

**SHELBY COUNTY, ILLINOIS
ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2013**

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

SHELBY COUNTY, ILLINOIS
TABLE OF CONTENTS
AUGUST 31, 2013

	<u>PAGES</u>
Financial Section:	
Independent Auditor's Report	1-2
Independent Auditor's 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	3-4
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by OMB Circular A-133	5-6
Supplementary Information (Part 1 of 2):	
Management's Discussion and Analysis	7-13
Basic Financial Statements:	
Government-Wide Financial Statements (GWFS)	
Statement of Net Position – Modified Cash Basis	14
Statement of Activities – Modified Cash Basis	15
Fund Financial Statements	
Statement of Assets, Liabilities and Fund Balance - Modified Cash Basis – Governmental Funds	16
Reconciliation of the Governmental Funds Statement of Assets, Liabilities and Fund Balance – Modified Cash Basis To the Statement of Net Assets – Modified Cash Basis	17
Statement of Revenues Received, Expenditures Disbursed And Changes in Fund Balance-Modified Cash Basis – Governmental Funds	18
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	19
Statement of Fiduciary Net Position –Modified Cash Basis	20
Notes to Basic Financial Statements	21-45

SHELBY COUNTY, ILLINOIS
TABLE OF CONTENTS
AUGUST 31, 2013

Supplementary Information (Part 2 of 2)

Budgetary Comparison Schedule – Modified Cash Basis	46
General Fund	47-48
Schedule of Appropriations and Expenditures Disbursed	49
County Health Fund	50
County Highway Fund	51
Municipal Retirement Fund	52
Mental Health Fund	53
Rural Transportation Fund	53
 Note to Budgetary Comparison Schedules	 54
 Combining Statements:	
<u>General Fund Financial</u>	
Combining Statement of Assets, Liabilities and Fund Balance - Modified Cash Basis	55
Combining Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Modified Cash Basis	56
Combining Statement of Expenditures Disbursed – Modified Cash Basis	57-58
 <u>County Health Fund</u>	
Combining Statement of Assets, Liabilities and Fund Balance - Modified Cash Basis	59
Combining Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Modified Cash Basis	60
 <u>County Highway Fund</u>	
Combining Statement of Assets, Liabilities and Fund Balance - Modified Cash Basis	61
Combining Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Modified Cash Basis	62
 <u>Non-Major Governmental Funds</u>	
Combining Statement of Assets, Liabilities and Fund Balance - Modified Cash Basis	63-66
Combining Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Modified Cash Basis	67-70

SHELBY COUNTY, ILLINOIS
TABLE OF CONTENTS
AUGUST 31, 2013

Fiduciary Funds

Combining Statement of Fiduciary Net Position
- Modified Cash Basis 71-72

Combining Statement of Changes in Fiduciary Net Position-All Agency Funds
-Modified Cash Basis 73-74

Other

Section 5311 Annual Financial Report-Rural Transportation 75
Section 5311 Annual Financial Report-Intercity Bus 76

Other Information:

IMRF Schedule of Funding Progress 77

Single Audit Section:

Schedule of Expenditures of Federal Awards 78

Notes to the Schedule of Expenditures of Federal Awards 79

Schedule of Findings and Questioned Costs 80-83

Corrective Action Plan 84-85

Summary Schedule of Prior Audit Findings 86

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

To the County Board Members
Shelby County
Shelbyville, Illinois

Report on the Financial Statements

We have audited the accompanying modified cash basis 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

Basis for Qualified Opinion on Governmental Activities

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.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Shelby County, Illinois as of August 31, 2013, and the respective changes in financial position thereof for the year then ended in accordance with the modified cash basis of accounting.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the discretely presented component unit, each major fund, and the aggregate remaining fund information of Shelby County, Illinois, as of August 31, 2013, and the respective changes in financial position-modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Other Matters

Supplementary Information and Single Audit

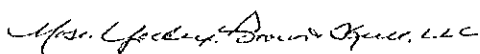
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Shelby County, Illinois' basic financial statements. The items included in the "Supplementary Information" sections of the report and the "Single Audit" section of the report, including the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The items included in the "Supplementary Information" sections of the report and the "Single Audit" section of the report, including 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the items included in the "Supplementary Information" sections of the report and the "Single Audit" section of the report, including the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

The IMRF Schedule of Funding Progress included as "Other Information" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 9, 2014 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* in considering Shelby County, Illinois' internal control over financial reporting and compliance.



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

April 9, 2014

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 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**

To the County Board Members
Shelby County, Illinois
Shelbyville, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis 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 fiscal year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents, and have issued our report thereon dated April 9, 2014. Our opinion on the governmental activities was qualified because the county has omitted disclosures required by Governmental Accounting Standards Board Statement 45 *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs and referenced as finding 2013-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs and referenced as finding 2013-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shelby County, Illinois's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as finding 2013-003.

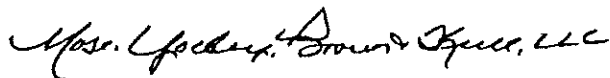
We noted certain matters that we reported to management of Shelby County, Illinois in a separate letter dated April 9, 2014.

County's Response to Findings

Shelby County, Illinois's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Shelby County, Illinois's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it

Purpose of this Report

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



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

April 9, 2014

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 ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the County Board Members
Shelby County, Illinois
Shelbyville, Illinois

Report on Compliance for Each Major Federal Program

We have audited Shelby County, Illinois's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Shelby County, Illinois's major federal programs for the year ended August 31, 2013. Shelby County, Illinois's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Shelby County, Illinois's major federal programs based on our audit of the types of compliance requirements referred to above. 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's 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Shelby County, Illinois's compliance.

Opinion on Each Major Federal Program

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, 2013.

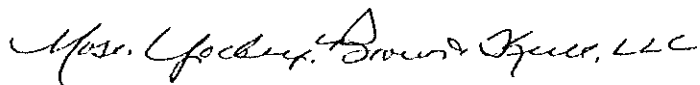
Report on Internal Control Over Compliance

Management of Shelby County, Illinois is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Shelby County, Illinois's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Shelby County, Illinois's 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



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

April 9, 2014

Supplementary Information (Part 1 of 2)

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

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

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

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

FINANCIAL HIGHLIGHTS

- The County's share of state income tax increased 18.5% from the prior year. Thirteen payments were received and reported by the county in fiscal year 2013, while twelve payments were received and recorded in fiscal year 2012.
- Property tax collections increased 2.8% from the prior year.
- Rural Transportation received monies to purchase a building at \$124,004.
- Replacement of approach aids at the Shelby County Airport was completed during fiscal year 2013.
- Capital improvements to the courthouse were completed during fiscal year 2013. These consisted of a new front entrance, geo-thermal and HVAC.
- The Sheriff department received benevolent funds which are to be used to purchase two vehicles and a gator.
- Awarded additional highway funding totaling \$2,185,775 from 5 different funding sources:
 - Most ever in one calendar year, previous high was 2010 - \$1.68 million
 - Henton County Highway Bridge Project (IDOT – 2018 MBR Grant - \$1,039,852
 - Lakewood Bridge and other floor damage repairs (FEMA Funds) - \$361,468
 - Clarksburg County Highway Railroad Crossing Project (Federal GCPF Funds) - \$396,455
 - Two Okaw Township Railroad Crossings (ICC – State GCPF Funds) - \$238,000
 - County Highway Findlay – Assumption intersect and Coon Creek Road upgrades (DCEO Grant) - \$150,000

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 Position – Modified Cash Basis includes the County's total assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position 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 position 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 position is 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 position is subdivided into three categories; net position invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The County reported \$7,030,225 and \$7,242,408 of restricted net position as of August 31, 2013 and 2012, respectively. Net position may serve over time as a useful indicator of a government's financial position. The Governmental net position was \$24,875,946 and \$24,897,141 as of August 31, 2013 and 2012, respectively.

Following is a separate Summary of Net Position – modified cash basis as of August 31, 2013 and 2012 for Governmental Activities:

Summary of Net Position – Modified Cash Basis Governmental Activities August 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Current and other assets	\$10,651,196	\$11,573,884
Capital assets, net of accumulated depreciation	<u>14,505,894</u>	<u>13,532,743</u>
Total Assets	<u>\$25,157,090</u>	<u>\$25,106,627</u>
Short-term liabilities	<u>\$ 281,144</u>	<u>\$ 209,486</u>
Total Liabilities	<u>\$ 281,144</u>	<u>\$ 209,486</u>
Net Position:		
Invested in capital assets, net of related debt	\$14,398,893	\$13,532,743
Restricted for Inventory	4,735	3,606
Restricted for Insurance	901,316	944,399
Restricted for Employees' Retirement	1,719,991	1,842,664
Restricted for Public Safety	449,855	491,461
Restricted for Public Works and Transportation	847,132	957,818
Restricted for Economic Development	504,087	504,087
Restricted for Health and Welfare	1,847,699	1,845,350
Restricted for Other Purposes	755,410	653,023
Unrestricted	<u>3,446,828</u>	<u>4,121,990</u>
Total Net Position	<u>\$24,875,946</u>	<u>\$24,897,141</u>

Fifty-eight percent of the County's Government-wide total net position 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, 2013 compare to 54% as of August 31, 2012. 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 position may be used to meet the County's ongoing obligations. As of August 31, 2013 and 2012, the County had positive balances in all categories of net position for the governmental activities. The County's overall financial position remained relatively level, with net position decreasing \$21,195 during fiscal year 2013.

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

**Changes in Net Position – Modified Cash Basis
Year Ended August 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Receipts:		
Program Receipts:		
Fines, fees, & charges for services	\$ 1,416,649	\$ 1,435,620
Operating grants and contributions	2,225,812	2,254,774
Capital grants and contributions	265,400	635,352
General Receipts:		
Property taxes	4,090,727	3,978,566
Sales and other taxes	2,134,522	1,971,940
Unrestricted investment earnings	20,616	49,995
Other receipts	<u>304,872</u>	<u>265,786</u>
Total Receipts	<u>\$10,458,598</u>	<u>\$ 10,592,033</u>
Disbursements:		
General government	\$ 2,834,348	\$ 2,838,223
Public safety	2,470,712	2,336,271
Corrections	146,274	144,593
Judiciary	513,624	490,221
Public works/transportation	3,072,529	3,306,609
Health and welfare	1,442,112	1,433,248
Interest on long-term debt	<u>194</u>	<u>205</u>
Total Disbursements	<u>\$10,479,793</u>	<u>\$10,549,370</u>
Change in net position	\$ (21,195)	\$ 42,663
Net position – September 1,	24,897,141	24,854,328
Adjustment to Net Position	<u> --</u>	<u> 150</u>
Net position – August 31,	<u>\$24,875,946</u>	<u>\$24,897,141</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 \$10,408,785 and \$11,282,733 as of August 31, 2013 and 2012, respectively. Of these amounts, \$6,957,222 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 \$4,735 of fund balance is considered unspendable because it has been used for advances, inventory, and prepaid items. Committed fund balances total \$214,702 and represent amounts that have been committed by formal action of the County Board. A total of \$1,343,561 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 \$1,888,565 is unassigned and can be used for any lawful purpose.

The fund balance for all Governmental Funds at the fiscal years ended August 31, 2013 and 2012 had a negative net change of \$873,949 and \$479,813, respectively.

Per the Statement of Revenues Received, Expenditures Disbursed and Change in Fund Balance, total Governmental receipts for the fiscal years 2013 and 2012 were \$10,440,159 and \$10,379,360, respectively and total disbursements were \$11,451,910 and \$10,940,075, 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 \$1,908,523, while total fund balance is \$3,317,301. 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 34 percent of total general fund expenditures and other financing sources, while total fund balance represented 56 percent of that same amount. For the year ended August 31, 2013, receipts of \$4,966,019 less disbursements of \$5,652,269 resulted in a decrease in fund balance of \$686,250. After the net transfers of (\$63,589), the result was a net decrease in the General Fund fund balance of \$749,839. For the year ended August 31, 2012, receipts of \$4,530,981 less disbursements of \$5,029,280 and net transfers of \$265,021 and loan proceeds of \$10,356 resulted in a net decrease in fund balance of \$222,922.

The largest receipt sources for the General Fund are property taxes, sales taxes, and income taxes which account for 67 and 65 percent of receipts for the years ended August 31, 2013 and 2012. General government and public safety are the primary operations of the general fund. Approximately 68 and 74 percent of the General Fund's disbursements are for general government and public safety activities for the years ended August 31, 2013 and 2012.

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 88 and 89 percent of receipts for the years ended August 31, 2013 and 2012, 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 90 and 94 percent of receipts for the years ended August 31, 2013 and 2012, 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 96 and 96 percent of receipts for the years ended August 31, 2013 and 2012, respectively.

MENTAL HEALTH FUND

The largest source of revenues received for the Mental Health Fund is property taxes which accounts for 96 and 95 percent of receipts for the years ended August 31, 2013 and 2012, 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, 2013 and 2012. 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 \$856,719 and actual disbursements were less than budgeted amounts by \$645,444, resulting in a positive budget variance of \$1,502,163. The other Information section contains the Budgetary Comparison Schedule – Modified Cash Basis for the General Fund, County Health Fund, County Highway Fund, Municipal Retirement Fund, Mental Health Fund, and Rural Transportation Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

The County's investments in capital assets as of August 31, 2013 and 2012 (net of accumulated depreciation), are summarized below for Governmental-Type Activities:

**Capital Assets
Governmental Activities
(Net of Depreciation)
August 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Land	\$ 3,414,046	\$ 3,376,596
Work in Process	71,571	613,415
Buildings and Improvements	3,998,186	2,352,620
Vehicles	562,247	741,528
Maintenance Vehicles	121,480	46,863
Infrastructure	6,048,014	6,227,743
Equipment	270,559	161,045
Law Enforcement & Canine	19,791	12,933
 Total Capital Assets, net of depreciation	 <u>\$14,505,894</u>	 <u>\$13,532,743</u>

During fiscal years 2013 and 2012, total capital assets for the County had a net increase (including additions, decreases, and depreciation) of \$973,945 and \$543,288, respectively. These increases reflect the current additions for vehicles, equipment, building and highway infrastructure and other miscellaneous equipment. The County recorded \$711,211 and \$663,035 of depreciation expense for the fiscal years 2013 and 2012, respectively and the amounts of accumulated depreciation are \$6,869,935 and \$6,427,519 as of August 31, 2013 and 2012, respectively.

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

DEBT

The County has a statutorily imposed legal general obligation bond limit of 5.75% of its total assessed valuation. That limit is approximately 18.9 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, 2013 and 2012:

**Outstanding Long-Term Debt
Governmental Activities
August 31, 2013 and 2012**

<u>Debt Description</u>	<u>2013</u>	<u>2012</u>
Bank Loans	\$ 100,701	\$ 10,016

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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Government-Wide Financial Statements (GWFS)

SHELBY COUNTY, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
AUGUST 31, 2013

	Primary Government Governmental Activities	Component Unit
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 10,151,448	\$ 18,628
Certificates of Deposit	426,745	--
Notes Receivable		
Due Within One Year	17,903	--
Inventory	4,735	--
	Total Current Assets	\$ 18,628
Noncurrent Assets:		
Notes Receivable		
Due In More Than One Year	\$ 50,365	\$ --
Capital Assets		
Land	3,414,046	--
Work in Process	71,571	--
Buildings & Improvements	5,722,630	--
Vehicles	2,119,822	--
Maintenance Vehicles	780,602	--
Infrastructure	7,241,576	--
Equipment	2,003,377	4,820
Law Enforcement Canine	23,000	--
Less: Accumulated Depreciation	(6,870,730)	(4,820)
	Total Noncurrent Assets	\$ --
	TOTAL ASSETS	\$ 18,628
LIABILITIES:		
Withholding Payable	\$ 102,129	\$ 1,017
Due to Other Governmental Units	72,014	--
Debt Due Within One Year	34,532	--
Debt Due In More Than One Year	72,469	--
	TOTAL LIABILITIES	\$ 1,017
NET POSITION		
Invested in Capital Assets, Net of Related Debt	\$ 14,398,893	\$ --
Restricted for:		
Inventory	4,735	--
Insurance	901,316	--
Employees' Retirement	1,719,991	--
Public Safety	449,855	--
Public Works and Transportation	847,132	--
Economic Development	504,087	--
Health and Welfare	1,847,699	--
Other Purposes	755,410	--
Unrestricted	3,446,828	17,611
	TOTAL NET POSITION	\$ 17,611

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

SHELBY COUNTY, ILLINOIS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED AUGUST 31, 2013

Activities	PROGRAM RECEIPTS				Net (Disbursements) Receipts and Changes in Net Position
	Disbursements	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities					
General Government	\$ 2,834,348	\$ 915,440	\$ 467,607	\$ --	\$ (1,451,301)
Public Safety	2,470,906	231,796	20,194	113,732	(2,105,184)
Corrections	146,274	--	--	--	(146,274)
Judiciary	513,624	28,557	--	--	(485,067)
Public Works/Transportation	3,072,529	130,815	1,309,094	151,668	(1,480,952)
Health and Welfare	1,442,112	110,041	428,917	--	(903,154)
Total Governmental Activities	\$ 10,479,793	\$ 1,416,649	\$ 2,225,812	\$ 265,400	\$ (6,571,932)
TOTAL PRIMARY GOVERNMENT	\$ 10,479,793	\$ 1,416,649	\$ 2,225,812	\$ 265,400	\$ (6,571,932)
Component Unit:					
Shelby County Tourism	\$ 90,373	\$ 19,740	\$ 17,627	\$ --	\$ (53,006)
General Receipts:					
Taxes - Property					\$ 4,090,727
Taxes - Sales					597,177
Taxes - Income					1,038,985
Taxes - Motor Fuel					363,366
Taxes - Replacement & Other					134,994
Unrestricted Interest					20,616
County Farm					32,880
Transfers					30,801
Miscellaneous					241,191
Total General Receipts and Transfers					\$ 6,550,737
Change in Net Position					\$ (21,195)
Net Position - September 1, 2012					18,942
Net Position - August 31, 2013					\$ 24,875,946

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

Fund Financial Statements

SHELBY COUNTY, ILLINOIS
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
AUGUST 31, 2013

	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	\$ 3,216,186	\$ 1,083,181	\$ 860,796	\$ 1,468,787	\$ 1,402,590	\$ -	\$ 2,119,908	\$ 10,151,448
Certificates of Deposit	10,000	251,182	-	-	-	-	165,563	426,745
Interfund Loans Receivable	86,380	3,800	-	-	-	-	780	90,960
Inventory	4,735	-	-	-	-	-	-	4,735
TOTAL ASSETS	\$ 3,317,301	\$ 1,338,163	\$ 860,796	\$ 1,468,787	\$ 1,402,590	\$ -	\$ 2,286,251	\$ 10,673,888
* LIABILITIES								
Withholding Payable	\$ 102,129	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,129
Interfund Loans Payable	780	3,800	-	65,877	-	6,768	13,735	90,960
Due to Other Governmental Units	72,014	-	-	-	-	-	-	72,014
TOTAL LIABILITIES	\$ 174,923	\$ 3,800	\$ -	\$ 65,877	\$ -	\$ 6,768	\$ 13,735	\$ 265,103
FUND BALANCE								
Fund Balance:	\$ 4,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,735
Nonspendable:								
Inventory	901,316	-	-	-	-	-	-	901,316
Restricted for:	5,674	-	-	-	-	-	-	5,674
Insurance	79,024	-	-	-	-	-	-	79,024
Rescue Squad	-	-	-	-	-	-	94,671	94,671
Capital Improvement	-	-	-	-	-	-	322,158	1,719,991
Indemnity	-	-	-	1,397,833	-	-	449,855	449,855
Employees Retirement	-	-	-	-	-	-	94,773	94,773
Public Safety	-	-	-	-	-	-	77,466	77,466
Judiciary	-	-	-	-	-	-	142,730	142,730
Automation	-	-	-	-	-	-	219,926	219,926
Recording	-	-	847,132	-	-	-	41,146	41,146
Public Works/Transportation	-	-	-	-	-	-	435,819	435,819
GIS	-	-	-	-	-	-	223,678	1,847,699
Document Storage	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-
Health and Welfare	-	237,936	-	-	1,386,085	-	-	-
Committed	214,702	-	-	-	-	-	-	214,702
Capital Improvement	28,404	1,096,427	13,664	5,077	16,505	-	183,484	1,343,561
Assigned	1,908,523	-	-	-	-	(6,768)	(13,190)	1,888,565
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	\$ 3,142,378	\$ 1,334,363	\$ 860,796	\$ 1,402,910	\$ 1,402,590	\$ (6,768)	\$ 2,272,516	\$ 10,408,785
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,317,301	\$ 1,338,163	\$ 860,796	\$ 1,468,787	\$ 1,402,590	\$ -	\$ 2,286,251	\$ 10,673,888

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 POSITION - MODIFIED CASH BASIS
AUGUST 31, 2013

Total Fund Balance for Governmental Funds	\$ 10,408,785
Total net position reported for governmental activities in the statement of net position is different because:	
Notes Receivable are not financial resources; therefore, they are not reported in the funds.	68,268
Capital assets used in governmental activities are not financial resources; therefore, they are not reported in the funds:	
Land	3,414,046
Other Capital Assets	11,091,848
Capital assets used in governmental activities are not financial resources; therefore, they are not reported in the funds:	
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(107,001)</u>
 Net Position of Governmental Activities	 <u>\$ 24,875,946</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 - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2013

	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	\$ 1,711,812	\$ 324,312	\$ 698,163	\$ 466,979	\$ 496,425	\$ -	\$ 393,036	\$ 4,090,727
Sales Taxes	597,177	-	-	-	-	-	-	597,177
Intergovernmental Revenue:								
State Sources:								
Income Taxes	1,038,985	-	-	-	-	-	-	1,038,985
Motor Fuel Taxes	-	-	363,366	-	-	-	-	363,366
Replacement Tax	41,493	9,507	40,744	20,021	18,696	-	4,543	134,994
Other State Sources	443,657	230,397	204,924	-	-	472,402	9,847	1,361,227
Federal Sources	21,214	198,520	22,051	-	-	609,717	147,340	998,842
County Farm	32,880	-	-	-	-	-	-	32,880
Loan Repayments	-	-	-	-	-	-	-	-
Charges for Services	88,201	94,722	84,651	-	-	-	23,413	23,413
Licenses and Permits	6,025	-	-	-	-	-	46,164	313,738
Fines, Fees and Forfeits	788,345	-	-	-	-	-	6,025	6,025
Penalties, Interest and Costs	60,969	-	-	-	-	-	199,801	988,146
Sales of Real Estate Stamps	108,740	-	-	-	-	-	-	60,969
Interest	6,836	2,604	2,039	684	2,820	-	5,633	108,740
Miscellaneous	19,685	-	9,316	-	-	-	271,313	20,616
Total Revenues Received	\$ 4,966,019	\$ 860,062	\$ 1,425,254	\$ 487,684	\$ 517,931	\$ 1,082,119	\$ 1,101,090	\$ 10,440,159
EXPENDITURES DISBURSED:								
Current:								
General Government	\$ 1,801,204	\$ -	\$ -	\$ 608,480	\$ -	\$ -	\$ 352,661	\$ 2,760,345
Public Safety	2,029,258	-	-	-	-	-	242,612	2,271,870
Corrections	146,274	-	-	-	-	-	-	146,274
Judiciary	498,763	-	-	-	-	-	14,861	513,624
Public Works/Transportation	-	-	1,517,031	-	-	950,402	170,796	2,638,229
Health and Welfare	52,226	855,953	-	-	466,394	-	62,678	1,437,251
Capital Outlay	1,114,334	-	125,731	-	-	138,485	295,556	1,674,106
Debt Service	-	-	-	-	-	-	-	-
Interest on Long Term Debt	194	-	-	-	-	-	-	194
Principal on Long Term Debt	10,016	-	-	-	-	-	-	10,016
Total Expenditures Disbursed	\$ 5,652,269	\$ 855,953	\$ 1,642,762	\$ 608,480	\$ 466,394	\$ 1,088,887	\$ 1,139,164	\$ 11,451,909
Revenues Received Over (Under) Expenditures Disbursed	\$ (686,250)	\$ 4,109	\$ (217,508)	\$ (118,796)	\$ 51,537	\$ (6,768)	\$ (38,074)	\$ (1,011,750)
Other Financing Sources (Uses):								
Loan Proceeds	-	-	107,001	-	-	-	-	107,001
Operating Transfers In	696,014	2,430	171,432	-	-	-	151,261	1,021,137
Operating Transfers Out	(759,603)	-	(169,572)	-	-	-	(61,161)	(990,336)
Net Change in Fund Balance	\$ (749,839)	\$ 6,539	\$ (108,647)	\$ (118,796)	\$ 51,537	\$ (6,768)	\$ 52,026	\$ (873,948)
Fund Balance - September 1, 2012	3,892,217	1,327,824	969,443	1,521,706	1,351,053	-	2,220,490	11,282,733
Fund Balance - August 31, 2013	\$ 3,142,378	\$ 1,334,363	\$ 860,796	\$ 1,402,910	\$ 1,402,590	\$ (6,768)	\$ 2,272,516	\$ 10,408,785

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, 2013

Net Change in Fund Balance - Total Governmental Funds	\$	(873,948)
<p>The Change in Net Position reported for governmental activities in the Statement of Activities - modified cash basis is different because:</p>		
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Current year debt proceeds		(107,001)
Current year principal retirement		10,016
<p>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 (\$1,674,106) exceed depreciation (\$712,006) in the current period.</p>		
		962,100
Proceeds from sale of capital outlays		(6,360)
<p>Turn over of Township road infrastructure is 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.</p>		
		17,411
<p>Principal payments received on Notes Receivable reduce Notes Receivable and do not affect the Statement of Activities - modified cash basis</p>		
		<u>(23,413)</u>
Change in Net Position of Governmental Activities	\$	<u>(21,195)</u>

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

SHELBY COUNTY, ILLINOIS
 STATEMENT OF FIDUCIARY NET POSITION -
 MODIFIED CASH BASIS
YEAR ENDED AUGUST 31, 2013

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 5,771,500
TOTAL ASSETS	\$ 5,771,500
 LIABILITIES	
Distributions Payable	\$ 5,771,500
TOTAL LIABILITIES	\$ 5,771,500
TOTAL NET POSITION	\$ --

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, 2013

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, 2013

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 position-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, 2013

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, 2013

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, 2013.

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, 2013

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 12, 2012, the final budget on August 8, 2013. 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, 2013

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
Law Enforcement Canine	8
Orthoimagery	5

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, 2013

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, 2013

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 Position

In the government-wide financial statements, net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, less outstanding principal of related debt. Restricted net position 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, 2013

Note 2 – Change in Accounting Principle

For fiscal year 2013 the County implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the County's 2013 statements; however, there was no effect on beginning net assets/fund balance.

Note 3 - 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 2012 and 2011 attached as an enforceable lien on property as of January 1, 2011 and 2012, respectively. These taxes were required to be levied by the County prior to the last Tuesday in December. The 2011 and 2012 levies were adopted by the County in September, 2011 and September, 2012. Property taxes were due from property owners in two installments in August and October. The property tax receipts for the year ending August 31, 2013, as shown in the financial statements, consist of two distributions from the 2011 levy and one distribution from the 2012 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 4, 2012.

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.

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2013

Note 3 - Property Taxes (continued)

	2012 <u>Maximum</u>	<u>2012 Levy</u>	<u>2011 Levy</u>
Assessed Valuation		<u>\$328,874,060</u>	<u>\$320,603,949</u>
Property Tax Rates:			
Extension Education	.05000	.02230	.02288
County	Unlimited	.45595	.44752
County Highway	.20000	.09572	.15015
County Bridge	.25000	.04274	.04440
Federal Aid	.05000	.05000	.05000
County Health	.17500	.09572	.10139
Municipal Retirement	Unlimited	.15204	.12477
Airport	.25000	.01264	.01313
Mental Health	.15000	.15000	.15000
Social Security	Unlimited	.08970	.09202
Tort Immunity Insurance	Unlimited	.03497	.02340
Workers' Comp. Insurance Tax	Unlimited	.02585	.01560
Unemployment Insurance Act	Unlimited	<u>.01582</u>	<u>.00780</u>
Total County Rate		<u>1.24345</u>	<u>1.24306</u>
Ambulance	.25000	<u>0.01913</u>	<u>0.01956</u>

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

Note 4 - Cash and Investments

Cash and Cash Equivalents and Certificates of Deposit as of August 31, 2013 consist of the following:

	<u>Primary Government</u>	<u>Component Unit</u>
Cash on Hand	\$ 9,995	\$ 250
Deposits with financial institutions	<u>10,568,198</u>	<u>18,378</u>
Sub-Total Governmental Activities	\$ 10,578,193	\$ 18,628
Fiduciary Funds	<u>5,771,500</u>	<u>--</u>
Total	<u>\$ 16,349,693</u>	<u>\$ 18,628</u>

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

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

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2013

Note 4 - Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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, 2013 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	\$ 55,000	October 15, 2013
Certificate of Deposit	21,196	November 19, 2013
Certificate of Deposit	10,000	January 8, 2014
Certificate of Deposit	126,182	January 26, 2014
Certificate of Deposit	45,000	February 7, 2014
Certificate of Deposit	125,000	February 13, 2014
Certificate of Deposit	23,570	February 15, 2014
Certificate of Deposit	<u>20,797</u>	February 19, 2014
	<u>\$ 426,745</u>	

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

Disclosure Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. 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.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2013

Note 4 - Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. *Illinois Compiled Statutes* and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits. 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, 2013, \$14,224,449 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 \$276,149 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.

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.

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2013

Note 5 - Notes Receivable

The County has the following two notes receivable outstanding at August 31, 2013:

	<u>Due Within One Year</u>	<u>Due Over One Year</u>	<u>Total</u>
<u>Whitetail Crossing, Inc</u>			
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.			
	\$ 6,443	\$ 13,880	\$ 20,323
 <u>Willow Ridge Vineyards and Winery</u>			
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.			
	<u>11,460</u>	<u>36,485</u>	<u>47,945</u>
	<u>\$ 17,903</u>	<u>\$ 50,365</u>	<u>\$ 68,268</u>

Note 6 – Capital Assets

Capital assets activity for the year ended August 31, 2013 was as follows:

	<u>Balance September 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2013</u>
Primary Government				
Government activities:				
Capital assets not being depreciated:				
Land	\$ 3,376,596	\$ 37,450	\$ --	\$ 3,414,046
Work In Process	<u>613,415</u>	<u>71,571</u>	<u>613,415</u>	<u>71,571</u>
	<u>\$ 3,990,011</u>	<u>\$ 109,021</u>	<u>\$ 613,415</u>	<u>\$ 3,485,617</u>

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2013

Note 6 – Capital Assets (continued)

	<u>Balance September 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2013</u>
Capital assets being depreciated:				
Buildings & Improvements	\$ 3,940,696	\$ 1,781,934	\$ --	\$ 5,722,630
Vehicles	2,307,768	80,709	268,655	2,119,822
Maintenance Vehicles	666,469	114,133	--	780,602
Infrastructure	7,224,165	17,411	--	7,241,576
Equipment	1,818,153	185,224	--	2,003,377
Law Enforcement Canine	<u>13,000</u>	<u>16,500</u>	<u>6,500</u>	<u>23,000</u>
 Total Capital Assets Being Depreciated	 <u>\$15,970,251</u>	 <u>\$ 2,195,911</u>	 <u>\$ 275,155</u>	 <u>\$ 17,891,007</u>
Less: Accumulated Depreciation:				
Buildings & Improvements	\$(1,588,076)	\$ (136,368)	\$ --	\$(1,724,444)
Vehicles	(1,566,240)	(259,990)	(268,655)	(1,557,575)
Maintenance Vehicles	(619,606)	(39,516)	--	(659,122)
Infrastructure	(996,422)	(197,140)	--	(1,193,562)
Equipment	(1,657,108)	(75,710)	--	(1,732,818)
Law Enforcement Canine	<u>(67)</u>	<u>(3,282)</u>	<u>(140)</u>	<u>(3,209)</u>
 Total Accumulated Depreciation	 <u>\$(6,427,519)</u>	 <u>\$ (712,006)</u>	 <u>\$ (268,795)</u>	 <u>\$ (6,870,730)</u>
 Total Capital Assets being Depreciated net	 <u>\$ 9,542,732</u>	 <u>\$ 1,483,905</u>	 <u>\$ 6,360</u>	 <u>\$ 11,020,277</u>
 Governmental Activities Capital Assets, net	 <u>\$13,532,743</u>	 <u>\$ 1,592,926</u>	 <u>\$ 619,775</u>	 <u>\$ 14,505,894</u>

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

Governmental activities:	
General Government	\$ 74,003
Public Safety	198,842
Public Works/Transportation	434,300
Health and Welfare	<u>4,861</u>
	<u>\$ 712,006</u>

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2013

Note 6 – Capital Assets (continued)

Component Unit

Capital assets activity of Shelby County Office of Tourism for the year ended August 31, 2013 was as follows:

	<u>Balance September 1, 2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance August 31, 2013</u>
Capital assets being Depreciated:				
Equipment	\$ 4,820	\$ --	\$ --	\$ 4,820
Less: Accumulated Depreciation				
Equipment	\$ (4,820)	\$ --	\$ --	\$ (4,820)
Capital assets, net	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Note 7 – Long-Term Liabilities

Changes in Long-Term Debt

The following is a summary of changes in Long-Term Debt of Shelby County for the year ended August 31, 2013.

	<u>Balance September 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance August 31, 2013</u>	<u>Due Within One Year</u>
Governmental activities:					
Loan – Polaris Razor	\$ 10,016	\$ --	\$ 10,016	\$ --	\$ --
Loan – Dump Truck	<u>--</u>	<u>107,001</u>	<u>--</u>	<u>107,001</u>	<u>34,532</u>
	<u>\$ 10,016</u>	<u>\$ 107,001</u>	<u>\$ 10,016</u>	<u>\$ 107,001</u>	<u>\$ 34,532</u>

Polaris Razor

The loan was obtained on June 29, 2012 to finance the purchase of a 2012 Polaris Razor four-wheeler. The note is secured by the four-wheeler and requires 48 monthly payments of \$272.55, including interest at the rate of 11.99%. It was paid in full during the fiscal year.

Dump Truck

The loan was obtained on April 23, 2013 to finance the purchase of a 2014 International Dump Truck. The note is secured by the dump truck and requires three annual payments of \$38,011, including interest at the rate of 3.25%.

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2013

Note 7 – Long-Term Liabilities (continued)

At August 31, 2013, the annual cash flow requirements of principal and interest were as follows:

Year Ending August 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 34,532	\$ 3,479	\$ 38,011
2015	35,655	2,356	38,011
2016	<u>36,814</u>	<u>1,197</u>	<u>38,011</u>
	<u>\$ 107,001</u>	<u>\$ 7,032</u>	<u>\$ 114,033</u>

The debt is paid from the County Highway Fund.

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 18.9 million dollars leaving 18.8 million remaining.

Note 8 - Retirement Plans

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

A. Illinois Municipal Retirement Fund

Plan Description

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

Funding Policy

Regular Plan Members

As set by statute, Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires 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 2012 used by the employer was 13.46 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, 2013

Note 8 - Retirement Plans (continued)

ECO Plan

As set by statute, Elected County Official plan members are required to contribute 7.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2012 used by the employer was 35.62 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2012 was 35.62 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.

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 statute requires 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 2012 was 13.59 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.

Annual Pension Cost

The required contribution for calendar year 2012 was \$412,853 (Regular Plan), \$155,943 (ECO) and \$87,121 (SLEP).

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>
12/31/12	\$ 412,853	100%	\$0
12/31/11	407,386	100%	0
12/31/10	359,473	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>
12/31/12	\$155,943	100%	\$0
12/31/11	84,434	100%	0
12/31/10	115,558	100%	0

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2013

Note 8- Retirement Plans (Continued)

<u>SLEP Plan</u>			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/12	\$87,121	100%	\$0
12/31/11	80,388	100%	0
12/31/10	83,964	100%	0

Annual Pension Cost-Regular Plan

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis

Funded Status and Funding Progress-Regular Plan

As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 74.06 percent funded. The actuarial accrued liability for benefits was \$10,091,782 and the actuarial value of assets was \$7,474,394, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,617,388. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$3,067,261 and the ratio of the UAAL to the covered payroll was 85 percent.

Annual Pension Cost-ECO Plan

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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, 2010 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, 2013

Note 8 - Retirement Plans (Continued)

Funded Status and Funding Progress-ECO Plan

As of December 31, 2012, the most recent actuarial valuation date, the Elected County Official plan was 0.00 percent funded. The actuarial accrued liability for benefits was \$1,275,102 and the actuarial value of assets was (\$1,231,561), resulting in an underfunded actuarial accrued liability (UAAL) of \$2,506,663. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$114,985 and the ratio of the UAAL to the covered payroll was 2180 percent.

Annual Pension Cost-SLEP Plan

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress-SLEP Plan

As of December 31, 2012, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel plan was 93.92 percent funded. The actuarial accrued liability for benefits was \$1,970,378 and the actuarial value of assets was \$1,850,559, resulting in an underfunded actuarial accrued liability (UAAL) of \$119,819. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$641,067 and the ratio of the UAAL to the covered payroll was 19 percent.

The schedule of funding progress, presented 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 \$306,471, the total required contribution for the year ended August 31, 2013.

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2013

Note 9 – Required Individual Fund Disclosures

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

A. Excess of Expenditures over Budgets in Individual Funds

The following instances of overexpending the budget were noted:

<u>Fund</u>	<u>Expenditures</u>	<u>Budgeted Amounts</u>	<u>Overexpenditure</u>
GIS	\$ 74,343	\$ 55,000	\$ 19,343
Ambulance	57,175	57,000	175
Law Library	12,229	12,000	229
Municipal Retirement	606,480	601,700	4,780
Social Security	303,136	300,900	2,236
Sheriff Trust	150,932	--	150,932
County Highway	829,853	807,986	21,867
County Bridge	287,727	240,000	47,727
State's Attorney Automation	9	--	9
Rural Transportation	1,088,888	1,045,997	42,891

B. Deficit Fund Balances of Individual Funds

The following funds have deficit balances at August 31, 2013:

Rural Transportation	\$ 6,768
Court Security	13,190

C. Individual Fund Interfund Receivable and Payable Balances

Individual fund interfund receivable and payable balances at August 31, 2013 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
MAJOR FUNDS:		
GENERAL FUND:		
Other than Fee Offices	\$ 86,380	\$ 780
COUNTY HEALTH FUND:		
Miscellaneous County Health	\$ --	\$ 3,800
Home Nursing	3,800	--
Total County Health Fund	\$ 3,800	\$ 3,800
IMRF	\$ --	\$ 65,877
Rural Transportation Fund	\$ --	\$ 6,768

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2013

Note 9 - Required Individual Fund Disclosures (Continued)

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
NONMAJOR FUNDS:		
SPECIAL REVENUE FUNDS:		
Court Security	\$ --	\$ 13,735
GIS	780	--
Total Special Revenue Funds	<u>\$ 780</u>	<u>\$ 13,735</u>
 Total	 <u>\$ 90,960</u>	 <u>\$ 90,960</u>

D. Transfers within the Reporting Entity

The composition of interfund transfers for the year ended August 31, 2013 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
MAJOR FUNDS:		
GENERAL FUND:		
Other than Fee Offices	\$ 696,014	\$ --
County Clerk	--	300,093
Circuit Clerk	--	146,012
Sheriff	--	115,993
States Attorney	--	194,880
Supervisor of Assessments	--	2,625
Total General Fund	<u>\$ 696,014</u>	<u>\$ 759,603</u>
 COUNTY HEALTH FUND:		
County Health	\$ 1,860	\$ --
Misc County Health	570	--
Total County Health Fund	<u>\$ 2,430</u>	<u>\$ --</u>
 COUNTY HIGHWAY FUND:		
County Highway	\$ 76,860	\$ --
County Motor Fuel Tax Fund	94,572	75,000
FASM	--	94,572
Total County Highway Fund	<u>\$ 171,432</u>	<u>\$ 169,572</u>

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2013

Note 9 - Required Individual Fund Disclosures (Continued)

NONMAJOR FUNDS:		
SPECIAL REVENUE FUNDS:		
Sheriff's Trust	\$ 1,860	\$ 6,260
Animal Control	1,860	--
Emergency Management	--	10,313
Fees to Assist Court	--	44,588
Recording	19,169	--
Drug Traffic Prevention	6,260	--
Court Security	24,004	--
GIS	94,622	--
DUI Equipment	3,486	--
Total Special Revenue Funds	<u>\$ 151,261</u>	<u>\$ 61,161</u>
 FIDUCIARY FUNDS:		
Inmate Commissary	\$ --	\$ 30,801
Total Fiduciary Funds	<u>\$ --</u>	<u>\$ 30,801</u>
Total	<u>\$ 1,021,137</u>	<u>\$ 1,021,137</u>

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

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	\$ 213,403
Mobile Home Tax Collected	592
Interest	38
	<u>\$ 214,033</u>
 Tort Expenditures:	
Commercial Liability Insurance	\$ 124,755
Unemployment tax	42,816
Workers' Compensation Insurance	<u>89,545</u>
Total Expenditures	<u>\$ 257,116</u>
Receipts over expenditures	\$ (43,083)
Restricted at September 1, 2012	<u>944,399</u>
Restricted at August 31, 2013	<u>\$ 901,316</u>

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2013

Note 11 - 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 for all coverage's except for workers' compensation.

Shelby County participates in The Illinois Public Risk Fund (IPRF), Illinois' largest self-insured pool, for workers compensation coverage. The County has pooled their workers compensation exposures with over 500 public entities and governmental agencies. Members of the pool must be public entities or governmental agencies located within the State of Illinois, are required to participate in a loss prevention and claims management program, and must have favorable loss experience and be approved by the Board of Trustees of the Fund. A Board of Trustees elected by Fund participants oversees the operation of the Fund and governs it in accordance with State of Illinois rules and guidelines. Eighty percent of each IPRF premium dollar is added to the loss fund while 20% is allocated to the purchase of excess insurance and administration costs. All investment earnings accrue to the fund. Profits are based on the underwriting surplus realized by the group and members share in the surplus based upon individual and overall member claims experience.

There has not been a significant reduction in the County's insurance coverage as of August 31, 2013. Also, there have been no settlement amounts which exceeded insurance coverage in the past three years.

Note 12 - Due to Other Governmental Units

The Due to Other Governmental Units shown in the Primary Government column in the Statement of Net Position-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 \$72,014 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 13 - CEFS Agreement

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

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

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

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2013

Note 14 - 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, 2013 is not reflected in the financial statements but is estimated to be \$527,174.

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, 2013.

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, 2013 was \$106,390. 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, 2013 the County extended the lease agreement for the Shelby County Farmland. This lease provides for minimum annual rent of \$34,352 payable in semi-yearly installments of \$17,176. The County received \$32,880 in rent income during the year ended August 31, 2013.

Other Post Employment Benefits

The County has committed to provide eleven months of the former Sheriff's surviving spouse'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 \$7,006 in the General fund during the year ended August 31, 2013 for this benefit. The benefit commenced in September, 2006.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2013

Note 14 - Commitments and Contingencies (Continued)

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 2013, Shelby County paid \$26,578 under terms of the agreement. Upon expiration of the contract the County will continue year by year.

Lease Agreement – C.E.F.S. Economic Opportunity Corporation

On April 27, 2013, the County entered into a triple net lease agreement of \$1 per year with C.E.F.S. Economic Opportunity Corporation to lease the property at 1505 W.S. 1st Street. The lease terminates June 30, 2014 with the option to renew on the same term and conditions for the next fifteen successive one-year periods.

Photogrammetric Services

The County approved for Bruce Harris & Associates to aerial photography all of Shelby County at the cost of \$103,800. At year end the County had expended \$57,090 toward this project.

Note 15 – Subsequent Events

Management evaluated subsequent events through April 9, 2013, the date which the financial statements were available to be issued, and concluded that there were no events that met the criteria for disclosure.

**Supplementary Information
(Part 2 of 2)**

SHELBY COUNTY, ILLINOIS
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 GENERAL FUND
 YEAR ENDED AUGUST 31, 2013

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES RECEIVED:				
Property Taxes	\$ 1,304,500	\$ 1,304,500	\$ 1,711,812	\$ 407,312
Sales Taxes	595,000	595,000	597,177	2,177
Intergovernmental Revenue:				
State Sources:				
Income Taxes	875,000	875,000	1,038,985	163,985
Replacement Tax	44,000	44,000	41,493	(2,507)
Other State Sources	395,000	395,000	443,657	48,657
Federal Sources	50,000	50,000	21,214	(28,786)
County Farm	29,000	29,000	32,880	3,880
Charges for Services	84,000	84,000	88,201	4,201
Licenses and Permits	6,000	6,000	6,025	25
Fines, Fees and Forfeits	625,000	625,000	788,345	163,345
Penalties, Interest and Costs	—	—	60,969	60,969
Sales of Real Estate Stamps	68,000	68,000	108,740	40,740
Interest	27,000	27,000	5,836	(20,164)
Miscellaneous	6,800	6,800	19,685	12,885
Total Revenues Received	\$ 4,109,300	\$ 4,109,300	\$ 4,966,019	\$ 856,719
EXPENDITURES DISBURSED:				
Current:				
General Government	\$ 1,833,268	\$ 1,865,578	\$ 1,801,204	\$ 64,374
Public Safety	1,956,970	2,026,470	2,029,258	(2,788)
Corrections	173,984	174,984	146,274	28,710
Judiciary	510,610	536,610	498,763	37,847
Health and Welfare	64,175	64,175	52,226	11,949
Capital Outlay	1,000,000	1,115,377	1,114,334	1,043
Debt Service	—	—	194	(194)
Interest on Long Term Debt	—	—	10,016	(10,016)
Principal on Long Term Debt	—	—	—	—
Total Expenditures Disbursed	\$ 5,539,007	\$ 5,783,194	\$ 5,652,269	\$ 130,925
Revenues Received Over (Under) Expenditures Disbursed	\$ (1,429,707)	\$ (1,673,894)	\$ (686,250)	\$ 987,644
Other Financing Sources (Uses):				
Operating Transfers In	—	—	696,014	696,014
Operating Transfers Out	—	—	(759,603)	(759,603)
Net Change in Fund Balance	\$ (1,429,707)	\$ (1,673,894)	\$ (749,839)	\$ 924,055
Fund Balance - September 1, 2012			3,892,217	
Fund Balance - August 31, 2013			\$ 3,142,378	

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

SHELBY COUNTY, ILLINOIS
 SCHEDULE OF APPROPRIATIONS AND EXPENDITURES DISBURSED - MODIFIED CASH BASIS
 GENERAL FUND
 YEAR ENDED AUGUST 31, 2013

	Budget		Final	Disbursements	Variance with Final Budget Positive (Negative)
	Original	Final			
EXPENDITURES DISBURSED:					
General Government:					
Operating Expenses Pertaining to the Office of:					
County Clerk	\$ 377,821	\$ 377,821	\$ 359,347	\$ 18,474	
Circuit Clerk	262,905	262,905	249,349	13,556	
Supervisor of Assessments	271,313	271,313	232,536	38,777	
County Treasurer	231,433	231,433	223,743	7,690	
County Coroner	69,390	69,390	64,498	4,892	
Regional Superintendent of Schools	41,668	41,668	41,531	137	
Board of Review	36,150	36,150	32,048	4,102	
Fairland Assessment	150	150	27	123	
Board of Appeals	2,825	2,825	412	2,413	
Planning Commission	2,450	2,450	381	2,069	
Zoning Administrator	24,838	24,838	21,975	2,863	
Utilities	45,200	45,200	26,083	19,117	
Maintenance, Repairs and Improvement	40,200	60,210	62,137	(1,927)	
Insurance	253,000	265,100	257,117	7,983	
Employee Insurance	17,000	17,000	8,733	8,267	
County Board Expenses	71,975	71,975	62,844	9,131	
Services, Supplies and Miscellaneous	78,150	78,150	45,157	32,993	
County Farm	7,000	7,000	3,352	3,648	
State Rental Housing Fee	--	--	35,361	(35,361)	
Purchase of Real Estate Tax Stamps	--	--	74,573	(74,573)	
Total General Government	\$ 1,833,268	\$ 1,865,578	\$ 1,801,204	\$ 64,374	
Public Safety:					
Operating Expenses Pertaining to the Office of:					
County Sheriff	\$ 1,821,630	\$ 1,891,130	\$ 1,892,693	\$ (1,563)	
Rescue Squad	20,500	20,500	22,272	(1,772)	
ESDA	31,847	31,847	26,735	5,112	
911 Emergency Services	40,000	40,000	51,407	(11,407)	
Courthouse Security	32,240	32,240	34,278	(2,038)	
Merit Commission	10,753	10,753	1,873	8,880	
Total Public Safety	\$ 1,956,970	\$ 2,026,470	\$ 2,029,258	\$ (2,788)	

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

SHELBY COUNTY, ILLINOIS
 SCHEDULE OF APPROPRIATIONS AND EXPENDITURES DISBURSED - MODIFIED CASH BASIS (CONTINUED)
 GENERAL FUND
 YEAR ENDED AUGUST 31, 2013

	Budget		Disbursements	Variance with Final Budget Positive (Negative)
	Original	Final		
Corrections:				
Operating Expenses Pertaining to the Office of: Probation Office	\$ 173,984	\$ 174,984	\$ 146,274	\$ 28,710
Judiciary:				
Operating Expenses Pertaining to the Office of: States Attorney	\$ 314,005	\$ 314,005	\$ 294,521	\$ 19,484
Public Defender	147,605	148,605	143,534	5,071
Appointed Counsel Fee	30,000	55,000	53,836	1,164
Circuit Judge Expenses	19,000	19,000	6,872	12,128
Total Judiciary	\$ 510,610	\$ 536,610	\$ 498,763	\$ 37,847
Health and Welfare:				
Operating Expenses Pertaining to the Office of: Animal Control	\$ 64,175	\$ 64,175	\$ 52,226	\$ 11,949
Capital Outlay:				
General Government	\$ 1,000,000	\$ 1,115,377	\$ 1,114,334	\$ 1,043
Debt Service:				
Interest on Long Term Debt	\$ --	\$ --	\$ 194	\$ (194)
Principal on Long Term Debt	--	--	10,016	(10,016)
Total Capital Outlay	\$ --	\$ --	\$ 10,210	\$ (10,210)
TOTAL EXPENDITURES DISBURSED	\$ 5,539,007	\$ 5,783,194	\$ 5,652,269	\$ 130,925

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, 2013

	Original (Final) Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES RECEIVED:			
Property Taxes	\$ 334,470	\$ 324,312	\$ (10,158)
Intergovernmental Revenue:			
State Sources:			
Replacement Tax	9,805	9,507	(298)
Other State Sources	237,613	230,397	(7,216)
Federal Sources	204,738	198,520	(6,218)
Charges for Services	97,689	94,722	(2,967)
Interest	2,685	2,604	(81)
Total Revenues Received	<u>\$ 887,000</u>	<u>\$ 860,062</u>	<u>\$ (26,938)</u>
EXPENDITURES DISBURSED:			
Current:			
Health and Welfare	\$ 1,168,005	\$ 855,953	\$ 312,052
Total Expenditures Disbursed	<u>\$ 1,168,005</u>	<u>\$ 855,953</u>	<u>\$ 312,052</u>
Revenues Received Over (Under) Expenditures Disbursed	\$ (281,005)	\$ 4,109	\$ 285,114
Other Financing Sources (Uses):			
Transfers In	--	2,430	2,430
Net Change in Fund Balance	<u>\$ (281,005)</u>	\$ 6,539	<u>\$ 287,544</u>
Fund Balance - September 1, 2012		<u>1,327,824</u>	
Fund Balance - August 31, 2013		<u>\$ 1,334,363</u>	

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, 2013

	Original (Final) Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES RECEIVED:			
Property Taxes	\$ 831,278	\$ 698,163	\$ (133,115)
Intergovernmental Revenue:			
State Sources:			
Motor Fuel Tax	432,647	363,366	(69,281)
Replacement Taxes	48,513	40,744	(7,769)
Other State Sources	243,996	204,924	(39,072)
Federal Source	26,255	22,051	(4,204)
Charges for Services	100,791	84,651	(16,140)
Interest	2,428	2,039	(389)
Miscellaneous	11,092	9,316	(1,776)
Total Revenues Received	\$ 1,697,000	\$ 1,425,254	\$ (271,746)
EXPENDITURES DISBURSED:			
Current:			
Public Works/Transportation	\$ 1,597,046	\$ 1,517,031	\$ 80,015
Capital Outlay	62,500	125,731	(63,231)
Total Expenditures Disbursed	\$ 1,659,546	\$ 1,642,762	\$ 16,784
Revenues Received Over (Under) Expenditures Disbursed	\$ 37,454	\$ (217,508)	\$ (254,962)
Other Financing Sources (Uses):			
Loan Proceeds	--	107,001	107,001
Transfers In	--	171,432	171,432
Transfers Out	--	(169,572)	(169,572)
Net Change in Fund Balance	\$ 37,454	\$ (108,647)	\$ (146,101)
Fund Balance - September 1, 2012		969,443	
Fund Balance - August 31, 2013		\$ 860,796	

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, 2013

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES RECEIVED:				
Property Taxes	\$ 574,526	\$ 574,526	\$ 466,979	\$ (107,547)
Intergovernmental Revenue:				
State Sources:				
Replacement Taxes	24,632	24,632	20,021	(4,611)
Interest	842	842	684	(158)
Total Revenues Received	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 487,684</u>	<u>\$ (112,316)</u>
EXPENDITURES DISBURSED:				
Current:				
General Government	<u>\$ 600,000</u>	<u>\$ 601,700</u>	<u>\$ 606,480</u>	<u>\$ (4,780)</u>
Total Expenditures Disbursed	<u>\$ 600,000</u>	<u>\$ 601,700</u>	<u>\$ 606,480</u>	<u>\$ (4,780)</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ (1,700)</u>	<u>\$ (118,796)</u>	<u>\$ (117,096)</u>
Fund Balance - September 1, 2012			<u>1,521,706</u>	
Fund Balance - August 31, 2013			<u>\$ 1,402,910</u>	

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, 2013

	<u>Original (Final) Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES RECEIVED:			
Property Taxes	\$ 469,654	\$ 496,425	\$ 26,771
Intergovernmental Revenue:			
State Sources:			
Replacement Taxes	17,678	18,686	1,008
Interest	<u>2,668</u>	<u>2,820</u>	<u>152</u>
Total Revenues Received	<u>\$ 490,000</u>	<u>\$ 517,931</u>	<u>\$ 27,931</u>
EXPENDITURES DISBURSED:			
Current:			
Health and Welfare	<u>\$ 505,188</u>	<u>\$ 466,394</u>	<u>\$ 38,794</u>
Total Expenditures Disbursed	<u>\$ 505,188</u>	<u>\$ 466,394</u>	<u>\$ 38,794</u>
Net Change in Fund Balance	<u>\$ (15,188)</u>	\$ 51,537	<u>\$ 66,725</u>
Fund Balance - September 1, 2012		<u>1,351,053</u>	
Fund Balance - August 31, 2013		<u>\$ 1,402,590</u>	

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, 2013

	<u>Original (Final) Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES RECEIVED:			
Intergovernmental Revenue:			
Other State Sources	\$ 349,240	\$ 472,402	\$ 123,162
Federal Sources	<u>450,760</u>	<u>609,717</u>	<u>158,957</u>
Total Revenues Received	<u>\$ 800,000</u>	<u>\$ 1,082,119</u>	<u>\$ 282,119</u>
EXPENDITURES DISBURSED:			
Current:			
Public Works/Transportation	<u>\$ 1,045,997</u>	<u>\$ 1,088,887</u>	<u>\$ (42,890)</u>
Total Expenditures Disbursed	<u>\$ 1,045,997</u>	<u>\$ 1,088,887</u>	<u>\$ (42,890)</u>
Net Change in Fund Balance	<u>\$ (245,997)</u>	\$ (6,768)	<u>\$ 239,229</u>
Fund Balance - September 1, 2012		<u>---</u>	
Fund Balance - August 31, 2013		<u>\$ (6,768)</u>	

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

SHELBY COUNTY, ILLINOIS
 NOTE TO BUDGETARY COMPARISON SCHEDULES
AUGUST 31, 2013

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>
Municipal Retirement	606,480	601,700	4,780
Rural Transportation	1,088,887	1,045,997	42,890

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
 - MODIFIED CASH BASIS
 GENERAL FUND
 AUGUST 31, 2013

	Fee Offices							Total
	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	(Coal Rights) Capital Improvements	
ASSETS								
Cash and Cash Equivalents	\$ 2,772,811	\$ 27,194	\$ 84,387	\$ 9,620	\$ --	\$ 44	\$ 322,130	\$ 3,216,186
Certificates of Deposit	--	--	10,000	--	--	--	--	10,000
Interfund Loans Receivable	86,380	--	--	--	--	--	--	86,380
Inventory	--	4,735	--	--	--	--	--	4,735
TOTAL ASSETS	\$ 2,859,191	\$ 31,929	\$ 94,387	\$ 9,620	\$ --	\$ 44	\$ 322,130	\$ 3,317,301
LIABILITIES								
Withholding Payable	\$ 102,129	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 102,129
Interfund Loans Payable	780	--	--	--	--	--	--	780
Due to Other Governmental Units	--	--	72,014	--	--	--	--	72,014
TOTAL LIABILITIES	\$ 102,909	\$ --	\$ 72,014	\$ --	\$ --	\$ --	\$ --	\$ 174,923
FUND BALANCES								
Fund Balances:								
Nonspendable:								
Inventory	\$ --	\$ 4,735	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 4,735
Restricted for:								
Insurance	901,316	--	--	--	--	--	--	901,316
Rescue Squad	5,674	--	--	--	--	--	--	5,674
Capital Improvement	--	--	--	--	--	--	79,024	79,024
Committed:								
Capital Improvement	--	--	--	--	--	--	214,702	214,702
Assigned	--	--	--	--	--	--	28,404	28,404
Unassigned	1,849,292	27,194	22,373	9,620	--	44	--	1,908,523
TOTAL FUND BALANCES	\$ 2,756,282	\$ 31,929	\$ 22,373	\$ 9,620	\$ --	\$ 44	\$ 322,130	\$ 3,142,378
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,859,191	\$ 31,929	\$ 94,387	\$ 9,620	\$ --	\$ 44	\$ 322,130	\$ 3,317,301

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 - MODIFIED CASH BASIS
 GENERAL FUND
 YEAR ENDED AUGUST 31, 2013

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	(Coal Rights) Capital Improvements	Total
REVENUES RECEIVED:								
Property Taxes	\$ 1,711,812	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,711,812
Sales Taxes	597,177	-	-	-	-	-	-	597,177
Intergovernmental Revenues:								
Income Taxes	1,038,985	-	-	-	-	-	-	1,038,985
Replacement Taxes	41,493	-	-	-	-	-	-	41,493
Other State Sources	356,182	-	-	8,451	-	-	79,024	443,657
Federal Source	21,214	-	-	-	-	-	-	21,214
County Farm	32,880	-	-	-	-	-	-	32,880
Charges for Services	88,201	-	-	-	-	-	-	88,201
Licenses and Permits	6,025	-	-	-	-	-	-	6,025
Fees, Fines and Forfeits	31,176	299,478	154,193	106,244	194,860	2,374	-	788,345
Penalties, Interest and Costs	60,969	-	-	-	-	-	-	60,969
Sales of Real Estate Stamps	-	108,740	-	-	-	-	-	108,740
Interest	5,434	-	26	-	-	-	1,376	6,836
Miscellaneous	18,328	-	-	1,357	-	-	-	19,685
Total Revenues Received	\$ 4,009,876	\$ 408,218	\$ 154,219	\$ 116,052	\$ 194,860	\$ 2,374	\$ 80,400	\$ 4,966,019
EXPENDITURES DISBURSED:								
See Schedule at Page 55-56	\$ 4,421,486	\$ 111,693	\$ 4,756	\$ -	\$ -	\$ -	\$ 1,114,334	\$ 5,652,269
Revenues Received Over (Under) Expenditures Disbursed	\$ (411,610)	\$ 296,525	\$ 149,463	\$ 116,052	\$ 194,860	\$ 2,374	\$ (1,033,934)	\$ (686,250)
Other Financing Sources (Uses):								
Operating Transfers In	696,014	-	-	-	-	-	-	696,014
Operating Transfers Out	-	(300,093)	(146,012)	(115,993)	(194,860)	(2,625)	-	(759,603)
Net Change in Fund Balance	\$ 284,404	\$ (3,568)	\$ 3,451	\$ 59	\$ -	\$ (251)	\$ (1,033,934)	\$ (749,839)
Fund Balance - September 1, 2012	2,471,876	35,497	18,922	9,561	-	295	1,356,064	3,892,217
Fund Balance - August 31, 2013	\$ 2,756,282	\$ 31,929	\$ 22,373	\$ 9,620	\$ -	\$ 44	\$ 322,130	\$ 3,142,378

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF EXPENDITURES DISBURSED - MODIFIED CASH BASIS
 GENERAL FUND
 YEAR ENDED AUGUST 31, 2013

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Capital Improvements	Total
EXPENDITURES DISBURSED:								
General Government:								
Operating Expenses Pertaining to the Office of:								
County Clerk	\$ 357,588	\$ 1,759	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 359,347
Circuit Clerk	244,593	--	4,756	--	--	--	--	249,349
Supervisor of Assessments	232,536	--	--	--	--	--	--	232,536
County Treasurer	223,743	--	--	--	--	--	--	223,743
County Coroner	64,498	--	--	--	--	--	--	64,498
Regional Superintendent of Schools	41,531	--	--	--	--	--	--	41,531
Board of Review	32,048	--	--	--	--	--	--	32,048
Farmland Assessment	27	--	--	--	--	--	--	27
Board of Appeals	412	--	--	--	--	--	--	412
Planning Commission	381	--	--	--	--	--	--	381
Zoning Administrator	21,975	--	--	--	--	--	--	21,975
Utilities	26,083	--	--	--	--	--	--	26,083
Maintenance, Repairs and Improvement	62,137	--	--	--	--	--	--	62,137
Insurance	257,117	--	--	--	--	--	--	257,117
Employee Insurance	8,733	--	--	--	--	--	--	8,733
County Board Expenses	62,844	--	--	--	--	--	--	62,844
Services, Supplies and Miscellaneous	45,157	--	--	--	--	--	--	45,157
County Farm	3,352	--	--	--	--	--	--	3,352
State Rental Housing Fee	--	35,361	--	--	--	--	--	35,361
Purchase of Real Estate Tax Stamps	--	74,573	--	--	--	--	--	74,573
Total General Government	\$ 1,684,755	\$ 111,693	\$ 4,756	\$ --	\$ --	\$ --	\$ --	\$ 1,801,204
Public Safety:								
Operating Expenses Pertaining to the Office of:								
County Sheriff	\$ 1,892,693	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,892,693
Rescue Squad	22,272	--	--	--	--	--	--	22,272
ESDA	26,735	--	--	--	--	--	--	26,735
911 Emergency Services	51,407	--	--	--	--	--	--	51,407
Courthouse Security	34,278	--	--	--	--	--	--	34,278
Merit Commission	1,873	--	--	--	--	--	--	1,873
Total Public Safety	\$ 2,029,258	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,029,258

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF EXPENDITURES DISBURSED - MODIFIED CASH BASIS (CONTINUED)
 GENERAL FUND
 YEAR ENDED AUGUST 31, 2013

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Capital Improvements	Total
Corrections:								
Operating Expenses Pertaining to the Office of: Probation Office	\$ 146,274	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 146,274
Judiciary:								
Operating Expenses Pertaining to the Office of:								
States Attorney	\$ 294,521	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 294,521
Public Defender	143,534	--	--	--	--	--	--	143,534
Appointed Counsel Fee	53,836	--	--	--	--	--	--	53,836
Circuit Judge Expenses	6,872	--	--	--	--	--	--	6,872
Total Judiciary	\$ 498,763	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 498,763
Health and Welfare:								
Co Operating Expenses Pertaining to the Office of: Animal Control	\$ 52,226	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 52,226
Capital Outlay:								
General Government	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,114,334	\$ 1,114,334
Debt Service:								
Interest on Long Term Debt	\$ 194	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 194
Principal on Long Term Debt	10,016	--	--	--	--	--	--	10,016
Total Debt Service	\$ 10,210	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 10,210
TOTAL EXPENDITURES DISBURSED	\$ 4,421,486	\$ 111,693	\$ 4,756	\$ --	\$ --	\$ --	\$ 1,114,334	\$ 5,652,269

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, 2013

	County Health	Miscellaneous County Health	Home Nursing	County Health WIC	Total County Health Fund
ASSETS					
Cash and Cash Equivalents	\$ 150,250	\$ 108,447	\$ 806,154	\$ 18,330	\$ 1,083,181
Certificates of Deposits	126,182	--	125,000	--	251,182
Interfund Loans Receivable	--	--	3,800	--	3,800
TOTAL ASSETS	\$ 276,432	\$ 108,447	\$ 934,954	\$ 18,330	\$ 1,338,163
LIABILITIES					
Interfund Loans Payable	\$ --	\$ 3,800	\$ --	\$ --	\$ 3,800
FUND BALANCES					
Fund Balances:					
Restricted for:					
Health and Welfare	\$ 219,606	\$ --	\$ --	\$ 18,330	\$ 237,936
Assigned	56,826	104,647	934,954	--	1,096,427
TOTAL FUND BALANCES	\$ 276,432	\$ 104,647	\$ 934,954	\$ 18,330	\$ 1,334,363
TOTAL LIABILITIES AND FUND BALANCES	\$ 276,432	\$ 108,447	\$ 934,954	\$ 18,330	\$ 1,338,163

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 - MODIFIED CASH BASIS
 COUNTY HEALTH FUND - SPECIAL REVENUE MAJOR FUND
 YEAR ENDED AUGUST 31, 2013

	County Health	Miscellaneous County Health	Home Nursing	County Health WIC	Total County Health Fund
REVENUES RECEIVED:					
Property Taxes	\$ 324,312	\$ --	\$ --	\$ --	\$ 324,312
Intergovernmental Revenues:					
Replacement Taxes	9,507	--	--	--	9,507
Other State Sources	119,604	73,652	37,141	--	230,397
Federal Source	163	81,809	24,000	92,548	198,520
Charges for Services	20,928	3,500	70,294	--	94,722
Interest	358	158	2,088	--	2,604
Total Revenues Received	\$ 474,872	\$ 159,119	\$ 133,523	\$ 92,548	\$ 860,062
EXPENDITURES DISBURSED:					
Current:					
Health and Welfare:					
Personnel and Fringe Benefits	\$ 406,553	\$ 172,169	\$ 28,461	\$ 83,436	\$ 690,619
Commodities	23,142	2,200	47,782	2,581	75,705
Contractual Services	82,141	5,866	--	1,622	89,629
Total Expenditures Disbursed	\$ 511,836	\$ 180,235	\$ 76,243	\$ 87,639	\$ 855,953
Revenues Received Over (Under) Expenditures Disbursed	\$ (36,964)	\$ (21,116)	\$ 57,280	\$ 4,909	\$ 4,109
Other Financing Sources (Uses):					
Operating Transfers In	1,860	570	--	--	2,430
Net Change in Fund Balance	\$ (35,104)	\$ (20,546)	\$ 57,280	\$ 4,909	\$ 6,539
Fund Balance - September 1, 2012	311,536	125,193	877,674	13,421	1,327,824
Fund Balance - August 31, 2013	\$ 276,432	\$ 104,647	\$ 934,954	\$ 18,330	\$ 1,334,363

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, 2013

	County Bridge	County Highway	County Motor Fuel Tax Fund	Federal Aid Secondary Matching	Total County Highway Fund
ASSETS					
Cash and Cash Equivalents	\$ 138,587	\$ 132,862	\$ 466,004	\$ 123,343	\$ 860,796
TOTAL ASSETS	\$ 138,587	\$ 132,862	\$ 466,004	\$ 123,343	\$ 860,796
LIABILITIES					
	\$ --	\$ --	\$ --	\$ --	\$ --
FUND BALANCES					
Fund Balances: Restricted for: Public Works/Transportation Assigned	\$ 133,911 4,676	\$ 132,422 440	\$ 459,111 6,893	\$ 121,688 1,655	\$ 847,132 13,664
TOTAL FUND BALANCES	\$ 138,587	\$ 132,862	\$ 466,004	\$ 123,343	\$ 860,796
TOTAL LIABILITIES AND FUND BALANCES	\$ 138,587	\$ 132,862	\$ 466,004	\$ 123,343	\$ 860,796

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 - MODIFIED CASH BASIS
 COUNTY HIGHWAY FUND - SPECIAL REVENUE MAJOR FUND
 YEAR ENDED AUGUST 31, 2013

	County Bridge	County Highway	County Motor Fuel Tax Fund	Federal Aid Secondary Matching	Total County Highway Fund
REVENUES RECEIVED:					
Property Taxes	\$ 143,652	\$ 389,038	\$ --	\$ 165,473	\$ 698,163
Intergovernmental Revenues:					
Motor Fuel Tax	--	--	363,366	--	363,366
Replacement Taxes	10,022	20,700	--	10,022	40,744
Other State Sources	--	--	202,473	2,451	204,924
Federal Source	--	--	--	22,051	22,051
Charges for Services	3,110	81,541	--	--	84,651
Interest	620	96	1,148	175	2,039
Miscellaneous	--	9,316	--	--	9,316
Total Revenues Received	\$ 157,404	\$ 500,691	\$ 566,987	\$ 200,172	\$ 1,425,254
EXPENDITURES DISBURSED:					
Current:					
Public Works/Transportation	--	423,244	55,721	--	478,965
Personnel and Fringe Benefits	--	92,308	--	99,749	479,784
Commodities	287,727	192,701	365,581	--	558,282
Contractual Services	--	121,600	--	4,131	125,731
Capital Outlay	--	--	--	--	--
Total Expenditures Disbursed	\$ 287,727	\$ 829,853	\$ 421,302	\$ 103,880	\$ 1,642,762
Revenues Received Over (Under) Expenditures Disbursed	\$ (130,323)	\$ (329,162)	\$ 145,685	\$ 96,292	\$ (217,508)
Other Financing Sources (Uses):					
Loan Proceeds	--	107,001	--	--	107,001
Transfers In	--	76,860	94,572	--	171,432
Transfers Out	--	--	(75,000)	(94,572)	(169,572)
Net Change in Fund Balance	\$ (130,323)	\$ (145,301)	\$ 165,257	\$ 1,720	\$ (108,647)
Fund Balance - September 1, 2012	268,910	278,163	300,747	121,623	969,443
Fund Balance - August 31, 2013	\$ 138,587	\$ 132,862	\$ 466,004	\$ 123,343	\$ 860,796

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, 2013

	Special Revenue						
	Animal Control	Ambulance	Social Security	Indemnity	Rescue Squad	Probation	Emergency Management
ASSETS							
Cash and Cash Equivalents	\$ 88,805	\$ 123,404	\$ 323,180	\$ 50,485	\$ 10,657	\$ 385,039	\$ 15,404
Certificates of Deposit	--	--	--	45,000	--	--	--
Interfund Loans Receivable	--	--	--	--	--	--	--
TOTAL ASSETS	\$ 88,805	\$ 123,404	\$ 323,180	\$ 95,485	\$ 10,657	\$ 385,039	\$ 15,404
LIABILITIES							
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
TOTAL LIABILITIES	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
FUND BALANCES							
Fund Balances:							
Restricted for:							
Indemnity	\$ --	\$ --	\$ 323,158	\$ 94,671	\$ --	\$ --	\$ --
Employees Retirement	--	--	--	--	--	--	--
Public Safety	--	--	--	--	10,572	383,580	15,218
Judiciary	--	--	--	--	--	--	--
Automation	--	--	--	--	--	--	--
Recording	--	--	--	--	--	--	--
GIS	--	--	--	--	--	--	--
Document Storage	--	--	--	--	--	--	--
Economic Development	--	--	--	--	--	--	--
Health and Welfare	84,526	122,877	--	--	--	--	--
Assigned	4,279	527	1,022	814	85	1,459	186
Unassigned	--	--	--	--	--	--	--
TOTAL FUND BALANCES	\$ 88,805	\$ 123,404	\$ 323,180	\$ 95,485	\$ 10,657	\$ 385,039	\$ 15,404
TOTAL LIABILITIES AND FUND BALANCES	\$ 88,805	\$ 123,404	\$ 323,180	\$ 95,485	\$ 10,657	\$ 385,039	\$ 15,404

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, 2013

	Special Revenue						
	Fees to Assist Court	Automation	Recording	Drug Traffic Prevention	Airport	Sheriffs Trust	Court Security
ASSETS							
Cash and Cash Equivalents	\$ 26,118	\$ 76,759	\$ 143,088	\$ 7,961	\$ 102,088	\$ 13,722	\$ 545
Certificates of Deposit	55,000	--	--	--	65,563	--	--
Interfund Loans Receivable	--	--	--	--	--	--	--
TOTAL ASSETS	\$ 81,118	\$ 76,759	\$ 143,088	\$ 7,961	\$ 167,661	\$ 13,722	\$ 545
LIABILITIES							
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 13,735
TOTAL LIABILITIES	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 13,735
FUND BALANCES							
Fund Balances:							
Restricted for:							
Indemnity	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Employees Retirement	--	--	--	--	--	--	--
Public Safety	--	--	--	7,919	--	13,722	--
Judiciary	79,908	--	--	--	--	--	--
Automation	--	76,454	--	--	--	--	--
Recording	--	--	142,730	--	--	--	--
GIS	--	--	--	--	--	--	--
Document Storage	--	--	--	--	--	--	--
Economic Development	--	--	--	--	--	--	--
Health and Welfare	--	--	--	--	--	--	--
Assigned	1,210	305	358	42	167,661	--	--
Unassigned	--	--	--	--	--	--	(13,190)
TOTAL FUND BALANCES	\$ 81,118	\$ 76,759	\$ 143,088	\$ 7,961	\$ 167,661	\$ 13,722	\$ (13,190)
TOTAL LIABILITIES AND FUND BALANCES	\$ 81,118	\$ 76,759	\$ 143,088	\$ 7,961	\$ 167,661	\$ 13,722	\$ 545

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, 2013

	Law Library	Document Storage	Revolving Loan	Special Revenue				DUI Equipment	GIS
				Victim Impact Panel	Attorney Forfeited				
Cash and Cash Equivalents	\$ 470	\$ 41,290	\$ 440,659	\$ 13,691	\$ 771	\$ 18,324	\$ 219,578		
Certificates of Deposit	--	--	--	--	--	--	--		
Interfund Loans Receivable	--	--	--	--	--	--	780		
TOTAL ASSETS	\$ 470	\$ 41,290	\$ 440,659	\$ 13,691	\$ 771	\$ 18,324	\$ 220,358		
LIABILITIES									
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --		
TOTAL LIABILITIES	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --		
FUND BALANCES									
Fund Balances:									
Restricted for:									
Indemnity	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --		
Employees Retirement	--	--	--	--	--	--	--		
Public Safety	--	--	--	--	--	18,271	--		
Judiciary	450	--	--	13,646	769	--	--		
Automation	--	--	--	--	--	--	--		
Recording	--	--	--	--	--	--	--		
GIS	--	--	--	--	--	--	219,926		
Document Storage	--	41,146	--	--	--	--	--		
Economic Development	--	--	435,819	--	--	--	--		
Health and Welfare	--	--	--	--	--	--	--		
Assigned	20	144	4,840	45	2	53	432		
Unassigned	--	--	--	--	--	--	--		
TOTAL FUND BALANCES	\$ 470	\$ 41,290	\$ 440,659	\$ 13,691	\$ 771	\$ 18,324	\$ 220,358		
TOTAL LIABILITIES AND FUND BALANCES	\$ 470	\$ 41,290	\$ 440,659	\$ 13,691	\$ 771	\$ 18,324	\$ 220,358		

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, 2013

	Special Revenue				Total Nonmajor Governmental Funds
	Pet Population	State's Attorney Automation	Drug Court	Tax Sale Automation	
ASSETS					
Cash and Cash Equivalents	\$ 16,275	\$ 562	\$ 573	\$ 450	\$ 2,119,908
Certificates of Deposit	--	--	--	--	165,563
Interfund Loans Receivable	--	--	--	--	780
TOTAL ASSETS	\$ 16,275	\$ 562	\$ 573	\$ 450	\$ 2,286,251
LIABILITIES					
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ 13,735
TOTAL LIABILITIES	\$ --	\$ --	\$ --	\$ --	\$ 13,735
FUND BALANCES					
Fund Balances:					
Restricted for:					
Indemnity	\$ --	\$ --	\$ --	\$ --	\$ 94,671
Employees Retirement	--	--	--	--	322,158
Public Safety	--	--	573	--	449,855
Judiciary	--	--	--	--	94,773
Automation	--	562	--	450	77,466
Recording	--	--	--	--	142,730
GIS	--	--	--	--	219,926
Document Storage	--	--	--	--	41,146
Economic Development	--	--	--	--	435,819
Health and Welfare	16,275	--	--	--	223,678
Assigned	--	--	--	--	183,484
Unassigned	--	--	--	--	(13,190)
TOTAL FUND BALANCES	\$ 16,275	\$ 562	\$ 573	\$ 450	\$ 2,272,516
TOTAL LIABILITIES AND FUND BALANCES	\$ 16,275	\$ 562	\$ 573	\$ 450	\$ 2,286,251

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 - MODIFIED CASH BASIS
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED AUGUST 31, 2013

	Special Revenue						
	Animal Control	Ambulance	Social Security	Indemnity	Rescue Squad	Probation	Emergency Management
REVENUES RECEIVED:							
Property Taxes	\$ --	\$ 50,612	\$ 299,943	\$ --	\$ --	\$ --	\$ --
Intergovernmental Revenue:							
State Sources	--	--	--	--	--	--	--
Replacement Taxes	--	--	--	--	--	--	--
Other State Sources	--	--	--	--	--	11,743	--
Federal Sources	--	--	--	--	--	--	--
Loan Repayments	--	--	--	--	--	--	--
Charges for Services	9,602	--	--	3,420	--	91,388	--
Fines and Fees	142	85	134	146	4	280	130
Interest	--	--	--	--	--	--	--
Miscellaneous	--	--	--	2,040	--	--	9,300
Total Revenues Received	\$ 9,744	\$ 50,697	\$ 300,077	\$ 3,566	\$ 2,044	\$ 91,668	\$ 21,173
EXPENDITURES DISBURSED:							
Current:							
General Government	\$ --	\$ --	\$ 303,136	\$ --	\$ --	\$ --	\$ --
Public Safety	--	--	--	--	--	66,604	61,342
Judiciary	--	--	--	--	--	--	--
Public Works/Transportation	--	--	--	--	--	--	--
Health and Welfare	2,838	57,175	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--
Total Expenditures Disbursed	\$ 2,838	\$ 57,175	\$ 303,136	\$ --	\$ --	\$ 66,604	\$ 61,342
Revenues Received Over (Under) Expenditures Disbursed	\$ 6,906	\$ (6,478)	\$ (3,059)	\$ 3,566	\$ 2,044	\$ 25,064	\$ (40,169)
Other Financing Sources (Uses):							
Operating Transfers In	1,860	--	--	--	--	--	--
Operating Transfers Out	--	--	--	--	--	--	(10,313)
Net Change in Fund Balance	\$ 8,766	\$ (6,478)	\$ (3,059)	\$ 3,566	\$ 2,044	\$ 25,064	\$ (50,482)
Fund Balance - September 1, 2012	80,039	129,862	326,239	91,919	8,613	359,375	65,886
Fund Balance - August 31, 2013	\$ 88,805	\$ 123,404	\$ 323,180	\$ 95,485	\$ 10,657	\$ 385,039	\$ 15,404

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 - MODIFIED CASH BASIS (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED AUGUST 31, 2013

	Special Revenue						
	Fees to Assist Court	Automation	Recording	Drug Traffic Prevention	Airport	Sheriff Trust	Court Security
REVENUES RECEIVED:							
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ 42,481	\$ --	\$ --
Intergovernmental Revenue:							
State Sources	--	--	--	--	4,543	--	--
Replacement Taxes	--	690	9,157	--	--	--	--
Other State Sources	--	1,340	--	--	134,257	--	--
Federal Sources	--	--	--	--	--	--	--
Loan Repayments	--	--	--	--	46,164	--	--
Charges for Services	18,611	10,028	6,630	--	--	--	32,893
Fines and Fees	213	39	54	3	388	--	1
Interest	--	--	--	--	114,005	139,123	--
Miscellaneous	--	--	--	--	--	--	--
Total Revenues Received	\$ 18,824	\$ 12,097	\$ 15,841	\$ 3	\$ 341,838	\$ 139,123	\$ 32,894
EXPENDITURES DISBURSED:							
Current:							
General Government	\$ --	\$ 22,102	\$ 8,119	\$ --	\$ --	\$ --	\$ --
Public Safety	--	--	--	8,696	--	53,723	48,317
Judiciary	2,433	--	--	--	--	--	--
Public Works/Transportation	--	--	--	--	170,796	--	--
Health and Welfare	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	134,257	97,209	--
Total Expenditures Disbursed	\$ 2,433	\$ 22,102	\$ 8,119	\$ 8,696	\$ 305,053	\$ 150,932	\$ 48,317
Revenues Received Over (Under) Expenditures Disbursed	\$ 16,391	\$ (10,005)	\$ 7,722	\$ (8,693)	\$ 36,785	\$ (11,809)	\$ (15,423)
Other Financing Sources (Uses):							
Operating Transfers In	--	--	19,169	6,260	--	1,860	24,004
Operating Transfers Out	(44,588)	--	--	--	--	(6,260)	--
Net Change in Fund Balance	\$ (28,197)	\$ (10,005)	\$ 26,891	\$ (2,433)	\$ 36,785	\$ (16,209)	\$ 8,581
Fund Balance - September 1, 2012	109,315	86,764	116,197	10,394	130,876	29,931	(21,771)
Fund Balance - August 31, 2013	\$ 81,118	\$ 76,759	\$ 143,088	\$ 7,961	\$ 167,661	\$ 13,722	\$ (13,190)

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 - MODIFIED CASH BASIS (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED AUGUST 31, 2013

	Special Revenue						
	Law Library	Document Storage	Revolving Loan	Victim Impact Panel	Attorney Forfeited	DUI Equipment	GIS
REVENUES RECEIVED:							
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental Revenue:							
State Sources							
Replacement Taxes	--	--	--	--	--	--	--
Other State Sources	--	--	--	--	--	--	--
Federal Sources	--	--	--	--	--	--	--
Loan Repayments	--	--	23,413	--	--	--	--
Charges for Services	--	--	--	--	--	--	--
Fines and Fees	8,688	9,845	--	687	--	--	--
Interest	2	19	3,886	6	--	8	93
Miscellaneous	--	--	--	--	--	--	6,845
Total Revenues Received	\$ 8,690	\$ 9,864	\$ 27,299	\$ 693	\$ --	\$ 8	\$ 6,938
EXPENDITURES DISBURSED:							
Current:							
General Government	\$ --	\$ 9,051	\$ --	\$ --	\$ --	\$ --	\$ 10,253
Public Safety	--	--	--	--	--	3,232	--
Judiciary	12,229	--	--	190	--	--	--
Public Works/Transportation	--	--	--	--	--	--	--
Health and Welfare	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	64,090
Total Expenditures Disbursed	\$ 12,229	\$ 9,051	\$ --	\$ 190	\$ --	\$ 3,232	\$ 74,343
Revenues Received Over (Under) Expenditures Disbursed	\$ (3,539)	\$ 813	\$ 27,299	\$ 503	\$ --	\$ (3,224)	\$ (67,405)
Other Financing Sources (Uses):							
Operating Transfers In	--	--	--	--	--	3,486	94,622
Operating Transfers Out	--	--	--	--	--	--	--
Net Change in Fund Balance	\$ (3,539)	\$ 813	\$ 27,299	\$ 503	\$ --	\$ 262	\$ 27,217
Fund Balance - September 1, 2012	4,009	40,477	413,360	13,188	771	18,062	193,141
Fund Balance - August 31, 2013	\$ 470	\$ 41,290	\$ 440,659	\$ 13,691	\$ 771	\$ 18,324	\$ 220,358

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 - MODIFIED CASH BASIS (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED AUGUST 31, 2013

	Special Revenue				Total Nonmajor Governmental Funds
	Pet Population	State's Attorney Automation	Drug Court	Tax Sale Automation	
REVENUES RECEIVED:					
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ 393,036
Intergovernmental Revenue:					
State Sources					
Replacement Taxes	--	--	--	--	4,543
Other State Sources	--	--	--	--	9,847
Federal Sources	--	--	--	--	147,340
Loan Repayments	--	--	--	--	23,413
Charges for Services	--	--	--	--	46,164
Fines and Fees	5,717	571	1,271	450	199,801
Interest	--	--	--	--	5,633
Miscellaneous	--	--	--	--	271,313
Total Revenues Received	\$ 5,717	\$ 571	\$ 1,271	\$ 450	\$ 1,101,090
EXPENDITURES DISBURSED:					
Current:					
General Government	\$ --	\$ --	\$ --	\$ --	\$ 352,661
Public Safety	--	--	698	--	242,612
Judiciary	--	9	--	--	14,861
Public Works/Transportation	--	--	--	--	170,796
Health and Welfare	2,665	--	--	--	62,678
Capital Outlay	--	--	--	--	295,556
Total Expenditures Disbursed	\$ 2,665	\$ 9	\$ 698	\$ --	\$ 1,139,164
Revenues Received Over (Under) Expenditures Disbursed	\$ 3,052	\$ 562	\$ 573	\$ 450	\$ (38,074)
Other Financing Sources (Uses):					
Operating Transfers In	--	--	--	--	151,261
Operating Transfers Out	--	--	--	--	(61,161)
Net Change in Fund Balance	\$ 3,052	\$ 562	\$ 573	\$ 450	\$ 52,026
Fund Balance - September 1, 2012	13,223	--	--	--	2,220,490
Fund Balance - August 31, 2013	\$ 16,275	\$ 562	\$ 573	\$ 450	\$ 2,272,516

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION -
 MODIFIED CASH BASIS
 AUGUST 31, 2013

	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	\$ 266,956	\$ 115,512	\$ 24,009	\$ 369	\$ 939,963	\$ 24,349	\$ 695	\$ 156,381
TOTAL ASSETS	\$ 266,956	\$ 115,512	\$ 24,009	\$ 369	\$ 939,963	\$ 24,349	\$ 695	\$ 156,381
LIABILITIES								
Distributions Payable	\$ 266,956	\$ 115,512	\$ 24,009	\$ 369	\$ 939,963	\$ 24,349	\$ 695	\$ 156,381
TOTAL LIABILITIES	\$ 266,956	\$ 115,512	\$ 24,009	\$ 369	\$ 939,963	\$ 24,349	\$ 695	\$ 156,381
TOTAL NET POSITION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION -
 MODIFIED CASH BASIS - (CONTINUED)
 AUGUST 31, 2013

	Circuit Clerk'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	\$ 58	\$ 3,918,424	\$ 32,650	\$ 1,150	\$ 276,270	\$ 14,714	\$ 5,771,500
TOTAL ASSETS	\$ 58	\$ 3,918,424	\$ 32,650	\$ 1,150	\$ 276,270	\$ 14,714	\$ 5,771,500
LIABILITIES							
Distributions Payable	\$ 58	\$ 3,918,424	\$ 32,650	\$ 1,150	\$ 276,270	\$ 14,714	\$ 5,771,500
TOTAL LIABILITIES	\$ 58	\$ 3,918,424	\$ 32,650	\$ 1,150	\$ 276,270	\$ 14,714	\$ 5,771,500
NET POSITION	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

ASSETS

LIABILITIES

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY
 NET POSITION
 ALL AGENCY FUNDS-MODIFIED CASH BASIS
 YEAR ENDED AUGUST 31, 2013

	Balance September 1, 2012	Additions	Deductions	Balance August 31, 2013
Drainage:				
Assets:				
Cash Deposits	\$ 225,493	\$ 67,603	\$ 26,140	\$ 266,956
Liabilities:				
Distributions Payable	\$ 225,493	\$ 67,603	\$ 26,140	\$ 266,956
Local Bridge Program:				
Assets:				
Cash Deposits	\$ 108,379	\$ 152,382	\$ 145,249	\$ 115,512
Liabilities:				
Distributions Payable	\$ 108,379	\$ 152,382	\$ 145,249	\$ 115,512
Township Bridge Supervisory Engineering:				
Assets:				
Cash Deposits	\$ 28,584	\$ 194,814	\$ 199,389	\$ 24,009
Liabilities:				
Distributions Payable	\$ 28,584	\$ 194,814	\$ 199,389	\$ 24,009
Township Construction:				
Assets:				
Cash Deposits	\$ 369	\$ 181,561	\$ 181,561	\$ 369
Liabilities:				
Distributions Payable	\$ 369	\$ 181,561	\$ 181,561	\$ 369
Township Motor Fuel Tax:				
Assets:				
Cash Deposits	\$ 823,888	\$ 2,340,933	\$ 2,224,858	\$ 939,963
Liabilities:				
Distributions Payable	\$ 823,888	\$ 2,340,933	\$ 2,224,858	\$ 939,963
Inmate Commissary:				
Assets:				
Cash Deposits	\$ 25,014	\$ 363,848	\$ 364,513	\$ 24,349
Liabilities:				
Distributions Payable	\$ 25,014	\$ 363,848	\$ 364,513	\$ 24,349
Circuit Clerk's Marriage Fund				
Assets:				
Cash Deposits	\$ 454	\$ 241	\$ --	\$ 695
Liabilities:				
Distributions Payable	\$ 454	\$ 241	\$ --	\$ 695
Circuit Clerk's Cash Bail				
Assets:				
Cash Deposits	\$ 234,752	\$ 66,960	\$ 145,331	\$ 156,381
Liabilities:				
Distributions Payable	\$ 234,752	\$ 66,960	\$ 145,331	\$ 156,381

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY
 NET POSITION
 ALL AGENCY FUNDS-MODIFIED CASH BASIS (CONTINUED)
 YEAR ENDED AUGUST 31, 2013

	Balance September 1, 2012	Additions	Deductions	Balance August 31, 2013
Circuit Clerk's Trust Fund				
Assets:				
Cash Deposits	\$ 57	\$ 1	\$ --	\$ 58
Liabilities:				
Distributions Payable	\$ 57	\$ 1	\$ --	\$ 58
Property Taxes:				
Assets:				
Cash Deposits	\$ 3,533,168	\$ 26,549,959	\$ 26,164,703	\$ 3,918,424
Liabilities:				
Distributions Payable	\$ 3,533,168	\$ 26,549,959	\$ 26,164,703	\$ 3,918,424
Litigation:				
Assets:				
Cash Deposits	\$ 32,560	\$ 90	\$ --	\$ 32,650
Liabilities:				
Distributions Payable	\$ 32,560	\$ 90	\$ --	\$ 32,650
Estate Tax:				
Assets:				
Cash Deposits	\$ 1,149	\$ 1	\$ --	\$ 1,150
Liabilities:				
Distributions Payable	\$ 1,149	\$ 1	\$ --	\$ 1,150
Minor and Unknown Heirs:				
Assets:				
Cash Deposits	\$ 276,145	\$ 125	\$ --	\$ 276,270
Liabilities:				
Distributions Payable	\$ 276,145	\$ 125	\$ --	\$ 276,270
County Clerk Real Estate:				
Assets:				
Cash Deposits	\$ 7,740	\$ 250,130	\$ 243,156	\$ 14,714
Liabilities:				
Distributions Payable	\$ 7,740	\$ 250,130	\$ 243,156	\$ 14,714
Total Agency Funds:				
Assets:				
Cash Deposits	\$ 5,297,752	\$ 30,168,648	\$ 29,694,900	\$ 5,771,500
Total Assets	\$ 5,297,752	\$ 30,168,648	\$ 29,694,900	\$ 5,771,500
Liabilities:				
Distributions Payable	\$ 5,297,752	\$ 30,168,648	\$ 29,694,900	\$ 5,771,500
Total Liabilities	\$ 5,297,752	\$ 30,168,648	\$ 29,694,900	\$ 5,771,500

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

SHELBY COUNTY, ILLINOIS - CEFS
SECTION 5311 ANNUAL FINANCIAL REPORT
RURAL TRANSPORTATION
OPERATING PERIOD JULY 1, 2012 TO JUNE 30, 2013
CONTRACT NUMBER IL-13-019

<u>Line Item</u>	<u>Revenue</u>	
401.01	Passenger Fare / Donations	\$ 14,978
402.00	Special Transit Fares	75,269
409.00	Local Cash Grants	116,571
411.00	State Cash Grants	662,300
431.00	Contributed Cash	2,244
	Total Revenue	<u>\$ 871,362</u>

<u>Expenses</u>		Actual Administrative Expenses	Actual Operating Expenses	Total
501.00	Labor	\$ 126,448	\$ 467,525	\$ 593,973
502.00	Fringe Benefits	27,165	105,082	132,247
503.00	Services	18,376	95,517	113,893
504.01	Fuel and Oil	--	147,068	147,068
504.02	Tires and Tubes	--	2,397	2,397
504.99	Other Materials	19,419	1,764	21,183
505.00	Utilities	36,628	2,815	39,443
506.00	Casualty and Liability	20,552	118	20,670
509.00	Miscellaneous	26,358	18,321	44,679
511.00	Interest	4,160	--	4,160
512.00	Lease and Rentals	16,766	--	16,766
	Total Direct Expense	<u>\$ 295,872</u>	<u>\$ 840,607</u>	<u>\$ 1,136,479</u>
	Total Indirect Expense	<u>22,782</u>	<u>64,727</u>	<u>87,509</u>
	Total Expense	<u>\$ 318,654</u>	<u>\$ 905,334</u>	<u>\$ 1,223,988</u>

Section 5311 Grant Reimbursement

	Administrative Expenses	Operating Expenses	Total	Grant Total
Expenses:	\$ 318,654	\$ 905,334	\$ 1,223,988	
Less: Ineligible Expense	--	--	--	
Net Eligible Expenses	<u>\$ 318,654</u>	<u>\$ 905,334</u>	<u>\$ 1,223,988</u>	
Less: Total Operating Revenues	--	14,978	14,978	
Section 5311 Operating Deficit	318,654	\$ 890,356	\$ 1,209,010	
Section 5311 Reimbursement	X 80%	X 50%		
Eligible Reimbursement Per Percentages	\$ 254,923	\$ 445,178		\$ 700,101
Funding Limits Per Contract				352,626
Maximum Section 5311 Reimbursement			<u>352,626</u>	352,626
Less: IDOT Payments - Section 5311 Reimbursement to Grantee				<u>352,626</u>
Amount Under Paid				<u>\$ --</u>
Grantee Local Match Requirement			<u>\$ 856,384</u>	

Grantee Match Sources

Special Transit Fares	\$ 75,269
Local Cash Grants	116,571
State Cash Grants	662,300
Contributed Cash	2,244
Total Grantee Match Sources	<u>\$ 856,384</u>

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

SHELBY COUNTY, ILLINOIS - CEFS
SECTION 5311 ANNUAL FINANCIAL REPORT
INTERCITY BUS
OPERATING PERIOD JULY 1, 2012 TO JUNE 30, 2013
CONTRACT NUMBER IL-13-019

<u>Line Item</u>	<u>Revenue</u>			
401.01	Passenger Fare / Donations			\$ 1,008
402.00	Special Transit Fares			17,326
	Total Revenue			<u>\$ 18,334</u>
	<u>Expenses</u>			
		<u>Actual Administrative Expenses</u>	<u>Actual Operating Expenses</u>	<u>Total</u>
501.00	Labor	\$ --	\$ 15,417	\$ 15,417
502.00	Fringe Benefits	--	3,254	3,254
504.01	Fuel and Oil	--	13,841	13,841
506.00	Casualty and Liability	1,500	--	1,500
	Total Direct Expense	\$ 1,500	\$ 32,512	\$ 34,012
	Total Indirect Expense	115	2,503	2,618
	Total Expense	<u>\$ 1,615</u>	<u>\$ 35,015</u>	<u>\$ 36,630</u>
	<u>Section 5311 Grant Reimbursement</u>			
		<u>Administrative Expenses</u>	<u>Operating Expenses</u>	<u>Total</u>
	Expenses:	\$ 1,615	\$ 35,015	\$ 36,630
	Less: Ineligible Expense	--	--	--
	Net Eligible Expenses	\$ 1,615	\$ 35,015	\$ 36,630
	Less: Total Operating Revenues	--	1,008	1,008
	Section 5311 Operating Deficit	1,615	\$ 34,007	\$ 35,622
	Section 5311 Reimbursement	X 80%	X 50%	
	Eligible Reimbursement Per Percentages	\$ 1,292	\$ 17,004	\$ 18,296
	Funding Limits Per Contract			31,071
	Maximum Section 5311 Reimbursement			18,296
	Less: IDOT Payments - Section 5311			18,296
	Reimbursement to Grantee			<u>18,296</u>
	Amount Under Paid			<u>\$ 12,775</u>
	Grantee Local Match Requirement			<u>\$ 17,326</u>
	<u>Grantee Match Sources</u>			
	Special Transit Fares			<u>\$ 17,326</u>
	Total Grantee Match Sources			<u>\$ 17,326</u>

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

Other Information

SHELBY COUNTY, ILLINOIS
 SUPPLEMENTARY INFORMATION
 IMRF SCHEDULE OF FUNDING PROGRESS
YEAR ENDED AUGUST 31, 2013

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)
12/31/12	7,474,394	10,091,782	2,617,388	74.06%	3,067,261	85.33%
12/31/11	6,495,419	9,369,116	2,873,697	69.33%	2,909,902	98.76%
12/31/10	6,353,600	9,025,201	2,671,601	70.40%	2,737,799	97.58%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$7,717,934. On a market basis, the funded ratio would be 76.48%.

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)
12/31/12	(1,231,561)	1,275,102	2,506,663	0.00%	114,985	2,179.99%
12/31/11	(1,283,233)	1,205,589	2,488,822	0.00%	113,410	2,194.53%
12/31/10	(1,366,921)	1,121,735	2,488,656	0.00%	179,021	1,390.15%

On a market value basis, the actuarial value of assets as of December 31, 2012 is (\$1,188,021). 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)
12/31/12	1,850,559	1,970,378	119,819	93.92%	641,067	18.69%
12/31/11	2,034,636	2,108,724	74,088	96.49%	593,268	12.49%
12/31/10	1,969,127	2,025,047	55,920	97.24%	570,021	9.81%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$1,902,360. On a market basis, the funded ratio would be 96.55%.

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

Single Audit Section

SHELBY COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2013

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 Emergency Management Agency Emergency Management Performance Grant Emergency Management Performance Grant		12EMASHEL84	\$ 17,066 <u>11,743</u>
Total Emergency Management Performance Grant	97.042		<u>\$ 28,809</u>
<u>U.S. Department of Transportation</u>			
Passed through Illinois Department of Transportation Airport Improvement Airport Improvement Airport Improvement		2HO-4250 17-SBG-74 2HO-4149 17-SBG-101 2HO-41049 17-SBG-94	\$ 30,200 48,914 <u>55,143</u>
Total Airport Improvement	20.106		<u>\$ 134,257</u>
Passed through Illinois Department of Transportation Highway Planning & Construction - Sign Upgrade	20.205	11-0273-00-SG C-97-069-11	<u>\$ 22,051</u>
Passed through Illinois Department of Transportation (M) Public Transportation - Intercity Bus (M) ARRA Public Transportation - Capital Facility (M) ARRA Public Transportation - Software & Hardware (M) Public Transportation		IL RPT-13019 IL-86-X001 CAP10-932 IL-86-0001 CAP-10-93 IL RPT-13-019	\$ 18,297 131,717 107,078 <u>352,626</u>
Total Public Transportation	20.509		<u>\$ 609,718</u>
Total U.S. Department of Transportation			<u>\$ 766,026</u>
<u>U.S. Department of Environmental Protection Agency</u>			
Passed through Illinois Department of Public Health Performance Partnership Grants - Water Wells	66.605	4740	<u>\$ 163</u>
<u>U.S. Department of Health & Human Services</u>			
Passed through Illinois Department of Healthcare and Family Services Medicaid Matching - Administrative Outreach	93.778	FY 2013	<u>\$ 78,809</u>
Passed through Illinois Department of Healthcare and Family Services Child Support/Computer Interface	93.563		<u>\$ 3,881</u>
Passed through Illinois Department of Human Services Title XX Block Grant	93.667	FCSRE01602	<u>\$ 3,000</u>
Passed through Illinois Department of Public Health Diabetes Program	93.283	FY13 - 3510	<u>\$ 19,990</u>
Passed through Illinois State Board of Elections Voing Access for Individuals with Disabilities Grants	93.617		<u>\$ 1,606</u>
Passed through Illinois Department of Public Health Health Protection - Immunization - Non-Cash	93.268	000283	<u>\$ 131,741</u>
Total U.S. Department of Health and Human Services			<u>\$ 239,027</u>
<u>U.S. Department of Agriculture</u>			
Passed through the Illinois Department of Human Services Supplemental Nutrition Program for Women Infants and Children Supplemental Nutrition Program for Women Infants and Children WIC - Breastfeeding Peer Counselor WIC - Breastfeeding Peer Counselor WIC Special Supplemental Nutrition Program - Non-Cash WIC Special Supplemental Nutrition Program - Non-Cash		FCSSQ01093 FCSRE01093 FCSSQ01197 FCSRE01197 FY13 FY14	\$ 14,493 64,948 697 4,542 193,889 <u>36,991</u>
Total Women, Infants and Children Program	10.557		<u>\$ 315,560</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,349,585</u>

(M) denotes major program.

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

SHELBY COUNTY, ILLINOIS
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2013

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 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 – Intercity Bus CEFS Economic Opportunity Corporation	20.509	<u>\$ 18,297</u>
Public Transportation CEFS Economic Opportunity Corporation	20.509	<u>\$352,626</u>
ARRA Public Transportation – Software & Hardware CEFS Economic Opportunity Corporation	20.509	<u>\$107,078</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, 2013.

SHELBY COUNTY, ILLINOIS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2013

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses a qualified opinion on the governmental activities of Shelby County, Illinois due to the omission of disclosures required by Governmental Accounting Standards Board Statement 45. The auditor's report expresses unmodified opinions on the discretely presented component unit, each major fund, and the aggregate remaining fund information of Shelby County, Illinois.
2. Two significant deficiencies disclosed during the audit of the financial statements of Shelby County, Illinois are reported in the Independent Auditor's 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*. One condition is reported as a material weakness.
3. One instance of noncompliance material to the financial statements of Shelby County, Illinois was disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs is reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Shelby County, Illinois expresses an unqualified opinion.
6. There were no audit findings relative to the major programs for Shelby County, Illinois.
7. The programs tested as major programs include:

Name	CFDA No.
Public Transportation	20.509
ARRA Public Transportation	20.509

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Shelby County was determined to be a low-risk auditee.

B. FINDINGS — FINANCIAL STATEMENT AUDITS

Significant Deficiency

2013-001 Identification of Federal Revenue

Condition: Federal funds are not separately identified in the general ledger.

Criteria: Receipts and disbursements of federal funds are required to be separately identified in the general ledger

Cause: While funding from federal sources is recognized at the fee office or department level, the source of funds is often not communicated when these funds are turned over to the County Treasurer's office.

Effect: Federal funds are commingled with other revenue sources for financial reporting purposes.

Recommendation: We recommend that in its cash receipts processing procedures, the County implement the use of source codes to identify funds as state, federal or other sources and that federal sources be coded to separate general ledger accounts identifying the source of the federal revenue.

Response: The County Treasurer's office will implement a procedure to identify federal funds in the general ledger and will receive training on how to discern which funds are from federal sources.

Material Weakness

2013-002 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

2013-003 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, County Highway, County Bridge and Sheriff Trust Funds.

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

Cause:

Rural Transportation Fund Overexpenditure

The overexpenditure in the Rural Transportation Fund 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. More funds were received and passed through than budgeted.

County Highway Fund Overexpenditure

The overexpenditure in the County Highway Fund was caused by an audit adjustment required to report the entire cost of a financed Dump Truck as capital outlay.

County Bridge Fund Overexpenditure

The overexpenditure in the County Bridge Fund was caused by expenditures over what was anticipated in Township/Municipal Aid primarily due to replacing closed bridges with pipe. Additionally more in-house construction engineering and design engineering than anticipated was performed in fiscal year 2013.

Sheriff Trust Fund Overexpenditure

Prior to fiscal year 2012, the Sheriff Trust Fund was considered to be a fiduciary fund and was not required to be budgeted; however, beginning in fiscal year 2012, the Sheriff Trust Fund was used to account for grant proceeds and related expenditures requiring this fund to be recognized as a special revenue fund. No budget was prepared for the Sheriff Trust Fund for fiscal year 2013.

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 individual fund disbursements 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.

CORRECTIVE ACTION PLAN

April 9, 2014

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

Shelby County, Illinois respectfully submits the following corrective action plan for the year ended August 31, 2013.

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, 2013

The findings from the Fiscal Year 2013 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

Significant Deficiency

2013-001 Identification of Federal Revenue

Recommendation: We recommend that in its cash receipts processing procedures, the County implement the use of source codes to identify funds as state, federal or other sources and that federal sources be coded to separate general ledger accounts identifying the source of the federal revenue.

Response: The County Treasurer's office will implement a procedure to identify federal funds in the general ledger and will receive training on how to discern which funds are from federal sources.

Material Weakness

2013-002 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

2013-003 Expenditures exceeded the budgeted amounts

Recommendation: Shelby County should monitor the individual fund disbursements and amend the annual budget as necessary.

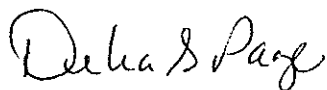
Action Taken: The County concurs with the recommendation.

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, 2013

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, 2012.