

**SHELBY COUNTY, ILLINOIS
ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2010**

**MOSE, YOCKEY, BROWN & KULL, LLC
CERTIFIED PUBLIC ACCOUNTANTS
SHELBYVILLE, ILLINOIS**

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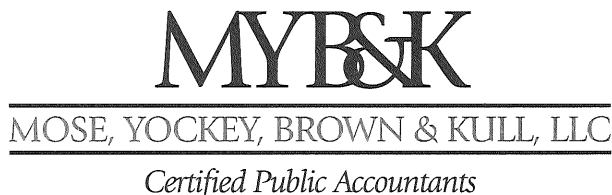
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INDEPENDENT AUDITOR'S REPORT

County Board Members
Shelby County
Shelbyville, Illinois

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Shelby County, Illinois as of and for the year ended August 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Shelby County, Illinois' management. Our responsibility is to express opinions on these statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.

As discussed in Note 1, Shelby County, Illinois prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The County has omitted disclosures required by Governmental Accounting Standards Board Statement 45 *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. The amount by which this disclosure would affect the financial statements is not reasonably determinable.

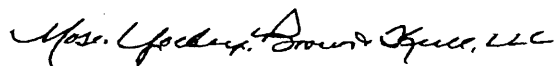
In our opinion, except for the effects of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Shelby County, Illinois, as of August 31, 2010, and the respective changes in financial position – modified cash basis, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2011, on our consideration of Shelby County, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 13 and 43 through 47 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Shelby County, Illinois' basic financial statements taken as a whole. The combining fund financial statements and the Section 5311 Annual Financial Report listed as other supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining fund financial statements, the Section 5311 Annual Financial Report, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

The IMRF Schedule of Funding Progress included with this report is not a required part of the financial statements but is required supplementary information. The Schedule has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.



Mose, Yockey Brown & Kull, LLC
Certified Public Accountants

March 7, 2011

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**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**

County Board Members
Shelby County
Shelbyville, Illinois

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Shelby County, Illinois, as of and for the year ended August 31, 2010, which collectively comprise Shelby County, Illinois' basic financial statements and have issued our report thereon dated March 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurances that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompany schedule of finding and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

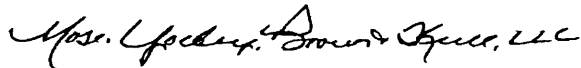
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We considered the deficiency described in the accompanying schedule of findings and questioned costs, as item B-1, to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shelby County, Illinois' 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item B-2.

Shelby County, Illinois' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Shelby County, Illinois' response and, accordingly, we express no opinion on it.

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



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March 7, 2011

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

County Board Members
Shelby County
Shelbyville, Illinois

Compliance

We have audited Shelby County, Illinois' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Shelby County, Illinois' major federal programs for the year ended August 31, 2010. Shelby County, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Shelby County, Illinois' management. Our responsibility is to express an opinion on Shelby County, Illinois' compliance based on our audit.

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

In our opinion, Shelby County, Illinois, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2010.

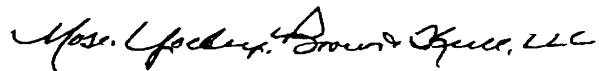
Internal Control Over Compliance

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

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

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

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



Mose, Yockey, Brown & Kull, LLC
Certified Public Accountants

March 7, 2011

Required Supplementary Information
(Part 1 of 2)

**SHELBY COUNTY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34), which established new requirements and a new reporting model for the annual financial reports of governments. The objective of the MD&A section is to enhance the understandability and usefulness of the basic financial statements. The MD&A should be read as an addendum to other information presented in the financial statements such as the Notes to the Financial Statements.

The financial statements incorporate the Shelby County Office of Tourism as a discretely presented component unit per GASB Statement No. 14. The Shelby County Airport Commission is included as a unit of the County. The Shelby County Airport Commission is considered a non-major governmental fund of the County.

Condensed financial statements shown in the MD&A are presented for the primary government only, and exclude the component unit. Therefore, the primary government referred to in the MD&A statements for Governmental activities is comprised of the County and the Airport Commission.

FINANCIAL HIGHLIGHTS

- Property taxes reported in the August 31, 2010 financial statements include two distributions of 2008 property taxes and one distribution of the 2009 property taxes. Prior year financial statements include three distributions of 2007 property taxes and one distribution of 2008 property taxes. The amount of property taxes distributed to the county funds totaled \$3,903,644, with the county's General Fund receiving \$1,339,090 of the distribution.
- The County paid off all debt during the fiscal year.
- Shelby County was the recipient of several grants and reimbursements during fiscal year 2010:
 - The Rural Transportation program was the recipient of five vehicles valued at \$292,720.
 - The Sheriff department was awarded a \$280,000 grant of which \$189,250 was received this fiscal year for the purpose of law enforcement technology.
 - The Rescue Squad received a \$121,554 grant for the purchase of a vehicle.
- The County's share of state income tax decreased 31.3% from the prior year. Nine payments were received and reported by the county in fiscal year 2010, while eleven payments were received and recorded in fiscal year 2009.
- The Mode Bridge Project and the Tower Hill Road Improvement were completed during fiscal year 2010. \$1,672,070 was added to the County's infrastructure assets in the Statement of Net Assets. The projects were 80% federally funded.

OVERVIEW OF THE FINANCIAL STATEMENTS

The County's basic financial statements include 1) government-wide financial statements, 2) governmental and fiduciary fund financial statements, and 3) notes to the financial statements. The basic financial statements also contain required and other supplementary information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government-wide financial statements provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The two government-wide statements are prepared on the modified cash basis of accounting and are explained below. Any internal activities within activity type in the government-wide financial statements have been eliminated or reclassified.

The Statement of Net Assets – Modified Cash Basis includes the County's total assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets can serve as a useful indicator of whether the financial position of the County is improving or deteriorating. A condensed version of this statement for Governmental activities is presented in the MD&A.

The Statement of Activities – Modified Cash Basis reports how the County's net assets changed during the fiscal year. An important purpose of the design of the statement of activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

Both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues. Governmental activities of the County include general government, public safety, corrections, judiciary, public works/transportation, and health and welfare.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about significant funds available for appropriation. Fund accounting ensures compliance with finance-related legal requirements. The County has the following two types of funds:

Governmental Funds – Most of the County's basic services are included in governmental funds. The fund statement focuses on (1) cash and financial assets that can readily be converted to cash flow and (2) the balances remaining at year-end that are available for spending. The governmental funds financial statements provide a detailed short-term view. The General Fund is the main operating account of the County and the largest of the governmental funds. Fund income is comprised of various sources for non-dedicated purposes. Other major governmental funds include the County Health Fund, the County Highway Fund, the Municipal Retirement Fund and the Mental Health Fund. Remaining governmental funds, which include special revenue funds and capital projects funds, are considered non-major governmental funds.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The County's fiduciary funds consist of agency funds, which are used to account for monies received, held and disbursed, as required by statute.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

On the following condensed statement, net assets are calculated as total assets less total liabilities. Assets are distinguished as capital assets and the remainder as current and other assets. Liabilities are classified as long-term (average maturity of greater than one year) and the remainder as other liabilities. Per generally accepted accounting principles, net assets are subdivided into three categories; net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County had \$980,530 and \$899,679 of restricted net assets as of August 31, 2010 and 2009, respectively. Net assets may serve over time as a useful indicator of a government's financial position. The Governmental net assets were \$23,679,822 and \$21,738,641 as of August 31, 2010 and 2009, respectively.

Following is a separate Summary of Net Assets – modified cash basis as of August 31, 2010 and 2009 for Governmental Activities:

**Summary of Net Assets – Modified Cash Basis
Governmental Activities
August 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Current and other assets	\$11,656,696	\$11,510,771
Capital assets, net of accumulated depreciation	<u>12,171,051</u>	<u>10,390,411</u>
Total Assets	<u>\$23,827,747</u>	<u>\$21,901,182</u>
Long-term liabilities outstanding	\$ --	\$ 26,007
Other Liabilities	<u>147,925</u>	<u>136,534</u>
Total Liabilities	<u>\$ 147,925</u>	<u>\$ 162,541</u>
Net Assets:		
Invested in capital assets, net of related debt	\$12,171,051	\$10,352,441
Restricted for Insurance	976,379	895,292
Restricted for Inventory	4,151	4,387
Unrestricted	<u>10,528,241</u>	<u>10,486,521</u>
Total Net Assets	<u>\$23,679,822</u>	<u>\$21,738,641</u>

Fifty-one percent of the County's Government-wide total net assets reflect investment in capital assets such as land, buildings, machinery, and equipment, less any related outstanding debt used to acquire those assets as of August 31, 2010 compare to 48% as of August 31, 2009. The County uses these capital assets in operations and, consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net assets may be used to meet the County's ongoing obligations. As of August 31, 2010 and 2009, the County had positive balances in all categories of net assets for the governmental activities. Net assets increased \$1,941,181 for governmental activities. The County's overall financial position improved during fiscal year 2010.

The following statement is a condensed version of the Changes in Net Assets – modified cash basis for Governmental Activities:

Changes in Net Assets – Modified Cash Basis
Year Ended August 31, 2010 and 2009

Receipts:	<u>2010</u>	<u>2009</u>
Program Receipts:		
Charges for services	\$ 1,301,131	\$ 1,308,925
Operating grants and contributions	2,306,223	1,671,689
Capital grants and contributions	2,182,620	768,554
General Receipts:		
Property taxes	3,903,644	5,945,119
Sales and other taxes	1,569,046	1,912,659
Unrestricted investment earnings	129,761	167,737
Other receipts	<u>248,357</u>	<u>139,474</u>
Total Receipts	<u>\$11,640,782</u>	<u>\$ 11,914,157</u>
Disbursements:		
General government	\$ 2,822,926	\$ 2,757,260
Public safety	1,999,907	1,582,376
Corrections	118,141	100,537
Judiciary	466,572	385,172
Public works/transportation	3,048,053	2,209,152
Health and welfare	1,241,969	1,195,563
Interest on long-term debt	<u>2,033</u>	<u>5,754</u>
Total Disbursements	<u>\$ 9,699,601</u>	<u>\$ 8,235,814</u>
Change in net assets	\$ 1,941,181	\$ 3,678,343
Net assets – September 1,	<u>21,738,641</u>	<u>18,060,298</u>
Net assets – August 31,	<u>\$23,679,822</u>	<u>\$21,738,641</u>

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County's Governmental Funds provide information on near-term inflows, outflows, and balances of spendable resources. The unreserved fund balance indicates the net resources available for spending at the end of the fiscal year. It is a particularly useful indicator of net resources. When coupled with future resources, these resources shape the programs and the disbursements in future years. Per the Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance, the County's Governmental Funds reported a combined fund balance of \$11,382,114 and \$11,064,290 as of August 31, 2010 and 2009, respectively. Of these amounts, \$976,379 and \$895,292 are reserved for insurance, and \$479,316 and \$664,962 are reserved for future projects and \$4,151 and \$4,387 for inventory, and \$1,686,787 and \$1,801,702 are designated for future capital improvement projects as of August 31, 2010 and 2009, respectively. Of the total Governmental Funds fund balance, \$8,235,481 and \$7,697,947 are unreserved and undesignated and were available for appropriations as of August 31, 2010 and 2009, respectively.

The fund balance for all Governmental Funds at the fiscal years ended August 31, 2010 and 2009 had a positive net change of \$317,824 and \$2,956,635, respectively.

Per the Statement of Revenues Received, Expenditures Disbursed and Change in Fund Balance, total Governmental receipts for the fiscal years 2010 and 2009 were \$9,471,289 and \$11,170,395, respectively and total disbursements were \$9,153,465 and \$8,281,760, respectively.

GENERAL FUND

The County Board concentrates its financial oversight on the General Fund because it is the core operating fund and allows the most discretion in allocations. At the end of fiscal year 2010 and 2009, the unreserved and undesignated fund balances in the General Fund were \$1,440,500 and \$1,793,172, respectively; the reserved portions for insurance commitments were \$976,379 and \$895,292, respectively, and \$4,151 and \$4,387 for inventory, and the designated portions were \$1,686,787 and \$1,801,702 for capital improvements, respectively. The unreserved and undesignated fund balance represents 35 and 40 percent of the General Fund's total fund balance for the years ended August 31, 2010 and 2009, respectively. For the year ended August 31, 2010, receipts of \$3,857,736 less disbursements of \$4,041,341 resulted in a decrease in fund balance of \$183,605. After the net transfers of (\$203,131), the result was a net decrease in the General Fund fund balance of \$386,736. For the year ended August 31, 2009, receipts of \$4,755,894 less disbursements of \$3,808,634 and net transfers of (\$309,274) resulted in an increase in fund balance of \$637,986.

The largest receipt sources for the General Fund are property taxes, sales taxes, and income taxes which account for 63 and 71 percent of receipts for the years ended August 31, 2010 and 2009. General government and public safety are the primary operations of the general fund. Approximately 83 and 84 percent of the General Fund's disbursements are for general government and public safety activities for the years ended August 31, 2010 and 2009.

COUNTY HEALTH FUND

The largest source of revenues received for the County Health Fund are property taxes, federal and state grant receipts from State of Illinois agencies which account for 84 and 87 percent of receipts for the years ended August 31, 2010 and 2009, respectively. The County Health Fund's basic purpose is the protection and improvement of the public health in the County.

COUNTY HIGHWAY FUND

The largest source of revenues received for the County Highway Fund are property taxes, federal and state grants and Motor Fuel Tax which accounts for 92 and 90 percent of receipts for the years ended August 31, 2010 and 2009, respectively. The County Highway Fund accounts for the maintenance and construction of roads and bridges in the County.

MUNICIPAL RETIREMENT

The largest source of revenues received for the Municipal Retirement Fund is property taxes which accounts for 98 and 98 percent of receipts for the years ended August 31, 2010 and 2009, respectively.

MENTAL HEALTH FUND

The largest source of revenues received for the Mental Health Fund is property taxes which accounts for 94 and 95 percent of receipts for the years ended August 31, 2010 and 2009, respectively. The Mental Health Fund's basic purpose is to provide for the community health facilities and services for the mentally challenged in the County.

BUDGETARY HIGHLIGHTS

The County prepares an estimate of revenues and a budget for the General Fund and all of the Special Revenue Funds using the modified cash basis of accounting. The County's Fiduciary Funds are not required to prepare budgets. The General Fund's actual receipts were more than budgeted amounts by \$15,436 and actual disbursements were less than budgeted amounts by \$403,452, resulting in a positive budget variance of \$418,888. The required Supplementary Information section contains the Budgetary Comparison Schedule – Modified Cash Basis for the General Fund, County Health Fund, County Highway Fund, Municipal Retirement, and Mental Health Fund on pages 43 through 47.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

The County's investments in capital assets as of August 31, 2010 and 2009 (net of accumulated depreciation), are summarized below for Governmental-Type Activities:

	Capital Assets Governmental Activities (Net of Depreciation) August 31, 2010 and 2009	
	<u>2010</u>	<u>2009</u>
Land	\$ 3,303,690	\$ 3,303,690
Work in Process	54,310	160,867
Buildings and Improvements	2,172,105	2,027,737
Vehicles	534,687	324,512
Maintenance Vehicles	153,493	220,738
Infrastructure	5,674,269	3,942,238
Equipment	<u>278,497</u>	<u>410,629</u>
Total Capital Assets, net of depreciation	<u>\$12,171,051</u>	<u>\$10,390,411</u>

During fiscal years 2010 and 2009, total capital assets for the County had a net increase (including additions, decreases, and depreciation) of \$1,780,640 and \$718,240, respectively. These increases reflect the current additions for vehicles, equipment, building and highway infrastructure and other miscellaneous equipment. The County recorded \$591,426 and \$545,029 of depreciation expense for the fiscal years 2010 and 2009, respectively and the amounts of accumulated depreciation are \$5,225,476 and \$4,740,354 as of August 31, 2010 and 2009, respectively.

More detailed information is presented in Note 6 to the financial statements.

LONG TERM DEBT

The County has a statutorily imposed legal general obligation bond limit of 5.75% of its total assessed valuation. That limit is approximately 15 million dollars, and is substantially greater than current outstanding debt principal.

The following is a summary of the County's gross outstanding long-term debt as of August 31, 2010 and 2009:

**Outstanding Long-Term Debt
Governmental Activities
August 31, 2010 and 2009**

<u>Debt Description</u>	<u>2010</u>	<u>2009</u>
Lease Purchase Agreements	\$ <u> --</u>	\$ <u> 37,970</u>

More detailed information about the County's long-term debt is presented in Note 7 to the financial statements.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and pass through agencies with a general overview of the County's finances and to show the County's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Ms. Debra Page, Shelby County Treasurer, Shelby County Courthouse, Shelbyville, Illinois, 62565.

Basic Financial Statements

**Government-Wide
Financial Statements (GWFS)**

SHELBY COUNTY, ILLINOIS
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
AUGUST 31, 2010

	Primary Governmental Activities	Component Unit
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 10,015,104	\$ 19,414
Certificates of Deposit	1,510,784	--
Notes Receivable		
Due within one year	94,274	--
Inventory	4,151	--
Total Current Assets	\$ 11,624,313	\$ 19,414
Noncurrent Assets:		
Notes Receivable		
Due in more than one year	\$ 32,383	\$ --
Capital Assets		
Land	3,303,690	--
Work in Process	54,310	--
Buildings & Improvements	3,553,231	--
Vehicles	1,779,775	--
Maintenance Vehicles	666,469	--
Infrastructure	6,276,911	--
Equipment	1,762,141	4,820
Less: Accumulated Depreciation	(5,225,476)	(4,820)
Total Noncurrent Assets	\$ 12,203,434	\$ --
TOTAL ASSETS	\$ 23,827,747	\$ 19,414
LIABILITIES:		
Current Liabilities:		
Withholding Payable	\$ 64,414	\$ 1,076
Due to Other Governmental Units	83,511	--
Total Current Liabilities	\$ 147,925	\$ 1,076
Total Noncurrent Liabilities	\$ --	\$ --
TOTAL LIABILITIES	\$ 147,925	\$ 1,076
NET ASSETS		
Investment in Capital Assets, net of related debt	\$ 12,171,051	\$ --
Restricted for:		
Insurance	976,379	--
Inventory	4,151	--
Unrestricted	10,528,241	18,338
TOTAL NET ASSETS	\$ 23,679,822	\$ 18,338

The accompanying notes are an integral part of these financial statements.

SHELBY COUNTY, ILLINOIS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED AUGUST 31, 2010

Activities	PROGRAM RECEIPTS				Net (Disbursements) Receipts and Changes in Net Assets	
	Disbursements	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Component Unit
Primary Government:						
Governmental Activities						
General Government	\$ 2,822,926	\$ 849,007	\$ 489,645	\$ --	\$ (1,484,274)	
Public Safety	1,999,907	166,752	--	--	(1,833,155)	
Corrections	118,141	--	--	--	(118,141)	
Judiciary	466,572	35,575	--	--	(430,997)	
Public Works/Transportation	3,048,053	122,056	1,415,758	2,182,620	672,381	
Health and Welfare	1,241,969	127,741	400,820	--	(713,408)	
Interest on Long-term Debt	2,033	--	--	--	(2,033)	
Total Governmental Activities	\$ 9,699,601	\$ 1,301,131	\$ 2,306,223	\$ 2,182,620	\$ (3,909,627)	
TOTAL PRIMARY GOVERNMENT	\$ 9,699,601	\$ 1,301,131	\$ 2,306,223	\$ 2,182,620	\$ (3,909,627)	
Component Unit:						
Shelby County Tourism	\$ 83,931	\$ 14,417	\$ 13,804	\$ --	\$ (55,710)	
General Receipts:						
Taxes - Property					\$ 3,903,644	\$ --
Taxes - Sales					529,272	--
Taxes - Income					567,032	--
Taxes - Motor Fuel					371,864	--
Taxes - Replacement & Other					110,878	58,725
Unrestricted Interest					129,761	14
County Farm					28,700	--
Miscellaneous					219,657	2,000
Total General Receipts and Transfers					\$ 5,850,808	\$ 60,739
Change in Net Assets					\$ 1,941,181	5,029
Net Assets - September 1, 2009					21,738,641	13,309
Net Assets - August 31, 2010					\$ 23,679,822	\$ 18,338

The accompanying notes are an integral part of these financial statements.

Fund Financial Statements

SHELBY COUNTY, ILLINOIS
 STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 MODIFIED CASH BASIS
 GOVERNMENTAL FUNDS
 AUGUST 31, 2010

	General Fund	County Health Fund	County Highway Fund	Municipal Retirement Fund	Mental Health Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 3,194,112	\$ 1,173,899	\$ 984,470	\$ 1,271,471	\$ 1,212,587	\$ 2,178,565	\$ 10,015,104
Certificates of Deposit	1,010,000	248,941	--	--	--	251,843	1,510,784
Interfund Loans Receivable	268,411	3,800	--	--	--	780	272,991
Inventory	4,151	--	--	--	--	--	4,151
TOTAL ASSETS	\$ 4,476,674	\$ 1,426,640	\$ 984,470	\$ 1,271,471	\$ 1,212,587	\$ 2,431,188	\$ 11,803,030
LIABILITIES							
Withholding Payable	\$ 64,414	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 64,414
Interfund Loans Payable	220,932	3,800	--	33,638	--	14,621	272,991
Due to Other Governmental Units	83,511	--	--	--	--	--	83,511
TOTAL LIABILITIES	\$ 368,857	\$ 3,800	\$ --	\$ 33,638	\$ --	\$ 14,621	\$ 420,916
FUND BALANCE							
Fund Balance:							
Reserved:							
Reserved for Insurance	\$ 976,379	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 976,379
Reserved for Future Projects	--	--	479,316	--	--	--	479,316
Reserved for Inventory	4,151	--	--	--	--	--	4,151
Unreserved - Designated for Capital Improvements	1,686,787	--	--	--	--	--	1,686,787
Unreserved - Undesignated reported in: General Fund	1,440,500	--	--	--	--	--	1,440,500
Special Revenue Funds	--	1,422,840	505,154	1,237,833	1,212,587	2,414,901	6,793,315
Capital Projects Funds	--	--	--	--	--	1,666	1,666
TOTAL FUND BALANCE	\$ 4,107,817	\$ 1,422,840	\$ 984,470	\$ 1,237,833	\$ 1,212,587	\$ 2,416,567	\$ 11,382,114
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,476,674	\$ 1,426,640	\$ 984,470	\$ 1,271,471	\$ 1,212,587	\$ 2,431,188	\$ 11,803,030

The accompanying notes are an integral part of these financial statements.

SHELBY COUNTY, ILLINOIS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
 ASSETS, LIABILITIES AND FUND BALANCE - MODIFIED CASH BASIS
 TO THE STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
AUGUST 31, 2010

Total Fund Balance for Governmental Funds	\$ 11,382,114
Total net assets reported for governmental activities in the statement of net assets is different because:	
Notes Receivable are not financial resources; therefore, they are not reported in the funds.	126,657
Capital assets used in governmental activities are not financial resources; therefore, they are not reported in the funds:	
Land	3,303,690
Other Capital Assets	8,867,361
Net Assets of Governmental Activities	\$ 23,679,822

The accompanying notes are an integral part of these financial statements.

SHELBY COUNTY, ILLINOIS
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2010

	General Fund	County Health Fund	County Highway Fund	Municipal Retirement Fund	Mental Health Fund	Other Governmental Funds	Total Governmental Funds
REVENUES RECEIVED:							
Property Taxes	\$ 1,339,090	\$ 318,844	\$ 587,468	\$ 832,402	\$ 439,057	\$ 386,783	\$ 3,903,644
Sales Taxes	529,272	--	--	--	--	--	529,272
Intergovernmental Revenue:							
State Sources:							
Income Taxes	557,032	--	--	--	--	--	557,032
Motor Fuel Taxes	--	--	371,864	--	--	--	371,864
Replacement Tax	34,081	7,809	33,465	16,444	15,348	3,731	110,878
Other State Sources	279,204	214,798	812,971	--	--	--	1,546,967
Federal Sources	195,586	186,022	--	--	--	377,648	759,256
County Farm	28,700	--	--	--	--	--	28,700
Loan Repayments	--	--	--	--	--	--	--
Charges for Services	80,795	112,927	108,496	--	--	12,382	12,382
Licenses and Permits	8,089	--	--	--	--	13,560	13,560
Fines, Fees and Forfeits	654,378	--	--	--	--	--	654,378
Sales of Real Estate Stamps	76,514	--	--	--	--	246,372	246,372
Interest	61,568	14,042	15,604	1,435	15,160	21,952	900,750
Sale of Fixed Assets	900	--	--	--	--	--	900
Miscellaneous	12,527	10	--	--	--	206,965	129,761
Total Revenues Received	\$ 3,857,736	\$ 854,452	\$ 1,929,868	\$ 850,281	\$ 469,565	\$ 1,509,387	\$ 9,471,289
EXPENDITURES DISBURSED:							
Current:							
General Government	\$ 1,646,352	\$ --	\$ --	\$ 539,554	\$ --	\$ 350,155	\$ 2,536,061
Public Safety	1,717,641	--	--	--	--	135,011	1,852,652
Corrections	118,141	--	--	--	--	--	118,141
Judiciary	445,799	--	--	--	--	20,773	466,572
Public Works/Transportation	--	--	1,986,263	--	--	726,014	2,712,277
Health and Welfare	55,161	819,802	--	--	317,744	44,861	1,237,568
Debt Service	--	--	40,004	--	--	--	40,004
Capital Outlay	58,247	--	58,055	--	--	73,888	190,190
Total Expenditures Disbursed	\$ 4,041,341	\$ 819,802	\$ 2,084,322	\$ 539,554	\$ 317,744	\$ 1,350,702	\$ 9,153,465
Revenues Received Over (Under) Expenditures Disbursed	\$ (183,605)	\$ 34,650	\$ (154,454)	\$ 310,727	\$ 151,821	\$ 158,685	\$ 317,824
Other Financing Sources (Uses):							
Operating Transfers In	585,855	--	351,017	--	--	236,825	1,173,697
Operating Transfers Out	(788,986)	--	(351,017)	--	--	(33,694)	(1,173,697)
Net Change in Fund Balance	\$ (386,736)	\$ 34,650	\$ (154,454)	\$ 310,727	\$ 151,821	\$ 361,816	\$ 317,824
Fund Balance - September 1, 2009	4,494,553	1,388,190	1,138,924	927,106	1,060,766	2,054,751	11,064,290
Fund Balance - August 31, 2010	\$ 4,107,817	\$ 1,422,840	\$ 984,470	\$ 1,237,833	\$ 1,212,587	\$ 2,416,567	\$ 11,382,114

The accompanying notes are an integral part of these financial statements.

SHELBY COUNTY, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES RECEIVED, EXPENDITURES
DISBURSED AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED AUGUST 31, 2010

Net Change in Fund Balance - Total Governmental Funds	\$	317,824
The Change in Net Assets reported for governmental activities in the Statement of Activities - modified cash basis is different because:		
Governmental funds report capital outlays as disbursements. However, in the Statement of Activities - modified cash basis the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and infrastructure additions (\$190,190) did not exceed depreciation (\$591,426) in the current period.		(401,236)
Federal and State on-behalf payments for mini vans and road infrastructure are reported as capital grants and contributions in the Statement of Activities - modified cash basis; however, they are not recognized as receipts in the governmental funds.		1,964,790
A donation of roadway is reported as a capital contribution in the Statement of Activities - modified cash basis; however, it is not recognized as a receipt in the governmental funds.		217,830
When recognizing the sale of capital assets, the governmental funds report the total proceeds of the sale. Only the gain or loss on the sale is reported on the State of Net Assets		(745)
Principal payments received on Notes Receivable reduce Notes Receivable and do not affect the Statement of Activities - modified cash basis		(12,383)
Bad debt is reported as a disbursement in the Statement of Activities - modified cash basis; however, it is not recognized as an expenditure in the government funds.		(182,870)
Principal payment of long-term debt consumes the current financial resources of the governmental funds but has no effect on net assets.		<u>37,971</u>
Change in Net Assets of Governmental Activities	\$	<u><u>1,941,181</u></u>

The accompanying notes are an integral part of these financial statements.

SHELBY COUNTY, ILLINOIS
STATEMENT OF FIDUCIARY NET ASSETS -
MODIFIED CASH BASIS
YEAR ENDED AUGUST 31, 2010

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 5,630,625</u>
TOTAL ASSETS	<u>\$ 5,630,625</u>
LIABILITIES	
Distributions Payable	<u>\$ 5,630,625</u>
TOTAL LIABILITIES	<u>\$ 5,630,625</u>
TOTAL NET ASSETS	<u><u>\$ --</u></u>

The accompanying notes are an integral part of these financial statements.

Notes to Basic Financial Statements

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 1 - Summary of Significant Accounting Policies

Shelby County, Illinois was created on January 23, 1827 by an act of state legislature. The County is governed by an elected 22 member board and provides the following services: public safety, tax collection, highways and streets, health and social services, public improvements, planning and zoning, airport operations, corrections, public records, and general administration.

A. Reporting Entity

The accompanying financial statements present the County's primary government and component units over which the County exercises significant influence. Component units are legally separate organizations for which the elected officials of Shelby County are financially accountable. Shelby County would be considered financially accountable if it appoints a voting majority of the organization's government body and (1) it is able to impose its will (significantly influence the programs, projects, activities, or level of services performed or provided by the organization) on the organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on Shelby County (i.e., entitled to or can access the organization's resources, is legally obligated or has otherwise assumed the obligation to finance deficits of, or provide financial support to the organization, or is obligated in some manner for the debt of the organization). If an organization is fiscally dependent on Shelby County, the County is considered financially accountable regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

The County's reporting entity includes the County's governing board and its component units for which the County is financially accountable under the definition described above. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

Blended Units

Shelby County Airport Commission (SCAC)

Financial reporting for the Shelby County Airport Commission (SCAC) is blended with the primary government financial statements. The SCAC operates a landing field. Three members of the Shelby County Board serve as trustees of the SCAC. SCAC assets and activities are reported in the Airport Special Revenue Fund.

Shelby County Health Department (SCHD)

The County Board members appoint the Shelby County Health Board and approve the appropriations for the SCHD. In addition, the County Treasurer's office maintains the accounting records of the SCHD. The payroll of the SCHD is included with and processed with the County's payroll. The SCHD funds have been included in the County's reporting entity as special revenue funds.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 1 – Summary of Significant Accounting Policies (continued)

Discretely Presented Component Unit

The discretely presented component unit included in the County's financial statements is the Shelby County Office of Tourism (SCOT). The SCOT encourages and promotes tourism in the Shelby County area. All members of the SCOT board are selected by the chairman of the Shelby County Board and approved by the Shelby County board members. SCOT employees manage the assets and maintain the accounting records and payroll records for SCOT. The SCOT does not issue separate financial statements.

B. Related Organizations

The County Board Chairman and County Board make appointments of the governing boards of a number of fire protection, drainage and other districts. Even though the County Board may appoint a majority of the members of the respective districts, the members do not serve at the discretion of the County Board, that is, they can be removed only for cause. There are no indications that the County Board can impose its will over these districts and, therefore, has no financial accountability. These units are not considered units of Shelby County, Illinois.

C. Jointly Governed Organizations

Shelby County, in conjunction with the counties of Clark, Coles, Cumberland, Edgar and Moultrie has entered into an intergovernmental agreement for the purposes of conducting solid waste planning activities on a regional basis.

D. Basis of Presentation

The County's basic financial statements include both the government-wide and fund financial statements. The County's general and special revenue funds are classified as governmental activities. The County does not have any enterprise or internal service funds to report.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary fund assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government.

The government-wide financial statements (i.e., the statement of net assets-modified cash basis and the statement of activities-modified cash basis) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Shelby County does not have any business-type activities. Likewise, the primary government is reported separately from its legally separate component unit for which the primary government is financially accountable.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 1 – Summary of Significant Accounting Policies (continued)

The statement of activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. *Direct* disbursements are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) operating and capital 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 among program receipts are reported instead as *general receipts*.

E. Fund Accounting

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, receipts, and disbursements. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following fund types are used by the County:

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the County's expendable financial resources and the related current liabilities are accounted for through governmental funds. The measurement focus is on determination of "financial flow". The county's major governmental funds are:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *County Health Fund* is used to account for receipts and disbursements pertaining to the general operation of the Shelby County Health Department. The basic purpose of the Department is the protection and improvement of the public health in the County.

The *County Highway Fund* is used to account for receipts and disbursements pertaining to the general operation in the Shelby County Highway Department. The basic purpose of the Department is the maintenance and construction of roads and bridges in the County.

The *Municipal Retirement Fund* is used to account for receipts and disbursements pertaining to the retirement of the County's employees.

The *Mental Health Fund* is used to account for receipts and disbursements pertaining to the Mental Health Fund. The basic purpose of the Department is to provide for the community health facilities and services for the mentally challenged in the County.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 1 – Summary of Significant Accounting Policies (continued)

Fiduciary Funds

Fiduciary funds include agency funds. Agency funds are purely custodial (assets equal liabilities) and thus, do not involve measurement of results of operations.

Agency Funds-Agency 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, an/or other funds. The County has fifteen agency funds.

F. Basis of Accounting

Basis of accounting refers to when receipts and disbursements are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The *government-wide financial statements* are reported using the economic resources measurement focus and the modified cash basis of accounting. Receipts are recorded when received and disbursements are recorded when checks are written. Capital assets are capitalized when purchased and depreciation is recognized over the estimated useful lives of the assets. Long-term liabilities are recognized when cash proceeds are received or the liabilities are incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting. Receipts are recorded when received and expenditures are recorded when checks are written. Only assets representing a right to receive cash arising from a previous payment of cash are recorded as assets. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities.

Financial statements prepared on the modified cash basis of accounting are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America.

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 and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance as the County does not have any business-type activities and enterprise funds as of August 31, 2010.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 1 – Summary of Significant Accounting Policies (continued)

G. Budgets and Budgetary Accounting

Shelby County follows these procedures in establishing the budgetary data reflected in these financial statements.

1. Prior to September 1, a proposed operating budget is prepared for the general fund and special revenue funds. This operating budget includes proposed disbursements for each line item in the general fund and major disbursement categories in the special revenue funds, and the proposed amount of real estate taxes to levy. No formal budgets are prepared for any funds other than the general fund and special revenue funds.
2. Public hearings are conducted through July and August to obtain taxpayer comments.
3. In September, the budget is legally enacted through the passage of an appropriation ordinance and a tax levy ordinance.
4. Budgets are adopted on the modified cash basis of accounting.
5. Budgets lapse at year end. Shelby County reappropriates the following year any unperformed contracts, commitments or any other encumbrances.
6. The County Board determines any amendments that may be made to the budget. Evaluation and financial control is also determined at the County Board level.
7. Formal budgetary integration is employed as a management control device during the year.

The original budget was adopted on September 9, 2009. Revisions were approved October 14, 2009, March 17, 2010, June 9, 2010, June 14, 2010 and the final budget on July 14, 2010. Both original and final amended budgets are presented as approved by the County Board.

H. Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

I. Certificates of Deposit

Certificates of deposits are stated at cost and held for investment purposes and have original maturities exceeding three months.

J. Inventory

The County does not maintain inventories of supplies and materials with the exception of the value of the Real Estate Tax Stamps as held by the County Clerk's office. The tax stamp inventory is reported at cost using the specific identification method.

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 1 – Summary of Significant Accounting Policies (continued)

K. Interfund Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from funds” on the governmental funds statement of assets, liabilities and fund balance - modified cash basis.

L. Notes Receivable

The County has three notes receivable that are recorded as an asset on the government-wide statement of net assets-modified cash basis. In the fund financial statements, principal and interest payments are recorded as receipts in the statement of revenues received, expenditures disbursed and changes in fund balance.

M. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, (e.g., roads, bridges, and similar items) are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 (amounts not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. . Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant, and equipment of the County, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10-50
Land Improvements	15
Equipment and Vehicles	3-10
Infrastructure - Highways, Bridges, etc.	20-50

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, if applicable.

N. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statements of net assets-modified cash basis. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 1 – Summary of Significant Accounting Policies (continued)

O. Capital Leases

Leases, which are in effect financing agreements under the provisions of FASB Statement 13, are recorded as capital leases. The present value of the asset and liability at the inception of the lease are recorded on the County's statement of net assets - modified cash basis.

P. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. At August 31, 2010, the County had restricted net assets of \$976,379 for insurance and \$4,151 for real estate stamps inventory.

Q. Interfund Transfers

The interfund transfers shown in the financial statements are categorized as operating transfers. Operating interfund transfers are those routine kinds of transfers made between funds due to the unique relationships between the funds involved. These transfers have not been recorded as loans with interfund repayment requirements.

Q. Use of Estimates

The preparation of financial statements with the modified cash basis of accounting requires the County to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues received and expenditures disbursed during the reporting period. Actual results could differ from these estimates.

Note 2 - Property Taxes

Property taxes are levied by the Shelby County Board and are collected by the Shelby County Treasurer.

Property tax revenues are recognized when they are received on the modified cash basis of accounting. Taxes levied and uncollected are not carried as an asset of the related fund.

Property taxes collected in calendar years 2009 and 2010 attached as an enforceable lien on property as of January 1, 2008 and 2009, respectively. These taxes were required to be levied by the County prior to the last Tuesday in December. The 2008 and 2009 levies were adopted by the County in September, 2008 and September, 2009. Property taxes were due from property owners in two installments in August and October. The property tax receipts for the year ending August 31, 2010, as shown in the financial statements, consist of two distributions from the 2008 levy and one distribution from the 2009 levy. Property taxes are distributed from August through February.

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 2 – Property Taxes (continued)

Taxes become a lien against property if not paid by the date of the tax sale. Shelby County's tax sale was held on January 11, 2010.

The following are the assessed valuations and tax rates applicable to the various levies per \$100 of assessed valuation for the property tax collections included in these financial statements.

	2009 <u>Maximum</u>	<u>2009 Levy</u>	<u>2008 Levy</u>
Assessed Valuation		<u>\$301,474,108</u>	<u>\$293,210,554</u>
Property Tax Rates:			
Extension Education	.05000	.02433	.02398
County	Unlimited	.31307	.31605
County Highway	.20000	.10458	.09587
County Bridge	.25000	.04662	.04794
Federal Aid	.05000	.05000	.04794
County Health	.17500	.10649	.10766
Municipal Retirement	Unlimited	.27598	.28376
Airport	.25000	.01379	.01418
Mental Health	.15000	.15000	.14380
Social Security	Unlimited	.09786	.10062
Tort Immunity Insurance	Unlimited	.04976	.06822
Workers' Comp. Insurance Tax	Unlimited	.03318	.05628
Unemployment Insurance Act	Unlimited	<u>.00631</u>	<u>.00614</u>
Total County Rate		<u>1.27197</u>	<u>1.31244</u>
Ambulance	.25000	<u>0.2113</u>	<u>0.2063</u>

Extension Education tax levy is a part of the total County rate. The revenues are paid directly to the Extension Education Office and are not included in the County property tax total.

Note 3 - Special Tax Levies, Reserved Equity and Designated Equity

Reserved Equity

Unemployment Insurance

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the General Fund. A portion, \$71,741, of the General Fund's equity represents the excess of cumulative receipts over cumulative disbursements which is restricted for future unemployment tax disbursements in accordance with *Illinois Compiled Statutes*.

Liability Insurance

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the General Fund. A portion, \$358,198, of the General Fund's equity represents the excess of cumulative receipts over cumulative disbursements which is restricted for future liability insurance disbursements in accordance with *Illinois Compiled Statutes*.

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 3– Special Tax Levies, Reserved Equity and Designated Equity (continued)

Workers' Compensation Insurance

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the General Fund. A portion, \$546,440, of the General Fund's equity represents the excess of cumulative receipts over cumulative disbursements which is restricted for future workers' compensation tax disbursements in accordance with *Illinois Compiled Statutes*.

Future Projects

The reservation reflects Motor Fuel Tax and FASM monies.

Real Estate Stamps Inventory

The real estate state stamps inventory is valued at \$4,151.

Unreserved – Designated

Capital Improvements

This designated fund balance reflects the balance designated by the County Board for future capital improvement projects.

Note 4 - Cash and Investments

Cash and Cash Equivalents and Certificates of Deposit as of August 31, 2010 consist of the following:

	<u>Primary Government</u>	<u>Component Unit</u>
Cash on Hand	\$ 6,008	\$ 250
Deposits with financial institutions	<u>11,519,880</u>	<u>19,164</u>
Sub-Total Governmental Activities	\$ 11,525,888	\$ 19,414
 Fiduciary Funds	 <u>5,630,625</u>	 <u>--</u>
Total	<u>\$ 17,156,513</u>	<u>\$ 19,414</u>

Investments Authorized by *Illinois Compiled Statutes* and the County's Investment Policy

The County is allowed to invest in securities as authorized by 30ILCS 235/2 and 235/6 of the *Illinois Compiled Statutes*. The County's investment policy is consistent with *Illinois Compiled Statutes*.

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 4 - Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the County manages its exposure to interest rate risk is by limiting its purchases of long term investments. At August 31, 2010 the County's investments were deposits in financial institutions. The deposits are all demand deposits with the exception of the following:

		<u>Maturity Date</u>
Certificate of Deposit	\$ 10,000	September 12, 2010
Certificate of Deposit	11,464	October 8, 2010
Certificate of Deposit	11,464	October 12, 2010
Certificate of Deposit	55,000	October 19, 2010
Certificate of Deposit	20,808	November 20, 2010
Certificate of Deposit	20,535	November 20, 2010
Certificate of Deposit	123,941	January 30, 2011
Certificate of Deposit	45,000	February 11, 2011
Certificate of Deposit	23,041	February 15, 2011
Certificate of Deposit	23,000	February 15, 2011
Certificate of Deposit	125,000	February 17, 2011
Certificate of Deposit	20,640	March 19, 2011
Certificate of Deposit	1,000,000	October 16, 2011
Certificate of Deposit	<u>20,891</u>	November 19, 2011
	<u>\$1,510,784</u>	

None of the County's investments are highly sensitive to interest rate fluctuations.

Disclosure Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As the County's investments are all deposits with financial institutions, the investments are not subject to credit risk rating.

Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. Deposits with financial institutions are not subject to credit risk rating.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 4 - Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. *Illinois Compiled Statutes* and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

As of August 31, 2010, \$14,389,108 of the County's deposits with financial institutions in excess of federal depository insurance limits were held in accounts collateralized by securities held by the pledging financial institution and \$1,243,995 were held in uncollateralized accounts.

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. None of the County's investments are directly subject to foreign currency risk.

Note 5 - Notes Receivable

The County has the following two notes receivable outstanding at August 31, 2010:

Whitetail Crossing, Inc

The terms of this loan agreement require 10 annual installments of \$7,048.77 including interest of 3% commencing on June 1, 2007 until June 1, 2016. No payment was received by the County during fiscal year 2010.

\$ 44,026

Willow Ridge Vineyards and Winery

The terms of this loan agreement require four annual installments of \$15,272, including interest at 3%, and a final payment of \$85,132. Payments began on May 26, 2007 with the final payment due May 26, 2011.

82,631

\$126,657

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 6 – Capital Assets

Capital assets activity for the year ended August 31, 2010 was as follows:

	<u>Balance September 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2010</u>
Primary Government				
Government activities:				
Capital assets not being depreciated:				
Land	\$ 3,303,690	\$ --	\$ --	\$ 3,303,690
Work In Process	<u>160,867</u>	<u>54,310</u>	<u>160,867</u>	<u>54,310</u>
	<u>\$ 3,464,557</u>	<u>\$ 54,310</u>	<u>\$ 160,867</u>	<u>\$ 3,358,000</u>
Capital assets being depreciated:				
Buildings & Improvements	\$ 3,310,025	\$ 243,206	\$ --	\$ 3,553,231
Vehicles	1,550,167	336,657	107,049	1,779,775
Maintenance Vehicles	656,864	9,605	--	666,469
Infrastructure	4,387,011	1,889,900	--	6,276,911
Equipment	<u>1,762,141</u>	<u>--</u>	<u>--</u>	<u>1,762,141</u>
Total Capital Assets Being Depreciated	<u>\$11,666,208</u>	<u>\$2,479,368</u>	<u>\$ 107,049</u>	<u>\$ 14,038,527</u>
Less: Accumulated Depreciation:				
Buildings & Improvements	\$(1,282,288)	\$ (98,838)	\$ --	\$ (1,381,126)
Vehicles	(1,225,655)	(125,737)	(106,304)	(1,245,088)
Maintenance Vehicles	(436,126)	(76,850)	--	(512,976)
Infrastructure	(444,773)	(157,869)	--	(602,642)
Equipment	<u>(1,351,512)</u>	<u>(132,132)</u>	<u>--</u>	<u>(1,483,644)</u>
Total Accumulated Depreciation	<u>\$(4,740,354)</u>	<u>\$ (591,426)</u>	<u>\$ (106,304)</u>	<u>\$ (5,225,476)</u>
Total Capital Assets being Depreciated net	<u>\$ 6,925,854</u>	<u>\$ 1,887,942</u>	<u>\$ 745</u>	<u>\$ 8,813,051</u>
Governmental Activities Capital Assets, net	<u>\$10,390,411</u>	<u>\$ 1,942,252</u>	<u>\$ 161,612</u>	<u>\$12,171,051</u>

Depreciation expense was charged to the functions/programs of the Primary Government as follows:

Governmental activities:	
General Government	\$103,221
Public Safety	148,028
Public Works/Transportation	335,776
Health and Welfare	<u>4,401</u>
	<u>\$591,426</u>

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 6 – Capital Assets (Continued)

Component Unit

Capital assets activity of Shelby County Office of Tourism for the year ended August 31, 2010 was as follows:

	<u>Balance September 1, 2009</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance August 31, 2010</u>
Capital assets being Depreciated:				
Equipment	\$ 4,820	\$ --	\$ --	\$ 4,820
Less: Accumulated Depreciation Equipment	\$ (4,820)	\$ --	\$ --	\$ (4,820)
Capital assets, net	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Note 7 - Long-Term Liabilities

A. Changes in Long Term Debt

The following is a summary of changes in Long-Term Debt of Shelby County for the year ended August 31, 2010.

	<u>Balance September 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance August 31, 2010</u>	<u>Due Within One Year</u>
Governmental activities:					
Cat 930G Loader	\$ 37,970	\$ --	\$ 37,970	\$ --	\$ --

B. Capital Lease Agreements

The Shelby County Highway Department has entered into the following capital lease agreement:

Cat 930G Loader

The municipal lease agreement, approved October 11, 2006 provides for five annual payments of \$14,168 including 5.8% interest due October 13 of each year for the lease/purchase of a \$60,000 Caterpillar 930G Loader. The County has an option to purchase the equipment before the expiration of the lease and the option to purchase the equipment for \$1 at the expiration of the lease. The County purchased the equipment for \$1 at the expiration of the lease.

C. Legal Debt Margin

The County has a statutorily imposed legal general obligation bond limit of 5.75% of its total assessed valuation. That limit is approximately 17 million dollars.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 8 - Retirement Plans

Shelby County participates in two retirement systems; the Illinois Municipal Retirement (IMRF) and Social Security. Employees who meet prescribed annual hourly standards are members of IMRF.

A. Illinois Municipal Retirement Fund

Plan Description

The County's defined benefit pension plan for Regular employees, Elected County Officials (ECO) and Sheriff's Law Enforcement Personnel (SLEP) provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy

Regular Plan Members

As set by statute, Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 10.99 percent of annual covered payroll. Shelby County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

ECO Plan

As set by statute, Elected County Official plan members are required to contribute 7.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 65.18 percent of annual covered payroll. Shelby County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 8 - Retirement Plans (Continued)

SLEP Plan

As set by statute, Sheriff's Law Enforcement Personnel plan members are required to contribute 7.50 percent of their annual covered salary. The statutes require employer to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 6.87 percent of annual covered payroll. Shelby County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

For fiscal year ending December 31, 2009, Shelby County's annual pension costs of \$273,504 (Regular Plan), \$174,990 (ECO) and \$38,197 (SLEP) were equal to the required and actual contributions.

Trend Information:

Regular Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/09	\$ 273,504	100%	\$0
12/31/08	252,863	100%	0
12/31/07	232,530	100%	0

ECO Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/09	\$ 174,990	100%	\$0
12/31/08	178,508	100%	0
12/31/07	151,746	100%	0

SLEP Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/09	\$ 38,197	100%	\$0
12/31/08	29,220	100%	0
12/31/07	56,491	100%	0

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 8 - Retirement Plans (Continued)

Regular Plan

The required contribution for 2009 was determined as part of the December 31, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. Shelby County's Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007, was 23 years.

Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 68.83 percent funded. The actuarial accrued liability for benefits was \$8,740,113 and the actuarial value of assets was \$6,016,175, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,723,938. The covered payroll (annual payroll of active employees covered by the plan) was \$2,488,660 and the ratio of the UAAL to the covered payroll was 109 percent. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30 year basis.

ECO Plan

The required contribution for 2009 was determined as part of the December 31, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the Elected County Official plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. Shelby County's Elected County Official plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007, was 23 years.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 8 - Retirement Plans (Continued)

Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the Elected County Official plan was 0.00 percent funded. The actuarial accrued liability for benefits was \$1,317,661 and the actuarial value of assets was (\$1,318,273), resulting in an underfunded actuarial accrued liability (UAAL) of \$2,635,934. The covered payroll (annual payroll of active employees covered by the plan) was \$268,471 and the ratio of the UAAL to the covered payroll was 982 percent. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30 year basis.

SLEP Plan

The required contribution for 2009 was determined as part of the December 31, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of Sheriff's Law Enforcement Personnel plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. Shelby County's Sheriff's Law Enforcement Personnel plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007, was 23 years.

Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel plan was 95.95 percent funded. The actuarial accrued liability for benefits was \$1,780,193 and the actuarial value of assets was \$1,708,086, resulting in an underfunded actuarial accrued liability (UAAL) of \$72,107. The covered payroll (annual payroll of active employees covered by the plan) was \$555,997 and the ratio of the UAAL to the covered payroll was 73 percent. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30 year basis.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 8 – Retirement Plans (Continued)

B. Social Security

All employees, including those covered by IMRF, are covered under Social Security. Shelby County paid \$269,051, the total required contribution for the year ended August 31, 2010.

Note 9 – Required Individual Fund Disclosures

Accounting principles generally accepted in the United States of America require disclosure, as part of the financial statements, of certain information concerning individual funds including:

A. Excess of Expenditures over Budgets in Individual Funds

The following instances of overexpending the budget were noted:

<u>Fund</u>	<u>Expenditures</u>	<u>Budgeted Amounts</u>	<u>Overexpenditure</u>
Indemnity	\$ 974	\$ --	\$ 974
Revolving Loan	1	--	1
County Airport	123,227	72,900	50,327

B. Deficit Fund Balances of Individual Funds

The following fund has a deficit balance at August 31, 2010:

Court Security	\$ 13,106
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C. Individual Fund Interfund Receivable and Payable Balances

Individual fund interfund receivable and payable balances at August 31, 2010 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
MAJOR FUNDS:		
GENERAL FUND:		
Other than Fee Offices	\$ 48,259	\$ 220,932
Coal Rights	220,152	--
Total General Fund	\$ 268,411	\$ 220,932
COUNTY HEALTH FUND:		
Miscellaneous County Health	\$ --	\$ 3,800
Home Nursing	3,800	--
Total County Health Fund	\$ 3,800	\$ 3,800
IMRF	\$ --	\$ 33,638

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 9 - Required Individual Fund Disclosures (Continued)

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
NONMAJOR FUNDS:		
SPECIAL REVENUE FUNDS:		
Court Security	\$ --	\$ 14,621
GIS	780	--
Total Special Revenue Funds	<u>\$ 780</u>	<u>\$ 14,621</u>
Total	<u>\$ 272,991</u>	<u>\$ 272,991</u>

D. Transfers within the Reporting Entity

The composition of interfund transfers for the year ended August 31, 2010 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
MAJOR FUNDS:		
GENERAL FUND:		
Other than Fee Offices	\$ 585,855	\$ --
County Clerk	--	176,841
Circuit Clerk	--	141,451
Sheriff	--	114,165
States Attorney	--	197,594
Supervisor of Assessments	--	1,800
Coal Rights	--	157,135
Total General Fund	<u>\$ 585,855</u>	<u>\$ 788,986</u>
COUNTY HIGHWAY FUND:		
County Highway	\$ 225,000	\$ --
FASM	126,017	--
County Motor Fuel Tax Fund	--	351,017
Total County Highway Fund	<u>\$ 351,017</u>	<u>\$ 351,017</u>
NONMAJOR FUNDS:		
SPECIAL REVENUE FUNDS:		
Animal Control	\$ --	\$ 10,044
Capital Improvement	157,135	--
Recording	18,373	--
Drug Traffic Prevention	5,627	--
GIS	41,540	--
DUI Equipment	4,106	--
Fees to Assist Court	--	23,650
Pet Population	10,044	--
Total Special Revenue Funds	<u>\$ 236,825</u>	<u>\$ 33,694</u>
Total	<u>\$ 1,173,697</u>	<u>\$ 1,173,697</u>

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 9 - Required Individual Fund Disclosures (Continued)

The above transfers are made primarily for reimbursement of eligible expenditures and to supplement other fund resources.

Note 10 - Risk Management

The County is exposed to various risks of loss including but not limited to, general liability, property casualty, auto liability, workers compensation and public official liability. To limit exposure to these risks the County purchased commercial insurance. There has not been a significant reduction in the County's insurance coverage as of August 31, 2010. Also, there have been no settlement amounts which exceeded insurance coverage in the past three years.

Note 11 - Insurance

In accordance with PA91-0628, an analysis of the County's tort immunity activity is as follows:

Tort Immunity Receipts:	
Property Tax Collected	\$ 317,027
Mobile Home Tax Collected	1,649
Interest	<u>345</u>
	<u>\$ 319,021</u>
Tort Expenditures:	
Commercial Liability Insurance	\$ 144,218
Unemployment tax	22,852
Workers' Compensation Insurance	<u>70,864</u>
Total Expenditures	<u>\$ 237,934</u>
Receipts over expenditures	\$ 81,087
Restricted at September 1, 2009	<u>895,292</u>
Restricted at August 31, 2010	<u>\$ 976,379</u>

Note 12- Due to Other Governmental Units

The Due to Other Governmental Units shown in the Primary Government column in the Statement of Net Assets-Modified Cash Basis and in the General Fund column of the Statement of Assets, Liabilities and Fund Balance - Modified Cash Basis in the amount of \$83,511 represents fines and fees collected by the County Circuit Clerk's Office. These funds are assessed by the Court on individuals, and remitted to applicable external government units in the subsequent month.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 13 - CEFS Agreement

Shelby County is the grant recipient of a Rural Transportation Program Section 18 Operating Assistance Grant. The grant represents federal funding from the Urban Mass Transportation Administration and is passed through the Illinois Department of Transportation to the County. There is a third party agreement between Shelby County and five other participating counties - Clay, Montgomery, Fayette, Moultrie and Douglas.

The Section 18 Operating Grant allows Fayette, Clay, Shelby, Montgomery, Moultrie and Douglas counties to provide, via CEFS Economic Opportunity Corporation (a service provider), rural public transportation service.

The Section 18 Operating Grant proceeds and related purchased transportation service expenditures are accounted for in the "Rural Transportation" Special Revenue Fund.

Note 14 - Commitments and Contingencies

Airport Operator's Agreement

On March 1, 2010, the Shelby County Airport and Landing Fields Commission entered into an "Airport Operator's Agreement" with B & M Aviation, Inc. for the operation and management of Shelby County Airport. This was for a two year term, expiring on February 28, 2012, requiring a monthly rent of \$2,300.

Highway Department

The Shelby County Board approves township petitions and commits county funds on a cost-sharing basis for sundry projects. The amount committed for projects at August 31, 2010 is not reflected in the financial statements but is estimated to be \$645,500.

Lease Agreement - County Health Building

On July 10, 1996, the Shelby County Board approved the County Health Department to become a party to a 25 year lease with SCCS Enterprises, Inc. for the lease of a structure to house the operations of the County Health Department. The lease provides for a minimum annual rent of \$36,000 payable in twelve monthly installments of \$3,000. The County paid \$36,000 in rental payments to SCCS Enterprises, Inc. during the year ended August 31, 2010.

Grant Audits

The County receives state and federal grants for specific purposes that are subject to review and audit by State agencies. Such audits could result in a request for reimbursement by the State for expenditures disallowed under the terms and conditions of the appropriate agency. Management expects such disallowances, if any, will not be significant to the financial statements.

Compensated Absences

County employees are entitled to paid vacations depending on job classification, length of service and other factors. The computed amounts of compensation for future absences at August 31, 2010 was \$70,850. This liability is not included in the County's financial statements as they are prepared on the modified cash basis of accounting.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2010

Note 14 - Commitments and Contingencies (Continued)

Lease Agreement – County Farm

In February, 2010 the County extended the lease agreement for the Shelby County Farmland. This lease provides for minimum annual rent of \$28,700 payable in semi-yearly installments of \$14,350. The County received \$28,700 in rent income during the year ended August 31, 2010.

Other Post Employment Benefits

The County has committed to provide eleven months of the former Sheriff and his wife's health insurance annually. The benefit is being provided in accordance with Illinois statutes regarding disability of law enforcement officers disabled in the line of duty. When the parties become Medicare eligible, the provided coverage shall be reduced to a Medicare supplement. If the former sheriff or his wife secure employment that provides health insurance, Shelby County's insurance coverage of the former Sheriff or his wife will terminate.

The benefits are not advance funded; therefore, they are expensed in the period paid. The County recognized expenditures of \$10,024 in the General fund during the year ended August 31, 2010 for this benefit. The benefit commenced in September, 2006.

Subscription Agreement

The County has a five year subscription agreement with Fike & Fike, Inc, for property tax software, training and support on a per parcel basis. The agreement commenced on September 1, 2008 and expires on August 31, 2013. During fiscal year 2010, Shelby County paid \$21,168 under terms of the agreement.

Legal Matters

The county is a defendant in two lawsuits in the U.S. District Court. The defense for the County is being provided by Shelby County's insurance carrier. No estimate of probable outcomes is available.

Note 15 – Subsequent Events

On November 10, 2010, the Shelby County Board approved a resolution with Wilcox Development Services, LTD granting Wilcox Development Services the authority to apply for grants and awards on behalf of the Shelby County Board and acknowledging the acceptance of a Technical Assistance Service proposal not to exceed \$125,000 for the restoration and repair of the Shelby County Courthouse. Subsequent to August 31, 2010, payments of \$10,000 and \$55,000 have been made to Wilcox Development Services Ltd. under terms of the agreement.

Required Supplementary Information
(Part 2 of 2)

SHELBY COUNTY, ILLINOIS
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 GENERAL FUND
 YEAR ENDED AUGUST 31, 2010

	Budget		Final	Actual	Variance with Final Budget Positive (Negative)
	Original				
REVENUES RECEIVED:					
Property Taxes	\$ 929,900	\$	929,900	\$ 1,339,090	\$ 409,190
Sales Taxes	442,000		442,000	529,272	87,272
Intergovernmental Revenue:					
State Sources:					
Income Taxes	900,000		900,000	557,032	(342,968)
Replacement Tax	43,000		43,000	34,081	(8,919)
Other State Sources	464,000		464,000	279,204	(184,796)
Federal Sources	2,800		2,800	195,586	192,786
County Farm	26,000		26,000	28,700	2,700
Charges for Services	69,000		69,000	80,795	11,795
Licenses and Permits	6,300		6,300	8,089	1,789
Fines, Fees and Forfeits	750,000		750,000	654,378	(95,622)
Sales of Real Estate Stamps	89,300		89,300	76,514	(12,786)
Interest	58,000		58,000	61,568	3,568
Sale of Fixed Assets	--		--	900	900
Miscellaneous	62,000		62,000	12,527	(49,473)
Total Revenues Received	\$ 3,842,300	\$	3,842,300	\$ 3,857,736	\$ 15,436
EXPENDITURES DISBURSED:					
Current:					
General Government	1,832,413	\$	1,832,413	\$ 1,646,352	\$ 186,061
Public Safety	1,844,465		1,844,465	1,717,641	126,824
Corrections	164,952		164,952	118,141	46,811
Judiciary	468,485		477,485	445,799	31,686
Health and Welfare	61,478		61,478	55,161	6,317
Capital Outlay	64,000		64,000	58,247	5,753
Total Expenditures Disbursed	\$ 4,435,793	\$	4,444,793	\$ 4,041,341	\$ 403,452
Revenues Received Over (Under) Expenditures Disbursed	\$ (593,493)	\$	(602,493)	\$ (183,605)	\$ 418,888
Other Financing Sources (Uses):					
Operating Transfers In	--		--	585,855	585,855
Operating Transfers Out	--		--	(788,986)	(788,986)
Net Change in Fund Balance	\$ (593,493)	\$	(602,493)	\$ (386,736)	\$ 215,757
Fund Balance - September 1, 2009				4,494,553	
Fund Balance - August 31, 2010				\$ 4,107,817	

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 COUNTY HEALTH FUND - SPECIAL REVENUE MAJOR FUND
 YEAR ENDED AUGUST 31, 2010

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES RECEIVED:				
Property Taxes	\$ 349,744	\$ 349,744	\$ 318,844	\$ (30,900)
Intergovernmental Revenue:				
State Sources:				
Replacement Tax	8,530	8,530	7,809	(721)
Other State Sources	260,972	260,972	214,798	(46,174)
Federal Sources	178,762	178,762	186,022	7,260
Charges for Services	123,924	123,924	112,927	(10,997)
Interest	15,374	15,374	14,042	(1,332)
Miscellaneous	94	94	10	(84)
Total Revenues Received	\$ 937,400	\$ 937,400	\$ 854,452	\$ (82,948)
EXPENDITURES DISBURSED:				
Current:				
Health and Welfare	\$ 1,086,670	\$ 1,095,170	\$ 819,802	\$ 275,368
Net Change in Fund Balance	\$ (149,270)	\$ (157,770)	\$ 34,650	\$ 192,420
Fund Balance - September 1, 2009			1,388,190	
Fund Balance - August 31, 2010			1,422,840	

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 COUNTY HIGHWAY FUND - SPECIAL REVENUE MAJOR FUND
 YEAR ENDED AUGUST 31, 2010

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES RECEIVED:				
Property Taxes	\$ 402,683	\$ 402,683	\$ 587,468	\$ 184,785
Intergovernmental Revenue:				
State Sources:				
Motor Fuel Tax	254,918	254,918	371,864	116,946
Replacement Taxes	22,886	22,886	33,465	10,579
Other State Sources	557,327	557,327	812,971	255,644
Charges for Services	74,346	74,346	108,496	34,150
Interest	10,715	10,715	15,604	4,889
Total Revenues Received	\$ 1,322,875	\$ 1,322,875	\$ 1,929,868	\$ 606,993
EXPENDITURES DISBURSED:				
Current:				
Public Works/Transportation	1,443,955	3,070,659	1,986,263	1,084,396
Debt Service	--	--	40,004	(40,004)
Capital Outlay	69,750	69,750	58,055	11,695
Total Expenditures Disbursed	\$ 1,513,705	\$ 3,140,409	\$ 2,084,322	\$ 1,056,087
Revenues Received Over (Under) Expenditures Disbursed	\$ (190,830)	\$ (1,817,534)	\$ (154,454)	\$ 1,663,080
Other Financing Sources (Uses):				
Transfers In	--	--	351,017	351,017
Transfers Out	--	--	(351,017)	(351,017)
Net Change in Fund Balance	\$ (190,830)	\$ (1,817,534)	\$ (154,454)	\$ 1,663,080
Fund Balance - September 1, 2009			1,138,924	
Fund Balance - August 31, 2010			\$ 984,470	

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 MUNICIPAL RETIREMENT FUND - SPECIAL REVENUE MAJOR FUND
YEAR ENDED AUGUST 31, 2010

	Original (Final) Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES RECEIVED:			
Property Taxes	\$ 838,122	\$ 832,402	\$ (5,720)
Intergovernmental Revenue:			
State Sources:			
Replacement Taxes	16,523	16,444	(79)
Interest	1,455	1,435	(20)
	\$ 856,100	\$ 850,281	\$ (5,819)
EXPENDITURES DISBURSED:			
Current:			
General Government	\$ 832,000	\$ 539,554	\$ 292,446
	\$ 832,000	\$ 539,554	\$ 292,446
Net Change in Fund Balance	\$ 24,100	\$ 310,727	\$ 286,627
Fund Balance - September 1, 2009		927,106	
Fund Balance - August 31, 2010		\$ 1,237,833	

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 MENTAL HEALTH FUND - SPECIAL REVENUE MAJOR FUND
YEAR ENDED AUGUST 31, 2010

	Original (Final) Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES RECEIVED:			
Property Taxes	\$ 428,230	\$ 439,057	\$ 10,827
Intergovernmental Revenue:			
State Sources:			
Replacement Taxes	14,977	15,348	371
Interest	14,793	15,160	367
Total Revenues Received	\$ 458,000	\$ 469,565	\$ 11,565
EXPENDITURES DISBURSED:			
Current:			
Health and Welfare	\$ 498,870	\$ 317,744	\$ 181,126
Total Expenditures Disbursed	\$ 498,870	\$ 317,744	\$ 181,126
Net Change in Fund Balance	\$ (40,870)	\$ 151,821	\$ 192,691
Fund Balance - September 1, 2009		1,060,766	
Fund Balance - August 31, 2010		\$ 1,212,587	

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 IMRF SCHEDULE OF FUNDING PROGRESS
YEAR ENDED AUGUST 31, 2010

The following information was provided by the Illinois Municipal Retirement Fund as it pertains to the County's retirement plan:

Schedule of Funding Progress

A. SLEP Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/09	1,708,086	1,780,193	72,107	95.95%	555,997	12.97%
12/31/08	1,425,689	1,569,592	143,903	90.83%	526,489	27.63%
12/31/07	2,000,434	1,491,283	(509,151)	134.14%	489,099	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$1,669,165. On a market basis, the funded ratio would be 93.76%.

B. ECO Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/09	(1,318,273)	1,317,661	2,635,934	0.00%	268,471	981.83%
12/31/08	(1,240,730)	1,179,709	2,420,439	0.00%	304,413	795.12%
12/31/07	(762,550)	1,739,551	2,502,101	0.00%	316,137	791.46%

On a market value basis, the actuarial value of assets as of December 31, 2009 is (\$1,363,985). On a market basis, the funded ratio would be 0.00%.

C. Regular Employees' Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/09	6,016,175	8,740,113	2,723,938	68.83%	2,448,660	109.45%
12/31/08	5,607,213	7,650,165	2,042,952	73.30%	2,358,798	86.61%
12/31/07	6,590,758	7,605,867	1,015,109	86.65%	2,264,167	44.83%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$5,819,174. On a market basis, the funded ratio would be 66.58%.

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
AUGUST 31, 2010

Note – Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on the modified cash basis of accounting for all governmental funds. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end. The Board holds public hearings and a final budget must be prepared and adopted no later than November 30.

The appropriated budget is prepared by fund. Budgetary control over expenditures is exercised by the County Board. The legal level of budgetary control is at the fund level.

B. Excess of Expenditures Disbursed Over Appropriations in Budgeted Major Funds

No major funds have excess of expenditures disbursed over appropriations.

Other Supplementary Information

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
 - MODIFIED CASH BASIS
 GENERAL FUND
 AUGUST 31, 2010

	Fee Offices							Total
	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Coal Rights	
ASSETS								
Cash and Cash Equivalents	\$ 2,587,275	\$ 14,161	\$ 121,366	\$ 4,132	\$ --	\$ 543	\$ 466,635	\$ 3,194,112
Certificates of Deposit	--	--	10,000	--	--	--	1,000,000	1,010,000
Interfund Loans Receivable	48,259	--	--	--	--	--	220,152	268,411
Inventory	--	4,151	--	--	--	--	--	4,151
TOTAL ASSETS	\$ 2,635,534	\$ 18,312	\$ 131,366	\$ 4,132	\$ --	\$ 543	\$ 1,686,787	\$ 4,476,674
LIABILITIES								
Withholding Payable	\$ 64,414	--	--	--	--	--	--	\$ 64,414
Interfund Loans Payable	220,932	--	--	--	--	--	--	220,932
Due to Other Governmental Units	--	--	83,511	--	--	--	--	83,511
TOTAL LIABILITIES	\$ 285,346	\$ --	\$ 83,511	\$ --	\$ --	\$ --	\$ --	\$ 368,857
FUND BALANCE								
Fund Balance:								
Reserved:								
Reserved for Insurance	\$ 976,379	--	--	--	--	--	--	\$ 976,379
Reserved for Inventory	--	4,151	--	--	--	--	--	4,151
Unreserved:								
Designated for Capital Improvement	--	--	--	--	--	543	1,686,787	1,686,787
Undesignated	1,373,809	14,161	47,855	4,132	--	--	--	1,440,500
TOTAL FUND BALANCE	\$ 2,350,188	\$ 18,312	\$ 47,855	\$ 4,132	\$ --	\$ 543	\$ 1,686,787	\$ 4,107,817
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,635,534	\$ 18,312	\$ 131,366	\$ 4,132	\$ --	\$ 543	\$ 1,686,787	\$ 4,476,674

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCE
 GENERAL FUND
 YEAR ENDED AUGUST 31, 2010

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Coal Rights	Total
REVENUES RECEIVED:								
Property Taxes	\$ 1,339,090	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,339,090
Sales Taxes	529,272	--	--	--	--	--	--	529,272
Intergovernmental Revenues:								
Income Taxes	557,032	--	--	--	--	--	--	557,032
Replacement Taxes	34,081	--	--	--	--	--	--	34,081
Other State Sources	267,282	--	--	11,922	--	--	--	279,204
Federal Source	195,586	--	--	--	--	--	--	195,586
County Farm	28,700	--	--	--	--	--	--	28,700
Charges for Services	80,795	--	--	--	--	--	--	80,795
Licenses and Permits	8,089	--	--	--	--	--	--	8,089
Fees, Fines and Forfeits	43,691	179,882	148,868	82,064	197,594	2,279	--	654,378
Sales of Real Estate Stamps	--	76,514	--	--	--	--	--	76,514
Interest	19,023	--	325	--	--	--	42,220	61,568
Sale of Fixed Assets	--	--	--	900	--	--	--	900
Miscellaneous	3,525	--	--	9,002	--	--	--	12,527
Total Revenues Received	\$ 3,106,166	\$ 256,396	\$ 149,193	\$ 103,888	\$ 197,594	\$ 2,279	\$ 42,220	\$ 3,857,736
EXPENDITURES DISBURSED:								
See Schedule at Page 52	\$ 3,929,704	\$ 84,019	\$ 27,618	\$ --	\$ --	\$ --	\$ --	\$ 4,041,341
Revenues Received Over (Under) Expenditures Disbursed	\$ (823,538)	\$ 172,377	\$ 121,575	\$ 103,888	\$ 197,594	\$ 2,279	\$ 42,220	\$ (183,605)
Other Financing Sources (Uses):								
Operating Transfers In	585,855	--	--	--	--	--	--	585,855
Operating Transfers Out	--	(176,841)	(141,451)	(114,165)	(197,594)	(1,800)	(157,135)	(788,986)
Net Change in Fund Balance	\$ (237,683)	\$ (4,464)	\$ (19,876)	\$ (10,277)	\$ --	\$ 479	\$ (114,915)	\$ (386,736)
Fund Balance - September 1, 2009	2,587,871	22,776	67,731	14,409	--	64	1,801,702	4,494,553
Fund Balance - August 31, 2010	\$ 2,350,188	\$ 18,312	\$ 47,855	\$ 4,132	\$ --	\$ 543	\$ 1,686,787	\$ 4,107,817

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF EXPENDITURES DISBURSED
 GENERAL FUND
 YEAR ENDED AUGUST 31, 2010

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Coal Rights	Total
EXPENDITURES DISBURSED:								
General Government:								
Operating Expenses Pertaining to the Office of:								
County Clerk	\$ 310,121	\$ 1,393	--	--	--	--	--	\$ 311,514
Circuit Clerk	190,478	--	27,618	--	--	--	--	218,096
Supervisor of Assessments	208,020	--	--	--	--	--	--	208,020
County Treasurer	201,052	--	--	--	--	--	--	201,052
County Coroner	62,380	--	--	--	--	--	--	62,380
Regional Superintendent of Schools	42,608	--	--	--	--	--	--	42,608
Board of Review	29,265	--	--	--	--	--	--	29,265
Farmland Assessment	55	--	--	--	--	--	--	55
Board of Appeals	737	--	--	--	--	--	--	737
Planning Commission	606	--	--	--	--	--	--	606
Zoning Administrator	17,109	--	--	--	--	--	--	17,109
Community & Economic Development	15,000	--	--	--	--	--	--	15,000
Utilities	62,613	--	--	--	--	--	--	62,613
Maintenance, Repairs and Improvement	39,880	--	--	--	--	--	--	39,880
Insurance	237,934	--	--	--	--	--	--	237,934
Employee Insurance	1,569	--	--	--	--	--	--	1,569
County Board Expenses	61,780	--	--	--	--	--	--	61,780
Services, Supplies and Miscellaneous	49,344	--	--	--	--	--	--	49,344
County Farm	4,164	--	--	--	--	--	--	4,164
State Rental Housing Fee	--	31,617	--	--	--	--	--	31,617
Purchase of Real Estate Tax Stamps	--	51,009	--	--	--	--	--	51,009
Total General Government	\$ 1,534,715	\$ 84,019	\$ 27,618	\$ --	\$ --	\$ --	\$ --	\$ 1,646,352
Public Safety:								
Operating Expenses Pertaining to the Office of:								
County Sheriff	\$ 1,586,895	--	--	--	--	--	--	\$ 1,586,895
Rescue Squad	27,450	--	--	--	--	--	--	27,450
ESDA	34,186	--	--	--	--	--	--	34,186
911 Emergency Services	37,488	--	--	--	--	--	--	37,488
Courthouse Security	29,722	--	--	--	--	--	--	29,722
Merit Commission	1,900	--	--	--	--	--	--	1,900
Total Public Safety	\$ 1,717,641	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,717,641

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF EXPENDITURES DISBURSED - (CONTINUED)
 GENERAL FUND
 YEAR ENDED AUGUST 31, 2010

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Coal Rights	Total
Corrections:								
Operating Expenses Pertaining to the Office of:								
Probation Office	\$ 118,141	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 118,141
Judiciary:								
Operating Expenses Pertaining to the Office of:								
States Attorney	\$ 287,296	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 287,296
Public Defender	127,698	--	--	--	--	--	--	127,698
Appointed Counsel Fee	22,928	--	--	--	--	--	--	22,928
Circuit Judge Expenses	7,877	--	--	--	--	--	--	7,877
Total Judiciary	\$ 445,799	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 445,799
Health and Welfare:								
Operating Expenses Pertaining to the Office of:								
Animal Control	\$ 55,161	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 55,161
Capital Outlay:								
Public Safety	\$ 58,247	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 58,247
TOTAL EXPENDITURES DISBURSED	\$ 3,929,704	\$ 84,019	\$ 27,618	\$ --	\$ --	\$ --	\$ --	\$ 4,041,341

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 SCHEDULE OF APPROPRIATIONS AND EXPENDITURES DISBURSED
 GENERAL FUND
 YEAR ENDED AUGUST 31, 2010

	Budget		Disbursements	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES DISBURSED:				
General Government:				
Operating Expenses Pertaining				
to the Office of:				
County Clerk	\$ 372,866	\$ 372,866	\$ 311,514	\$ 61,352
Circuit Clerk	243,555	243,555	218,096	25,459
Supervisor of Assessments	260,475	260,475	208,020	52,455
County Treasurer	215,913	215,913	201,052	14,861
County Coroner	65,590	65,590	62,380	3,210
Regional Superintendent of Schools	42,973	42,973	42,608	365
Farmland Assessment	150	150	55	95
Board of Review	34,750	34,750	29,265	5,485
Board of Appeals	3,425	3,425	737	2,688
Planning Commission	2,775	2,775	606	2,169
Zoning Administrator	22,900	22,900	17,109	5,791
Community & Economic Development	15,000	15,000	15,000	--
Utilities	67,200	67,200	62,613	4,587
Maintenance, Repairs and Improvement	40,000	40,000	39,880	120
Insurance	272,000	272,000	237,934	34,066
Employee Insurance	17,616	17,616	1,569	16,047
County Board Expenses	61,975	61,975	61,780	195
Services, Supplies and Miscellaneous	87,750	87,750	49,344	38,406
County Fair	5,500	5,500	4,164	1,336
State Rental Housing Fee	--	--	31,617	(31,617)
Purchase of Real Estate Tax Stamps	--	--	51,009	(51,009)
Total General Government	\$ 1,832,413	\$ 1,832,413	\$ 1,646,352	\$ 186,061
Public Safety:				
Operating Expenses Pertaining				
to the Office of:				
County Sheriff	\$ 1,690,057	\$ 1,690,057	\$ 1,586,895	\$ 103,162
Rescue Squad	27,000	27,000	27,450	(450)
ESDA	45,783	45,783	34,186	11,597
911 Emergency Services	40,000	40,000	37,488	2,512
Courthouse Security	30,000	30,000	29,722	278
Merit Commission	11,625	11,625	1,900	9,725
Total Public Safety	\$ 1,844,465	\$ 1,844,465	\$ 1,717,641	\$ 126,824

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 SCHEDULE OF APPROPRIATIONS AND EXPENDITURES DISBURSED - (CONTINUED)
 GENERAL FUND
 YEAR ENDED AUGUST 31, 2010

	Budget		Disbursements	Variance with Final Budget Positive (Negative)
	Original	Final		
Corrections:				
Operating Expenses Pertaining to the Office of:				
Probation Office	\$ 164,952	\$ 164,952	\$ 118,141	\$ 46,811
Judiciary:				
Operating Expenses Pertaining to the Office of:				
States Attorney	\$ 285,087	\$ 294,087	\$ 287,296	\$ 6,791
Public Defender	134,398	134,398	127,698	6,700
Appointed Counsel Fee	30,000	30,000	22,928	7,072
Circuit Judge Expenses	19,000	19,000	7,877	11,123
Total Judiciary	\$ 468,485	\$ 477,485	\$ 445,799	\$ 31,686
Health and Welfare:				
Operating Expenses Pertaining to the Office of:				
Animal Control	\$ 61,478	\$ 61,478	\$ 55,161	\$ 6,317
Capital Outlay:				
Public Safety	\$ 64,000	\$ 64,000	\$ 58,247	\$ 5,753
Total Capital Outlay	\$ 64,000	\$ 64,000	\$ 58,247	\$ 5,753
TOTAL EXPENDITURES DISBURSED	\$ 4,435,793	\$ 4,444,793	\$ 4,041,341	\$ 403,452

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 MODIFIED CASH BASIS
 COUNTY HEALTH FUND - SPECIAL REVENUE MAJOR FUND
AUGUST 31, 2010

	County Health	Miscellaneous County Health	Home Nursing	County Health WIC	Total County Health Fund
ASSETS					
Cash and Cash Equivalents	\$ 274,502	\$ 229,733	\$ 654,827	\$ 14,837	\$ 1,173,899
Certificates of Deposits	123,941	--	125,000	--	248,941
Interfund Loans Receivable	--	--	3,800	--	3,800
TOTAL ASSETS	\$ 398,443	\$ 229,733	\$ 783,627	\$ 14,837	\$ 1,426,640
LIABILITIES					
Interfund Loans Payable	\$ --	\$ 3,800	\$ --	\$ --	\$ 3,800
FUND BALANCE					
Fund Balance:					
Unreserved:	\$ 398,443	\$ 225,933	\$ 783,627	\$ 14,837	\$ 1,422,840
Undesignated	--	--	--	--	--
TOTAL FUND BALANCE	\$ 398,443	\$ 225,933	\$ 783,627	\$ 14,837	\$ 1,422,840
TOTAL LIABILITIES AND FUND BALANCE	\$ 398,443	\$ 229,733	\$ 783,627	\$ 14,837	\$ 1,426,640

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCE
 COUNTY HEALTH FUND - SPECIAL REVENUE MAJOR FUND
 YEAR ENDED AUGUST 31, 2010

	County Health	Miscellaneous County Health	Home Nursing	County Health WIC	Total County Health Fund
REVENUES RECEIVED:					
Property Taxes	\$ 318,844	\$ --	\$ --	\$ --	\$ 318,844
Intergovernmental Revenues:					
Replacement Taxes	7,809	--	--	--	7,809
Other State Sources	122,108	58,896	33,794	--	214,798
Federal Source	20,075	86,756	--	79,191	186,022
Charges for Services	17,065	10,234	85,628	--	112,927
Interest	2,652	1,133	10,257	--	14,042
Miscellaneous	10	--	--	--	10
Total Revenues Received	\$ 488,563	\$ 157,019	\$ 129,679	\$ 79,191	\$ 854,452
EXPENDITURES DISBURSED:					
Current:					
Health and Welfare:					
Personnel and Fringe Benefits	\$ 461,364	\$ 110,926	\$ --	\$ 72,921	\$ 645,211
Commodities	23,498	6,484	44,555	2,234	76,771
Contractual Services	76,248	16,585	1,971	3,016	97,820
Total Expenditures Disbursed	\$ 561,110	\$ 133,995	\$ 46,526	\$ 78,171	\$ 819,802
Net Change in Fund Balance	\$ (72,547)	\$ 23,024	\$ 83,153	\$ 1,020	\$ 34,650
Fund Balance - September 1, 2009	470,990	202,909	700,474	13,817	1,388,190
Fund Balance - August 31, 2010	\$ 398,443	\$ 225,933	\$ 783,627	\$ 14,837	\$ 1,422,840

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 MODIFIED CASH BASIS
 COUNTY HIGHWAY FUND - SPECIAL REVENUE MAJOR FUND
AUGUST 31, 2010

	County Bridge	County Highway	County Motor Fuel Tax Fund	Federal Aid Secondary Matching	Total County Highway Fund
Cash and Cash Equivalents	\$ 300,911	\$ 204,243	\$ 349,413	\$ 129,903	\$ 984,470
TOTAL ASSETS	\$ 300,911	\$ 204,243	\$ 349,413	\$ 129,903	\$ 984,470
LIABILITIES	\$ --	\$ --	\$ --	\$ --	\$ --
FUND BALANCE					
Fund Balance:					
Reserved:					
Reserved for Future Projects	\$ --	\$ --	\$ 349,413	\$ 129,903	\$ 479,316
Unreserved:					
Undesignated	300,911	204,243	--	--	505,154
TOTAL FUND BALANCE	\$ 300,911	\$ 204,243	\$ 349,413	\$ 129,903	\$ 984,470
TOTAL LIABILITIES AND FUND BALANCE	\$ 300,911	\$ 204,243	\$ 349,413	\$ 129,903	\$ 984,470

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCE
 COUNTY HIGHWAY FUND - SPECIAL REVENUE MAJOR FUND
 YEAR ENDED AUGUST 31, 2010

	County Bridge	County Highway	County Motor Fuel Tax Fund	Federal Aid Secondary Matching	Total County Highway Fund
REVENUES RECEIVED:					
Property Taxes	\$ 140,620	\$ 300,489	\$ --	\$ 146,359	\$ 587,468
Intergovernmental Revenues:					
Motel Fuel Tax	--	--	371,864	--	371,864
Replacement Taxes	8,231	17,002	--	8,232	33,465
Other State Sources	209,207	--	137,214	466,550	812,971
Charges for Services	31,640	76,856	--	--	108,496
Interest	3,928	186	7,226	4,264	15,604
Total Revenues Received	\$ 393,626	\$ 394,533	\$ 516,304	\$ 625,405	\$ 1,929,868
EXPENDITURES DISBURSED:					
Current:					
Public Works/Transportation					
Personnel and Fringe Benefits	--	\$ 369,238	\$ 51,429	--	\$ 420,667
Commodities	343,609	66,699	--	827,573	1,237,881
Contractual Services	--	104,362	223,353	--	327,715
Debt Service	--	40,004	--	--	40,004
Capital Outlay	--	58,055	--	--	58,055
Total Expenditures Disbursed	\$ 343,609	\$ 638,358	\$ 274,782	\$ 827,573	\$ 2,084,322
Revenues Received Over (Under) Expenditures Disbursed	\$ 50,017	\$ (243,825)	\$ 241,522	\$ (202,168)	\$ (154,454)
Other Financing Sources (Uses):					
Transfers In	--	225,000	--	126,017	351,017
Transfers Out	--	--	(351,017)	--	(351,017)
Net Change in Fund Balance	\$ 50,017	\$ (18,825)	\$ (109,495)	\$ (76,151)	\$ (154,454)
Fund Balance - September 1, 2009	250,894	223,068	458,908	206,054	1,138,924
Fund Balance - August 31, 2010	\$ 300,911	\$ 204,243	\$ 349,413	\$ 129,903	\$ 984,470

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 MODIFIED CASH BASIS
 NON-MAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2010

	Special Revenue						
	Animal Control	Ambulance	Social Security	Indemnity	Rescue Squad	Capital Improvement	Probation
ASSETS							
Cash and Cash Equivalents	\$ 78,560	\$ 135,978	\$ 295,121	\$ 38,711	\$ 126,341	\$ 293,193	\$ 303,686
Certificates of Deposit	--	--	--	45,000	--	--	--
Interfund Loans Receivable	--	--	--	--	--	--	--
TOTAL ASSETS	<u>\$ 78,560</u>	<u>\$ 135,978</u>	<u>\$ 295,121</u>	<u>\$ 83,711</u>	<u>\$ 126,341</u>	<u>\$ 293,193</u>	<u>\$ 303,686</u>
LIABILITIES							
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
FUND BALANCE							
Fund Balance:							
Undesignated	\$ 78,560	\$ 135,978	\$ 295,121	\$ 83,711	\$ 126,341	\$ 293,193	\$ 303,686
TOTAL FUND BALANCE	<u>\$ 78,560</u>	<u>\$ 135,978</u>	<u>\$ 295,121</u>	<u>\$ 83,711</u>	<u>\$ 126,341</u>	<u>\$ 293,193</u>	<u>\$ 303,686</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 78,560</u>	<u>\$ 135,978</u>	<u>\$ 295,121</u>	<u>\$ 83,711</u>	<u>\$ 126,341</u>	<u>\$ 293,193</u>	<u>\$ 303,686</u>

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 MODIFIED CASH BASIS - (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2010

	Special Revenue								GIS	
	Fees to Assist Court	Automation	Recording	Drug Traffic Prevention	Airport	Rural Transportation	Court Security			
ASSETS										
Cash and Cash Equivalents	\$ 82,714	\$ 93,351	\$ 93,258	\$ 18,272	\$ 83,952	\$ --	\$ 1,515	\$ 78,791		
Certificates of Deposit	55,000	--	--	--	151,843	--	--	--		
Interfund Loans Receivable	--	--	--	--	--	--	--	780		
TOTAL ASSETS	\$ 137,714	\$ 93,351	\$ 93,258	\$ 18,272	\$ 235,795	\$ --	\$ 1,515	\$ 79,571		
LIABILITIES										
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 14,621	\$ --		
FUND BALANCE										
Fund Balance: Unreserved - Undesignated	\$ 137,714	\$ 93,351	\$ 93,258	\$ 18,272	\$ 235,795	\$ --	\$ (13,106)	\$ 79,571		
TOTAL FUND BALANCE	\$ 137,714	\$ 93,351	\$ 93,258	\$ 18,272	\$ 235,795	\$ --	\$ (13,106)	\$ 79,571		
TOTAL LIABILITIES AND FUND BALANCE	\$ 137,714	\$ 93,351	\$ 93,258	\$ 18,272	\$ 235,795	\$ --	\$ 1,515	\$ 79,571		

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 MODIFIED CASH BASIS - (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2010

	Special Revenue								Total Special Revenue
	Law Library	Document Storage	Revolving Loan	Victim Impact Panel	Attorney Forfeited	DUI Equipment	Pet Population		
ASSETS									
Cash and Cash Equivalents	\$ 6,581	\$ 38,980	\$ 370,138	\$ 13,300	\$ 331	\$ 13,017	\$ 11,109	\$	\$ 2,176,899
Certificates of Deposit	--	--	--	--	--	--	--	--	251,843
Interfund Loans Receivable	--	--	--	--	--	--	--	--	780
TOTAL ASSETS	\$ 6,581	\$ 38,980	\$ 370,138	\$ 13,300	\$ 331	\$ 13,017	\$ 11,109	\$	\$ 2,429,522
LIABILITIES									
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 14,621
FUND BALANCE									
Fund Balance:									
Unreserved - Undesignated	\$ 6,581	\$ 38,980	\$ 370,138	\$ 13,300	\$ 331	\$ 13,017	\$ 11,109	\$	\$ 2,414,901
TOTAL FUND BALANCE	\$ 6,581	\$ 38,980	\$ 370,138	\$ 13,300	\$ 331	\$ 13,017	\$ 11,109	\$	\$ 2,414,901
TOTAL LIABILITIES AND FUND BALANCE	\$ 6,581	\$ 38,980	\$ 370,138	\$ 13,300	\$ 331	\$ 13,017	\$ 11,109	\$	\$ 2,429,522

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 MODIFIED CASH BASIS - (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2010

	Capital Projects			Garden Acres	Total Capital Projects	Total Nonmajor Governmental Funds
	Carriage Park	Findlay Road				
ASSETS						
Cash and Cash Equivalents	\$ 179	\$ 622	\$ 865	\$ 1,666	\$ 2,178,565	
Certificates of Deposit	--	--	--	--	251,843	
Interfund Loans Receivable	--	--	--	--	780	
TOTAL ASSETS	\$ 179	\$ 622	\$ 865	\$ 1,666	\$ 2,431,188	
LIABILITIES						
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ 14,621	
FUND BALANCE						
Fund Balance:						
Unreserved - Undesignated	\$ 179	\$ 622	\$ 865	\$ 1,666	\$ 2,416,567	
TOTAL FUND BALANCE	\$ 179	\$ 622	\$ 865	\$ 1,666	\$ 2,416,567	
TOTAL LIABILITIES AND FUND BALANCE	\$ 179	\$ 622	\$ 865	\$ 1,666	\$ 2,431,188	

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED AUGUST 31, 2010

	Special Revenue						
	Animal Control	Ambulance	Social Security	Indemnity	Rescue Squad	Capital Improvement	Probation
REVENUES RECEIVED:							
Property Taxes	\$ --	\$ 50,026	\$ 295,162	\$ --	\$ --	\$ --	\$ --
Intergovernmental Revenue:							
State Sources	--	--	--	--	--	--	--
Replacement Taxes	--	--	--	--	--	12,245	--
Other State Sources	--	--	--	--	--	--	--
Federal Sources	--	--	--	--	--	--	--
Loan Repayments	--	--	--	--	--	--	--
Charges for Services	9,037	--	--	4,280	--	--	125,239
Fines and Fees	624	427	351	645	3	9,615	1,370
Interest	--	--	--	--	126,564	17,214	--
Miscellaneous	--	--	--	--	--	--	--
Total Revenues Received	\$ 9,661	\$ 50,453	\$ 295,513	\$ 4,925	\$ 126,567	\$ 39,074	\$ 126,609
EXPENDITURES DISBURSED:							
Current:							
General Government	\$ --	\$ --	\$ 262,945	\$ 974	\$ --	\$ 46,386	\$ --
Public Safety	--	--	--	--	2,048	--	68,638
Judiciary	--	--	--	--	--	--	--
Public Works/Transportation	--	--	--	--	--	--	--
Health and Welfare	674	39,475	--	--	--	--	--
Debt Service	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	73,888	--
Total Expenditures Disbursed	\$ 674	\$ 39,475	\$ 262,945	\$ 974	\$ 2,048	\$ 120,274	\$ 68,638
Revenues Received Over (Under) Expenditures Disbursed	\$ 8,987	\$ 10,978	\$ 32,568	\$ 3,951	\$ 124,519	\$ (81,200)	\$ 57,971
Other Financing Sources (Uses):							
Operating Transfers In	--	--	--	--	--	157,135	--
Operating Transfers Out	(10,044)	--	--	--	--	--	--
Net Change in Fund Balance	\$ (1,057)	\$ 10,978	\$ 32,568	\$ 3,951	\$ 124,519	\$ 75,935	\$ 57,971
Fund Balance - September 1, 2009	79,617	125,000	262,553	79,760	1,822	217,258	245,715
Fund Balance - August 31, 2010	\$ 78,560	\$ 135,978	\$ 295,121	\$ 83,711	\$ 126,341	\$ 293,193	\$ 303,686

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCE - (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED AUGUST 31, 2010

	Special Revenue									
	Fees to Assist Court	Automation	Recording	Drug Traffic Prevention	Airport	Rural Transportation	Court Security	GIS		
REVENUES RECEIVED:										
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ 41,595	\$ --	\$ --	\$ --		
Intergovernmental Revenue:										
State Sources	--	--	--	--	3,731	--	--	--		
Replacement Taxes	--	--	--	--	--	226,880	--	--		
Other State Sources	--	869	--	--	--	375,907	--	--		
Federal Sources	--	1,741	--	--	--	--	--	--		
Loan Repayments	--	--	--	--	--	--	--	--		
Charges for Services	--	--	--	--	13,560	--	--	--		
Fines and Fees	22,677	12,712	--	727	--	--	40,786	--		
Interest	796	137	125	25	3,105	--	1	80		
Miscellaneous	--	--	--	4,347	57,376	--	--	1,464		
Total Revenues Received	\$ 23,473	\$ 15,459	\$ 125	\$ 5,099	\$ 119,367	\$ 602,787	\$ 40,787	\$ 1,544		
EXPENDITURES DISBURSED:										
Current:										
General Government	\$ --	\$ 12,850	\$ 3,519	\$ --	\$ --	\$ --	\$ --	\$ 5,608		
Public Safety	--	--	--	7,981	--	--	55,157	--		
Judiciary	9,650	--	--	--	--	--	--	--		
Public Works/Transportation	--	--	--	--	123,227	602,787	--	--		
Health and Welfare	--	--	--	--	--	--	--	--		
Capital Outlay	--	--	--	--	--	--	--	--		
Total Expenditures Disbursed	\$ 9,650	\$ 12,850	\$ 3,519	\$ 7,981	\$ 123,227	\$ 602,787	\$ 55,157	\$ 5,608		
Revenues Received Over (Under) Expenditures Disbursed	\$ 13,823	\$ 2,609	\$ (3,394)	\$ (2,882)	\$ (3,860)	\$ --	\$ (14,370)	\$ (4,064)		
Other Financing Sources (Uses):										
Operating Transfers In	--	--	18,373	5,627	--	--	--	41,540		
Operating Transfers Out	(23,650)	--	--	--	--	--	--	--		
Net Change in Fund Balance	\$ (9,827)	\$ 2,609	\$ 14,979	\$ 2,745	\$ (3,860)	\$ --	\$ (14,370)	\$ 37,476		
Fund Balance - September 1, 2009	147,541	90,742	78,279	15,527	239,655	--	1,264	42,095		
Fund Balance - August 31, 2010	\$ 137,714	\$ 93,351	\$ 93,258	\$ 18,272	\$ 235,795	\$ --	\$ (13,106)	\$ 79,571		

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCE - (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED AUGUST 31, 2010

	Special Revenue										Total Special Revenue	
	Law Library	Document Storage	Revolving Loan	Victim Impact Panel	Attorney Forfeited	DUI Equipment	Pet Population					
REVENUES RECEIVED:												
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 386,783
Intergovernmental Revenue:												
State Sources												
Replacement Taxes	--	--	--	--	--	--	--	--	--	--	--	3,731
Other State Sources	--	--	--	--	--	--	--	--	--	--	--	239,994
Federal Sources	--	--	--	--	--	--	--	--	--	--	--	377,648
Loan Repayments	--	--	12,382	--	--	--	--	--	--	--	--	12,382
Charges for Services	--	--	--	--	--	--	--	--	--	--	--	13,560
Fines and Fees	11,291	12,239	--	1,310	297	--	5,777	--	--	--	--	246,372
Interest	9	68	4,530	19	1	15	--	--	--	--	--	21,946
Miscellaneous	--	--	--	--	--	--	--	--	--	--	--	206,965
Total Revenues Received	\$ 11,300	\$ 12,307	\$ 16,912	\$ 1,329	\$ 298	\$ 15	\$ 5,777	\$ 15	\$ 5,777	\$ 15	\$ 5,777	\$ 1,509,381
EXPENDITURES DISBURSED:												
Current:												
General Government	\$ --	\$ 17,872	\$ 1	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 350,155
Public Safety	--	--	--	--	--	1,187	--	--	--	--	--	135,011
Judiciary	10,641	--	--	479	3	--	--	--	--	--	--	20,773
Public Works/Transportation	--	--	--	--	--	--	--	--	--	--	--	726,014
Health and Welfare	--	--	--	--	--	--	4,712	--	--	--	--	44,861
Capital Outlay	--	--	--	--	--	--	--	--	--	--	--	73,888
Total Expenditures Disbursed	\$ 10,641	\$ 17,872	\$ 1	\$ 479	\$ 3	\$ 1,187	\$ 4,712	\$ 1,187	\$ 4,712	\$ 1,065	\$ 1,065	\$ 1,350,702
Revenues Received Over (Under) Expenditures Disbursed	\$ 659	\$ (5,565)	\$ 16,911	\$ 850	\$ 295	\$ (1,172)	\$ 1,065	\$ (1,172)	\$ 1,065	\$ 1,065	\$ 1,065	\$ 158,679
Other Financing Sources (Uses):												
Operating Transfers In	--	--	--	--	--	4,106	--	--	--	--	10,044	236,825
Operating Transfers Out	--	--	--	--	--	--	--	--	--	--	--	(33,694)
Net Change in Fund Balance	\$ 659	\$ (5,565)	\$ 16,911	\$ 850	\$ 295	\$ 2,934	\$ 11,109	\$ 2,934	\$ 11,109	\$ 11,109	\$ 11,109	\$ 361,810
Fund Balance - September 1, 2009	5,922	44,545	353,227	12,450	36	10,083	--	--	--	--	--	2,053,091
Fund Balance - August 31, 2010	\$ 6,581	\$ 38,980	\$ 370,138	\$ 13,300	\$ 331	\$ 13,017	\$ 11,109	\$ 13,017	\$ 11,109	\$ 11,109	\$ 11,109	\$ 2,414,901

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCE - (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED AUGUST 31, 2010

	Capital Projects				Total Nonmajor Governmental Funds
	Carriage Park	Findlay Road	Garden Acres	Total Capital Projects	
REVENUES RECEIVED:					
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ 386,783
Intergovernmental Revenue:					
State Sources					
Replacement Taxes	--	--	--	--	3,731
Other State Sources	--	--	--	--	239,994
Federal Sources	--	--	--	--	377,648
Loan Repayments	--	--	--	--	12,382
Charges for Services	--	--	--	--	13,560
Fines and Fees	--	--	--	--	246,372
Interest	--	2	4	6	21,952
Miscellaneous	--	--	--	--	206,965
Total Revenues Received	\$ --	\$ 2	\$ 4	\$ 6	\$ 1,509,387

EXPENDITURES DISBURSED:

Current:					
General Government	\$ --	\$ --	\$ --	\$ --	\$ 350,155
Public Safety	--	--	--	--	135,011
Judiciary	--	--	--	--	20,773
Public Works/Transportation	--	--	--	--	726,014
Health and Welfare	--	--	--	--	44,861
Capital Outlay	--	--	--	--	73,888
Total Expenditures Disbursed	\$ --	\$ --	\$ --	\$ --	\$ 1,350,702
Revenues Received Over (Under) Expenditures Disbursed	\$ --	\$ 2	\$ 4	\$ 6	\$ 158,685
Other Financing Sources (Uses):					
Operating Transfers In	--	--	--	--	236,825
Operating Transfers Out	--	--	--	--	(33,694)
Net Change in Fund Balance	\$ --	\$ 2	\$ 4	\$ 6	\$ 361,816
Fund Balance - September 1, 2009	179	620	861	1,660	2,054,751
Fund Balance - August 31, 2010	\$ 179	\$ 622	\$ 865	\$ 1,666	\$ 2,416,567

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
 MODIFIED CASH BASIS
 AUGUST 31, 2010

	Drainage	Local Bridge Program	Township Bridge Supervisory Engineering	Township Construction	Township Motor Fuel Tax	Inmate Commissary	Circuit Clerk's Marriage Fund	Circuit Clerk's Cash Bail
Cash and Cash Equivalents	\$ 276,975	\$ 129,994	\$ 10,444	\$ 4,674	\$ 706,677	\$ 11,589	\$ 331	\$ 97,173
TOTAL ASSETS	\$ 276,975	\$ 129,994	\$ 10,444	\$ 4,674	\$ 706,677	\$ 11,589	\$ 331	\$ 97,173
LIABILITIES								
Distributions Payable	\$ 276,975	\$ 129,994	\$ 10,444	\$ 4,674	\$ 706,677	\$ 11,589	\$ 331	\$ 97,173
TOTAL LIABILITIES	\$ 276,975	\$ 129,994	\$ 10,444	\$ 4,674	\$ 706,677	\$ 11,589	\$ 331	\$ 97,173
TOTAL NET ASSETS	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
 MODIFIED CASH BASIS - (CONTINUED)
 AUGUST 31, 2010

	Circuit Clerk's Trust Fund	Sheriffs Trust Fund	Property Tax Fund	Taxes In Litigation	Inheritance Tax	Minor and Unknown Heirs	County Clerk's Real Estate Redemption	Total Fiduciary Funds
Cash and Cash Equivalents	\$ 57	\$ 7,210	\$ 4,018,873	\$ 71,733	\$ 1,146	\$ 279,804	\$ 13,945	\$ 5,630,625
TOTAL ASSETS	\$ 57	\$ 7,210	\$ 4,018,873	\$ 71,733	\$ 1,146	\$ 279,804	\$ 13,945	\$ 5,630,625
LIABILITIES								
Distributions Payable	\$ 57	\$ 7,210	\$ 4,018,873	\$ 71,733	\$ 1,146	\$ 279,804	\$ 13,945	\$ 5,630,625
TOTAL LIABILITIES	\$ 57	\$ 7,210	\$ 4,018,873	\$ 71,733	\$ 1,146	\$ 279,804	\$ 13,945	\$ 5,630,625
NET ASSETS	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

ASSETS

LIABILITIES

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS-MODIFIED CASH BASIS
 YEAR ENDED AUGUST 31, 2010

	Balance September 1, 2009	Additions	Deductions	Balance August 31, 2010
Drainage:				
Assets:				
Cash Deposits	\$ 292,452	\$ 61,861	\$ 77,338	\$ 276,975
Liabilities:				
Distributions Payable	\$ 292,452	\$ 61,861	\$ 77,338	\$ 276,975
Local Bridge Program:				
Assets:				
Cash Deposits	\$ 183,134	\$ 265,147	\$ 318,287	\$ 129,994
Liabilities:				
Distributions Payable	\$ 183,134	\$ 265,147	\$ 318,287	\$ 129,994
Township Bridge Supervisory Engineering:				
Assets:				
Cash Deposits	\$ 18,359	\$ 151,509	\$ 159,424	\$ 10,444
Liabilities:				
Distributions Payable	\$ 18,359	\$ 151,509	\$ 159,424	\$ 10,444
Township Construction:				
Assets:				
Cash Deposits	\$ 714	\$ 397,784	\$ 393,824	\$ 4,674
Liabilities:				
Distributions Payable	\$ 714	\$ 397,784	\$ 393,824	\$ 4,674
Township Motor Fuel Tax:				
Assets:				
Cash Deposits	\$ 1,261,884	\$ 1,910,403	\$ 2,465,610	\$ 706,677
Liabilities:				
Distributions Payable	\$ 1,261,884	\$ 1,910,403	\$ 2,465,610	\$ 706,677
Inmate Commissary:				
Assets:				
Cash Deposits	\$ 6,989	\$ 5,641	\$ 1,041	\$ 11,589
Liabilities:				
Distributions Payable	\$ 6,989	\$ 5,641	\$ 1,041	\$ 11,589
Circuit Clerk's Marriage Fund				
Assets:				
Cash Deposits	\$ 410	\$ 283	\$ 362	\$ 331
Liabilities:				
Distributions Payable	\$ 410	\$ 283	\$ 362	\$ 331
Circuit Clerk's Cash Bail				
Assets:				
Cash Deposits	\$ 118,420	\$ 24,454	\$ 45,701	\$ 97,173
Liabilities:				
Distributions Payable	\$ 118,420	\$ 24,454	\$ 45,701	\$ 97,173

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS-MODIFIED CASH BASIS (CONTINUED)
 YEAR ENDED AUGUST 31, 2010

	Balance September 1, 2009	Additions	Deductions	Balance August 31, 2010
Circuit Clerk's Trust Fund				
Assets:				
Cash Deposits	\$ 18	\$ 39	\$ --	\$ 57
Liabilities:				
Distributions Payable	\$ 18	\$ 39	\$ --	\$ 57
Sheriff's Trust:				
Assets:				
Cash Deposits	\$ 7,150	\$ 115,802	\$ 115,742	\$ 7,210
Liabilities:				
Distributions Payable	\$ 7,150	\$ 115,802	\$ 115,742	\$ 7,210
Property Taxes:				
Assets:				
Cash Deposits	\$ 1,278,104	\$ 26,023,132	\$ 23,282,363	\$ 4,018,873
Liabilities:				
Distributions Payable	\$ 1,278,104	\$ 26,023,132	\$ 23,282,363	\$ 4,018,873
Litigation:				
Assets:				
Cash Deposits	\$ 71,172	\$ 561	\$ --	\$ 71,733
Liabilities:				
Distributions Payable	\$ 71,172	\$ 561	\$ --	\$ 71,733
Estate Tax:				
Assets:				
Cash Deposits	\$ 1,130	\$ 140,267	\$ 140,251	\$ 1,146
Liabilities:				
Distributions Payable	\$ 1,130	\$ 140,267	\$ 140,251	\$ 1,146
Minor and Unknown Heirs:				
Assets:				
Cash Deposits	\$ 88,125	\$ 192,781	\$ 1,102	\$ 279,804
Liabilities:				
Distributions Payable	\$ 88,125	\$ 192,781	\$ 1,102	\$ 279,804
County Clerk Real Estate:				
Assets:				
Cash Deposits	\$ 2,165	\$ 303,224	\$ 291,444	\$ 13,945
Liabilities:				
Distributions Payable	\$ 2,165	\$ 303,224	\$ 291,444	\$ 13,945
Total Agency Funds:				
Assets:				
Cash Deposits	\$ 3,330,226	\$ 29,592,888	\$ 27,292,489	\$ 5,630,625
Total Assets	<u>\$ 3,330,226</u>	<u>\$ 29,592,888</u>	<u>\$ 27,292,489</u>	<u>\$ 5,630,625</u>
Liabilities:				
Distributions Payable	\$ 3,330,226	\$ 29,592,888	\$ 27,292,489	\$ 5,630,625
Total Liabilities	<u>\$ 3,330,226</u>	<u>\$ 29,592,888</u>	<u>\$ 27,292,489</u>	<u>\$ 5,630,625</u>

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS - CEFS
SECTION 5311 ANNUAL FINANCIAL REPORT
OPERATING PERIOD JULY 1, 2009 TO JUNE 30, 2010
CONTRACT NUMBER IL-18-X026

<u>Line Item</u>	<u>Revenue</u>	
401.01	Passenger Fare / Donations	\$ 14,162
411.00	State Cash Grants	<u>438,273</u>
	Total Revenue	<u>\$ 452,435</u>

<u>Expenses</u>		Actual Administrative Expenses	Actual Operating Expenses	Total
501.00	Labor	\$ 147,404	\$ 245,710	\$ 393,114
502.00	Fringe Benefits	31,383	51,272	82,655
503.00	Services	6,683	74,213	80,896
504.01	Fuel and Oil	--	74,900	74,900
504.02	Tires and Tubes	--	1,545	1,545
504.03	Inventory Purchases	--	--	--
504.99	Other Materials	14,383	1,886	16,269
505.00	Utilities	16,336	334	16,670
506.00	Casualty and Liability	18,250	686	18,936
509.00	Miscellaneous	13,804	7,877	21,681
512.00	Lease and Rentals	19,833	--	19,833
	Total Direct Expense	<u>\$ 268,076</u>	<u>\$ 458,423</u>	<u>\$ 726,499</u>
	Total Indirect Expense	<u>25,199</u>	<u>43,092</u>	<u>68,291</u>
	Total Expense	<u>\$ 293,275</u>	<u>\$ 501,515</u>	<u>\$ 794,790</u>

Section 5311 Grant Reimbursement

	Administrative Expenses	Operating Expenses	Total	Grant Total
Expenses:	\$ 293,275	\$ 501,515	\$ 794,790	
Less: Ineligible Expense	--	--	--	
Net Eligible Expenses	<u>\$ 293,275</u>	<u>\$ 501,515</u>	<u>\$ 794,790</u>	
Less: Total Operating Revenues	--	14,162	14,162	
Section 5311 Operating Deficit	293,275	\$ 487,353	\$ 780,628	
Section 5311 Reimbursement	X 80%	X 50%		
Eligible Reimbursement Per Percentages	\$ 234,620	\$ 243,676		\$ 478,296
Funding Limits Per Contract				342,355
Maximum Section 5311 Reimbursement			<u>342,355</u>	342,355
Less: IDOT Payments - Section 5311				
Reimbursement to Grantee				<u>342,355</u>
Amount Under Paid				<u>\$ --</u>
Grantee Local Match Requirement			<u>\$ 438,273</u>	
<u>Grantee Match Sources</u>				
State Cash Grant			<u>\$ 438,273</u>	

Reference should be made to the auditor's report regarding this information.

Single Audit

SHELBY COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2010

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Disbursements/ Expenditures
<u>U.S. Department of Justice</u>			
(M) ARRA - Community Oriented Policing Services Technology Program	16.710	2009CKWX0277	\$ <u>189,250</u>
<u>U.S. Department of Transportation</u>			
Passed through Illinois Department of Transportation (M) ARRA - Highway Planning & Construction - Non-Cash	20.205	95602/00-00220-06-RS	\$ <u>474,024</u>
Passed through Illinois Department of Transportation (M) Highway Planning & Construction - Non-Cash	20.205	95555/04-00256-00-BR	\$ <u>810,704</u>
Total Highway Planning			
Passed through Illinois Department of Transportation (M) ARRA - Public Transportation - Non-Cash	20.509	IL-86-X001	\$ <u>292,720</u>
Passed through Illinois Department of Transportation (M) Public Transportation		RPT-09-019	33,552
(M) Public Transportation		RPT-09-019	<u>342,355</u>
Total Public Transportation	20.509		\$ <u>375,907</u>
Total U.S. Department of Transportation			\$ <u>1,953,355</u>
<u>U.S. Department of General Service Administration</u>			
Passed through Illinois State Board of Elections Help America Vote Act	39.001		\$ <u>6,336</u>
<u>U.S. Department of Environment Quality</u>			
Passed through Illinois Department of Public Health Performance Partnership Grants - Groundwater Testing	66.605	4740	\$ <u>375</u>
<u>U.S. Department of Health & Human Services</u>			
Passed through Illinois Department of Public Health Public Health Emergency/Bioterrorism Preparedness		9610	\$ 27,142
Public Health Emergency/Bioterrorism Preparedness		9710	1,326
Public Health Emergency/Bioterrorism Preparedness		5910	<u>55,288</u>
Total Public Health Emergency/Bioterrorism Preparedness	93.069		\$ <u>83,756</u>
Passed through Illinois Department of Healthcare and Family Services Medicaid Matching - Administrative Outreach	93.778	FY10	\$ <u>54,467</u>
Passed through Illinois Department of Healthcare and Family Services Child Support/Computer Interface	93.563		\$ <u>4,540</u>
Passed through Illinois Department of Human Services Title XX Block Grant - Teen Parents	93.667	11GL454000	\$ <u>3,000</u>
Passed through Illinois Department of Public Health ARRA - Immunization	93.712	5110	\$ <u>19,000</u>
Passed through Illinois Department of Public Health Health Protection		6510	\$ 700
Health Protection - Immunization - Non-Cash		000283	<u>138,936</u>
Total Health Protection	93.268		\$ <u>139,636</u>
Total U.S. Department of Health and Human Services			\$ <u>304,399</u>
<u>U.S. Department of Agriculture</u>			
Passed through the Illinois Department of Human Services			
WIC Administration		11GL454000	\$ 67,681
WIC Administration		11GM454000	11,618
WIC Special Supplemental Nutrition Program - Non-Cash		FY11	38,653
WIC Special Supplemental Nutrition Program - Non-Cash		FY10	<u>232,537</u>
Total Women, Infants and Children Program	10.557		\$ <u>350,489</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>2,804,204</u>

(M) denotes major program.

Reference should be made to the auditor's report regarding this information.

SHELBY COUNTY, ILLINOIS
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2010

Note 1 – Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is a summary of the activity of the County's federal award programs presented on the modified cash basis of accounting. Expenditures are recognized and recorded upon the disbursement of cash. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 – Nonmonetary Assistance

Nonmonetary assistance for road and bridge construction and vehicles are reported in the schedule at the fair market value of these items received. Nonmonetary assistance for immunization vaccines, and food supplements are reported in the schedule at the fair market value of these items received and disbursed.

Note 3 – Subrecipients

Of the federal expenditures presented in the schedule, Shelby County provided federal awards to the subrecipient as follows:

<u>Program Title/Subrecipient</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Public Transportation CEFS Economic Opportunity Corporation	20.509	<u>\$375,907</u>

Note 4 – Insurance Provided by Federal Agencies

The County did not receive any insurance coverage provided by a federal agency during the fiscal year ending August 31, 2010.

SHELBY COUNTY, ILLINOIS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses a qualified opinion on the financial statements of Shelby County, Illinois due to the financial statements being presented on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and due to the omission of disclosures required by Governmental Accounting Standards Board Statement 45.
2. One significant deficiency disclosed during the audit of the financial statements of Shelby County is reported in the Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements performed on accordance with *Government Auditing Standards*. This condition is reported as a material weakness.
3. One instance of noncompliance material to the financial statements of Shelby County was disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs is reported in the Report on Compliance with Requirements applicable to each Major Program and Internal Control over Compliance in accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Shelby County expresses an unqualified opinion.
6. There were no audit findings relative to the major programs for Shelby County.
7. The program tested as a major program includes:

Name	<u>CFDA No.</u>
ARRA – Community Oriented Policing Services Technology Program	16.710
ARRA – Highway Planning & Construction – Non-Cash	20.205
Highway Planning & Construction – Non-Cash	20.205
ARRA – Public Transportation – Non-Cash	20.509
Public Transportation	20.509
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Shelby County was determined to be a low-risk auditee.

B. FINDINGS — FINANCIAL STATEMENT AUDITS

Material Weakness

1. Full Disclosure Financial Statements

Condition: The County prepares interim financial reports using software specifically designed for governmental reporting. These interim reports are reviewed by county management. For yearend reporting purposes, the County relies on the auditor to prepare drafts of full disclosure statements (including footnotes) in accordance with Government Accounting Standards Board Statements #34. The County currently lacks significant expertise to prepare yearend full disclosure financial statements without significant assistance from the auditor.

Criteria: In accordance with prescribed definitions in the Statement of Auditing Standards #112, it is a strong indication of a material weakness in internal control over financial reporting if an entity lacks significant controls over the period end financial reporting process. The standard provides guidance regarding the extent to which the auditor may be involved in drafting an entity's financial statements.

Cause: The County has not retained an individual to specifically monitor standards promulgated by the American Institute of Certified Public Accountants as they relate to full disclosure financial reporting. Preparation of full disclosure yearend financial statements is not an assigned function for County accounting staff.

Effect: Lack of sufficient expertise for full disclosure yearend financial statement preparation could result in controls not being effective in preventing or detecting material misstatements particularly in the related footnotes to the financial statements.

Recommendation: We recommend that the County provide training opportunities for its accounting staff that would enable them to become more familiar with general disclosure requirements. This training should include, but is not limited to the usage of a "standards compliant" disclosure checklist, which provides guidance to the financial statement's contents and whether a necessary disclosure has been omitted.

Response: Management is currently confident of the abilities of the accounting staff to prepare interim financial statements. It is unclear what level of training may be needed to reach an appropriate of expertise to prepare full disclosure yearend financial statements. Management will reevaluate yearend reporting controls annually and pursue additional training when it is considered cost beneficial.

Material Noncompliance

2 Expenditures exceeded the budgeted amounts

Conditions: The County did not operate within the legal confines of its budget. Expenditures materially exceeded the budgeted amounts in the Airport Special Revenue Fund.

Criteria: The County is required by *Illinois Compiled Statutes* to operate within the legal confines of its budget.

Cause: Farm operations are managed by a local financial institution and included with the Airport Special Revenue Fund for financial reporting purposes. The disbursements related to the farm operations were not included in the Airport budgeted disbursements.

Effect: Because the County did not operate within the legal confines of its budget, expenditures in excess of the budget constituted unauthorized spending.

Recommendation: Shelby County should monitor individual fund expenditure levels, periodically comparing expenditures with budget amounts and amend the annual budget as necessary.

Response: The County concurs with the recommendation.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Our tests did not reveal any findings or questioned costs relative to major federal award programs.

Debra S. Page
Shelby County Treasurer
PO Box 326
Shelbyville, IL 62565
217/774-3841 Fax 217/774-5291

CORRECTIVE ACTION PLAN

March 7, 2011

Illinois Department of Transportation
310 South Michigan Avenue, Suite 1608
Chicago, IL 60604

Shelby County respectfully submits the following corrective action plan for the year ended August 31, 2010.

Name and address of independent public accounting firm:

Mose, Yockey, Brown & Kull, LLC CPA's
230 North Morgan
P. O. Box 317
Shelbyville, IL 62565

Audit Period: Year ended August 31, 2010

The findings from the Fiscal Year 2010 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

FINDINGS – FINANCIAL STATEMENT AUDITS

Material Weakness

B-1 Full Disclosure Financial Statements

Recommendation: The County should provide training opportunities for its accounting staff that would enable them to become more familiar with general disclosure requirements. This training should include, but is not limited to the usage of a "standards compliant" disclosure checklist, which provides guidance to the financial statement's contents and whether a necessary disclosure has been omitted.

Action Taken: Management will reevaluate yearend reporting controls annually and pursue additional training when it is considered cost beneficial.

Material Noncompliance

B-2. Expenditures exceeded the budgeted amounts

Recommendation: The County should monitor individual fund expenditure levels, periodically compare with budget amounts and amend the annual budget as necessary.

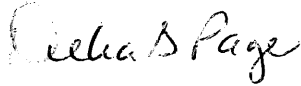
Action Taken: We concur with the recommendation, and it will be implemented in fiscal year 2011.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

The auditor's tests did not reveal any findings or questioned costs relative to major federal award programs.

If the Illinois Department of Transportation has questions regarding this plan, please call Shelby County.

Sincerely,



Debra Page
County Treasurer

SHELBY COUNTY, ILLINOIS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2010

This schedule is not applicable because the County did not have any findings related to federal financial awards for the fiscal year ended August 31, 2009.