

**SHELBY COUNTY, ILLINOIS
ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2011**

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Kathy A. Lantz
SHELBY COUNTY CLERK

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

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ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2011**

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Financial Section

230 N. Morgan Street
P.O. Box 317
Shelbyville, IL 62565
Tel: 217.774.9587
Fax: 217.774.9589
Email: mybkcpas@consolidated.net



ROBIN R. YOCKEY, CPA
HOPE M. BROWN, CPA
KENT D. KULL, CPA

WILLIAM R. MOSE, CPA

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, 2011, 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.

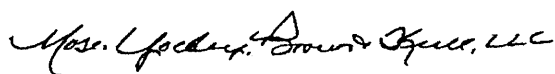
In our opinion, except for the effects of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Shelby County, Illinois, as of August 31, 2011, 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 9, 2012, 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 45 through 50 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 supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.



Mose, Yockey Brown & Kull, LLC
Certified Public Accountants

March 9, 2012

230 N. Morgan Street
P.O. Box 317
Shelbyville, IL 62565
Tel: 217.774.9587
Fax: 217.774.9589
Email: mybkcpas@consolidated.net



ROBIN R. YOCKEY, CPA
HOPE M. BROWN, CPA
KENT D. KULL, CPA

WILLIAM R. MOSE, CPA

**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, 2011, which collectively comprise Shelby County, Illinois' basic financial statements and have issued our report thereon dated March 9, 2012. 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.

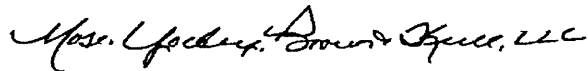
Compliance and Other Matters

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.

We noted certain matters that we reported to management of Shelby County in a separate letter dated March 9, 2012.

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
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March 9, 2012

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Fax: 217.774.9589
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ROBIN R. YOCKEY, CPA
HOPE M. BROWN, CPA
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WILLIAM R. MOSE, CPA

**INDEPENDENT AUDITOR'S 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, 2011. 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Shelby County, 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, 2011.

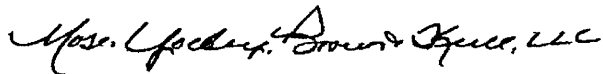
Internal Control Over Compliance

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 9, 2012

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.

FINANICAL HIGHLIGHTS

- The County's share of state income tax increased 78.3% from the prior year. Fourteen payments were received and reported by the county in fiscal year 2011, while nine payments were received and recorded in fiscal year 2010.
- The Herrick 51 Bridge Project was completed during fiscal year 2011. \$578,836 was added to the County's infrastructure assets in the Statement of Net Assets. The project was 80% federally funded.
- Shelby County was the recipient of several grants and reimbursements during fiscal year 2011:
 - The Rural Transportation program was the recipient of three vehicles valued at \$149,530.
 - The Emergency Management office received a Technology Grant of \$21,273 from the Illinois Law Enforcement Alarm System
- Construction of five additional hangars at the Shelby County Airport was in process at August 31, 2011.
- General fund expenditures remained level in comparison with the prior fiscal year, increasing only \$2,578 or .06%.
- As a result of a tax sale in error, Shelby County was required to repay approximately \$91,000 in taxes, interest, fees and costs. This repayment was netted against the county's first distribution of 2010 real estate taxes.
- The financial statements reflect new fund balance classifications required by Governmental Accounting Standards Board Statement 54.

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, the Mental Health Fund and the Rural Transportation 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 \$986,991 and \$980,530 of restricted net assets as of August 31, 2011 and 2010, respectively. Net assets may serve over time as a useful indicator of a government's financial position. The Governmental net assets were \$24,854,328 and \$23,679,822 as of August 31, 2011 and 2010, respectively.

Following is a separate Summary of Net Assets – modified cash basis as of August 31, 2011 and 2010 for Governmental Activities:

**Summary of Net Assets – Modified Cash Basis
Governmental Activities
August 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Current and other assets	\$12,100,246	\$11,656,696
Capital assets, net of accumulated depreciation	<u>12,989,455</u>	<u>12,171,051</u>
Total Assets	<u>\$25,089,701</u>	<u>\$23,827,747</u>
Short-term liabilities	<u>\$ 235,373</u>	<u>\$ 147,925</u>
Total Liabilities	<u>\$ 235,373</u>	<u>\$ 147,925</u>
Net Assets:		
Invested in capital assets, net of related debt	\$12,906,455	\$12,171,051
Restricted for Insurance	984,290	976,379
Restricted for Inventory	2,701	4,151
Unrestricted	<u>10,960,882</u>	<u>10,528,241</u>
Total Net Assets	<u>\$24,854,328</u>	<u>\$23,679,822</u>

Fifty-two 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, 2011 compare to 51% as of August 31, 2010. 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, 2011 and 2010, the County had positive balances in all categories of net assets for the governmental activities. Net assets increased \$1,174,506 for governmental activities. The County's overall financial position improved during fiscal year 2011.

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, 2011 and 2010

Receipts:	<u>2011</u>	<u>2010</u>
Program Receipts:		
Charges for services	\$ 1,192,131	\$ 1,301,131
Operating grants and contributions	3,183,903	2,306,223
Capital grants and contributions	1,096,784	2,182,620
General Receipts:		
Property taxes	3,939,879	3,903,644
Sales and other taxes	2,089,152	1,569,046
Unrestricted investment earnings	68,141	129,761
Other receipts	<u>150,262</u>	<u>248,357</u>
Total Receipts	<u>\$11,720,252</u>	<u>\$ 11,640,782</u>
Disbursements:		
General government	\$ 2,835,542	\$ 2,822,926
Public safety	1,886,436	1,999,907
Corrections	151,332	118,141
Judiciary	454,225	466,572
Public works/transportation	3,771,616	3,048,053
Health and welfare	1,446,595	1,241,969
Interest on long-term debt	<u>--</u>	<u>2,033</u>
Total Disbursements	<u>\$10,545,746</u>	<u>\$ 9,699,601</u>
Change in net assets	\$ 1,174,506	\$ 1,941,181
Net assets – September 1,	<u>23,679,822</u>	<u>21,738,641</u>
Net assets – August 31,	<u>\$24,854,328</u>	<u>\$23,679,822</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 \$11,762,396 and \$11,382,114 as of August 31, 2011 and 2010, respectively. Of these amounts, \$7,177,127 is restricted due to external limitations on its use, such as by debt covenants, legal restrictions, or intention of grantors, donors, or trustees. A total of \$2,701 of fund balance is considered unspendable because it has been used for advances, inventory, and prepaid items. Committed fund balances total \$1,905,951 and represent amounts that have been committed by formal action of the County Board. A total of \$1,138,627 has been assigned meaning there are limitations resulting from its intended use, such as construction of capital assets, payment of debt service, and for other purposes. The remaining \$1,537,990 is unassigned and can be used for any lawful purpose.

The fund balance for all Governmental Funds at the fiscal years ended August 31, 2011 and 2010 had a positive net change of \$380,282 and \$317,824, respectively.

Per the Statement of Revenues Received, Expenditures Disbursed and Change in Fund Balance, total Governmental receipts for the fiscal years 2011 and 2010 were \$10,647,647 and \$9,471,289, respectively and total disbursements were \$10,267,365 and \$9,153,465, 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 the current fiscal year, unassigned fund balance of the general fund is \$1,561,290, while total fund balance is \$4,115,139. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures and other financing sources. Unassigned fund balances represents 37 percent of total general fund expenditures and other financing sources, while total fund balance represented 97 percent of that same amount. For the year ended August 31, 2011, receipts of \$4,244,331 less disbursements of \$4,043,919 resulted in an increase in fund balance of \$200,412. After the net transfers of (\$193,090), the result was a net increase in the General Fund fund balance of \$7,322. For the year ended August 31, 2010, receipts of \$3,857,736 less disbursements of \$4,041,341 and net transfers of (\$203,131) resulted in a decrease in fund balance of \$386,736.

The largest receipt sources for the General Fund are property taxes, sales taxes, and income taxes which account for 69 and 63 percent of receipts for the years ended August 31, 2011 and 2010. General government and public safety are the primary operations of the general fund. Approximately 83 and 83 percent of the General Fund's disbursements are for general government and public safety activities for the years ended August 31, 2011 and 2010.

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 89 and 84 percent of receipts for the years ended August 31, 2011 and 2010, 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 93 and 92 percent of receipts for the years ended August 31, 2011 and 2010, 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 97 and 98 percent of receipts for the years ended August 31, 2011 and 2010, respectively.

MENTAL HEALTH FUND

The largest source of revenues received for the Mental Health Fund is property taxes which accounts for 94 and 94 percent of receipts for the years ended August 31, 2011 and 2010, 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.

RURAL TRANSPORTATION

The largest sources of revenues received for the Rural Transportation Fund are federal and state grants which account for 100 percent of receipts for the years ended August 31, 2011 and 2010. The Rural Transportation Fund provides public transportation for the residents of 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 \$1,679,835 and actual disbursements were less than budgeted amounts by \$211,659, resulting in a positive budget variance of \$1,891,494. 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, 2011 and 2010 (net of accumulated depreciation), are summarized below for Governmental-Type Activities:

**Capital Assets
Governmental Activities
(Net of Depreciation)
August 31, 2011 and 2010**

	2011	2010
Land	\$ 3,303,690	\$ 3,303,690
Work in Process	211,347	54,310
Buildings and Improvements	2,085,334	2,172,105
Vehicles	679,323	534,687
Maintenance Vehicles	83,346	153,493
Infrastructure	6,424,633	5,674,269
Equipment	201,782	278,497
Total Capital Assets, net of depreciation	\$12,989,455	\$12,171,051

During fiscal years 2011 and 2010, total capital assets for the County had a net increase (including additions, decreases, and depreciation) of \$818,404 and \$1,780,640, respectively. These increases reflect the current additions for vehicles, equipment, building and highway infrastructure and other miscellaneous equipment. The County recorded \$644,156 and \$591,426 of depreciation expense for the fiscal years 2011 and 2010, respectively and the amounts of accumulated depreciation are \$5,847,354 and \$5,225,476 as of August 31, 2011 and 2010, respectively.

More detailed information is presented in Note 5 to the financial statements.

SHORT-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 17.8 million dollars, and is substantially greater than current outstanding debt principal.

The following is a summary of the County's gross outstanding short-term debt as of August 31, 2011 and 2010:

**Outstanding Short-Term Debt
Governmental Activities
August 31, 2011 and 2010**

Debt Description	2011	2010
Bank Loans	\$ 83,000	\$ --

More detailed information about the County's long-term debt is presented in Note 6 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, 2011

	Primary Governmental Activities	Component Unit
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 10,545,780	\$ 25,788
Certificates of Deposit	1,425,191	--
Certificates of Deposit-Restricted	23,277	--
Due from Fiduciary Fund	820	--
Notes Receivable		
Due within one year	19,298	--
Inventory	2,701	--
Total Current Assets	\$ 12,017,067	\$ 25,788
Noncurrent Assets:		
Notes Receivable		
Due in more than one year	\$ 83,179	\$ --
Capital Assets		
Land	3,303,690	--
Work in Process	211,347	--
Buildings & Improvements	3,567,541	--
Vehicles	2,080,856	--
Maintenance Vehicles	666,469	--
Infrastructure	7,224,165	--
Equipment	1,782,741	4,820
Less: Accumulated Depreciation	(5,847,354)	(4,820)
Total Noncurrent Assets	\$ 13,072,634	\$ --
TOTAL ASSETS	\$ 25,089,701	\$ 25,788
LIABILITIES:		
Current Liabilities:		
Withholding Payable	\$ 73,258	\$ 960
Notes Payable	83,000	--
Due to Other Governmental Units	79,115	--
Total Current Liabilities	\$ 235,373	\$ 960
Total Noncurrent Liabilities	\$ --	\$ --
TOTAL LIABILITIES	\$ 235,373	\$ 960
NET ASSETS		
Investment in Capital Assets, net of related debt	\$ 12,906,455	\$ --
Restricted for:		
Insurance	984,290	--
Inventory	2,701	--
Unrestricted	10,960,882	24,828
TOTAL NET ASSETS	\$ 24,854,328	\$ 24,828

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

SHELBY COUNTY, ILLINOIS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED AUGUST 31, 2011

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	\$ 2,835,542	\$ 801,659	\$ 439,301	\$ --	\$ (1,594,582)	
Public Safety	1,886,436	131,792	21,273	--	(1,733,371)	
Corrections	151,332	--	--	--	(151,332)	
Judiciary	454,225	31,655	--	--	(422,570)	
Public Works/Transportation	3,771,616	128,405	2,263,576	1,096,784	(282,851)	
Health and Welfare	1,446,595	98,620	459,753	--	(888,222)	
Total Governmental Activities	\$ 10,545,746	\$ 1,192,131	\$ 3,183,903	\$ 1,096,784	\$ (5,072,928)	
TOTAL PRIMARY GOVERNMENT	\$ 10,545,746	\$ 1,192,131	\$ 3,183,903	\$ 1,096,784	\$ (5,072,928)	
Component Unit:						
Shelby County Tourism	\$ 83,931	\$ 14,417	\$ 13,804	\$ --	\$ --	\$ (55,710)
General Receipts:						
Taxes - Property					\$ 3,939,879	\$ --
Taxes - Sales					586,453	--
Taxes - Income					993,083	--
Taxes - Motor Fuel					363,554	--
Taxes - Replacement & Other					146,062	58,725
Unrestricted Interest					68,141	14
County Farm					29,073	--
Miscellaneous					121,189	2,000
Total General Receipts and Transfers					\$ 6,247,434	\$ 60,739
Change in Net Assets					\$ 1,174,506	\$ 5,029
Net Assets - September 1, 2010					23,679,822	18,338
Net Assets - August 31, 2011					\$ 24,854,328	\$ 23,367

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, 2011

	General Fund	County Health Fund	County Highway Fund	Municipal Retirement Fund	Mental Health Fund	Rural Transportation Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and Cash Equivalents	\$ 3,185,859	\$ 1,161,471	\$ 1,092,655	\$ 1,596,652	\$ 1,266,307	\$ --	\$ 2,242,836	\$ 10,545,780
Certificates of Deposit	1,010,000	250,211	--	--	--	--	164,980	1,425,191
Certificates of Deposit - Restricted	--	--	--	--	--	--	23,277	23,277
Interfund Loans Receivable	289,884	3,800	--	--	--	--	2,039	295,723
Inventory	2,701	--	--	--	--	--	--	2,701
TOTAL ASSETS	\$ 4,488,444	\$ 1,415,482	\$ 1,092,655	\$ 1,596,652	\$ 1,266,307	\$ --	\$ 2,433,132	\$ 12,292,672
LIABILITIES								
Withholding Payable	\$ 73,258	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 73,258
Interfund Loans Payable	220,932	3,800	--	44,391	--	--	25,780	294,903
Bank Loans	--	--	--	--	--	--	83,000	83,000
Due to Other Governmental Units	79,115	--	--	--	--	--	--	79,115
TOTAL LIABILITIES	\$ 373,305	\$ 3,800	\$ --	\$ 44,391	\$ --	\$ --	\$ 108,780	\$ 530,276
FUND BALANCE								
Fund Balance:								
Nonspendable:								
Inventory	\$ 2,701	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,701
Restricted for:								
Insurance	984,290	--	--	--	--	--	87,691	984,290
Indemnity	--	--	--	--	--	--	678,783	87,691
Employees Retirement	--	--	--	1,550,258	--	--	36,022	2,229,041
Public Safety	--	--	--	--	--	--	132,718	36,022
Judiciary	--	--	--	--	--	--	86,453	132,718
Automation	--	--	--	--	--	--	101,045	86,453
Recording	--	--	--	--	--	--	1,670	101,045
Public Works/Transportation	--	--	1,085,078	--	--	--	121,473	1,086,748
GIS	--	--	--	--	--	--	41,626	121,473
Document Storage	--	--	--	--	--	--	399,970	41,626
Economic Development	--	--	--	--	--	--	234,035	399,970
Health and Welfare	--	378,281	--	--	1,257,734	--	--	1,870,050
Committed								
Capital Improvement	1,566,858	--	--	--	--	--	339,093	1,905,951
Assigned	--	1,033,401	7,577	2,003	8,573	--	87,073	1,138,627
Unassigned	1,561,290	--	--	--	--	--	(23,300)	1,537,990
TOTAL FUND BALANCES	\$ 4,115,139	\$ 1,411,682	\$ 1,092,655	\$ 1,552,261	\$ 1,266,307	\$ --	\$ 2,324,352	\$ 11,762,396
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,488,444	\$ 1,415,482	\$ 1,092,655	\$ 1,596,652	\$ 1,266,307	\$ --	\$ 2,433,132	\$ 12,292,672

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, 2011

Total Fund Balance for Governmental Funds	\$ 11,762,396
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.	102,477
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	<u>9,685,765</u>
Net Assets of Governmental Activities	<u><u>\$ 24,854,328</u></u>

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, 2011

	General Fund	County Health Fund	County Highway Fund	Municipal Retirement Fund	Mental Health Fund	Rural Transportation Fund	Other Governmental Funds	Total Governmental Funds
REVENUES RECEIVED:								
Property Taxes	\$ 1,332,694	\$ 320,840	\$ 608,856	\$ 831,474	\$ 459,952	\$ --	\$ 386,063	\$ 3,939,879
Sales Taxes	586,453	--	--	--	--	--	--	586,453
Intergovernmental Revenue:								
State Sources:								
Income Taxes	993,083	--	--	--	--	--	--	993,083
Motor Fuel Taxes	--	--	363,554	--	--	--	--	363,554
Replacement Tax	44,896	10,286	44,085	21,662	20,218	--	4,915	146,062
Other State Sources	395,238	360,930	1,106,046	--	--	758,793	46,111	2,667,118
Federal Sources	42,573	98,823	--	--	--	352,626	22,763	516,785
County Farm	29,073	--	--	--	--	--	--	29,073
Loan Repayments	--	--	--	--	--	--	24,179	24,179
Charges for Services	84,137	82,543	109,190	--	--	--	19,215	295,085
Licenses and Permits	6,204	--	--	--	--	--	--	6,204
Fines, Fees and Forfeits	622,664	--	--	--	--	--	206,676	829,340
Sales of Real Estate Stamps	67,706	--	--	--	--	--	--	67,706
Interest	26,332	7,567	7,577	2,003	8,573	--	16,089	68,141
Compensation for Loss of Fixed Assets	6,455	--	--	--	--	--	--	6,455
Miscellaneous	6,823	170	1,301	--	--	--	100,236	108,530
Total Revenues Received	\$ 4,244,331	\$ 881,159	\$ 2,240,609	\$ 855,139	\$ 488,743	\$ 1,111,419	\$ 826,247	\$ 10,647,647
EXPENDITURES DISBURSED:								
Current:								
General Government	\$ 1,772,556	--	--	\$ 540,711	--	--	\$ 448,519	\$ 2,761,786
Public Safety	1,573,719	--	--	--	--	--	155,203	1,728,922
Corrections	151,332	--	--	--	--	--	--	151,332
Judiciary	431,652	--	--	--	--	--	22,573	454,225
Public Works/Transportation	--	--	2,111,824	--	--	1,111,419	136,645	3,359,888
Health and Welfare	60,709	892,317	--	--	435,023	--	57,388	1,445,437
Capital Outlay	53,951	--	20,600	--	--	--	291,224	365,775
Total Expenditures Disbursed	\$ 4,043,919	\$ 892,317	\$ 2,132,424	\$ 540,711	\$ 435,023	\$ 1,111,419	\$ 1,111,552	\$ 10,267,365
Revenues Received Over (Under) Expenditures Disbursed	\$ 200,412	\$ (11,158)	\$ 108,185	\$ 314,428	\$ 53,720	\$ --	\$ (285,305)	\$ 380,282
Other Financing Sources (Uses):								
Operating Transfers In	519,978	--	377,803	--	--	--	272,255	1,170,036
Operating Transfers Out	(713,068)	--	(377,803)	--	--	--	(79,165)	(1,170,036)
Net Change in Fund Balance	\$ 7,322	\$ (11,158)	\$ 108,185	\$ 314,428	\$ 53,720	\$ --	\$ (92,215)	\$ 380,282
Fund Balance - September 1, 2010	4,107,817	1,422,840	984,470	1,237,833	1,212,587	--	2,416,567	11,382,114
Fund Balance - August 31, 2011	\$ 4,115,139	\$ 1,411,682	\$ 1,092,655	\$ 1,552,261	\$ 1,266,307	\$ --	\$ 2,324,352	\$ 11,762,396

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, 2011

Net Change in Fund Balance - Total Governmental Funds	\$	380,282
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 (\$365,775) did not exceed depreciation (\$644,156) in the current period.		(278,381)
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.		149,530
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.		947,254
Principal payments received on Notes Receivable reduce Notes Receivable and do not affect the Statement of Activities - modified cash basis		<u>(24,179)</u>
Change in Net Assets of Governmental Activities	\$	<u><u>1,174,506</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, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 7,339,264
TOTAL ASSETS	<u>\$ 7,339,264</u>
LIABILITIES	
Distributions Payable	\$ 7,338,444
Interfund Loans Payable	<u>820</u>
TOTAL LIABILITIES	<u>\$ 7,339,264</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, 2011

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, 2011

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. 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, 2011

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*.

D. 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, 2011

Note 1 – Summary of Significant Accounting Policies (continued)

The *Rural Transportation Fund* is used to account for receipts and disbursements pertaining to Rural Transportation. The basic purpose of the fund is to provide public transportation for the residents of the county.

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.

E. 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, 2011.

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, 2011

Note 1 – Summary of Significant Accounting Policies (continued)

F. 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 8, 2010. Revisions were approved January 12, 2011 and the final budget on August 10, 2011. Both original and final amended budgets are presented as approved by the County Board.

G. 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.

H. Certificates of Deposit

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

I. 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, 2011

Note 1 – Summary of Significant Accounting Policies (continued)

J. 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.

K. Notes Receivable

The County has two 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.

L. 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.

M. 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, 2011

Note 1 – Summary of Significant Accounting Policies (continued)

N. 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.

O. 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.

P. 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.

Q. Fund Equity

Fund Balances

Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," requires fund balances on the governmental fund financial statements to be classified into five major classifications: Nonspendable Fund Balance; Restricted Fund Balance; Committed Fund Balance; Assigned Fund Balance; and Unassigned Fund Balance.

A. Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts.

B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

Note 1 – Summary of Significant Accounting Policies (continued)

C. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the County Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

The County Board commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

D. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted or committed. Intent may be expressed by (a) the County Board itself or (b) by an official or body to which the governing body delegates the authority.

E. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Operating Funds for amounts that have not been restricted, committed, or assigned to specific purposes within the individual funds.

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

Prior to implementation of GASB 54, fund balances of special revenue fund types were reported as "unreserved". These amounts were reclassified as to the appropriate GASB 54 category as of September 1, 2010.

Net Assets

In the government-wide financial statements, net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, less outstanding principal of related debt. Restricted net assets have a limited use due to restrictions imposed by outside third-parties, such as creditors or grantors, or restrictions imposed by law through enabling legislation.

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

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 2010 and 2011 attached as an enforceable lien on property as of January 1, 2009 and 2010, respectively. These taxes were required to be levied by the County prior to the last Tuesday in December. The 2009 and 2010 levies were adopted by the County in September, 2009 and September, 2010. Property taxes were due from property owners in two installments in August and October. The property tax receipts for the year ending August 31, 2011, as shown in the financial statements, consist of two distributions from the 2009 levy and one distribution from the 2010 levy. Property taxes are distributed from August through February.

Taxes become a lien against property if not paid by the date of the tax sale. Shelby County's tax sale was held on December 7, 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.

	2010 <u>Maximum</u>	<u>2010 Levy</u>	<u>2009 Levy</u>
Assessed Valuation		<u>\$311,068,492</u>	<u>\$301,474,108</u>
Property Tax Rates:			
Extension Education	.05000	.02358	.02433
County	Unlimited	.32491	.31307
County Highway	.20000	.10135	.10458
County Bridge	.25000	.04519	.04662
Federal Aid	.05000	.05000	.05000
County Health	.17500	.10321	.10649
Municipal Retirement	Unlimited	.26747	.27598
Airport	.25000	.01336	.01379
Mental Health	.15000	.15000	.15000
Social Security	Unlimited	.09484	.09786
Tort Immunity Insurance	Unlimited	.04823	.04976
Workers' Comp. Insurance Tax	Unlimited	.03215	.03318
Unemployment Insurance Act	Unlimited	<u>.00804</u>	<u>.00631</u>
Total County Rate		<u>1.26233</u>	<u>1.27197</u>
Ambulance	.25000	<u>0.02010</u>	<u>0.02063</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.

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

Note 3 - Cash and Investments

Cash and Cash Equivalents and Certificates of Deposit as of August 31, 2011 consist of the following:

	<u>Primary Government</u>	<u>Component Unit</u>
Cash on Hand	\$ 6,747	\$ 250
Deposits with financial institutions	<u>11,987,501</u>	<u>25,538</u>
Sub-Total Governmental Activities	\$ 11,994,248	\$ 25,788
 Fiduciary Funds	 <u>7,339,264</u>	 <u>--</u>
Total	<u>\$ 19,333,512</u>	<u>\$ 25,788</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*.

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. The County's investment policy does not specifically address interest rate risk; however, 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, 2011 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	\$1,000,000	October 18, 2011
Certificate of Deposit	21,043	November 19, 2011
Certificate of Deposit	10,000	January 11, 2012
Certificate of Deposit	125,211	January 29, 2012
Certificate of Deposit	45,000	February 10, 2012
Certificate of Deposit	23,249	February 15, 2012
Certificate of Deposit	23,277	February 15, 2012
Certificate of Deposit	125,000	February 16, 2012
Certificate of Deposit	55,000	April 17, 2012
Certificate of Deposit	<u>20,688</u>	May 19, 2012
	 <u>\$1,448,468</u>	

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

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

Note 3 - Cash and Investments (Continued)

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. The County's investment policy requires the Treasurer to use investments approved for governmental units as set forth in the most current issue of the Illinois Compiled Statutes including Securities Exchange Commission registered and AAA rated by Fitch and Standard & Poor's mutual funds consisting of U.S. Government Treasuries. 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.

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. The County's investment policy leaves to the discretion of the Treasurer whether or not collateral will be required of financial institutions receiving County funds.

As of August 31, 2011, \$15,527,560 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 \$1,071,306 were held in uncollateralized accounts.

Illinois Funds

The County is a voluntary participant in the Illinois Funds Money Market Fund, a money market fund created in 1975 by the Illinois General Assembly to permit participants to pool their investment funds. The Illinois Funds Money Market Fund invests in U.S. Treasury bills and notes backed by the full faith and credit of the U.S. Treasury and in fully collateralized time deposits in Illinois financial institutions, in collateralized repurchase agreements, and in treasury mutual funds that invest in U.S. Treasury obligations and collateralized repurchase agreements. The time deposits are collateralized 105% over FDIC or FSLIC \$250,000 insurance with U.S. Treasury obligations and marked to market on a weekly basis to maintain sufficiency. The repurchase agreements are collateralized at 102% with U.S. Treasury obligations and the collateral is checked daily to determine sufficiency. The individual participant's maintain separate investment accounts representing a proportionate share of the pool assets and its respective collateral; therefore, no collateral is identified with each individual participant's account. The value of the County's investment in this pool is reported at cost, which approximates market. Investors are not required to maintain minimum account balances.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

Note 3 - Cash and Investments (Continued)

The fair value of the County's position in the pool is the same as the value of the pool shares. Investors are not required to maintain minimum account balances.

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. The County's investment policy does not address foreign currency risk.

Note 4 - Notes Receivable

The County has the following two notes receivable outstanding at August 31, 2011:

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.

\$ 32,606

Willow Ridge Vineyards and Winery

The original 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. On May 26, 2011, the terms of this loan agreement were modified requiring six annual installments of \$12,898, including interest at 3% commencing on May 26, 2012 until May 27, 2017.

69,872

\$102,478

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

Note 5 – Capital Assets

Capital assets activity for the year ended August 31, 2011 was as follows:

	<u>Balance September 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2011</u>
Primary Government				
Government activities:				
Capital assets not being depreciated:				
Land	\$ 3,303,690	\$ --	\$ --	\$ 3,303,690
Work In Process	54,310	211,347	54,310	211,347
	<u>\$ 3,358,000</u>	<u>\$ 211,347</u>	<u>\$ 54,310</u>	<u>\$ 3,515,037</u>
Capital assets being depreciated:				
Buildings & Improvements	\$ 3,553,231	\$ 14,310	\$ --	\$ 3,567,541
Vehicles	1,779,775	323,359	22,278	2,080,856
Maintenance Vehicles	666,469	--	--	666,469
Infrastructure	6,276,911	947,254	--	7,224,165
Equipment	1,762,141	20,600	--	1,782,741
Total Capital Assets Being Depreciated	<u>\$14,038,527</u>	<u>\$1,305,523</u>	<u>\$ 22,278</u>	<u>\$ 15,321,772</u>
Less: Accumulated Depreciation:				
Buildings & Improvements	\$(1,381,126)	\$ (101,081)	\$ --	\$ (1,482,207)
Vehicles	(1,245,088)	(178,723)	(22,278)	(1,401,533)
Maintenance Vehicles	(512,976)	(70,147)	--	(583,123)
Infrastructure	(602,642)	(196,890)	--	(799,532)
Equipment	(1,483,644)	(97,315)	--	(1,580,959)
Total Accumulated Depreciation	<u>\$(5,225,476)</u>	<u>\$ (644,156)</u>	<u>\$ (22,278)</u>	<u>\$ (5,847,354)</u>
Total Capital Assets being Depreciated net	<u>\$ 8,813,051</u>	<u>\$ 661,367</u>	<u>\$ --</u>	<u>\$ 9,474,418</u>
Governmental Activities Capital Assets, net	<u>\$12,171,051</u>	<u>\$ 872,714</u>	<u>\$ 54,310</u>	<u>\$12,989,455</u>

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

Governmental activities:	
General Government	\$ 73,756
Public Safety	157,514
Public Works/Transportation	411,728
Health and Welfare	1,158
	<u>\$644,156</u>

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

Note 5 – Capital Assets (Continued)

Component Unit

Capital assets activity of Shelby County Office of Tourism for the year ended August 31, 2011 was as follows:

	Balance September 1, 2010	Increase	Decrease	Balance August 31, 2011
Capital assets being Depreciated:				
Equipment	\$ 4,820	\$ --	\$ --	\$ 4,820
Less: Accumulated Depreciation				
Equipment	\$ (4,820)	\$ --	\$ --	\$ (4,820)
Capital assets, net	\$ --	\$ --	\$ --	\$ --

Note 6 - Short-Term Liabilities

Changes in Short Term Debt

The following is a summary of changes in Short-Term Debt of Shelby County for the year ended August 31, 2011.

	Balance September 1, 2010	Additions	Reductions	Balance August 31, 2011	Due Within One Year
Governmental activities:					
Bank Loan #1	\$ --	\$ 23,000	\$ --	\$ 23,000	\$ 23,000
Bank Loan #2	--	60,000	--	60,000	60,000
	\$ --	\$ 83,000	\$ --	\$ 83,000	\$ 83,000

A. Bank Loan #1

The bank loan was issued to finance the construction of the T-Hangar at the airport. The note is secured by an airport certificate of deposit. One payment is due January 29, 2012 with an interest rate of 3.9%.

B. Bank Loan #2

The unsecured bank loan was issued to finance the construction of the T-Hangar at the airport. One payment is due February 1, 2012 with an interest rate of 4.5%.

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 17.8 million dollars.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

Note 7 - 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 annual required contribution rate for calendar year 2010 was 13.13 percent. 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 annual required contribution rate for calendar year 2010 was 64.55 percent. 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, 2011

Note 7 - 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 annual required contribution rate for calendar year 2010 was 14.73 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, 2010, Shelby County's annual pension costs of \$359,473 (Regular Plan), \$115,558 (ECO) and \$83,964 (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>
12/31/10	\$ 359,473	100%	\$0
12/31/09	273,504	100%	0
12/31/08	252,863	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>
12/31/10	\$ 115,558	100%	\$0
12/31/09	174,990	100%	0
12/31/08	178,508	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>
12/31/10	\$ 83,964	100%	\$0
12/31/09	38,197	100%	0
12/31/08	29,220	100%	0

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

Note 7- Retirement Plans (Continued)

Regular Plan

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, 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 20% corridor between the actuarial and market value of assets. Shelby County's Regular plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis

Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 70.40 percent funded. The actuarial accrued liability for benefits was \$9,025,201 and the actuarial value of assets was \$6,353,600, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,671,601. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$2,737,799 and the ratio of the UAAL to the covered payroll was 98 percent.

ECO Plan

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, 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 20% corridor between the actuarial and market value of assets. Shelby County's Elected County Official plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

Note 7 - Retirement Plans (Continued)

Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the Elected County Official plan was 0.00 percent funded. The actuarial accrued liability for benefits was \$1,121,735 and the actuarial value of assets was (\$1,366,921), resulting in an underfunded actuarial accrued liability (UAAL) of \$2,488,656. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$179,021 and the ratio of the UAAL to the covered payroll was 1390 percent.

SLEP Plan

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, 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 20% corridor between the actuarial and market value of assets. Shelby County's Sheriff's Law Enforcement Personnel plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel plan was 97.24 percent funded. The actuarial accrued liability for benefits was \$2,025,047 and the actuarial value of assets was \$1,969,127, resulting in an underfunded actuarial accrued liability (UAAL) of \$55,920. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$570,021 and the ratio of the UAAL to the covered payroll was 10 percent.

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.

B. Social Security

All employees, including those covered by IMRF, are covered under Social Security. Shelby County paid \$273,700, the total required contribution for the year ended August 31, 2011.

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

Note 8 – 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:

Fund	<u>Expenditures</u>	<u>Budgeted Amounts</u>	<u>Overexpenditure</u>
Rural Transportation	\$ 1,111,419	\$ 889,715	\$ 221,704
Pet Population	5,383	--	5,383
Ambulance	50,075	50,000	75
County Airport	347,992	344,254	3,738

B. Deficit Fund Balances of Individual Funds

The following funds have deficit balances at August 31, 2011:

Emergency Management	\$ 7,998
Court Security	\$ 15,302

C. Individual Fund Interfund Receivable and Payable Balances

Individual fund interfund receivable and payable balances at August 31, 2011 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
MAJOR FUNDS:		
GENERAL FUND:		
Other than Fee Offices	\$ 69,732	\$ 220,932
Coal Rights	<u>220,152</u>	<u>--</u>
Total General Fund	<u>\$ 289,884</u>	<u>\$ 220,932</u>
COUNTY HEALTH FUND:		
Miscellaneous County Health	\$ --	\$ 3,800
Home Nursing	<u>3,800</u>	<u>--</u>
Total County Health Fund	<u>\$ 3,800</u>	<u>\$ 3,800</u>
IMRF	<u>\$ --</u>	<u>\$ 44,391</u>

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

Note 8 - Required Individual Fund Disclosures (Continued)

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
NONMAJOR FUNDS:		
SPECIAL REVENUE FUNDS:		
Indemnity	\$ 820	\$ --
Probation	--	200
Emergency Management	--	9,328
Drug Traffic Prevention	--	239
Court Security	--	16,013
GIS	780	--
Victim Impact Panel	200	--
DUI Equipment	239	--
Total Special Revenue Funds	<u>\$ 2,039</u>	<u>\$ 25,780</u>
AGENCY FUNDS:		
Collector's	\$ --	\$ 820
Total	<u>\$ 295,723</u>	<u>\$ 295,723</u>

D. Transfers within the Reporting Entity

The composition of interfund transfers for the year ended August 31, 2011 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
MAJOR FUNDS:		
GENERAL FUND:		
Other than Fee Offices	\$ 519,978	\$ --
County Clerk	--	180,759
Circuit Clerk	--	136,096
Sheriff	--	69,945
States Attorney	--	183,468
Supervisor of Assessments	--	2,800
Coal Rights	--	140,000
Total General Fund	<u>\$ 519,978</u>	<u>\$ 713,068</u>
COUNTY HIGHWAY FUND:		
County Highway	\$ 225,000	\$ 26,786
County Motor Fuel Tax Fund	152,803	225,000
FASM	--	126,017
Total County Highway Fund	<u>\$ 377,803</u>	<u>\$ 377,803</u>

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

Note 8 - Required Individual Fund Disclosures (Continued)

NONMAJOR FUNDS:

SPECIAL REVENUE FUNDS:

Rescue Squad	\$	--	\$	40,000
Capital Improvement		180,000		4,300
Emergency Management		4,300		--
Fees to Assist Court		--		34,865
Recording		17,294		--
Drug Traffic Prevention		50		--
Court Security		14,621		--
GIS		52,476		--
DUI Equipment		<u>3,514</u>		--
Total Special Revenue Funds		<u>\$ 272,255</u>		<u>\$ 79,165</u>
 Total		 <u>\$ 1,170,036</u>		 <u>\$ 1,170,036</u>

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

Note 9 - 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, 2011. Also, there have been no settlement amounts which exceeded insurance coverage in the past three years.

Note 10 - Insurance

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

Tort Immunity Receipts:	
Property Tax Collected	\$ 270,919
Mobile Home Tax Collected	1,144
Interest	<u>167</u>
	<u>\$ 272,230</u>
Tort Expenditures:	
Commercial Liability Insurance	\$ 147,760
Unemployment tax	27,847
Workers' Compensation Insurance	<u>88,712</u>
Total Expenditures	<u>\$ 264,319</u>
Receipts over expenditures	\$ 7,911
Restricted at September 1, 2010	<u>976,379</u>
Restricted at August 31, 2011	<u>\$ 984,290</u>

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

Note 11- 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 \$79,115 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.

Note 12 - 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 13 - Commitments and Contingencies

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, 2011 is not reflected in the financial statements but is estimated to be \$463,846.

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, 2011.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

Note 13 - Commitments and Contingencies (Continued)

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, 2011 was \$77,009. This liability is not included in the County's financial statements as they are prepared on the modified cash basis of accounting.

Lease Agreement – County Farm

In February, 2011 the County extended the lease agreement for the Shelby County Farmland. This lease provides for minimum annual rent of \$29,445 payable in semi-yearly installments of \$14,723. The County received \$29,073 in rent income during the year ended August 31, 2011.

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 \$11,009 in the General fund during the year ended August 31, 2011 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 2011, Shelby County paid \$23,077 under terms of the agreement.

Legal Matters

The county is a defendant in two lawsuits. The defense for the County is being provided by Shelby County's insurance carrier and the State's Attorney's office. No estimate of probable outcomes is available.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2011

Note 13 - Commitments and Contingencies (Continued)

Airport

The Airport is in the process of building a new Five T-hangar at the cost of \$373,155 at August 31, 2011 the Airport had paid \$205,204 (of which \$46,111 was reimbursed by the State of Illinois). Leaving \$167,951 to be paid.

Note 14 – Subsequent Events

Management evaluated subsequent events through March 9, 2012, the date which the financial statements were available to be issued, and concluded that there were no events that met the criteria for disclosure.

Required Supplementary Information
(Part 2 of 2)

SHELBY COUNTY, ILLINOIS
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 GENERAL FUND
 YEAR ENDED AUGUST 31, 2011

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES RECEIVED:				
Property Taxes	\$ 946,900	\$ 946,900	\$ 1,332,694	\$ 385,794
Sales Taxes	536,000	536,000	586,453	50,453
Intergovernmental Revenue:				
State Sources:				
Income Taxes	800,000	800,000	993,083	193,083
Replacement Tax	43,000	43,000	44,896	1,896
Other State Sources	335,000	335,000	395,238	60,238
Federal Sources	2,300	2,300	42,573	40,273
County Farm	28,700	28,700	29,073	373
Charges for Services	73,000	73,000	84,137	11,137
Licenses and Permits	5,600	5,600	6,204	604
Fines, Fees and Forfeits	688,000	688,000	622,664	(65,336)
Sales of Real Estate Stamps	90,000	90,000	67,706	(22,294)
Interest	78,000	78,000	26,332	(51,668)
Compensation for Loss of Fixed Assets	--	--	6,455	6,455
Miscellaneous	49,000	49,000	6,823	(42,177)
Total Revenues Received	\$ 3,675,500	\$ 3,675,500	\$ 4,244,331	\$ 568,831
EXPENDITURES DISBURSED:				
Current:				
General Government	\$ 1,766,759	\$ 1,820,229	\$ 1,772,556	\$ 47,673
Public Safety	1,740,492	1,740,492	1,573,719	166,773
Corrections	168,818	168,818	151,332	17,486
Judiciary	465,219	465,219	431,652	33,567
Health and Welfare	60,820	60,820	60,709	111
Capital Outlay	--	--	53,951	(53,951)
Total Expenditures Disbursed	\$ 4,202,108	\$ 4,255,578	\$ 4,043,919	\$ 211,659
Revenues Received Over (Under) Expenditures Disbursed	\$ (526,608)	\$ (580,078)	\$ 200,412	\$ 780,490
Other Financing Sources (Uses):				
Operating Transfers In	--	--	519,978	519,978
Operating Transfers Out	--	--	(713,068)	(713,068)
Net Change in Fund Balance	\$ (526,608)	\$ (580,078)	\$ 7,322	\$ 587,400
Fund Balance - September 1, 2010			4,107,817	
Fund Balance - August 31, 2011			\$ 4,115,139	

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, 2011

	Original (Final) Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES RECEIVED:			
Property Taxes	\$ 301,338	\$ 320,840	\$ 19,502
Intergovernmental Revenue:			
State Sources:			
Replacement Tax	9,661	10,286	625
Other State Sources	338,992	360,930	21,938
Federal Sources	92,816	98,823	6,007
Charges for Services	77,526	82,543	5,017
Interest	7,107	7,567	460
Miscellaneous	160	170	10
Total Revenues Received	\$ 827,600	\$ 881,159	\$ 53,559
EXPENDITURES DISBURSED:			
Current:			
Health and Welfare	\$ 1,142,775	\$ 892,317	\$ 250,458
Total Expenditures Disbursed	\$ 1,142,775	\$ 892,317	\$ 250,458
Net Change in Fund Balance	\$ (315,175)	\$ (11,158)	\$ 304,017
Fund Balance - September 1, 2010		1,422,840	
Fund Balance - August 31, 2011		\$ 1,411,682	

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, 2011

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES RECEIVED:				
Property Taxes	\$ 359,951	\$ 359,951	\$ 608,856	\$ 248,905
Intergovernmental Revenue:				
State Sources:				
Motor Fuel Tax	528,500	528,500	363,554	(164,946)
Replacement Taxes	26,063	26,063	44,085	18,022
Other State Sources	653,886	653,886	1,106,046	452,160
Charges for Services	64,552	64,552	109,190	44,638
Interest	4,479	4,479	7,577	3,098
Miscellaneous Income	769	769	1,301	532
Total Revenues Received	\$ 1,638,200	\$ 1,638,200	\$ 2,240,609	\$ 602,409
EXPENDITURES DISBURSED:				
Current:				
Public Works/Transportation	\$ 1,804,315	\$ 2,449,286	\$ 2,111,824	\$ 337,462
Capital Outlay	40,000	40,000	20,600	19,400
Total Expenditures Disbursed	\$ 1,844,315	\$ 2,489,286	\$ 2,132,424	\$ 356,862
Revenues Received Over (Under) Expenditures Disbursed	\$ (206,115)	\$ (851,086)	\$ 108,185	\$ 959,271
Other Financing Sources (Uses):				
Transfers In	--	--	377,803	377,803
Transfers Out	--	--	(377,803)	(377,803)
Net Change in Fund Balance	\$ (206,115)	\$ (851,086)	\$ 108,185	\$ 959,271
Fund Balance - September 1, 2010			984,470	
Fund Balance - August 31, 2011			\$ 1,092,655	

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, 2011

	Original (Final) Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES RECEIVED:			
Property Taxes	\$ 834,353	\$ 831,474	\$ (2,879)
Intergovernmental Revenue:			
State Sources:			
Replacement Taxes	21,737	21,662	(75)
Interest	2,010	2,003	(7)
Total Revenues Received	\$ 858,100	\$ 855,139	\$ (2,961)
EXPENDITURES DISBURSED:			
Current:			
General Government	\$ 858,100	\$ 540,711	\$ 317,389
Total Expenditures Disbursed	\$ 858,100	\$ 540,711	\$ 317,389
Net Change in Fund Balance	\$ --	\$ 314,428	\$ 314,428
Fund Balance - September 1, 2010		1,237,833	
Fund Balance - August 31, 2011		\$ 1,552,261	

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, 2011

	Original (Final) Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES RECEIVED:			
Property Taxes	\$ 432,808	\$ 459,952	\$ 27,144
Intergovernmental Revenue:			
State Sources:			
Replacement Taxes	19,025	20,218	1,193
Interest	8,067	8,573	506
Total Revenues Received	\$ 459,900	\$ 488,743	\$ 28,843
EXPENDITURES DISBURSED:			
Current:			
Health and Welfare	\$ 498,870	\$ 435,023	\$ 63,847
Total Expenditures Disbursed	\$ 498,870	\$ 435,023	\$ 63,847
Net Change in Fund Balance	\$ (38,970)	\$ 53,720	\$ 92,690
Fund Balance - September 1, 2010		1,212,587	
Fund Balance - August 31, 2011		\$ 1,266,307	

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

SHELBY COUNTY, ILLINOIS
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 RURAL TRANSPORTATION FUND - SPECIAL REVENUE MAJOR FUND
YEAR ENDED AUGUST 31, 2011

	<u>Original (Final) Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES RECEIVED:			
Intergovernmental Revenue:			
Other State Sources	\$ 889,715	\$ 758,793	\$ (130,922)
Federal Sources	<u> --</u>	<u>352,626</u>	<u>352,626</u>
Total Revenues Received	<u>\$ 889,715</u>	<u>\$ 1,111,419</u>	<u>\$ 221,704</u>
EXPENDITURES DISBURSED:			
Current:			
Public Works/Transportation	<u>\$ 889,715</u>	<u>\$ 1,111,419</u>	<u>\$ (221,704)</u>
Total Expenditures Disbursed	<u>\$ 889,715</u>	<u>\$ 1,111,419</u>	<u>\$ (221,704)</u>
Net Change in Fund Balance	<u><u>\$ --</u></u>	<u>\$ --</u>	<u><u>\$ --</u></u>
Fund Balance - September 1, 2010		<u> --</u>	
Fund Balance - August 31, 2011		<u><u>\$ --</u></u>	

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, 2011

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. 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)
12/31/10	6,353,600	9,025,201	2,671,601	70.40%	2,737,799	97.58%
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%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$6,807,363. On a market basis, the funded ratio would be 75.43%.

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)
12/31/10	(1,366,921)	1,121,735	2,488,656	0.00%	179,021	1,390.15%
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%

On a market value basis, the actuarial value of assets as of December 31, 2010 is (\$1,268,946). On a market basis, the funded ratio would be 0.00%.

C. 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)
12/31/10	1,969,127	2,025,047	55,920	97.24%	570,021	9.81%
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%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$2,063,739. On a market basis, the funded ratio would be 101.91%.

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

SHELBY COUNTY, ILLINOIS
 NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
AUGUST 31, 2011

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

	<u>Expenditures</u>	<u>Budgeted Amounts</u>	<u>Overexpenditure</u>
Rural Transportation	\$ 1,111,419	\$ 889,715	\$ 221,704

Other Supplementary Information

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
 - MODIFIED CASH BASIS
 GENERAL FUND
 AUGUST 31, 2011

	Fee Offices							Total
	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Coal Rights	
ASSETS								
Cash and Cash Equivalents	\$ 2,710,540	\$ 19,589	\$ 98,939	\$ 10,030	\$ --	\$ 55	\$ 346,706	\$ 3,185,859
Certificates of Deposit	--	--	10,000	--	--	--	1,000,000	1,010,000
Interfund Loans Receivable	69,732	--	--	--	--	--	220,152	289,884
Inventory	--	2,701	--	--	--	--	--	2,701
TOTAL ASSETS	\$ 2,780,272	\$ 22,290	\$ 108,939	\$ 10,030	\$ --	\$ 55	\$ 1,566,858	\$ 4,488,444
LIABILITIES								
Withholding Payable	\$ 73,258	--	--	--	--	--	--	\$ 73,258
Interfund Loans Payable	220,932	--	--	--	--	--	--	220,932
Due to Other Governmental Units	--	--	79,115	--	--	--	--	79,115
TOTAL LIABILITIES	\$ 294,190	\$ --	\$ 79,115	\$ --	\$ --	\$ --	\$ --	\$ 373,305
FUND BALANCES								
Fund Balances:								
Nonspendable:								
Inventory	\$ --	\$ 2,701	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,701
Restricted for:								
Insurance	984,290	--	--	--	--	--	--	984,290
Committed:								
Capital Improvement	--	--	--	--	--	--	1,566,858	1,566,858
Unassigned	1,501,792	19,589	29,824	10,030	--	55	--	1,561,290
TOTAL FUND BALANCES	\$ 2,486,082	\$ 22,290	\$ 29,824	\$ 10,030	\$ --	\$ 55	\$ 1,566,858	\$ 4,115,139
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,780,272	\$ 22,290	\$ 108,939	\$ 10,030	\$ --	\$ 55	\$ 1,566,858	\$ 4,488,444

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, 2011

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Coal Rights	Total
REVENUES RECEIVED:								
Property Taxes	\$ 1,332,694	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,332,694
Sales Taxes	586,453	--	--	--	--	--	--	586,453
Intergovernmental Revenues:								
Income Taxes	993,083	--	--	--	--	--	--	993,083
Replacement Taxes	44,896	--	--	--	--	--	--	44,896
Other State Sources	394,594	--	--	644	--	--	--	395,238
Federal Source	42,573	--	--	--	--	--	--	42,573
County Farm	29,073	--	--	--	--	--	--	29,073
Charges for Services	84,137	--	--	--	--	--	--	84,137
Licenses and Permits	6,204	--	--	--	--	--	--	6,204
Fees, Fines and Forfeits	25,144	194,002	144,256	73,482	183,468	2,312	--	622,664
Sales of Real Estate Stamps	--	67,706	--	--	--	--	20,071	67,706
Interest	6,112	--	149	--	--	--	--	6,332
Compensation for Loss of Fixed Assets	6,455	--	--	--	--	--	--	6,455
Miscellaneous	5,106	--	--	1,717	--	--	--	6,823
Total Revenues Received	\$ 3,556,524	\$ 261,708	\$ 144,405	\$ 75,843	\$ 183,468	\$ 2,312	\$ 20,071	\$ 4,244,331
EXPENDITURES DISBURSED:								
See Schedule at Page 55-56	\$ 3,940,608	\$ 76,971	\$ 26,340	\$ --	\$ --	\$ --	\$ --	\$ 4,043,919
Revenues Received Over (Under) Expenditures Disbursed	\$ (384,084)	\$ 184,737	\$ 118,065	\$ 75,843	\$ 183,468	\$ 2,312	\$ 20,071	\$ 200,412
Other Financing Sources (Uses):								
Operating Transfers In	519,978	--	--	--	--	--	--	519,978
Operating Transfers Out	--	(180,759)	(136,096)	(69,945)	(183,468)	(2,800)	(140,000)	(713,068)
Net Change in Fund Balance	\$ 135,894	\$ 3,978	\$ (18,031)	\$ 5,898	\$ --	\$ (488)	\$ (119,929)	\$ 7,322
Fund Balance - September 1, 2010	2,350,188	18,312	47,855	4,132	--	543	1,686,787	4,107,817
Fund Balance - August 31, 2011	\$ 2,486,082	\$ 22,290	\$ 29,824	\$ 10,030	\$ --	\$ 55	\$ 1,566,858	\$ 4,115,139

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, 2011

	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	\$ 355,805	\$ 1,342	--	--	\$ --	--	\$ --	357,147
Circuit Clerk	205,434	--	26,340	--	--	--	--	231,774
Supervisor of Assessments	228,233	--	--	--	--	--	--	228,233
County Treasurer	210,945	--	--	--	--	--	--	210,945
County Coroner	61,153	--	--	--	--	--	--	61,153
Regional Superintendent of Schools	41,668	--	--	--	--	--	--	41,668
Board of Review	28,884	--	--	--	--	--	--	28,884
Farmland Assessment	27	--	--	--	--	--	--	27
Board of Appeals	1,008	--	--	--	--	--	--	1,008
Planning Commission	852	--	--	--	--	--	--	852
Zoning Administrator	21,904	--	--	--	--	--	--	21,904
Co Utilities	35,235	--	--	--	--	--	--	35,235
Maintenance, Repairs and Improvement	31,490	--	--	--	--	--	--	31,490
Insurance	264,319	--	--	--	--	--	--	264,319
Employee Insurance	21,015	--	--	--	--	--	--	21,015
County Board Expenses	61,937	--	--	--	--	--	--	61,937
Services, Supplies and Miscellaneous	96,661	--	--	--	--	--	--	96,661
County Farm	2,675	--	--	--	--	--	--	2,675
State Rental Housing Fee	--	30,492	--	--	--	--	--	30,492
Purchase of Real Estate Tax Stamps	--	45,137	--	--	--	--	--	45,137
Total General Government	\$ 1,669,245	\$ 76,971	\$ 26,340	\$ --	\$ --	\$ --	\$ --	\$ 1,772,556
Public Safety:								
Operating Expenses Pertaining to the Office of:								
County Sheriff	\$ 1,455,925	--	--	--	\$ --	--	\$ --	1,455,925
Rescue Squad	14,546	--	--	--	--	--	--	14,546
ESDA	23,186	--	--	--	--	--	--	23,186
911 Emergency Services	39,838	--	--	--	--	--	--	39,838
Courthouse Security	35,085	--	--	--	--	--	--	35,085
Merit Commission	5,139	--	--	--	--	--	--	5,139
Total Public Safety	\$ 1,573,719	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,573,719

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, 2011

	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	\$ 151,332	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 151,332
Judiciary:								
Operating Expenses Pertaining to the Office of:								
States Attorney	\$ 276,319	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 276,319
Public Defender	131,521	--	--	--	--	--	--	131,521
Appointed Counsel Fee	15,798	--	--	--	--	--	--	15,798
Circuit Judge Expenses	8,014	--	--	--	--	--	--	8,014
Total Judiciary	\$ 431,652	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 431,652
Health and Welfare:								
Co Operating Expenses Pertaining to the Office of:								
Animal Control	\$ 60,709	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 60,709
Capital Outlay:								
Public Safety	\$ 53,951	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 53,951
TOTAL EXPENDITURES DISBURSED	\$ 3,940,608	\$ 76,971	\$ 26,340	\$ --	\$ --	\$ --	\$ --	\$ 4,043,919

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, 2011

	Budget		Disbursements	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES DISBURSED:				
General Government:				
Operating Expenses Pertaining				
to the Office of:				
County Clerk	\$ 360,076	\$ 369,841	\$ 357,147	\$ 12,694
Circuit Clerk	247,655	247,655	231,774	15,881
Supervisor of Assessments	257,703	257,703	228,233	29,470
County Treasurer	214,904	214,904	210,945	3,959
County Coroner	63,090	63,090	61,153	1,937
Regional Superintendent of Schools	41,668	41,668	41,668	--
Board of Review	32,150	31,450	28,884	2,566
Farmland Assessment	150	150	27	123
Board of Appeals	2,825	2,825	1,008	1,817
Planning Commission	2,450	2,450	852	1,598
Zoning Administrator	24,793	24,793	21,904	2,889
Utilities	45,200	45,200	35,235	9,965
Maintenance, Repairs and Improvement	40,000	40,000	31,490	8,510
Insurance	278,000	278,000	264,319	13,681
Employee Insurance	16,170	16,170	21,015	(4,845)
County Board Expenses	58,975	65,475	61,937	3,538
Services, Supplies and Miscellaneous	74,650	112,555	96,661	15,894
County Farm	6,300	6,300	2,675	3,625
State Rental Housing Fee	--	--	30,492	(30,492)
Purchase of Real Estate Tax Stamps	--	--	45,137	(45,137)
Total General Government	\$ 1,766,759	\$ 1,820,229	\$ 1,772,556	\$ 47,673
Public Safety:				
Operating Expenses Pertaining				
to the Office of:				
County Sheriff	\$ 1,615,197	\$ 1,615,197	\$ 1,455,925	\$ 159,272
Rescue Squad	18,000	18,000	14,546	3,454
ESDA	26,542	26,542	23,166	3,356
911 Emergency Services	40,000	40,000	39,838	162
Courthouse Security	30,000	30,000	35,085	(5,085)
Merit Commission	10,753	10,753	5,139	5,614
Total Public Safety	\$ 1,740,492	\$ 1,740,492	\$ 1,573,719	\$ 166,773

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, 2011

	Budget		Disbursements	Variance with Final Budget Positive (Negative)
	Original	Final		
Corrections:				
Operating Expenses Pertaining to the Office of: Probation Office	\$ 168,818	\$ 168,818	\$ 151,332	\$ 17,486
Judiciary:				
Operating Expenses Pertaining to the Office of:				
States Attorney	\$ 282,914	\$ 282,914	\$ 276,319	\$ 6,595
Public Defender	133,305	133,305	131,521	1,784
Appointed Counsel Fee	30,000	30,000	15,798	14,202
Circuit Judge Expenses	19,000	19,000	8,014	10,986
Total Judiciary	\$ 465,219	\$ 465,219	\$ 431,652	\$ 33,567
Health and Welfare:				
Operating Expenses Pertaining to the Office of: Animal Control	\$ 60,820	\$ 60,820	\$ 60,709	\$ 111
Capital Outlay:				
Public Safety	\$ --	\$ --	\$ 53,951	\$ (53,951)
Total Capital Outlay	\$ --	\$ --	\$ 53,951	\$ (53,951)
TOTAL EXPENDITURES DISBURSED	\$ 4,202,108	\$ 4,255,578	\$ 4,043,919	\$ 211,659

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES-
 MODIFIED CASH BASIS
 COUNTY HEALTH FUND - SPECIAL REVENUE MAJOR FUND
 AUGUST 31, 2011

	County Health	Miscellaneous County Health	Home Nursing	County Health WIC	Total County Health Fund
ASSETS					
Cash and Cash Equivalents	\$ 253,431	\$ 182,763	\$ 707,975	\$ 17,302	\$ 1,161,471
Certificates of Deposits	125,211	--	125,000	--	250,211
Interfund Loans Receivable	--	--	3,800	--	3,800
TOTAL ASSETS	\$ 378,642	\$ 182,763	\$ 836,775	\$ 17,302	\$ 1,415,482
LIABILITIES					
Interfund Loans Payable	\$ --	\$ 3,800	\$ --	\$ --	\$ 3,800
FUND BALANCES					
Fund Balances:					
Restricted for:					
Health and Welfare	\$ 360,979	\$ --	\$ --	\$ 17,302	\$ 378,281
Assigned	17,663	178,963	836,775	--	1,033,401
TOTAL FUND BALANCES	\$ 378,642	\$ 178,963	\$ 836,775	\$ 17,302	\$ 1,411,682
TOTAL LIABILITIES AND FUND BALANCES	\$ 378,642	\$ 182,763	\$ 836,775	\$ 17,302	\$ 1,415,482

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, 2011

	County Health	Miscellaneous County Health	Home Nursing	County Health WIC	Total County Health Fund
REVENUES RECEIVED:					
Property Taxes	\$ 320,840	\$ --	\$ --	\$ --	\$ 320,840
Intergovernmental Revenues:					
Replacement Taxes	10,286	--	--	--	10,286
Other State Sources	118,648	208,711	33,571	--	360,930
Federal Source	350	7,841	7,032	83,600	98,823
Charges for Services	16,090	4,615	61,838	--	82,543
Interest	1,553	449	5,565	--	7,567
Miscellaneous	20	150	--	--	170
Total Revenues Received	\$ 467,787	\$ 221,766	\$ 108,006	\$ 83,600	\$ 881,159
EXPENDITURES DISBURSED:					
Current:					
Health and Welfare:					
Personnel and Fringe Benefits	391,297	250,278	\$ --	75,431	\$ 717,006
Commodities	21,316	7,506	53,399	2,422	84,643
Contractual Services	74,975	10,952	1,459	3,282	90,668
Total Expenditures Disbursed	\$ 487,588	\$ 268,736	\$ 54,858	\$ 81,135	\$ 892,317
Net Change in Fund Balance	\$ (19,801)	\$ (46,970)	\$ 53,148	\$ 2,465	\$ (11,158)
Fund Balance - September 1, 2010	398,443	225,933	783,627	14,837	1,422,840
Fund Balance - August 31, 2011	\$ 378,642	\$ 178,963	\$ 836,775	\$ 17,302	\$ 1,411,682

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
 MODIFIED CASH BASIS
 COUNTY HIGHWAY FUND - SPECIAL REVENUE MAJOR FUND
 AUGUST 31, 2011

	County Bridge	County Highway	County Motor Fuel Tax Fund	Federal Aid Secondary Matching	Total County Highway Fund
Cash and Cash Equivalents	\$ 295,090	\$ 187,023	\$ 415,296	\$ 195,246	\$ 1,092,655
TOTAL ASSETS	\$ 295,090	\$ 187,023	\$ 415,296	\$ 195,246	\$ 1,092,655
LIABILITIES	\$ --	\$ --	\$ --	\$ --	\$ --
FUND BALANCES					
Fund Balances:					
Restricted for:					
Public Works/Transportation	\$ 292,540	\$ 186,824	\$ 411,547	\$ 194,167	\$ 1,085,078
Assigned	2,550	199	3,749	1,079	7,577
TOTAL FUND BALANCES	\$ 295,090	\$ 187,023	\$ 415,296	\$ 195,246	\$ 1,092,655
TOTAL LIABILITIES AND FUND BALANCES	\$ 295,090	\$ 187,023	\$ 415,296	\$ 195,246	\$ 1,092,655

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, 2011

	County Bridge	County Highway	County Motor Fuel Tax Fund	Federal Aid Secondary Matching	Total County Highway Fund
REVENUES RECEIVED:					
Property Taxes	\$ 140,471	\$ 315,070	\$ --	\$ 153,315	\$ 608,856
Intergovernmental Revenues:					
Motel Fuel Tax	--	--	363,554	--	363,554
Replacement Taxes	10,844	22,397	--	10,844	44,085
Other State Sources	61,238	--	267,732	777,076	1,106,046
Charges for Services	23,471	85,719	--	--	109,190
Interest	2,550	199	3,749	1,079	7,577
Miscellaneous Income	--	1,301	--	--	1,301
Total Revenues Received	\$ 238,574	\$ 424,686	\$ 635,035	\$ 942,314	\$ 2,240,609
EXPENDITURES DISBURSED:					
Current:					
Public Works/Transportation	--	400,826	53,945	--	454,771
Personnel and Fringe Benefits	244,395	66,072	--	750,954	1,061,421
Commodities	--	152,622	443,010	--	595,632
Contractual Services	--	20,600	--	--	20,600
Capital Outlay	--	--	--	--	--
Total Expenditures Disbursed	\$ 244,395	\$ 640,120	\$ 496,955	\$ 750,954	\$ 2,132,424
Revenues Received Over (Under) Expenditures Disbursed	\$ (5,821)	\$ (215,434)	\$ 138,080	\$ 191,360	\$ 108,185
Other Financing Sources (Uses):					
Transfers In	--	225,000	152,803	--	377,803
Transfers Out	--	(26,786)	(225,000)	(126,017)	(377,803)
Net Change in Fund Balance	\$ (5,821)	\$ (17,220)	\$ 65,883	\$ 65,343	\$ 108,185
Fund Balance - September 1, 2010	300,911	204,243	349,413	129,903	984,470
Fund Balance - August 31, 2011	\$ 295,090	\$ 187,023	\$ 415,296	\$ 195,246	\$ 1,092,655

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
 MODIFIED CASH BASIS
 NON-MAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2011

	Special Revenue							
	Animal Control	Ambulance	Social Security	Indemnity	Rescue Squad	Capital Improvement	Probation	Emergency Management
ASSETS								
Cash and Cash Equivalents	\$ 88,060	\$ 135,827	\$ 322,992	\$ 42,232	\$ 6,188	\$ 344,715	\$ 357,002	\$ 1,330
Certificates of Deposit	--	--	--	45,000	--	--	--	--
Certificates of Deposit - Restricted	--	--	--	--	--	--	--	--
Interfund Loans Receivable	--	--	--	820	--	--	--	--
TOTAL ASSETS	\$ 88,060	\$ 135,827	\$ 322,992	\$ 88,052	\$ 6,188	\$ 344,715	\$ 357,002	\$ 1,330
LIABILITIES								
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 200	\$ 9,328
Bank Loans	--	--	--	--	--	--	--	--
TOTAL LIABILITIES	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 200	\$ 9,328
FUND BALANCES								
Fund Balances:								
Restricted for:								
Indemnity	\$ --	\$ --	\$ --	\$ 87,691	\$ --	\$ --	\$ --	\$ --
Employees Retirement	--	--	322,559	--	--	--	356,224	--
Public Safety	--	--	--	--	6,117	--	--	--
Judiciary	--	--	--	--	--	--	--	--
Automation	--	--	--	--	--	--	--	--
Recording	--	--	--	--	--	--	--	--
Public Works/Transportation	--	--	--	--	--	--	--	--
GIS	--	--	--	--	--	--	--	--
Document Storage	--	--	--	--	--	--	--	--
Economic Development	--	--	--	--	--	--	--	--
Health and Welfare	86,697	135,602	--	--	--	--	--	--
Committed:								
Capital Improvement	--	--	--	--	--	339,093	--	--
Assigned	1,363	225	433	361	71	5,622	578	--
Unassigned	--	--	--	--	--	--	--	(7,998)
TOTAL FUND BALANCES	\$ 88,060	\$ 135,827	\$ 322,992	\$ 88,052	\$ 6,188	\$ 344,715	\$ 356,802	\$ (7,998)
TOTAL LIABILITIES AND FUND BALANCES	\$ 88,060	\$ 135,827	\$ 322,992	\$ 88,052	\$ 6,188	\$ 344,715	\$ 357,002	\$ 1,330

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
 MODIFIED CASH BASIS - (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2011

	Fees to Assist Court	Special Revenue					
		Automation	Recording	Drug Traffic Prevention	Airport	Court Security	GIS
ASSETS							
Cash and Cash Equivalents	\$ 59,075	\$ 86,591	\$ 101,191	\$ 14,373	\$ 72,041	\$ 711	\$ 120,830
Certificates of Deposit	55,000	--	--	--	64,980	--	--
Certificates of Deposit - Restricted	--	--	--	--	23,277	--	--
Interfund Loans Receivable	--	--	--	--	--	--	780
TOTAL ASSETS	\$ 114,075	\$ 86,591	\$ 101,191	\$ 14,373	\$ 160,298	\$ 711	\$ 121,610
LIABILITIES							
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ 239	\$ --	\$ 16,013	\$ --
Bank Loans	--	--	--	--	83,000	--	--
TOTAL LIABILITIES	\$ --	\$ --	\$ --	\$ 239	\$ 83,000	\$ 16,013	\$ --
FUND BALANCES							
Fund Balances:							
Restricted for:							
Indemnity	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Employees Retirement	--	--	--	--	--	--	--
Public Safety	--	--	--	14,112	--	--	--
Judiciary	113,511	--	--	--	--	--	--
Automation	--	86,453	--	--	--	--	--
Recording	--	--	101,045	--	--	--	--
Public Works/Transportation	--	--	--	--	--	--	--
GIS	--	--	--	--	--	--	121,473
Document Storage	--	--	--	--	--	--	--
Economic Development	--	--	--	--	--	--	--
Health and Welfare	--	--	--	--	--	--	--
Committed:							
Capital Improvement	--	--	--	--	--	--	--
Assigned	564	138	146	22	77,298	--	137
Unassigned	--	--	--	--	--	(15,302)	--
TOTAL FUND BALANCES	\$ 114,075	\$ 86,591	\$ 101,191	\$ 14,134	\$ 77,298	\$ (15,302)	\$ 121,610
TOTAL LIABILITIES AND FUND BALANCES	\$ 114,075	\$ 86,591	\$ 101,191	\$ 14,373	\$ 160,298	\$ 711	\$ 121,610

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
 MODIFIED CASH BASIS - (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2011

	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	\$ 5,940	\$ 41,688	\$ 399,970	\$ 12,329	\$ 770	\$ 15,575	\$ 11,736	\$	\$ 2,241,166
Certificates of Deposit	--	--	--	--	--	--	--	--	164,980
Certificates of Deposit - Restricted	--	--	--	--	--	--	--	--	23,277
Interfund Loans Receivable	--	--	--	200	--	239	--	--	2,039
TOTAL ASSETS	\$ 5,940	\$ 41,688	\$ 399,970	\$ 12,529	\$ 770	\$ 15,814	\$ 11,736	\$	\$ 2,431,462
LIABILITIES									
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 25,780
Bank Loans	--	--	--	--	--	--	--	--	83,000
TOTAL LIABILITIES	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 108,780
FUND BALANCES									
Fund Balances:									
Restricted for:									
Indemnity	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 87,691
Employees Retirement	--	--	--	--	--	--	--	--	678,783
Public Safety	--	--	--	--	--	15,793	--	--	36,022
Judiciary	5,929	--	--	12,509	769	--	--	--	132,718
Automation	--	--	--	--	--	--	--	--	86,453
Recording	--	--	--	--	--	--	--	--	101,045
Public Works/Transportation	--	--	--	--	--	--	--	--	--
GIS	--	--	--	--	--	--	--	--	121,473
Document Storage	--	41,626	--	--	--	--	--	--	41,626
Economic Development	--	--	399,970	--	--	--	--	--	399,970
Health and Welfare	--	--	--	--	--	--	11,736	--	234,035
Committed:									
Capital Improvement	11	62	--	20	1	21	--	--	339,093
Assigned	--	--	--	--	--	--	--	--	87,073
Unassigned	--	--	--	--	--	--	--	--	(23,300)
TOTAL FUND BALANCES	\$ 5,940	\$ 41,688	\$ 399,970	\$ 12,529	\$ 770	\$ 15,814	\$ 11,736	\$	\$ 2,322,682
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,940	\$ 41,688	\$ 399,970	\$ 12,529	\$ 770	\$ 15,814	\$ 11,736	\$	\$ 2,431,462

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
 MODIFIED CASH BASIS - (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2011

	Capital Projects			Total Capital Projects	Total Nonmajor Governmental Funds
	Carriage Park	Findlay Road	Garden Acres		
ASSETS					
Cash and Cash Equivalents	\$ 179	\$ 624	\$ 867	\$ 1,670	\$ 2,242,836
Certificates of Deposit	--	--	--	--	164,980
Certificates of Deposit - Restricted	--	--	--	--	23,277
Interfund Loans Receivable	--	--	--	--	2,039
TOTAL ASSETS	\$ 179	\$ 624	\$ 867	\$ 1,670	\$ 2,433,132
LIABILITIES					
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ 25,780
Bank Loans	--	--	--	--	83,000
TOTAL LIABILITIES	\$ --	\$ --	\$ --	\$ --	\$ 108,780
FUND BALANCES					
Fund Balances:					
Restricted for:					
Indemnity	\$ --	\$ --	\$ --	\$ --	\$ 87,691
Employees Retirement	--	--	--	--	678,783
Public Safety	--	--	--	--	36,022
Judiciary	--	--	--	--	132,718
Automation	--	--	--	--	86,453
Recording	--	--	--	--	101,045
Public Works/Transportation	179	624	867	1,670	1,670
GIS	--	--	--	--	121,473
Document Storage	--	--	--	--	41,626
Economic Development	--	--	--	--	399,970
Health and Welfare	--	--	--	--	234,035
Committed					
Capital Improvement	--	--	--	--	339,093
Assigned	--	--	--	--	87,073
Unassigned	--	--	--	--	(23,300)
TOTAL FUND BALANCES	\$ 179	\$ 624	\$ 867	\$ 1,670	\$ 2,324,352
TOTAL LIABILITIES AND FUND BALANCES	\$ 179	\$ 624	\$ 867	\$ 1,670	\$ 2,433,132

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, 2011

	Special Revenue							
	Animal Control	Ambulance	Social Security	Indemnity	Rescue Squad	Capital Improvement	Probation	Emergency Management
REVENUES RECEIVED:								
Property Taxes	\$ --	\$ 49,699	\$ 294,827	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental Revenue:								
State Sources	--	--	--	--	--	--	--	--
Replacement Taxes	--	--	--	--	--	--	--	--
Other State Sources	--	--	--	--	--	--	--	21,273
Federal Sources	--	--	--	--	--	--	--	--
Loan Repayments	--	--	--	--	--	--	--	--
Charges for Services	10,067	--	--	3,980	--	--	92,634	--
Fines and Fees	363	225	433	361	71	5,622	578	18
Interest	1,000	--	--	--	5,200	--	--	10,300
Miscellaneous								
Total Revenues Received	\$ 11,430	\$ 49,924	\$ 295,260	\$ 4,341	\$ 5,271	\$ 5,622	\$ 93,212	\$ 31,591
EXPENDITURES DISBURSED:								
Current:								
General Government	\$ --	\$ --	\$ 267,389	\$ --	\$ --	\$ 129,800	\$ --	\$ --
Public Safety	--	--	--	--	5,547	--	40,096	43,889
Judiciary	--	--	--	--	--	--	--	--
Public Works/Transportation	--	--	--	--	--	--	--	--
Health and Welfare	1,930	50,075	--	--	--	--	--	--
Capital Outlay	--	--	--	--	79,877	--	--	--
Total Expenditures Disbursed	\$ 1,930	\$ 50,075	\$ 267,389	\$ --	\$ 85,424	\$ 129,800	\$ 40,096	\$ 43,889
Revenues Received Over (Under) Expenditures Disbursed	\$ 9,500	\$ (151)	\$ 27,871	\$ 4,341	\$ (80,153)	\$ (124,178)	\$ 53,116	\$ (12,298)
Other Financing Sources (Uses):								
Operating Transfers In	--	--	--	--	--	180,000	--	4,300
Operating Transfers Out	--	--	--	--	(40,000)	--	--	--
Net Change in Fund Balance	\$ 9,500	\$ (151)	\$ 27,871	\$ 4,341	\$ (120,153)	\$ 51,522	\$ 53,116	\$ (7,998)
Fund Balance - September 1, 2010	78,560	135,978	295,121	83,711	126,341	293,193	303,686	--
Fund Balance - August 31, 2011	\$ 88,060	\$ 135,827	\$ 322,992	\$ 88,052	\$ 6,188	\$ 344,715	\$ 356,802	\$ (7,998)

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, 2011

	Special Revenue						
	Fees to Assist Court	Automation	Recording	Drug Traffic Prevention	Airport	Court Security	GIS
REVENUES RECEIVED:							
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ 41,537	\$ --	\$ --
Intergovernmental Revenue:							
State Sources							
Replacement Taxes	--	--	--	--	4,915	--	--
Other State Sources	--	--	--	--	46,111	--	--
Federal Sources	--	1,490	--	--	--	--	--
Loan Repayments	--	--	--	--	--	--	--
Charges for Services	19,529	12,385	--	306	19,215	38,852	--
Fines and Fees	564	138	146	22	1,636	3	137
Interest	575	182	--	4,745	76,081	--	2,153
Miscellaneous							
Total Revenues Received	\$ 20,668	\$ 14,195	\$ 146	\$ 5,073	\$ 189,495	\$ 38,855	\$ 2,290
EXPENDITURES DISBURSED:							
Current:							
General Government	\$ --	\$ 20,955	\$ 9,507	\$ --	\$ --	\$ --	\$ 12,727
Public Safety	--	--	--	9,261	--	55,672	--
Judiciary	9,442	--	--	--	--	--	--
Public Works/Transportation	--	--	--	--	136,645	--	--
Health and Welfare	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	211,347	--	--
Total Expenditures Disbursed	\$ 9,442	\$ 20,955	\$ 9,507	\$ 9,261	\$ 347,992	\$ 55,672	\$ 12,727
Revenues Received Over (Under) Expenditures Disbursed	\$ 11,226	\$ (6,760)	\$ (9,361)	\$ (4,188)	\$ (158,497)	\$ (16,817)	\$ (10,437)
Other Financing Sources (Uses):							
Operating Transfers In	--	--	17,294	50	--	14,621	52,476
Operating Transfers Out	(34,865)	--	--	--	--	--	--
Net Change in Fund Balance	\$ (23,639)	\$ (6,760)	\$ 7,933	\$ (4,138)	\$ (158,497)	\$ (2,196)	\$ 42,039
Fund Balance - September 1, 2010	137,714	93,351	93,258	18,272	235,795	(13,106)	79,571
Fund Balance - August 31, 2011	\$ 114,075	\$ 86,591	\$ 101,191	\$ 14,134	\$ 77,298	\$ (15,302)	\$ 121,610

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, 2011

	Special Revenue										Total Special Revenue	
	Law Library	Document Storage	Revolving Loan	Victim Impact Panel	Attorney Forfeited	DUI Equipment	Pet Population					
REVENUES RECEIVED:												
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 386,063
Intergovernmental Revenue:												
State Sources												
Replacement Taxes	--	--	--	--	--	--	--	--	--	--	--	4,915
Other State Sources	--	--	--	--	--	--	--	--	--	--	--	46,111
Federal Sources	--	--	24,179	--	--	--	--	--	--	--	--	22,763
Loan Repayments	--	--	--	--	--	--	--	--	--	--	--	24,179
Charges for Services	10,738	10,787	--	950	438	--	--	6,010	--	--	--	19,215
Fines and Fees	11	62	5,653	20	1	21	--	--	--	--	--	206,676
Interest	--	--	--	--	--	--	--	--	--	--	--	16,085
Miscellaneous	--	--	--	--	--	--	--	--	--	--	--	100,236
Total Revenues Received	\$ 10,749	\$ 10,849	\$ 29,832	\$ 970	\$ 439	\$ 21	\$ 21	\$ 6,010	\$ 21	\$ 6,010	\$ 21	\$ 826,243
EXPENDITURES DISBURSED:												
Current:												
General Government	\$ --	\$ 8,141	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	448,519
Public Safety	--	--	--	--	--	738	--	--	--	--	--	155,203
Judiciary	11,390	--	--	1,741	--	--	--	--	--	--	--	22,573
Public Works/Transportation	--	--	--	--	--	--	--	--	--	--	--	136,645
Health and Welfare	--	--	--	--	--	--	--	5,383	--	--	--	57,388
Capital Outlay	--	--	--	--	--	--	--	--	--	--	--	291,224
Total Expenditures Disbursed	\$ 11,390	\$ 8,141	\$ --	\$ 1,741	\$ --	\$ 738	\$ 738	\$ 5,383	\$ 738	\$ 5,383	\$ 5,383	\$ 1,111,552
Revenues Received Over (Under) Expenditures Disbursed	\$ (641)	\$ 2,708	\$ 29,832	\$ (771)	\$ 439	\$ (717)	\$ (717)	\$ 627	\$ (717)	\$ 627	\$ (285,309)	
Other Financing Sources (Uses):												
Operating Transfers In	--	--	--	--	--	3,514	--	--	--	--	--	272,255
Operating Transfers Out	--	--	--	--	--	--	--	--	--	--	--	(79,165)
Net Change in Fund Balance	\$ (641)	\$ 2,708	\$ 29,832	\$ (771)	\$ 439	\$ 2,797	\$ 2,797	\$ 627	\$ (717)	\$ 627	\$ (92,219)	
Fund Balance - September 1, 2010	6,581	38,980	370,138	13,300	331	13,017	13,017	11,109	13,017	11,109	11,109	2,414,901
Fund Balance - August 31, 2011	\$ 5,940	\$ 41,688	\$ 399,970	\$ 12,529	\$ 770	\$ 15,814	\$ 15,814	\$ 11,736	\$ 15,814	\$ 11,736	\$ 11,736	\$ 2,322,682

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, 2011

	Capital Projects			Garden Acres	Total Capital Projects	Total Nonmajor Governmental Funds
	Carrriage Park	Findlay Road				
REVENUES RECEIVED:						
Property Taxes	\$ --	\$ --	\$ --	--	--	\$ 386,063
Intergovernmental Revenue:						
State Sources						
Replacement Taxes	--	--	--	--	--	4,915
Other State Sources	--	--	--	--	--	46,111
Federal Sources	--	--	--	--	--	22,763
Loan Repayments	--	--	--	--	--	24,179
Charges for Services	--	--	--	--	--	19,215
Fines and Fees	--	--	--	--	--	206,676
Interest	--	2	2	2	4	16,089
Miscellaneous	--	--	--	--	--	100,236
Total Revenues Received	\$ --	\$ 2	\$ 2	2	4	\$ 826,247
EXPENDITURES DISBURSED:						
Current:						
General Government	\$ --	\$ --	\$ --	--	--	448,519
Public Safety	--	--	--	--	--	155,203
Judiciary	--	--	--	--	--	22,573
Public Works/Transportation	--	--	--	--	--	136,645
Health and Welfare	--	--	--	--	--	57,388
Capital Outlay	--	--	--	--	--	291,224
Total Expenditures Disbursed	\$ --	\$ --	\$ --	--	--	\$ 1,111,552
Revenues Received Over (Under) Expenditures Disbursed	\$ --	\$ 2	\$ 2	2	4	\$ (285,305)
Other Financing Sources (Uses):						
Operating Transfers In	--	--	--	--	--	272,255
Operating Transfers Out	--	--	--	--	--	(79,165)
Net Change in Fund Balance	\$ --	\$ 2	\$ 2	2	4	\$ (92,215)
Fund Balance - September 1, 2010	179	622	865	865	1,666	2,416,567
Fund Balance - August 31, 2011	\$ 179	\$ 624	\$ 867	867	1,670	\$ 2,324,352

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, 2011

	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	\$ 238,325	\$ 51,626	\$ 13,877	\$ 369	\$ 1,431,638	\$ 15,324	\$ 232	\$ 148,332
TOTAL ASSETS	\$ 238,325	\$ 51,626	\$ 13,877	\$ 369	\$ 1,431,638	\$ 15,324	\$ 232	\$ 148,332
LIABILITIES								
Distributions Payable	\$ 238,325	\$ 51,626	\$ 13,877	\$ 369	\$ 1,431,638	\$ 15,324	\$ 232	\$ 148,332
Interfund Loans Payable	--	--	--	--	--	--	--	--
TOTAL LIABILITIES	\$ 238,325	\$ 51,626	\$ 13,877	\$ 369	\$ 1,431,638	\$ 15,324	\$ 232	\$ 148,332
TOTAL NET ASSETS	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

ASSETS

LIABILITIES

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, 2011

	Circuit Clerk's Trust Fund	Sheriff's 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	\$ 150	\$ 5,068,572	\$ 72,211	\$ 1,147	\$ 280,224	\$ 17,180	\$ 7,339,264
TOTAL ASSETS	\$ 57	\$ 150	\$ 5,068,572	\$ 72,211	\$ 1,147	\$ 280,224	\$ 17,180	\$ 7,339,264
LIABILITIES								
Distributions Payable	\$ 57	\$ 150	\$ 5,067,752	\$ 72,211	\$ 1,147	\$ 280,224	\$ 17,180	\$ 7,338,444
Interfund Loans Payable	--	--	820	--	--	--	--	820
TOTAL LIABILITIES	\$ 57	\$ 150	\$ 5,068,572	\$ 72,211	\$ 1,147	\$ 280,224	\$ 17,180	\$ 7,339,264
NET ASSETS	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

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, 2011

	Balance September 1, 2010	Additions	Deductions	Balance August 31, 2011
Drainage:				
Assets:				
Cash Deposits	\$ 276,975	\$ 55,736	\$ 94,386	\$ 238,325
Liabilities:				
Distributions Payable	\$ 276,975	\$ 55,736	\$ 94,386	\$ 238,325
Local Bridge Program:				
Assets:				
Cash Deposits	\$ 129,994	\$ 210,571	\$ 288,939	\$ 51,626
Liabilities:				
Distributions Payable	\$ 129,994	\$ 210,571	\$ 288,939	\$ 51,626
Township Bridge Supervisory Engineering:				
Assets:				
Cash Deposits	\$ 10,444	\$ 154,298	\$ 150,865	\$ 13,877
Liabilities:				
Distributions Payable	\$ 10,444	\$ 154,298	\$ 150,865	\$ 13,877
Township Construction:				
Assets:				
Cash Deposits	\$ 4,674	\$ 367,743	\$ 372,048	\$ 369
Liabilities:				
Distributions Payable	\$ 4,674	\$ 367,743	\$ 372,048	\$ 369
Township Motor Fuel Tax:				
Assets:				
Cash Deposits	\$ 706,677	\$ 2,584,673	\$ 1,859,712	\$ 1,431,638
Liabilities:				
Distributions Payable	\$ 706,677	\$ 2,584,673	\$ 1,859,712	\$ 1,431,638
Inmate Commissary:				
Assets:				
Cash Deposits	\$ 11,589	\$ 12,466	\$ 8,731	\$ 15,324
Liabilities:				
Distributions Payable	\$ 11,589	\$ 12,466	\$ 8,731	\$ 15,324
Circuit Clerk's Marriage Fund				
Assets:				
Cash Deposits	\$ 331	\$ 263	\$ 362	\$ 232
Liabilities:				
Distributions Payable	\$ 331	\$ 263	\$ 362	\$ 232
Circuit Clerk's Cash Bail				
Assets:				
Cash Deposits	\$ 97,173	\$ 84,072	\$ 32,913	\$ 148,332
Liabilities:				
Distributions Payable	\$ 97,173	\$ 84,072	\$ 32,913	\$ 148,332

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, 2011

	Balance September 1, 2010	Additions	Deductions	Balance August 31, 2011
Circuit Clerk's Trust Fund				
Assets:				
Cash Deposits	\$ 57	\$ 62,557	\$ 62,557	\$ 57
Liabilities:				
Distributions Payable	\$ 57	\$ 62,557	\$ 62,557	\$ 57
Sheriff's Trust:				
Assets:				
Cash Deposits	\$ 7,210	\$ 65,386	\$ 72,446	\$ 150
Liabilities:				
Distributions Payable	\$ 7,210	\$ 65,386	\$ 72,446	\$ 150
Property Taxes:				
Assets:				
Cash Deposits	\$ 4,018,873	\$ 25,833,083	\$ 24,783,384	\$ 5,068,572
Liabilities:				
Distributions Payable	\$ 4,018,873	\$ 25,833,083	\$ 24,783,384	\$ 5,068,572
Litigation:				
Assets:				
Cash Deposits	\$ 71,733	\$ 478	\$ --	\$ 72,211
Liabilities:				
Distributions Payable	\$ 71,733	\$ 478	\$ --	\$ 72,211
Estate Tax:				
Assets:				
Cash Deposits	\$ 1,146	\$ 1	\$ --	\$ 1,147
Liabilities:				
Distributions Payable	\$ 1,146	\$ 1	\$ --	\$ 1,147
Minor and Unknown Heirs:				
Assets:				
Cash Deposits	\$ 279,804	\$ 420	\$ --	\$ 280,224
Liabilities:				
Distributions Payable	\$ 279,804	\$ 420	\$ --	\$ 280,224
County Clerk Real Estate:				
Assets:				
Cash Deposits	\$ 13,945	\$ 272,208	\$ 268,973	\$ 17,180
Liabilities:				
Distributions Payable	\$ 13,945	\$ 272,208	\$ 268,973	\$ 17,180
Total Agency Funds:				
Assets:				
Cash Deposits	\$ 5,630,625	\$ 29,703,955	\$ 27,995,316	\$ 7,339,264
Total Assets	<u>\$ 5,630,625</u>	<u>\$ 29,703,955</u>	<u>\$ 27,995,316</u>	<u>\$ 7,339,264</u>
Liabilities:				
Distributions Payable	\$ 5,630,625	\$ 29,703,955	\$ 27,995,316	\$ 7,339,264
Total Liabilities	<u>\$ 5,630,625</u>	<u>\$ 29,703,955</u>	<u>\$ 27,995,316</u>	<u>\$ 7,339,264</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, 2010 TO JUNE 30, 2011
CONTRACT NUMBER IL-18-X027

Line Item	Revenue	
401.01	Passenger Fare / Donations	\$ 14,645
409.00	Local Cash Grants	108,387
411.00	State Cash Grants	547,400
431.00	Contributed Cash	4,562
	Total Revenue	<u>\$ 674,994</u>

<u>Expenses</u>		Actual Administrative Expenses	Actual Operating Expenses	Total
501.00	Labor	\$ 126,995	\$ 371,405	\$ 498,400
502.00	Fringe Benefits	26,885	74,748	101,633
503.00	Services	10,202	102,014	112,216
504.01	Fuel and Oil	--	112,523	112,523
504.02	Tires and Tubes	--	3,613	3,613
504.03	Inventory Purchases	245	860	1,105
504.99	Other Materials	20,810	5,645	26,455
505.00	Utilities	17,078	--	17,078
506.00	Casualty and Liability	22,807	1,089	23,896
509.00	Miscellaneous	17,603	14,384	31,987
512.00	Lease and Rentals	19,083	--	19,083
	Total Direct Expense	\$ 261,708	\$ 686,281	\$ 947,989
	Total Indirect Expense	21,983	57,648	79,631
	Total Expense	<u>\$ 283,691</u>	<u>\$ 743,929</u>	<u>\$ 1,027,620</u>

Section 5311 Grant Reimbursement

	Administrative Expenses	Operating Expenses	Total	Grant Total
Expenses:	\$ 283,691	\$ 743,929	\$ 1,027,620	
Less: Ineligible Expense	--	--	--	
Net Eligible Expenses	\$ 283,691	\$ 743,929	\$ 1,027,620	
Less: Total Operating Revenues	--	14,645	14,645	
Section 5311 Operating Deficit	283,691	\$ 729,284	\$ 1,012,975	
Section 5311 Reimbursement	X 80%	X 50%		
Eligible Reimbursement Per Percentages	\$ 226,953	\$ 364,642		\$ 591,595
Funding Limits Per Contract				352,626
Maximum Section 5311 Reimbursement			352,626	352,626
Less: IDOT Payments - Section 5311				
Reimbursement to Grantee				352,626
Amount Under Paid				<u>\$ --</u>
Grantee Local Match Requirement			<u>\$ 660,349</u>	

Grantee Match Sources

Local Cash Grants	\$ 108,387
State Cash Grants	547,400

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, 2011

Federal Grantor/Pass -through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Disbursements/ Expenditures
<u>U.S. Department of Homeland Security</u>			
Passed through Illinois Law Enforcement Alarm Systems EOC Technology Grant	97.067		\$ 21,273
<u>U.S. Department of Transportation</u>			
Passed through Illinois Department of Transportation (M) Highway Planning & Construction - Non-Cash	20.205	04-07120-00 BR	\$ 467,132
Total Highway Planning			
Passed through Illinois Department of Transportation Public Transportation - Non-Cash Public Transportation		IL-18-X026 RPT-11-019	\$ 149,530 352,626
Total Public Transportation	20.509		\$ 502,156
Total U.S. Department of Transportation			\$ 969,288
<u>U.S. Department of General Service Administration</u>			
Passed through Illinois State Board of Elections Help America Vote Act	39.001		\$ 40,155
<u>U.S. Department of Environment Quality</u>			
Passed through Illinois Department of Public Health Performance Partnership Grants - Groundwater Testing	66.605	4740	\$ 350
<u>U.S. Department of Health & Human Services</u>			
Passed through Illinois Department of Public Health Public Health Emergency/Bioterrorism Preparedness Public Health Emergency/Bioterrorism Preparedness		9610 5910	\$ 2,514 4,327
Total Public Health Emergency/Bioterrorism Preparedness	93.069		\$ 6,841
Passed through Illinois Department of Healthcare and Family Services Medicaid Matching - Administrative Outreach	93.778	FY10	\$ 56,191
Passed through Illinois Department of Healthcare and Family Services Child Support/Computer Interface	93.563		\$ 3,908
Passed through Illinois Department of Human Services Title XX Block Grant - Teen Parents	93.667	11GL454000	\$ 5,532
Passed through Illinois Department of Public Health Diabetes Program	93.283	3510	\$ 1,500
Passed through Illinois Department of Public Health West Nile		5610	\$ 1,000
Passed through Illinois Department of Public Health Health Protection - Immunization - Non-Cash	93.268	000283	\$ 129,199
Total U.S. Department of Health and Human Services			\$ 204,171
<u>U.S. Department of Agriculture</u>			
Passed through the Illinois Department of Human Services (M) Supplemental Nutrition Program for Women Infants and Children (M) Supplemental Nutrition Program for Women Infants and Children (M) WIC Special Supplemental Nutrition Program - Non-Cash		11GM454000 12GM454000 FY11	\$ 71,982 14,196 246,310
Total Women, Infants and Children Program	10.557		\$ 332,488
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,567,725

(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, 2011

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>\$352,626</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, 2011.

SHELBY COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2011

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	CFDA No.
Highway Planning & Construction – Non-Cash	20.205
Women, Infants and Children Program	10.557
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 Rural Transportation Fund.

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

Cause: The overexpenditure was caused by the timing of the receipt of grant funds. Rural transportation grant monies are received by the County and immediately passed through to the Service Provider. On August 30, 2011, \$355,609 of Rural Transportation monies were received by the County, and the budget could not be amended to reflect the pass through of these funds prior to the County's August 31, 2011 fiscal year end.

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 the Rural Transportation receipts 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 9, 2012

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, 2011.

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, 2011

The findings from the Fiscal Year 2011 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 2012.

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, 2011

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, 2010.