-	271 336
<u>-</u>	<u>-</u>	<u>-</u>	<u>5 365 034</u>
2 050	8 420	15 050	402 283
-	-	-	(9 782)
-	-	-	171 498
-	-	-	161 716
2 050	8 420	15 050	563 999
15 815	-	-	3 263 130
<u>\$ 17 865</u>	<u>\$ 8 420</u>	<u>\$ 15 050</u>	<u>\$ 3 827 129</u>

SHELBY COUNTY, TEXAS  
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION  
 September 30, 2013

	<u>COUNTY CLERK</u>	<u>DISTRICT CLERK TRUST</u>	<u>DISTRICT CLERK</u>	<u>MOTOR VEHICLE TAX</u>	<u>PROPERTY TAXES</u>	<u>JUSTICE OF THE PEACE #5</u>
ASSETS						
Cash and cash equivalents	\$ <u>193 057</u>	\$ <u>2 772 456</u>	\$ <u>859 639</u>	\$ <u>266 013</u>	\$ <u>246 356</u>	\$ <u>155</u>
TOTAL ASSETS	\$ <u><u>193 057</u></u>	\$ <u><u>2 772 456</u></u>	\$ <u><u>859 639</u></u>	\$ <u><u>266 013</u></u>	\$ <u><u>246 356</u></u>	\$ <u><u>155</u></u>
LIABILITIES						
Due to others	\$ <u>193 057</u>	\$ <u>2 772 456</u>	\$ <u>859 639</u>	\$ <u>266 013</u>	\$ <u>246 356</u>	\$ <u>155</u>
TOTAL LIABILITIES	\$ <u><u>193 057</u></u>	\$ <u><u>2 772 456</u></u>	\$ <u><u>859 639</u></u>	\$ <u><u>266 013</u></u>	\$ <u><u>246 356</u></u>	\$ <u><u>155</u></u>

See independent auditors' report.

COUNTY ATTORNEY RESTITUTION	COUNTY ATTORNEY TRUST	INMATE ACCOUNT	DISTRICT ATTORNEY FORFEITURE	AGENCY FUND	GARZA COUNTY FUND	CHILD ABUSE PREVENTION FEE FUND
\$ 53 702	\$ 20 738	\$ 8 172	\$ 10 436	\$ 123 090	\$ 105 555	\$ 963
<u>\$ 53 702</u>	<u>\$ 20 738</u>	<u>\$ 8 172</u>	<u>\$ 10 436</u>	<u>\$ 123 090</u>	<u>\$ 105 555</u>	<u>\$ 963</u>
\$ 53 702	\$ 20 738	\$ 8 172	\$ 10 436	\$ 123 090	\$ 105 555	\$ 963
<u>\$ 53 702</u>	<u>\$ 20 738</u>	<u>\$ 8 172</u>	<u>\$ 10 436</u>	<u>\$ 123 090</u>	<u>\$ 105 555</u>	<u>\$ 963</u>

SHELBY COUNTY, TEXAS  
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION - CONTINUED  
 September 30, 2013

	<u>FAMILY PROTECTION FEE FUND</u>	<u>CHILD SAFETY FEE FUND</u>	<u>COMBINED FIDUCIARY FUNDS</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4 860	\$ 1 871	\$ 4 667 063
<b>TOTAL ASSETS</b>	<b><u>\$ 4 860</u></b>	<b><u>\$ 1 871</u></b>	<b><u>\$ 4 667 063</u></b>
 <b>LIABILITIES</b>			
Due to others	\$ 4 860	\$ 1 871	\$ 4 667 063
<b>TOTAL LIABILITIES</b>	<b><u>\$ 4 860</u></b>	<b><u>\$ 1 871</u></b>	<b><u>\$ 4 667 063</u></b>

See independent auditors' report.

COMPLIANCE SECTION

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

Honorable Commissioners'  
Court of Shelby County  
Center, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Shelby County, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Shelby County, Texas' basic financial statements, and have issued our report thereon dated April 28, 2014.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the Schedule of Findings and Questioned Costs that we consider to be significant deficiencies. See Findings 2013-1 and 2013-2.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

  
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas  
April 28, 2014

SHELBY COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2013

A. Summary of the Auditor's Results:

Financial Statements

Type of report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

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

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

*Finding 2013-1:*

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

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

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

Questioned Cost - None

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

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

*Finding 2013-2:*

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.