

**SHELBY COUNTY, ILLINOIS
ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2016**

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

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To the County Board Members
Shelby County
Shelbyville, Illinois

In planning and performing our audit of the financial statements of Shelby County, Illinois as of and for the fiscal year ended August 31, 2016, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.

However, during our audit we became aware of the following matter that is an opportunity for strengthening internal controls. The following paragraph summarizes our comments and suggestions regarding this matter. This letter does not affect our report dated April 12, 2017 on the financial statements of Shelby County, Illinois.

Internal controls over financial reporting should ensure the completeness of reporting for revenues received. A receipt from the State Comptroller's office for reimbursement to a Township was not deposited and reported in the county's general ledger; rather, the reimbursement was deposited by the Township. The inclusion of all receipts in the county's general ledger is necessary to ensure proper reporting of pass-through revenues and expenditures.

We will review the status of this comment during our next audit engagement. We have already discussed this matter with County personnel, and will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.



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

April 12, 2017

SHELBY COUNTY, ILLINOIS
TABLE OF CONTENTS
AUGUST 31, 2016

	<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 <i>Government Auditing Standards</i>	3-4
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	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 Position – 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
Statement of Changes in Fiduciary Net Position – Modified Cash Basis	21
Notes to Basic Financial Statements	22-54

SHELBY COUNTY, ILLINOIS
TABLE OF CONTENTS
AUGUST 31, 2016

Supplementary Information (Part 2 of 2)

Budgetary Comparison Schedule – Modified Cash Basis	
General Fund	55
Schedule of Appropriations and Expenditures Disbursed	56-57
County Health Fund	58
County Highway Fund	59
Mental Health Fund	60
Rural Transportation Fund	61
 Note to Budgetary Comparison Schedules	 62
 Combining Statements:	
<u>General Fund Financial</u>	
Combining Statement of Assets, Liabilities and Fund Balance - Modified Cash Basis	63
Combining Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Modified Cash Basis	64
Combining Statement of Expenditures Disbursed – Modified Cash Basis	65-66
<u>County Health Fund</u>	
Combining Statement of Assets, Liabilities and Fund Balance - Modified Cash Basis	67
Combining Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Modified Cash Basis	68
<u>County Highway Fund</u>	
Combining Statement of Assets, Liabilities and Fund Balance - Modified Cash Basis	69
Combining Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Modified Cash Basis	70
<u>Non-Major Governmental Funds</u>	
Combining Statement of Assets, Liabilities and Fund Balance - Modified Cash Basis	71-74
Combining Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Modified Cash Basis	75-78

SHELBY COUNTY, ILLINOIS
TABLE OF CONTENTS
AUGUST 31, 2016

Fiduciary Funds

Combining Statement of Fiduciary Net Position – Trust Funds
- Modified Cash Basis 79-80

Combining Statement of Changes in Fiduciary Net Position – Trust Funds
- Modified Cash Basis 81-82

Other

Statement of Changes in Assets & Liabilities – Agency Funds
- Modified Cash Basis 83

Section 5311 Annual Financial Report-Rural Transportation 84

Schedule of Revenue & Expense – Under Downstate Operating
Assistance Grant 85

Other Information:

IMRF Schedule of Changes in the Net Pension Liability and Related Ratios
Regular Plan 86

ECO Plan 87

SLEP Plan 88

IMRF Schedule of Employer Contributions 89-90

Single Audit Section:

Schedule of Expenditures of Federal Awards 91

Notes to the Schedule of Expenditures of Federal Awards 92

Schedule of Findings and Questioned Costs 93-95

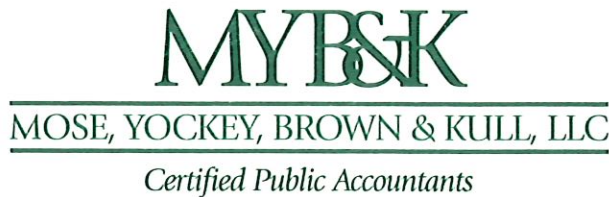
Corrective Action Plan 96-97

Summary Schedule of Prior Audit Findings 98

Reconciliation of DHS FY 16 Federal Funds Summary
to Federal Expenditures on the Schedule of Expenditures of Federal Awards 99

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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 aggregate remaining fund information of Shelby County, Illinois as of and for the year ended August 31, 2016, 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, 2016, 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, 2016, 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 this 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 *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, 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. The 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 Changes in the Net Pension Liability and Related Ratios and the IMRF Schedule of Employer Contributions included as "Other Information" have 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 them

Other Reporting Required by Government Auditing Standards

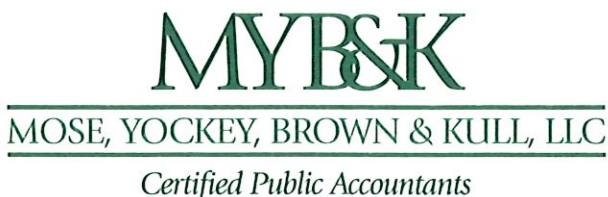
In accordance with *Government Auditing Standards*, we have also issued a report dated April 12, 2017 on our consideration of Shelby County, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements 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.



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Shelbyville, Illinois

April 12, 2017

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**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 year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise Shelby County Illinois' basic financial statements, and have issued our report thereon dated April 12, 2017. 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' 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' internal control. Accordingly, we do not express an opinion on the effectiveness of Shelby County, Illinois' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs and referenced as finding 2016-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shelby County, Illinois' 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as finding 2016-002.

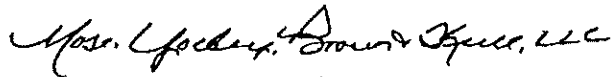
We noted certain matters that we reported to management of Shelby County, Illinois in a separate letter dated April 12, 2017.

Shelby County Illinois' Response to Findings

Shelby County, Illinois' response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Shelby County, Illinois' 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 Shelby County, Illinois' 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
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Shelbyville, Illinois

April 12, 2017

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Shelby County, Illinois' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Shelby County, Illinois' major federal programs for the year ended August 31, 2016. Shelby County, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Shelby County, Illinois' 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Shelby County, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Shelby County, Illinois' compliance.

Opinion on Each Major Federal Program

In our opinion, Shelby County, Illinois complied, in all material respects, with the types of 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, 2016.

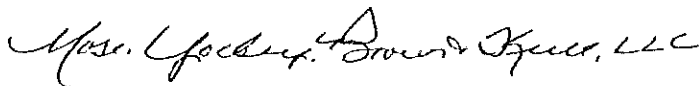
Report on Internal Control Over Compliance

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 of compliance, we considered Shelby County, Illinois' 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Shelby County, Illinois' internal control over compliance.

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



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

April 12, 2017

**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. 61. 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

- Completed County Bridge on Fayette County Line.
- Resurfaced Findlay/Assumption Road
- Completed Richland Township Bridge replacement.
- Began construction on Wood Street Bridge Replacement in City of Shelbyville.
- County inputted a new accounting system – Fund Ware.
- Rural Transportation received a donation of ten vehicles.

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 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 private purpose trust funds and 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 investment in capital assets; restricted net position; and unrestricted net position. The County reported \$6,794,550 and \$7,214,822 of restricted net position as of August 31, 2016 and 2015, respectively. Net position may serve over time as a useful indicator of a government's financial position. The Governmental net position was \$29,078,814 and \$27,036,308 as of August 31, 2016 and 2015, respectively.

Following is a separate Summary of Net Position – modified cash basis as of August 31, 2016 and 2015 for Governmental Activities:

**Summary of Net Position – Modified Cash Basis
Governmental Activities
August 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Current and other assets	\$10,882,180	\$11,205,293
Capital assets, net of accumulated depreciation	<u>18,348,133</u>	<u>15,976,962</u>
Total Assets	<u>\$29,230,313</u>	<u>\$27,182,255</u>
Short-term liabilities	\$ 151,499	\$ 145,947
Long-term liabilities	<u> --</u>	<u> --</u>
Total Liabilities	<u>\$ 151,499</u>	<u>\$ 145,947</u>
Net Position:		
Invested in capital assets, net of related debt	\$18,348,133	\$15,976,962
Restricted for Inventory	11,336	7,045
Restricted for Insurance	961,762	928,321
Restricted for Employees' Retirement	1,208,363	1,358,701
Restricted for Public Safety	473,844	472,626
Restricted for Public Works and Transportation	985,543	1,278,241
Restricted for Economic Development	504,087	504,087
Restricted for Health and Welfare	1,822,065	1,901,915
Restricted for Other Purposes	827,550	763,886
Unrestricted	<u>3,936,131</u>	<u>3,844,524</u>
Total Net Position	<u>\$29,078,814</u>	<u>\$27,036,308</u>

Sixty-three 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, 2016 compared to 59% as of August 31, 2015. 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, 2016 and 2015, the County had positive balances in all categories of net position for the governmental activities. The County's overall financial position improved with net position increasing \$2,042,506 during fiscal year 2016.

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, 2016 and 2015

Receipts:	<u>2016</u>	<u>2015</u>
Program Receipts:		
Fines, fees, & charges for services	\$ 1,576,551	\$ 1,555,433
Operating grants and contributions	2,526,056	3,178,401
Capital grants and contributions	2,620,598	76,148
General Receipts:		
Property taxes	4,307,362	4,032,202
Sales and other taxes	2,328,611	2,243,327
Unrestricted investment earnings	11,469	13,108
Transfers	--	11,919
Other receipts	<u>130,316</u>	<u>128,074</u>
Total Receipts	<u>\$13,500,963</u>	<u>\$ 11,238,612</u>
Disbursements:		
General government	\$ 3,019,766	\$ 3,055,956
Indemnity	--	--
Public safety	2,486,586	2,440,710
Corrections	187,768	164,375
Judiciary	553,124	577,600
Public works/transportation	3,594,569	3,473,031
Health and welfare	1,615,642	1,461,610
Interest on long-term debt	<u>1,002</u>	<u>2,358</u>
Total Disbursements	<u>\$11,458,457</u>	<u>\$11,175,640</u>
Change in net position	\$ 2,042,506	\$ 62,972
Net position – September 1,	<u>27,036,308</u>	<u>26,973,336</u>
Net position – August 31,	<u>\$29,078,814</u>	<u>\$27,036,308</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 \$10,723,408 and \$11,034,269 as of August 31, 2016 and 2015, respectively. Of these amounts, \$6,776,800 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 \$11,336 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 \$1,589,251 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 \$2,131,319 is unassigned and can be used for any lawful purpose.

The fund balance for all Governmental Funds at the fiscal years ended August 31, 2016 and 2015 had a negative net change of \$310,861 and a positive net change of \$48,338, respectively.

Per the Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance, total Governmental receipts for the fiscal years 2016 and 2015 were \$10,943,209 and \$11,215,113, respectively and total disbursements were \$11,254,070 and \$11,178,694, 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 \$2,141,304, while total fund balance is \$3,425,967. 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 45 percent of total general fund expenditures and other financing sources, while total fund balance represented 71 percent of that same amount. For the year ended August 31, 2016, receipts of \$4,996,272 less disbursements of \$4,921,478 resulted in an increase in fund balance of \$74,794. After the net transfers of (\$115,377), the result was a net decrease in the General Fund fund balance of (\$40,583). For the year ended August 31, 2015, receipts of \$5,043,286 less disbursements of \$4,889,812 and net transfers of (\$93,905) resulted in a net increase in fund balance of \$59,569.

The largest receipt sources for the General Fund are property taxes, sales taxes, and income taxes which account for 72 and 69 percent of receipts for the years ended August 31, 2016 and 2015, respectively. General government and public safety are the primary operations of the general fund. Approximately 81 and 82 percent of the General Fund's disbursements are for general government and public safety activities for the years ended August 31, 2016 and 2015, respectively.

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 72 and 74 percent of receipts for the years ended August 31, 2016 and 2015, 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 89 and 91 percent of receipts for the years ended August 31, 2016 and 2015, respectively. The County Highway Fund accounts for the maintenance and construction of roads and bridges in the County.

MENTAL HEALTH FUND

The largest source of revenues received for the Mental Health Fund is property taxes which accounts for 96 and 96 percent of receipts for the years ended August 31, 2016 and 2015, 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, 2016 and 2015. 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 \$318,272 and actual disbursements were less than budgeted amounts by \$178,074, resulting in a positive budget variance of \$496,346. The other Information section contains the Budgetary Comparison Schedule – Modified Cash Basis for the General Fund, County Health Fund, County Highway 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, 2016 and 2015 (net of accumulated depreciation), are summarized below for Governmental-Type Activities:

**Capital Assets
Governmental Activities
(Net of Depreciation)
August 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Land	\$ 3,414,046	\$ 3,414,046
Work in Process	32,609	480,841
Buildings and Improvements	4,171,939	3,722,635
Vehicles	1,089,818	567,594
Maintenance Vehicles	83,423	59,146
Infrastructure	9,129,751	7,365,559
Equipment	417,293	354,375
Law Enforcement & Canine	<u>9,254</u>	<u>12,766</u>
Total Capital Assets, net of depreciation	<u>\$18,348,133</u>	<u>\$15,976,962</u>

During fiscal years 2016 and 2015, total capital assets for the County had a net increase (including additions, decreases, and depreciation) of \$2,371,171 and a net decrease of \$32,736, respectively. These additions reflect the current additions for vehicles, equipment, building and highway infrastructure and other miscellaneous equipment. The County recorded \$787,400 and \$742,210 of depreciation expense for the fiscal years 2016 and 2015, respectively and the amounts of accumulated depreciation are \$8,849,464 and \$8,183,652 as of August 31, 2016 and 2015, respectively.

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

DEBT

The County has a statutorily imposed legal general obligation bond limit of 5.75% of its total assessed valuation and that limit is approximately 20.2 million dollars. Shelby County, Illinois had no outstanding long term debt at August 31, 2016.

The following is a summary of the County's gross outstanding short-term debt as of August 31, 2016 and 2015:

**Outstanding Short-Term Debt
Governmental Activities
August 31, 2016 and 2015**

<u>Debt Description</u>	<u>2016</u>	<u>2015</u>
Bank Loans	\$ <u> --</u>	\$ <u> --</u>

More detailed information about the County's short-term debt activity is presented in Note 6 to the financial statements.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and pass through agencies with a general overview of the County's finances and to show the County's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Ms. Debra Ramey, 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, 2016

	Primary Government Governmental Activities	Component Unit
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 10,683,479	\$ 32,847
Investments	180,092	--
Notes Receivable		
Due Within One Year	7,273	--
Inventory	11,336	--
Total Current Assets	\$ 10,882,180	\$ 32,847
Noncurrent Assets:		
Notes Receivable		
Due In More Than One Year	\$ --	\$ --
Capital Assets		
Land	3,414,046	--
Work in Process	32,609	--
Buildings & Improvements	6,361,405	--
Vehicles	3,086,550	--
Maintenance Vehicles	837,802	--
Infrastructure	11,031,997	--
Equipment	2,410,188	4,820
Law Enforcement Canine	23,000	--
Less: Accumulated Depreciation	(8,849,464)	(4,820)
Total Noncurrent Assets	\$ 18,348,133	\$ --
TOTAL ASSETS	\$ 29,230,313	\$ 32,847
LIABILITIES:		
Withholding Payable	\$ 88,570	\$ 1,004
Due to Other Governmental Units	62,929	--
TOTAL LIABILITIES	\$ 151,499	\$ 1,004
NET POSITION		
Net Investment in Capital Assets	\$ 18,348,133	\$ --
Restricted for:		
Inventory	11,336	--
Insurance	961,762	--
Employees' Retirement	1,208,363	--
Public Safety	473,844	--
Public Works and Transportation	985,543	--
Economic Development	504,087	--
Health and Welfare	1,822,065	--
Other Purposes	827,550	--
Unrestricted	3,936,131	31,843
TOTAL NET POSITION	\$ 29,078,814	\$ 31,843

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

SHELBY COUNTY, ILLINOIS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED AUGUST 31, 2016

Activities	Disbursements	PROGRAM RECEIPTS			Net (Disbursements) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
		Primary Governmental Activities	Primary Governmental Activities	Component Unit	
Primary Government:					
Governmental Activities					
General Government	\$ 3,019,766	\$ 1,016,876	\$ 374,547	\$ (1,628,343)	
Indemnity	--	4,720	--	4,720	
Public Safety	2,486,586	99,448	45,794	(2,341,344)	
Corrections	187,768	--	--	(187,768)	
Judiciary	553,124	29,389	--	(523,735)	
Public Works/Transportation	3,595,571	146,584	1,706,393	878,004	
Health and Welfare	1,615,642	279,534	399,322	(936,786)	
Total Governmental Activities	\$ 11,458,457	\$ 1,576,551	\$ 2,526,056	\$ (4,735,252)	
TOTAL PRIMARY GOVERNMENT	\$ 11,458,457	\$ 1,576,551	\$ 2,526,056	\$ (4,735,252)	
Component Unit:					
Shelby County Tourism	\$ 85,046	\$ 18,075	\$ 15,672	\$ (51,299)	
General Receipts:					
Taxes - Property				\$ 4,307,362	
Taxes - Sales				703,141	
Taxes - Income				1,048,798	
Taxes - Motor Fuel				442,470	
Taxes - Replacement & Other				134,202	
Unrestricted Interest				11,469	62,130
County Farm				34,353	--
Miscellaneous				95,963	1,275
Total General Receipts and Transfers				\$ 6,777,758	\$ 63,406
Change in Net Position				\$ 2,042,506	\$ 12,107
Net Position - September 1, 2015				27,036,308	19,736
Net Position - August 31, 2016				\$ 29,078,814	\$ 31,843

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, 2016

	General Fund	County Health Fund	County Highway Fund	Mental Health Fund	Rural Transportation Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 3,503,812	\$ 1,316,975	\$ 1,003,887	\$ 1,545,160	\$ 1,875	\$ 3,311,770	\$ 10,683,479
Investments	10,000	125,000	--	--	--	45,092	180,092
Interfund Loans Receivable	53,098	3,800	--	--	--	780	57,678
Inventory	11,336	--	--	--	--	--	11,336
TOTAL ASSETS	\$ 3,578,246	\$ 1,445,775	\$ 1,003,887	\$ 1,545,160	\$ 1,875	\$ 3,357,642	\$ 10,932,585
LIABILITIES							
Withholding Payable	\$ 88,570	--	--	--	--	--	\$ 88,570
Interfund Loans Payable	780	3,800	--	--	--	53,098	57,678
Due to Other Governmental Units	62,929	--	--	--	--	--	62,929
TOTAL LIABILITIES	\$ 152,279	\$ 3,800	\$ --	\$ --	\$ --	\$ 53,098	\$ 209,177
FUND BALANCE							
Fund Balance:							
Nonspendable:							
Inventory	\$ 11,336	--	--	--	--	--	\$ 11,336
Restricted for:							
Insurance	961,762	--	--	--	--	--	961,762
Capital Improvement	66,524	--	--	--	--	--	66,524
Indemnity	--	--	--	--	--	106,143	106,143
Employees Retirement	--	--	--	--	--	1,208,363	1,208,363
Public Safety	--	--	--	--	--	473,844	473,844
Judiciary	--	--	--	--	--	18,340	18,340
Automation	--	--	--	--	--	48,399	48,399
Recording	--	--	--	--	--	152,612	152,612
Public Works/Transportation	--	--	985,543	--	--	--	985,543
GIS	--	--	--	--	--	380,472	380,472
Document Storage	--	--	--	--	--	55,919	55,919
Economic Development	--	--	--	--	--	496,814	496,814
Health and Welfare	--	88,813	--	1,521,953	--	211,299	1,822,065
Committed							
Capital Improvement	214,702	--	--	--	--	--	214,702
Assigned	30,339	1,353,162	18,344	23,207	--	164,199	1,589,251
Unassigned	2,141,304	--	--	--	1,875	(11,860)	2,131,319
TOTAL FUND BALANCES	\$ 3,425,967	\$ 1,441,975	\$ 1,003,887	\$ 1,545,160	\$ 1,875	\$ 3,304,544	\$ 10,723,408
TOTAL LIABILITIES AND FUND BALANCES							
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,578,246	\$ 1,445,775	\$ 1,003,887	\$ 1,545,160	\$ 1,875	\$ 3,357,642	\$ 10,932,585

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, 2016

Total Fund Balance for Governmental Funds	\$ 10,723,408
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.	7,273
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	<u>14,934,087</u>
Net Position of Governmental Activities	<u><u>\$ 29,078,814</u></u>

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

SHELBY COUNTY, ILLINOIS
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2016

	General Fund	County Health Fund	County Highway Fund	Mental Health Fund	Rural Transportation Fund	Other Governmental Funds	Total Governmental Funds
REVENUES RECEIVED:							
Property Taxes	\$ 1,835,451	\$ 313,607	\$ 651,842	\$ 521,743	\$ --	\$ 984,719	\$ 4,307,362
Sales Taxes	703,141	--	--	--	--	--	703,141
Intergovernmental Revenue:							
State Sources:							
Income Taxes	1,048,798	--	--	--	--	--	1,048,798
Motor Fuel Taxes	--	--	442,470	--	--	--	442,470
Replacement Tax	41,250	9,451	40,505	18,576	--	24,420	134,202
Other State Sources	343,238	204,054	152,154	--	751,600	760	1,451,806
Federal Sources	23,505	195,288	138,296	--	650,206	23,157	1,030,432
County Farm	34,353	--	--	--	--	--	34,353
Loan Repayments	--	--	--	--	--	17,804	17,804
Loan Proceeds	--	--	37,540	--	--	--	37,540
Charges for Services	88,230	259,047	87,495	--	--	61,992	486,764
Licenses and Permits	4,599	--	--	--	--	--	4,599
Fines, Fees and Forfeits	670,608	--	--	--	--	214,054	884,662
Penalties, Interest and Costs	74,285	--	--	--	--	--	74,285
Sales of Real Estate Stamps	116,241	--	--	--	--	--	116,241
Interest	4,162	1,926	1,513	2,328	6	1,534	11,469
Miscellaneous	8,411	115	--	--	--	138,755	147,281
Total Revenues Received	\$ 4,986,272	\$ 983,488	\$ 1,551,815	\$ 542,647	\$ 1,401,812	\$ 1,467,195	\$ 10,943,209
EXPENDITURES DISBURSED:							
Current:							
General Government	\$ 1,813,914	--	--	--	--	\$ 1,117,980	\$ 2,931,894
Public Safety	2,160,565	--	--	--	--	137,468	2,298,033
Corrections	186,500	--	--	--	--	--	186,500
Judiciary	503,646	--	--	--	--	47,194	550,840
Public Works/Transportation	(327)	--	1,720,355	--	1,210,878	175,751	3,106,657
Health and Welfare	62,409	960,711	--	531,837	--	48,674	1,603,631
Capital Outlay	194,771	--	84,103	--	152,028	107,071	537,973
Debt Service	--	--	--	--	--	--	1,002
Interest on Long Term Debt	--	--	1,002	--	--	--	1,002
Principal on Long Term Debt	--	--	37,540	--	--	--	37,540
Total Expenditures Disbursed	\$ 4,921,478	\$ 960,711	\$ 1,843,000	\$ 531,837	\$ 1,362,906	\$ 1,634,138	\$ 11,254,070
Revenues Received Over (Under) Expenditures Disbursed	\$ 74,794	\$ 22,757	\$ (291,185)	\$ 10,810	\$ 38,906	\$ (166,943)	\$ (310,861)
Other Financing Sources (Uses):							
Operating Transfers In	527,453	--	300,000	--	--	120,869	948,322
Operating Transfers Out	(642,830)	--	(300,000)	--	--	(5,492)	(948,322)
Net Change in Fund Balance	\$ (40,583)	\$ 22,757	\$ (291,185)	\$ 10,810	\$ 38,906	\$ (51,566)	\$ (310,861)
Fund Balance - September 1, 2015	3,486,550	1,419,218	1,295,072	1,534,350	(37,081)	3,356,110	11,034,269
Fund Balance - August 31, 2016	\$ 3,425,967	\$ 1,441,975	\$ 1,003,887	\$ 1,545,160	\$ 1,875	\$ 3,304,544	\$ 10,723,408

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, 2016

Net Change in Fund Balance - Total Governmental Funds	\$	(310,861)
<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>		
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 depreciation (\$787,400) exceed additions (\$537,973) in the current period.		(249,427)
Federal and State on-behalf payments for mini vans and road infrastructure are reported as capital grants and contributions in the Statement of Activities - modified cash basis; however, they are not recognized as receipts in the governmental funds.		2,620,598
In the fund financial statements, principal and interest payments on Notes Receivable are recorded as receipts in the Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance; however, principal payments received do not affect the Statement of Activities-modified cash basis.		<u>(17,804)</u>
Change in Net Position of Governmental Activities	\$	<u><u>2,060,310</u></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, 2016

	Private - Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 2,120,351	\$ 5,807,917
Investments	--	76,406
TOTAL ASSETS	\$ 2,120,351	\$ 5,884,323
LIABILITIES		
Due to Others	\$ 1,923	\$ 5,884,323
TOTAL LIABILITIES	\$ 1,923	\$ 5,884,323
NET POSITION		
Restricted for Other Purposes	\$ 2,118,428	\$ --
TOTAL NET POSITION	\$ 2,118,428	\$ --

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

SHELBY COUNTY, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
MODIFIED CASH BASIS
YEAR ENDED AUGUST 31, 2016

	Private - Purpose Trust Funds
ADDITIONS:	
Property Taxes	\$ 114,973
Intergovernmental Revenue:	
State Sources	
Motor Fuel Taxes	1,747,286
Other State Sources	545,739
Fines and Fees	160
Cash Bail	35,746
Interest	2,074
Miscellaneous	7,512
	\$ 2,453,490
DEDUCTIONS:	
Distributions	\$ 2,609,760
Total Deductions	\$ 2,609,760
Change in Net Position	\$ (156,270)
Net Position - September 1, 2015	2,274,698
Net Position - August 31, 2016	\$ 2,118,428

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, 2016

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, 2016

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, 2016

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 *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, 2016

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 private-purpose trust and agency funds. Private-Purpose Trust-Funds are used to report all trust agreements under which principal and income benefit individuals, private organizations, or other governments. Agency funds are purely custodial (assets equal liabilities) and thus, do not involve measurement of results of operations. 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.

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, 2016.

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, 2016

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 August 12, 2015, the final budget on August 10, 2016. 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. Investments

Investments are recorded in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Gains or losses on the sale of investments are recognized upon realization. The County has adopted a formal written investment policy. The institutions in which investments are made must be approved by the County Board. Investments consist of interest bearing time deposits with original maturities exceeding three months and investments in external investment pools, which are exempt from GASB Statement No. 72 fair value measurements.

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2016

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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 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.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2016

Note 1 – Summary of Significant Accounting Policies (continued)

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.

N. Capital Leases

Leases, which are in effect financing agreements under the provisions of Accounting Standards Codification Topic 840 (ASC 840), 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.

1. 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.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2016

Note 1 – Summary of Significant Accounting Policies (continued)

2. 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.

3. 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.

4. 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 nor 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.

5. 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.

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 has 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, 2016

Note 2 - Property Taxes

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

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

Property taxes collected in calendar years 2014 and 2015 attached as an enforceable lien on property as of January 1, 2013 and 2014, respectively. These taxes were required to be levied by the County prior to the last Tuesday in December. The 2014 and 2015 levies were adopted by the County in September, 2013 and September, 2014. Property taxes were due from property owners in two installments in July and September. The property tax receipts for the year ending August 31, 2016, as shown in the financial statements, consist of two distributions from the 2014 levy and one distribution from the 2015 levy. Property taxes are distributed from August through December.

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 8, 2015.

The Property Tax Extension Limitation Law of the State of Illinois, as amended (PTELL), limits the amount of annual increase in property taxes to be extended for certain Illinois non-home rule units of government, including Shelby County. In general, the PTELL restricts the amount of a property tax extension increase to the lesser of 5% or the percentage increase in the Consumer Price Index for Urban Consumers during the preceding calendar year. Tax levies may also be increased due to assessed valuation increases from new construction, referendum approval, and consolidation of local government units.

The effect of the PTELL is to limit the growth of the amount of property taxes that can be extended for a taxing body. The PTELL was effective for Shelby County for property taxes levied after 2000.

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, 2016

Note 2 - Property Taxes (continued)

	2015 <u>Maximum</u>	<u>2015 Levy</u>	<u>2014 Levy</u>
Assessed Valuation		<u>\$351,201,643</u>	<u>\$339,048,271</u>
Property Tax Rates:			
Extension Education	.05000	.02089	.02163
County	Unlimited	.42958	.46891
County Highway	.20000	.09031	.09443
County Bridge	.25000	.04156	.04217
Federal Aid	.05000	.04822	.04995
County Health	.17500	.08628	.09031
Municipal Retirement	Unlimited	.17085	.15043
Airport	.25000	.01184	.01226
Mental Health	.15000	.14380	.14985
Social Security	Unlimited	.08543	.08701
Tort Immunity Insurance	Unlimited	.03303	.03274
Workers' Comp. Insurance Tax	Unlimited	.02335	.02301
Unemployment Insurance Act	Unlimited	<u>.01139</u>	<u>.01564</u>
Total County Rate		<u>1.19653</u>	<u>1.23834</u>
Ambulance	.25000	<u>0.01938</u>	<u>0.01973</u>

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

Note 3 - Cash and Investments

Cash and Cash Equivalents and Investments as of August 31, 2016 consist of the following:

	Primary <u>Government</u>	Component <u>Unit</u>
Cash on Hand	\$ 6,276	\$ 250
Deposits with financial institutions	<u>10,857,295</u>	<u>32,597</u>
Sub-Total Governmental Activities	\$ 10,863,571	\$ 32,847
Fiduciary Funds		
Deposits with financial institutions	7,928,268	--
External Investment Pool	<u>76,406</u>	<u>--</u>
	8,004,674	--
Total	<u>\$ 18,868,245</u>	<u>\$ 32,847</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, 2016

Note 3 - 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, 2016 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	\$ 21,327	November 19, 2016
Certificate of Deposit	10,000	January 4, 2017
Certificate of Deposit	125,000	February 11, 2017
Certificate of Deposit	<u>23,766</u>	February 15, 2017
	<u>\$ 180,093</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, 2016

Note 3 - 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, 2016, \$17,271,741 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.

Investment in External Investment Pool

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.

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, 2016

Note 4 - Notes Receivable

The County had the following note receivable outstanding at August 31, 2016:

	<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.	\$ 7,273	\$ --	\$ 7,273
 <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. In fiscal year 2016 the loan was paid in full.	--	--	--
	<u>\$ 7,273</u>	<u>\$ --</u>	<u>\$ 7,273</u>

Note 5 – Capital Assets

Capital assets activity for the year ended August 31, 2016 was as follows:

	<u>Balance September 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2016</u>
Primary Government				
Government activities:				
Capital assets not being depreciated:				
Land	\$ 3,414,046	\$ --	\$ --	\$ 3,414,046
Work In Process	480,841	32,609	480,841	32,609
	<u>\$ 3,894,887</u>	<u>\$ 32,609</u>	<u>\$ 480,841</u>	<u>\$ 3,446,655</u>

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2016

Note 5 – Capital Assets (continued)

	<u>Balance September 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2016</u>
Capital assets being depreciated:				
Buildings & Improvements	\$ 5,749,236	\$ 612,169	\$ --	\$ 6,361,405
Vehicles	2,454,342	753,796	(121,588)	3,086,550
Maintenance Vehicles	780,602	57,200	--	837,802
Infrastructure	9,006,647	2,025,350	--	11,031,997
Equipment	2,251,900	158,288	--	2,410,188
Law Enforcement Canine	<u>23,000</u>	<u>--</u>	<u>--</u>	<u>23,000</u>
 Total Capital Assets Being Depreciated	 <u>\$20,265,727</u>	 <u>\$ 3,606,803</u>	 <u>\$ (121,588)</u>	 <u>\$ 23,750,942</u>
Less: Accumulated Depreciation:				
Buildings & Improvements	\$ (2,026,601)	\$ (162,865)	\$ --	\$ (2,189,466)
Vehicles	(1,886,748)	(231,572)	121,588	(1,996,732)
Maintenance Vehicles	(721,456)	(32,923)	--	(754,379)
Infrastructure	(1,641,088)	(261,158)	--	(1,902,246)
Equipment	(1,897,525)	(95,370)	--	(1,992,895)
Law Enforcement Canine	<u>(10,234)</u>	<u>(3,512)</u>	<u>--</u>	<u>(13,746)</u>
 Total Accumulated Depreciation	 <u>\$ (8,183,652)</u>	 <u>\$ (787,400)</u>	 <u>\$ 121,588</u>	 <u>\$ (8,849,464)</u>
 Total Capital Assets being Depreciated, net	 <u>\$ 12,082,075</u>	 <u>\$ 2,819,403</u>	 <u>\$ --</u>	 <u>\$ 14,901,478</u>
 Governmental Activities Capital Assets, net	 <u>\$15,976,962</u>	 <u>\$ 2,852,012</u>	 <u>\$ 480,841</u>	 <u>\$ 18,348,133</u>

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

Governmental activities:	
General Government	\$ 87,872
Public Safety	188,553
Public Works/Transportation	495,412
Corrections	1,268
Judiciary	2,284
Health and Welfare	<u>12,011</u>
	<u>\$ 787,400</u>

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2016

Note 5 – Capital Assets (continued)

Component Unit

Capital assets activity of Shelby County Office of Tourism for the year ended August 31, 2016 was as follows:

	Balance September 1, 2015	Increase	Decrease	Balance August 31, 2016
Capital assets being Depreciated: Equipment	\$ 4,820	\$ --	\$ --	\$ 4,820
Less: Accumulated Depreciation Equipment	\$ (4,820)	\$ --	\$ --	\$ (4,820)
Capital assets, net	\$ --	\$ --	\$ --	\$ --

Note 6 – Short-Term Liabilities

Changes in Short-Term Debt

The following is a summary of changes in Short-Term Debt of Shelby County for the year ended August 31, 2016.

	Balance September 1, 2015	Additions	Reductions	Balance August 31, 2016
Governmental activities:				
JD Utility Cab Tractor	\$ --	\$ 37,540	\$ 37,540	\$ --

Utility Cab Tractor

The loan was obtained on September 9, 2015 to finance the purchase of a 2016 John Deere Utility Cab Tractor. The note is secured by the tractor and requires two annual payments of \$19,563, including interest at the rate of 2.8%. The loan was paid in full during fiscal year 2016.

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 20.2 million dollars leaving 20.2 million remaining.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2016

Note 7 - Retirement Plans

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

A. Illinois Municipal Retirement Fund

Plan Description

IMRF Plan Description

The County's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The County's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier I benefits. Tier I employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier I employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48.

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 AUGUST 31, 2016

Note 7 – Retirement Plans – (Continued)

Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lessor* of:

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

Employees covered by Benefit Terms

As of December 31, 2015, the following employees were covered by the benefit terms:

Regular Plan	IMRF
Retirees and Beneficiaries currently receiving benefits	74
Inactive Plan Members entitled to but not yet receiving benefits	31
Active Members	79
Total	184

ECO Plan	IMRF
Retirees and Beneficiaries currently receiving benefits	11
Inactive Plan Members entitled to but not yet receiving benefits	2
Active Members	0
Total	13

SLEP Plan	IMRF
Retirees and Beneficiaries currently receiving benefits	18
Inactive Plan Members entitled to but not yet receiving benefits	4
Active Members	13
Total	35

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2016

Note 7 – Retirement Plans – (Continued)

Contributions

As set by statute, the County's Regular Plan Members are required to contribute 4.5% 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 County's annual contribution rate for calendar year 2015 was 12.14%. For the fiscal year ended August 31, 2016, the County contributed \$395,388 to the plan. The 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

As set by statute, the County's ECO Plan Members are required to contribute 7.5% 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 County's annual contribution rate for calendar year 2015 was 17.41%. No ECO wages were paid during calendar year 2015 or fiscal year 2016; however, for 2016 the County was required to make a monthly minimum contribution of \$22,503. For the fiscal year ended August 31, 2016, the County contributed \$272,321 to the plan. The 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

As set by statute, the County's SLEP Plan Members are required to contribute 7.5% 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 County's annual contribution rate for calendar year 2015 was 12.62%. For the fiscal year ended August 31, 2016, the County contributed \$82,846 to the plan. The 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The County's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2016

Note 7 – Retirement Plans – (Continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The **Actuarial Cost Method** used was Entry Age Normal
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.48%
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- For **Non-disabled Retirees**, an IMRF specific mortality table was used with fully generational projection scale MP 2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2016

Note 7 – Retirement Plans – (Continued)

- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2015:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	1%	2.25%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.5% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.5%, the municipal bond rate is 3.57%, and the resulting single discount rates are Regular 7.48%; ECO 7.06%; and SLEP 7.50%.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2016

Note 7 – Retirement Plans – (Continued)

Changes in the Net Pension Liability

Regular Plan	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) – (B)
Balances at December 31, 2014	\$17,135,363	\$15,864,794	\$1,270,569
Changes for year:			
Service Cost	346,362	--	346,362
Interest on the Total Pension Liability	1,269,826	--	1,269,826
Changes of Benefit Terms	--	--	--
Differences Between Expected and Actual Experience of the Total Pension Liability	276,869	--	276,869
Changes of Assumptions	22,760	--	22,760
Contributions – Employer	--	414,553	(414,553)
Contributions – Employees	--	151,233	(151,233)
Net Investment Income	--	78,964	(78,964)
Benefit Payments, including Refunds of Employee Contributions	(709,855)	(709,855)	--
Other (Net Transfer)	--	(184,634)	184,634
Net Changes	\$ 1,205,962	\$ (249,739)	\$ 1,455,701
Balances at December 31, 2015	\$18,341,325	\$15,615,055	\$2,726,270

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 AUGUST 31, 2016

Note 7 – Retirement Plans – (Continued)

ECO Plan	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) – (B)
Balances at December 31, 2014	\$ 4,969,433	\$ 2,155,958	\$ 2,813,475
Changes for year:			
Service Cost	--	--	--
Interest on the Total Pension Liability	330,713	--	330,713
Changes of Benefit Terms	--	--	--
Differences Between Expected and Actual Experience of the Total Pension Liability	104,007	--	104,007
Changes of Assumptions	(45,085)	--	(45,085)
Contributions – Employer	--	276,901	(276,901)
Contributions – Employees	--	--	--
Net Investment Income	--	10,383	(10,383)
Benefit Payments, including Refunds of Employee Contributions	(435,629)	(435,629)	--
Other (Net Transfer)	--	391,238	(391,238)
Net Changes	\$ (45,994)	\$ 242,893	\$ (288,887)
Balances at December 31, 2015	\$4,923,439	\$ 2,398,851	\$ 2,524,588

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 AUGUST 31, 2016

Note 7 – Retirement Plans – (Continued)

SLEP Plan	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) – (B)
Balances at December 31, 2014	\$ 3,936,132	\$ 4,161,800	\$ (225,668)
Changes for year:			
Service Cost	111,643	--	111,643
Interest on the Total Pension Liability	293,662	--	293,662
Changes of Benefit Terms	--	--	--
Differences Between Expected and Actual Experience of the Total Pension Liability	240,639	--	240,639
Changes of Assumptions	--	--	--
Contributions – Employer	--	90,067	(90,067)
Contributions – Employees	--	53,488	(53,488)
Net Investment Income	--	20,786	(20,786)
Benefit Payments, including Refunds of Employee Contributions	(152,922)	(152,922)	--
Other (Net Transfer)	--	(76,619)	76,619
Net Changes	\$ 493,022	\$ (65,200)	\$ 558,222
Balances at December 31, 2015	\$4,429,154	\$ 4,096,600	\$ 332,554

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plans' net pension liability, calculated using a Single Discount Rates of 7.48%, 7.06% and 7.50%, respectively, as well as what the plans' net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

Regular Plan	1% Lower (6.48%)	Current Discount (7.48%)	1% Higher (8.48%)
Net Pension Liability	\$5,195,343	\$2,726,270	\$699,519

ECO Plan	1% Lower (6.06%)	Current Discount (7.06%)	1% Higher (8.06%)
Net Pension Liability	\$3,014,236	\$2,524,588	\$2,112,076

SLEP Plan	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
Net Pension Liability	\$1,005,912	\$332,554	\$(212,087)

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2016

Note 7 – Retirement Plans – (Continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended August 31, 2016, the County recognized pension expense of \$749,896. For the year ended December 31, 2015 under GASB No. 68, the County recognized pension expense of \$1,012,695. At August 31, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Regular Plan

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows or (Inflows) of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>			
Differences between expected and actual experience	\$ 211,418	\$ 89,639	\$ 121,779
Changes of assumptions	317,374	--	317,374
Net difference between projected and actual earnings on pension plan investments	1,007,143	--	1,007,143
Total Deferred Amounts to be recognized in pension expense in future periods	\$1,535,935	\$ 89,639	\$ 1,446,296
<i>Pension Contributions made subsequent to the Measurement Date</i>	\$ 256,150	\$ --	\$ 256,150
Total Deferred Amounts Related to Pensions	\$1,792,085	\$ 89,639	\$ 1,702,446

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
 AUGUST 31, 2016

Note 7 – Retirement Plans – (Continued)

ECO Plan

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows or (Inflows) of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>			
Differences between expected and actual experience	\$ --	\$ --	\$ --
Changes of assumptions	--	--	--
Net difference between projected and actual earnings on pension plan investments	146,936	--	146,936
Total Deferred Amounts to be recognized in pension expense in future periods	\$ 146,936	\$ --	\$ 146,936
<i>Pension Contributions made subsequent to the Measurement Date</i>	\$ 180,021	\$ --	\$ 180,021
Total Deferred Amounts Related to Pensions	\$ 326,957	\$ --	\$ 326,957

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2016

Note 7 – Retirement Plans – (Continued)

SLEP Plan

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows or (Inflows) of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>			
Differences between expected and actual experience	\$ 193,786	\$ 12,759	\$ 181,027
Changes of assumptions	40,391	--	40,391
Net difference between projected and actual earnings on pension plan investments	263,723	--	263,723
Total Deferred Amounts to be recognized in pension expense in future periods	\$ 497,900	\$ 12,759	\$ 485,141
<i>Pension Contributions made subsequent to the Measurement Date</i>	\$ 51,937	\$ --	\$ 51,937
Total Deferred Amounts Related to Pensions	\$ 549,837	\$ 12,759	\$ 537,078

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2016

Note 7 – Retirement Plans – (Continued)

Not including pension contributions made subsequent to the measurement date, under GASB No. 68, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Regular Plan

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$ 430,114
2017	430,114
2018	350,050
2019	236,018
2020	--
Thereafter	--
Total	<u>\$1,446,296</u>

ECO Plan

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$ 38,310
2017	38,310
2018	38,311
2019	32,005
2020	--
Thereafter	--
Total	<u>\$146,936</u>

SLEP Plan

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$ 124,709
2017	124,709
2018	124,710
2019	104,639
2020	6,374
Thereafter	--
Total	<u>\$ 485,141</u>

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2016

Note 7 – Retirement Plans – (Continued)

B. Social Security

Employees not qualifying for coverage under the Illinois Municipal Retirement Fund are considered "non-participating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security. The County paid \$318,471, the total required employer contribution for the current year.

Note 8 – Required Individual Fund Disclosures

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

A. Excess of Expenditures over Budgets in Individual Funds

The following instances of overexpending the budget were noted:

<u>Fund</u>	<u>Expenditures</u>	<u>Budgeted Amounts</u>	<u>Overexpenditure</u>
Airport	\$ 197,388	\$ 149,000	\$ 48,388
Social Security	314,733	305,000	9,733
Sheriff Trust	19,297	--	19,297
Rescue Squad	4,602	--	4,602

B. Deficit Fund Balances of Individual Funds

The following funds have deficit balances at August 31, 2016:

Court Security	\$(13,576)
Law Library	(676)

C. Individual Fund Interfund Receivable and Payable Balances

Individual fund interfund receivable and payable balances at August 31, 2016 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
MAJOR FUNDS:		
GENERAL FUND:		
Other than Fee Offices	\$ 53,098	\$ 780
COUNTY HEALTH FUNDS:		
Miscellaneous County Health	\$ --	\$ 3,800
Home Nursing	3,800	--
Total County Health Fund	<u>\$ 3,800</u>	<u>\$ 3,800</u>

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2016

Note 8 - Required Individual Fund Disclosures (Continued)

	Interfund Receivables	Interfund Payables
NONMAJOR FUNDS:		
SPECIAL REVENUE FUNDS:		
Court Security	\$ --	\$ 14,000
Law Library	--	1,221
IMRF	--	37,877
GIS	780	--
Total Special Revenue Funds	\$ 780	\$ 53,098
Total	\$ 57,678	\$ 57,678

The above interfunds receivable and payables are due to loans between funds and posting errors.

D. Transfers within the Reporting Entity

The composition of interfund transfers for the year ended August 31, 2016 is as follows:

	Transfers In	Transfers Out
MAJOR FUNDS:		
GENERAL FUND:		
Other than Fee Offices	\$ 527,453	\$ 5,583
County Clerk	--	284,442
Circuit Clerk	--	109,737
Sheriff	--	91,274
States Attorney	--	149,594
Supervisor of Assessments	--	2,200
Total General Fund	\$ 527,453	\$ 642,830
COUNTY HIGHWAY FUND:		
County Highway	\$ 300,000	\$ --
County Motor Fuel Tax Fund	--	300,000
Total County Highway Fund	\$ 300,000	\$ 300,000

SHELBY COUNTY, ILLINOIS
 NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2016

Note 8 - Required Individual Fund Disclosures (Continued)

NONMAJOR FUNDS:

SPECIAL REVENUE FUNDS:

Sheriff's Trust	\$ --	\$ 1,592
DUI Equipment	8,774	--
Recording	15,668	--
Drug Traffic Prevention	4,670	--
GIS	86,174	3,900
Rescue Squad	5,583	--
Total Special Revenue Funds	<u>\$ 120,869</u>	<u>\$ 5,492</u>
Total	<u>\$ 948,322</u>	<u>\$ 948,322</u>

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

Note 9 - Insurance

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

Tort Immunity Receipts:	
Property Tax Collected	\$ 246,333
Mobile Home Tax Collected	610
Interest	27
	<u>\$ 246,970</u>
Tort Expenditures:	
Commercial Liability Insurance	\$ 120,487
Unemployment tax	16,307
Workers' Compensation Insurance	76,735
	<u>\$ 213,529</u>
Receipts over expenditures	\$ 33,441
Restricted at September 1, 2015	<u>928,321</u>
Restricted at August 31, 2016	<u>\$ 961,762</u>

Note 10 - Risk Management

The County is exposed to various risks of loss including but not limited to, general liability, property casualty, auto liability, workers' compensation, and public official liability. To limit exposure to these risks the County purchased commercial insurance 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

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2016

Note 10 – Risk Management (Continued)

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, 2016. Also, there have been no settlement amounts which exceeded insurance coverage in the past three years.

Note 11- 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 \$62,929 represents fines and fees collected by the County Circuit Clerk's Office. These funds are assessed by the Court on individuals, and remitted to applicable external government units in the subsequent month.

Note 12 - CEFS Agreement

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

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

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

Note 13 - Commitments and Contingencies

Highway Department

The Shelby County Board approves township petitions and commits county funds on a cost-sharing basis for sundry projects. The amount committed for projects at August 31, 2016, is not reflected in the financial statements but is estimated to be \$851,861.

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 \$33,060 payable in twelve monthly installments of \$2,755. The County paid \$42,000 in rental payments to SCCS Enterprises, Inc. during the year ended August 31, 2016.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2016

Note 13 - Commitments and Contingencies (Continued)

Grant Audits

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

Compensated Absences

County employees are entitled to paid vacations depending on job classification, length of service and other factors. The computed amounts of compensation for future absences at August 31, 2016, was \$134,793. 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 2016 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 \$34,353 in rent income during the year ended August 31, 2016.

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 surviving spouse secures employment that provides health insurance, Shelby County's insurance coverage will terminate.

The benefits are not advance funded; therefore, they are expensed in the period paid. The County recognized expenditures of \$7,794 in the General fund during the year ended August 31, 2016, for this benefit. The benefit commenced in September, 2006.

Enhanced 911 System

In July 2016 the County signed an agreement with Emergi Tech for an enhanced 911 system for \$40,217 and an annual fee of \$27,121 for five years. As of year ending August 31, 2016 the County expended \$33,699 for half of the system and half of the first year annual fee.

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 2016, Shelby County paid \$35,149 under terms of the agreement. Upon expiration of the contract the County will continue year by year.

SHELBY COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2016

Note 13 - Commitments and Contingencies (Continued)

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. The lease was renewed as is on July 1, 2016.

Election Services, Voter Registration Software License and Access Liberty Subscription

The County entered into an agreement with Liberty Systems for election supplies, setup and services of the equipment, IT support and results distribution through the 2019 Consolidated Election for \$16,815 a quarter. During the fiscal year ending August 31, 2016 the County paid to Liberty Systems \$88,485.

Fidlar Technologies Computer System and Software Lease Agreement

On October 17, 2013 the County entered into an agreement with Fidlar for computer system and software maintenance services for managing land records for five years at \$3.25 per document. This agreement may be cancelled at the end of each calendar year. During fiscal year 2016 the County paid Fidlar \$18,216 their services.

Landing Fields Commission Manager and Fixed Base Operator Agreement

On March 1, 2015 the County entered into an agreement with Landing Fields Commission to manage the Shelby County Airport for three years at \$3,500 per month. For the fiscal year ending August 31, 2016 the County paid to Landing Fields Commission \$42,000

Note 14 – Subsequent Events

Management evaluated subsequent events through April 12, 2017, the date which the financial statements were available to be issued, and concluded that the following met the criteria for disclosure.

Short Term Debt Authorized

At the February 8, 2017 meeting the County Board gave the Airport permission to sign a short term loan with Shelby County State Bank to install Jet Fuel A until the IDOT grant funding was received. The loan was for \$100,000 and was signed in February.

Capital Improvements

At the March 8, 2017 meeting the County approved the Courthouse Roof Repair Project pending available financing.

Supplemental Sales Tax Payments

The County was notified in April 2017 that they will receive supplemental sales tax payments totaling \$885,068.

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

SHELBY COUNTY, ILLINOIS
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 GENERAL FUND
 YEAR ENDED AUGUST 31, 2016

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES RECEIVED:				
Property Taxes	\$ 1,506,000	\$ 1,506,000	\$ 1,835,451	\$ 329,451
Sales Taxes	486,000	633,000	703,141	70,141
Intergovernmental Revenue:				
State Sources:				
Income Taxes	1,165,000	930,000	1,048,798	118,798
Replacement Tax	42,000	41,000	41,250	250
Other State Sources	380,000	445,000	343,238	(101,762)
Federal Sources	108,000	20,000	23,505	3,505
County Farm	34,000	32,000	34,353	2,353
Charges for Services	84,000	88,230	88,230	230
Licenses and Permits	6,300	6,000	4,599	(1,401)
Fines, Fees and Forfeits	700,000	780,000	670,608	(109,392)
Penalties, Interest and Costs	94,000	61,000	74,285	13,285
Sales of Real Estate Stamps	160,000	110,000	116,241	6,241
Interest	7,000	7,000	4,162	(2,838)
Miscellaneous	7,000	19,000	8,411	(10,589)
Total Revenues Received	\$ 4,879,300	\$ 4,678,000	\$ 4,996,272	\$ 318,272
EXPENDITURES DISBURSED:				
Current:				
General Government	\$ 1,937,390	\$ 1,956,390	\$ 1,813,914	\$ 142,476
Public Safety	2,174,883	2,208,552	2,160,565	47,987
Corrections	192,736	192,736	186,500	6,236
Judiciary	579,402	579,402	503,646	75,756
Public Works/Transportation	12,627	12,627	(327)	12,954
Health and Welfare	70,845	70,845	62,409	8,436
Capital Outlay	79,000	79,000	194,771	(115,771)
Total Expenditures Disbursed	\$ 5,046,883	\$ 5,099,552	\$ 4,921,478	\$ 178,074
Revenues Received Over (Under) Expenditures Disbursed	\$ (167,583)	\$ (421,552)	\$ 74,794	\$ 496,346
Other Financing Sources (Uses):				
Operating Transfers In	--	--	527,453	527,453
Operating Transfers Out	--	--	(642,830)	(642,830)
Net Change in Fund Balance	\$ (167,583)	\$ (421,552)	\$ (40,583)	\$ 380,969
Fund Balance - September 1, 2015			3,466,550	
Fund Balance - August 31, 2016			\$ 3,425,967	

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, 2016

	Budget		Actual Disbursements	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES DISBURSED:				
General Government:				
Operating Expenses Pertaining to the Office of:				
County Clerk	\$ 382,869	\$ 382,869	\$ 382,280	\$ 589
Circuit Clerk	292,521	292,521	247,984	44,537
Supervisor of Assessments	272,970	272,970	239,213	33,757
County Treasurer	249,591	249,591	232,746	16,845
County Coroner	69,490	88,490	86,841	1,649
Regional Superintendent of Schools	43,165	43,165	42,223	942
Board of Review	36,150	36,150	31,218	4,932
Farmland Assessment	150	150	117	33
Board of Appeals	2,825	2,825	181	2,644
Planning Commission	2,450	2,450	--	2,450
Zoning Administrator	23,884	23,884	21,958	1,926
Utilities	45,200	45,200	24,187	21,013
Maintenance, Repairs and Improvement Insurance	70,000	70,000	24,164	45,836
Employee Insurance	258,000	258,000	213,529	44,471
County Board Expenses	15,000	15,000	3,357	11,643
Services, Supplies and Miscellaneous	80,975	80,975	64,395	16,580
County Farm	84,150	84,150	78,632	5,518
State Rental Housing Fee	8,000	8,000	4,442	3,558
Purchase of Real Estate Tax Stamps	--	--	30,753	(30,753)
	--	--	85,694	(85,694)
Total General Government	\$ 1,937,390	\$ 1,956,390	\$ 1,813,914	\$ 142,476
Public Safety:				
Operating Expenses Pertaining to the Office of:				
County Sheriff	\$ 2,030,203	\$ 2,030,203	\$ 2,016,764	\$ 13,439
Rescue Squad	23,500	23,500	23,516	(16)
ESDA	38,187	38,187	32,869	5,318
911 Emergency Services	40,000	73,669	48,885	24,784
Courthouse Security	32,240	32,240	36,589	(4,349)
Merit Commission	10,753	10,753	1,942	8,811
Total Public Safety	\$ 2,174,883	\$ 2,208,552	\$ 2,160,565	\$ 47,987

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, 2016

	Budget		Actual Disbursements	Variance with Final Budget Positive (Negative)
	Original	Final		
Corrections:				
Operating Expenses Pertaining to the Office of: Probation Office	\$ 192,736	\$ 192,736	\$ 186,500	\$ 6,236
Judiciary:				
Operating Expenses Pertaining to the Office of:				
States Attorney	\$ 326,900	\$ 326,900	\$ 306,020	\$ 20,880
Public Defender	188,502	188,502	167,451	21,051
Appointed Counsel Fee	45,000	45,000	22,482	22,518
Circuit Judge Expenses	19,000	19,000	7,693	11,307
Total Judiciary	\$ 579,402	\$ 579,402	\$ 503,646	\$ 75,756
Public Works/Transportation:				
Rural Transportation	\$ 12,627	\$ 12,627	\$ (327)	\$ 12,954
Health and Welfare:				
Operating Expenses Pertaining to the Office of: Animal Control	\$ 70,845	\$ 70,845	\$ 62,409	\$ 8,436
Capital Outlay:				
General Government	\$ 79,000	\$ 79,000	\$ 194,771	\$ (115,771)
TOTAL EXPENDITURES DISBURSED	\$ 5,046,883	\$ 5,099,552	\$ 4,921,478	\$ 178,074

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, 2016

	Budget Original /Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES RECEIVED:			
Property Taxes	\$ 292,394	\$ 313,607	\$ 21,213
Intergovernmental Revenue:			
State Sources:			
Replacement Tax	9,806	9,451	(355)
Other State Sources	205,245	204,054	(1,191)
Federal Sources	162,047	195,268	33,221
Charges for Services	222,578	259,047	36,469
Interest	1,742	1,926	184
Miscellaneous	188	115	(73)
Total Revenues Received	\$ 894,000	\$ 983,468	\$ 89,468
EXPENDITURES DISBURSED:			
Current:			
Health and Welfare	\$ 1,322,970	\$ 960,711	\$ 362,259
Total Expenditures Disbursed	\$ 1,322,970	\$ 960,711	\$ 362,259
Net Change in Fund Balance	\$ (428,970)	\$ 22,757	\$ 451,727
Fund Balance - September 1, 2015		1,419,218	
Fund Balance - August 31, 2016	\$	1,441,975	

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, 2016

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES RECEIVED:				
Property Taxes	\$ 558,122	\$ 558,122	\$ 651,842	\$ 93,720
Intergovernmental Revenue:				
State Sources:				
Motor Fuel Tax	314,185	314,185	442,470	128,285
Replacement Taxes	40,687	40,687	40,505	(182)
Other State Sources	374,153	374,153	152,154	(221,999)
Federal Source	263,055	263,055	138,296	(124,759)
Loan Proceeds	--	--	37,540	37,540
Charges for Services	96,376	96,376	87,495	(8,881)
Interest	1,787	1,787	1,513	(274)
Miscellaneous	2,635	2,635	--	(2,635)
Total Revenues Received	\$ 1,651,000	\$ 1,651,000	\$ 1,551,815	\$ (99,185)
EXPENDITURES DISBURSED:				
Current:				
Public Works/Transportation	1,528,027	2,058,423	1,720,355	338,068
Capital Outlay	75,914	75,914	84,103	(8,189)
Debt Service	--	--	1,002	(1,002)
Interest	--	--	37,540	(37,540)
Principal	--	--	--	--
Total Expenditures Disbursed	\$ 1,603,941	\$ 2,134,337	\$ 1,843,000	\$ 291,337
Revenues Received Over (Under) Expenditures Disbursed	\$ 47,059	\$ (483,337)	\$ (291,185)	\$ 192,152
Other Financing Sources (Uses):				
Transfers In	--	--	300,000	300,000
Transfers Out	--	--	(300,000)	(300,000)
Net Change in Fund Balance	\$ 47,059	\$ (483,337)	\$ (291,185)	\$ 192,152
Fund Balance - September 1, 2015			1,295,072	
Fund Balance - August 31, 2016			\$ 1,003,887	

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, 2016

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES RECEIVED:				
Property Taxes	\$ 487,274	\$ 487,274	\$ 521,743	\$ 34,469
Intergovernmental Revenue:				
State Sources:				
Replacement Taxes	20,482	20,482	18,576	(1,906)
Interest	2,244	2,244	2,328	84
Total Revenues Received	\$ 510,000	\$ 510,000	\$ 542,647	\$ 32,647
EXPENDITURES DISBURSED:				
Current:				
Health and Welfare	\$ 505,000	\$ 531,838	\$ 531,837	\$ 1
Total Expenditures Disbursed	\$ 505,000	\$ 531,838	\$ 531,837	\$ 1
Net Change in Fund Balance	\$ 5,000	\$ (21,838)	\$ 10,810	\$ 32,648
Fund Balance - September 1, 2015			1,534,350	
Fund Balance - August 31, 2016			\$ 1,545,160	

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, 2016

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES RECEIVED:				
Intergovernmental Revenue:				
Other State Sources	\$ 738,138	\$ 738,138	\$ 751,600	\$ 13,462
Federal Sources	721,860	721,860	650,206	(71,654)
Interest	2	2	6	4
Total Revenues Received	\$ 1,460,000	\$ 1,460,000	\$ 1,401,812	\$ (58,188)
EXPENDITURES DISBURSED:				
Current:				
Public Works/Transportation	\$ 1,201,038	\$ 1,401,038	\$ 1,362,906	\$ 38,132
Total Expenditures Disbursed	\$ 1,201,038	\$ 1,401,038	\$ 1,362,906	\$ 38,132
Net Change in Fund Balance	\$ 258,962	\$ 58,962	\$ 38,906	\$ (20,056)
Fund Balance - September 1, 2015			(37,031)	
Fund Balance - August 31, 2016			\$ 1,875	

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

SHELBY COUNTY, ILLINOIS
NOTE TO BUDGETARY COMPARISON SCHEDULES
AUGUST 31, 2016

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

There were no instances of overexpenditures, at the fund level, in the major funds in fiscal year 2016.

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
 - MODIFIED CASH BASIS
 GENERAL FUND
 AUGUST 31, 2016

	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	\$ 3,084,157	\$ 22,847	\$ 77,665	\$ 7,555	\$ --	\$ 23	\$ 311,565	\$ 3,503,812
Investments	--	--	10,000	--	--	--	--	10,000
Interfund Loans Receivable	53,098	--	--	--	--	--	--	53,098
Inventory	--	11,336	--	--	--	--	--	11,336
TOTAL ASSETS	\$ 3,137,255	\$ 34,183	\$ 87,665	\$ 7,555	\$ --	\$ 23	\$ 311,565	\$ 3,578,246
LIABILITIES								
Withholding Payable	\$ 88,570	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 88,570
Interfund Loans Payable	780	--	--	--	--	--	--	780
Due to Other Governmental Units	--	--	62,929	--	--	--	--	62,929
TOTAL LIABILITIES	\$ 89,350	\$ --	\$ 62,929	\$ --	\$ --	\$ --	\$ --	\$ 152,279
FUND BALANCES								
Fund Balances:								
Nonspendable:								
Inventory	\$ --	\$ 11,336	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 11,336
Restricted for:								
Insurance	961,762	--	--	--	--	--	66,524	961,762
Capital Improvement	--	--	--	--	--	--	--	66,524
Committed:								
Capital Improvement	--	--	--	--	--	--	214,702	214,702
Assigned	--	--	--	--	--	--	30,339	30,339
Unassigned	2,086,143	22,847	24,736	7,555	--	23	--	2,141,304
TOTAL FUND BALANCES	\$ 3,047,905	\$ 34,183	\$ 24,736	\$ 7,555	\$ --	\$ 23	\$ 311,565	\$ 3,425,967
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,137,255	\$ 34,183	\$ 87,665	\$ 7,555	\$ --	\$ 23	\$ 311,565	\$ 3,578,246

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, 2016

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	(Coal Rights) Capital Improvements	Total
REVENUES RECEIVED:								
Property Taxes	\$ 1,835,451	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	1,835,451
Sales Taxes	703,141	--	--	--	--	--	--	703,141
Intergovernmental Revenues:								
Income Taxes	1,048,798	--	--	--	--	--	--	1,048,798
Replacement Taxes	41,250	--	--	--	--	--	--	41,250
Other State Sources	343,092	--	146	--	--	--	--	343,238
Federal Source	23,505	--	--	--	--	--	--	23,505
County Farm	34,353	--	--	--	--	--	--	34,353
Charges for Services	88,230	--	--	--	--	--	--	88,230
Licenses and Permits	4,599	--	--	--	--	--	--	4,599
Fees, Fines and Forfeits	30,145	278,601	122,303	87,787	149,594	2,178	--	670,608
Penalties, Interest and Costs	74,285	--	--	--	--	--	--	74,285
Sales of Real Estate Stamps	--	116,241	--	--	--	--	--	116,241
Interest	3,501	--	17	--	--	--	644	4,162
Miscellaneous	3,578	--	--	4,833	--	--	--	8,411
Total Revenues Received	\$ 4,233,928	\$ 394,842	\$ 122,320	\$ 92,766	\$ 149,594	\$ 2,178	\$ 644	\$ 4,996,272
EXPENDITURES DISBURSED:								
See Schedule at Page 58-59	\$ 4,774,305	\$ 118,115	\$ 16,558	\$ --	\$ --	\$ --	\$ 12,500	\$ 4,921,478
Revenues Received Over (Under) Expenditures Disbursed	\$ (540,377)	\$ 276,727	\$ 105,762	\$ 92,766	\$ 149,594	\$ 2,178	\$ (11,856)	\$ 74,794
Other Financing Sources (Uses):								
Operating Transfers In	527,453	--	--	--	--	--	--	527,453
Operating Transfers Out	(5,583)	(284,442)	(109,737)	(91,274)	(149,594)	(2,200)	--	(642,830)
Net Change in Fund Balance	\$ (18,507)	\$ (7,715)	\$ (3,975)	\$ 1,492	\$ --	\$ (22)	\$ (11,856)	\$ (40,583)
Fund Balance - September 1, 2015	3,066,412	41,898	28,711	6,063	--	45	323,421	3,466,550
Fund Balance - August 31, 2016	\$ 3,047,905	\$ 34,183	\$ 24,736	\$ 7,555	\$ --	\$ 23	\$ 311,565	\$ 3,425,967

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, 2016

	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	\$ 380,612	\$ 1,668	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 382,280
Circuit Clerk	231,426	--	16,558	--	--	--	--	247,984
Supervisor of Assessments	239,213	--	--	--	--	--	--	239,213
County Treasurer	232,746	--	--	--	--	--	--	232,746
County Coroner	86,841	--	--	--	--	--	--	86,841
Regional Superintendent of Schools	42,223	--	--	--	--	--	--	42,223
Board of Review	31,218	--	--	--	--	--	--	31,218
Farmland Assessment	117	--	--	--	--	--	--	117
Board of Appeals	181	--	--	--	--	--	--	181
Zoning Administrator	21,958	--	--	--	--	--	--	21,958
Utilities	24,187	--	--	--	--	--	--	24,187
Maintenance, Repairs and Improvement	24,164	--	--	--	--	--	--	24,164
Insurance	213,529	--	--	--	--	--	--	213,529
Employee Insurance	3,357	--	--	--	--	--	--	3,357
County Board Expenses	64,395	--	--	--	--	--	--	64,395
Services, Supplies and Miscellaneous	78,632	--	--	--	--	--	--	78,632
County Farm	4,442	--	--	--	--	--	--	4,442
State Rental Housing Fee	--	30,753	--	--	--	--	--	30,753
Purchase of Real Estate Tax Stamps	--	85,694	--	--	--	--	--	85,694
Total General Government	\$ 1,679,241	\$ 118,115	\$ 16,558	\$ --	\$ --	\$ --	\$ --	\$ 1,813,914
Public Safety:								
Operating Expenses Pertaining to the Office of:								
County Sheriff	\$ 2,016,764	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,016,764
Rescue Squad	23,516	--	--	--	--	--	--	23,516
ESDA	32,869	--	--	--	--	--	--	32,869
911 Emergency Services	48,885	--	--	--	--	--	--	48,885
Courthouse Security	36,589	--	--	--	--	--	--	36,589
Merit Commission	1,942	--	--	--	--	--	--	1,942
Total Public Safety	\$ 2,160,565	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,160,565

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, 2016

	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	\$ 186,500	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 186,500
Judiciary: Operating Expenses Pertaining to the Office of: States Attorney	\$ 306,020	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 306,020
Public Defender	167,451	--	--	--	--	--	--	167,451
Appointed Counsel Fee	22,482	--	--	--	--	--	--	22,482
Circuit Judge Expenses	7,693	--	--	--	--	--	--	7,693
Total Judiciary	\$ 503,646	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 503,646
Public Works/Transportation: Rural Transportation	\$ (327)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ (327)
Health and Welfare: Co Operating Expenses Pertaining to the Office of: Animal Control	\$ 62,409	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 62,409
Capital Outlay: General Government	\$ 182,271	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 12,500	\$ 194,771
TOTAL EXPENDITURES DISBURSED	\$ 4,774,305	\$ 118,115	\$ 16,558	\$ --	\$ --	\$ --	\$ 12,500	\$ 4,921,478

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, 2016

	County Health	Miscellaneous County Health	Home Nursing	County Health WIC	Total County Health Fund
ASSETS					
Cash and Cash Equivalents	\$ 177,072	\$ 186,259	\$ 932,928	\$ 20,716	\$ 1,316,975
Investments	--	--	125,000	--	125,000
Interfund Loans Receivable	--	--	3,800	--	3,800
TOTAL ASSETS	\$ 177,072	\$ 186,259	\$ 1,061,728	\$ 20,716	\$ 1,445,775
LIABILITIES					
Interfund Loans Payable	\$ --	\$ 3,800	\$ --	\$ --	\$ 3,800
TOTAL LIABILITIES	\$ --	\$ 3,800	\$ --	\$ --	\$ 3,800
FUND BALANCES					
Fund Balances:					
Restricted for:					
Health and Welfare	\$ --	\$ 68,097	\$ --	\$ 20,716	\$ 88,813
Assigned	177,072	114,362	1,061,728	--	1,353,162
TOTAL FUND BALANCES	\$ 177,072	\$ 182,459	\$ 1,061,728	\$ 20,716	\$ 1,441,975
TOTAL LIABILITIES AND FUND BALANCES	\$ 177,072	\$ 186,259	\$ 1,061,728	\$ 20,716	\$ 1,445,775

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, 2016

REVENUES RECEIVED:	County Health	Miscellaneous County Health	Home Nursing	County Health WIC	Total County Health Fund
Property Taxes	\$ 313,607	\$ --	\$ --	\$ --	\$ 313,607
Intergovernmental Revenues:					
Replacement Taxes	9,451	--	--	--	9,451
Other State Sources	97,151	83,285	23,618	--	204,054
Federal Source	7,475	107,079	--	80,714	195,268
Charges for Services	69,436	2,645	186,966	--	259,047
Interest	33	176	1,717	--	1,926
Miscellaneous	15	100	--	--	115
Total Revenues Received	\$ 497,168	\$ 193,285	\$ 212,301	\$ 80,714	\$ 983,468
EXPENDITURES DISBURSED:					
Current:					
Health and Welfare:					
Personnel and Fringe Benefits	410,045	187,648	21,176	79,793	698,662
Commodities	20,520	5,771	146,515	2,420	175,226
Contractual Services	78,493	6,259	--	2,071	86,823
Total Expenditures Disbursed	\$ 509,058	\$ 199,678	\$ 167,691	\$ 84,284	\$ 960,711
Net Change in Fund Balance	\$ (11,890)	\$ (6,393)	\$ 44,610	\$ (3,570)	\$ 22,757
Fund Balance - September 1, 2015	188,962	188,852	1,017,118	24,286	1,419,218
Fund Balance - August 31, 2016	\$ 177,072	\$ 182,459	\$ 1,061,728	\$ 20,716	\$ 1,441,975

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, 2016

	County Bridge	County Highway	County Motor Fuel Tax Fund	Federal Aid Secondary Matching	State DCEO Grant Program	Total County Highway Fund
Cash and Cash Equivalents	\$ 177,811	\$ 201,984	\$ 512,204	\$ 111,860	\$ 28	\$ 1,003,887
TOTAL ASSETS	\$ 177,811	\$ 201,984	\$ 512,204	\$ 111,860	\$ 28	\$ 1,003,887
TOTAL LIABILITIES	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
FUND BALANCES						
Fund Balances: Restricted for: Public Works/Transportation Assigned	\$ 172,070 5,741	\$ 201,494 490	\$ 502,671 9,533	\$ 109,280 2,580	\$ 28 --	\$ 985,543 18,344
TOTAL FUND BALANCES	\$ 177,811	\$ 201,984	\$ 512,204	\$ 111,860	\$ 28	\$ 1,003,887
TOTAL LIABILITIES AND FUND BALANCES	\$ 177,811	\$ 201,984	\$ 512,204	\$ 111,860	\$ 28	\$ 1,003,887

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, 2016

	County Bridge	County Highway	County Motor Fuel Tax Fund	Federal Aid Secondary Matching	State DCEO Grant Program	Total County Highway Fund
REVENUES RECEIVED:						
Property Taxes	\$ 149,190	\$ 328,118	\$ --	\$ 174,534	\$ --	\$ 651,842
Intergovernmental Revenues:						
Motel Fuel Tax	--	--	442,470	--	--	442,470
Replacement Taxes	9,963	20,579	--	9,963	--	40,505
Other State Sources	19,002	--	133,152	--	--	152,154
Federal Source	80,691	7,500	--	50,105	--	138,296
Loan Proceeds	--	37,540	--	--	--	37,540
Charges for Services	14,939	72,556	--	--	--	87,495
Interest	343	19	825	326	--	1,513
Total Revenues Received	\$ 274,128	\$ 466,312	\$ 576,447	\$ 234,928	\$ --	\$ 1,551,815

	County Bridge	County Highway	County Motor Fuel Tax Fund	Federal Aid Secondary Matching	State DCEO Grant Program	Total County Highway Fund
EXPENDITURES DISBURSED:						
Current:						
Public Works/Transportation	--	397,782	58,083	--	--	455,865
Personnel and Fringe Benefits	257,700	124,650	--	432,847	--	815,197
Commodities	--	157,906	291,387	--	--	449,293
Contractual Services	--	84,103	--	--	--	84,103
Capital Outlay	--	--	--	--	--	--
Debt Service	--	1,002	--	--	--	1,002
Interest Expense	--	37,540	--	--	--	37,540
Principal	--	--	--	--	--	--
Total Expenditures Disbursed	\$ 257,700	\$ 802,983	\$ 349,470	\$ 432,847	\$ --	\$ 1,843,000

Revenues Received Over (Under) Expenditures Disbursed	\$ 16,428	\$ (336,671)	\$ 226,977	\$ (197,919)	\$ --	\$ (291,185)
Other Financing Sources (Uses):						
Transfers In	--	300,000	--	--	--	300,000
Transfers Out	--	--	(300,000)	--	--	(300,000)
Net Change in Fund Balance	\$ 16,428	\$ (36,671)	\$ (73,023)	\$ (197,919)	\$ --	\$ (291,185)
Fund Balance - September 1, 2015	161,383	238,655	585,227	309,779	28	1,295,072
Fund Balance - August 31, 2016	\$ 177,811	\$ 201,984	\$ 512,204	\$ 111,860	\$ 28	\$ 1,003,887

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, 2016

	Special Revenue						
	Animal Control	Ambulance	Social Security	Indemnity	Rescue Squad Dive Team	Probation	Emergency Management
ASSETS							
Cash and Cash Equivalents	\$ 64,396	\$ 130,242	\$ 305,035	\$ 107,264	\$ 13,813	\$ 393,117	\$ 14,350
Investments	--	--	--	--	--	--	--
Interfund Loans Receivable	--	--	--	--	--	--	--
TOTAL ASSETS	\$ 64,396	\$ 130,242	\$ 305,035	\$ 107,264	\$ 13,813	\$ 393,117	\$ 14,350
LIABILITIES							
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
TOTAL LIABILITIES	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
FUND BALANCES							
Fund Balances:							
Restricted for:							
Indemnity	\$ --	\$ --	\$ --	\$ 106,143	\$ --	\$ --	\$ --
Employees Retirement	--	--	303,924	--	--	--	--
Public Safety	--	--	--	--	9,450	391,186	14,120
Judiciary	--	--	--	--	--	--	--
Automation	--	--	--	--	--	--	--
Recording	--	--	--	--	--	--	--
GIS	--	--	--	--	--	--	--
Document Storage	--	--	--	--	--	--	--
Economic Development	--	--	--	--	--	--	--
Health and Welfare	59,497	129,540	--	--	--	--	--
Assigned	4,899	702	1,111	1,121	88	1,931	230
Unassigned	--	--	--	--	4,275	--	--
TOTAL FUND BALANCES	\$ 64,396	\$ 130,242	\$ 305,035	\$ 107,264	\$ 13,813	\$ 393,117	\$ 14,350
TOTAL LIABILITIES AND FUND BALANCES	\$ 64,396	\$ 130,242	\$ 305,035	\$ 107,264	\$ 13,813	\$ 393,117	\$ 14,350

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, 2016

	Fees to Assist Court	Special Revenue							Court Security
		Automation	Recording	Prevention	Airport	Sheriff's Trust			
ASSETS									
Cash and Cash Equivalents	\$ 416	\$ 41,730	\$ 153,014	\$ 3,283	\$ 91,737	\$ 19,856	\$ 424		
Investments	--	--	--	--	45,092	--	--		
Interfund Loans Receivable	--	--	--	--	--	--	--		
TOTAL ASSETS	\$ 416	\$ 41,730	\$ 153,014	\$ 3,283	\$ 136,829	\$ 19,856	\$ 424		
LIABILITIES									
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 14,000		
TOTAL LIABILITIES	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 14,000		
FUND BALANCES									
Fund Balances:									
Restricted for:									
Indemnity	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --		
Employees Retirement	--	--	--	--	--	--	--		
Public Safety	--	--	--	3,241	--	19,856	--		
Judiciary	--	--	--	--	--	--	--		
Automation	--	41,230	--	--	--	--	--		
Recording	--	--	152,612	--	--	--	--		
GIS	--	--	--	--	--	--	--		
Document Storage	--	--	--	--	--	--	--		
Economic Development	--	--	--	--	--	--	--		
Health and Welfare	--	--	--	--	--	--	--		
Assigned	416	500	402	42	136,829	--	(13,576)		
Unassigned	--	--	--	--	--	--	--		
TOTAL FUND BALANCES	\$ 416	\$ 41,730	\$ 153,014	\$ 3,283	\$ 136,829	\$ 19,856	\$ (13,576)		
TOTAL LIABILITIES AND FUND BALANCES	\$ 416	\$ 41,730	\$ 153,014	\$ 3,283	\$ 136,829	\$ 19,856	\$ 424		

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, 2016

	Special Revenue						
	Law Library	Document Storage	Revolving Loan	Victim Impact Panel	State's Attorney Forfeited	DUI Equipment	GIS
ASSETS							
Cash and Cash Equivalents	\$ 545	\$ 56,076	\$ 506,531	\$ 15,381	\$ 1,126	\$ 25,059	\$ 380,204
Investments	--	--	--	--	--	--	--
Interfund Loans Receivable	--	--	--	--	--	--	780
TOTAL ASSETS	\$ 545	\$ 56,076	\$ 506,531	\$ 15,381	\$ 1,126	\$ 25,059	\$ 380,984
LIABILITIES							
Interfund Loans Payable	\$ 1,221	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
TOTAL LIABILITIES	\$ 1,221	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
FUND BALANCES							
Fund Balances:							
Restricted for:							
Indemnity	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Employees Retirement	--	--	--	--	--	24,997	--
Public Safety	--	--	--	--	--	--	--
Judiciary	1,883	--	--	15,333	1,124	--	--
Automation	--	--	--	--	--	--	--
Recording	--	--	--	--	--	--	--
GIS	--	--	--	--	--	--	380,472
Document Storage	--	55,919	--	--	--	--	--
Economic Development	--	--	496,814	--	--	--	--
Health and Welfare	--	--	--	--	--	--	--
Assigned	--	157	9,717	48	2	62	512
Unassigned	(2,559)	--	--	--	--	--	--
TOTAL FUND BALANCES	\$ (676)	\$ 56,076	\$ 506,531	\$ 15,381	\$ 1,126	\$ 25,059	\$ 380,984
TOTAL LIABILITIES AND FUND BALANCES	\$ 545	\$ 56,076	\$ 506,531	\$ 15,381	\$ 1,126	\$ 25,059	\$ 380,984

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, 2016

	Special Revenue							Total Nonmajor Governmental Funds
	Pet Population	State's Attorney Automation	Drug Court	Municipal Retirement Fund	Rescue Squad Fund	Tax Sale Automation		
ASSETS								
Cash and Cash Equivalents	\$ 22,262	\$ 3,380	\$ 8,764	\$ 947,744	\$ 2,231	\$ 3,790	\$ 3,311,770	
Investments	--	--	--	--	--	--	45,092	
Interfund Loans Receivable	--	--	--	--	--	--	780	
TOTAL ASSETS	\$ 22,262	\$ 3,380	\$ 8,764	\$ 947,744	\$ 2,231	\$ 3,790	\$ 3,357,642	
LIABILITIES								
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ 37,877	\$ --	\$ --	\$ 53,098	
TOTAL LIABILITIES	\$ --	\$ --	\$ --	\$ 37,877	\$ --	\$ --	\$ 53,098	
FUND BALANCES								
Fund Balances:								
Restricted for:								
Indemnity	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 106,143	
Employees Retirement	--	--	--	904,439	--	--	1,208,363	
Public Safety	--	--	8,763	--	2,231	--	473,844	
Judiciary	--	--	--	--	--	--	18,340	
Automation	--	3,379	--	--	--	3,790	48,399	
Recording	--	--	--	--	--	--	152,612	
GIS	--	--	--	--	--	--	380,472	
Document Storage	--	--	--	--	--	--	55,919	
Economic Development	--	--	--	--	--	--	496,814	
Health and Welfare	22,262	--	--	--	--	--	211,299	
Assigned	--	1	1	5,428	--	--	164,199	
Unassigned	--	--	--	--	--	--	(11,860)	
TOTAL FUND BALANCES	\$ 22,262	\$ 3,380	\$ 8,764	\$ 909,867	\$ 2,231	\$ 3,790	\$ 3,304,544	
TOTAL LIABILITIES AND FUND BALANCES	\$ 22,262	\$ 3,380	\$ 8,764	\$ 947,744	\$ 2,231	\$ 3,790	\$ 3,357,642	

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, 2016

	Special Revenue						
	Animal Control	Ambulance	Social Security	Indemnity	Rescue Squad Dive Team	Probation	Emergency Management
REVENUES RECEIVED:							
Property Taxes	\$ --	\$ 53,636	\$ 307,130	\$ --	\$ --	\$ --	\$ --
Intergovernmental Revenue:							
State Sources							
Replacement Taxes	--	--	--	--	--	--	--
Other State Sources	--	--	--	--	--	--	--
Federal Sources	--	--	--	--	--	--	--
Loan Repayments	--	--	--	--	--	--	--
Charges for Services	2,903	--	--	--	--	--	--
Fines and Fees	11,051	--	4,720	--	--	65,086	--
Interest	113	57	29	115	2	227	14
Miscellaneous	--	--	--	--	15,540	--	1,000
Total Revenues Received	\$ 14,067	\$ 53,693	\$ 307,159	\$ 4,835	\$ 15,542	\$ 65,313	\$ 1,014

EXPENDITURES DISBURSED:

Current:								
General Government	\$ --	\$ --	\$ 314,733	\$ --	\$ --	\$ --	\$ --	\$ --
Public Safety	--	--	--	--	3,446	68,364	--	--
Judiciary	--	--	--	--	--	--	--	--
Public Works/Transportation	--	--	--	--	--	--	--	--
Health and Welfare	276	45,800	--	--	--	--	--	--
Capital Outlay	53,163	--	--	--	12,114	10,000	--	--
Total Expenditures Disbursed	\$ 53,439	\$ 45,800	\$ 314,733	\$ --	\$ 15,560	\$ 78,364	\$ --	\$ --
Revenues Received Over (Under) Expenditures Disbursed	\$ (39,372)	\$ 7,893	\$ (7,574)	\$ 4,835	\$ (18)	\$ (13,051)	\$ 1,014	\$ --
Other Financing Sources (Uses):								
Operating Transfers In	--	--	--	--	--	--	--	--
Operating Transfers Out	--	--	--	--	--	--	--	--
Net Change in Fund Balance	\$ (39,372)	\$ 7,893	\$ (7,574)	\$ 4,835	\$ (18)	\$ (13,051)	\$ 1,014	\$ --
Fund Balance - September 1, 2015	103,768	122,349	312,609	102,429	13,831	406,168	13,336	13,336
Fund Balance - August 31, 2016	\$ 64,396	\$ 130,242	\$ 305,035	\$ 107,264	\$ 13,813	\$ 393,117	\$ 14,350	\$ --

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, 2016

	Special Revenue						
	Fees to Assist Court	Automation	Recording	Drug Traffic Prevention	Airport	Sheriff Trust	Court Security
REVENUES RECEIVED:							
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ 42,848	\$ --	\$ --
Intergovernmental Revenue:							
State Sources	--	--	--	--	4,516	--	--
Replacement Taxes	--	760	--	--	--	--	--
Other State Sources	--	1,520	--	--	21,637	--	--
Federal Sources	--	--	--	--	--	--	--
Loan Repayments	--	--	--	--	59,089	--	--
Charges for Services	15,360	28,795	13,348	165	--	--	28,177
Fines and Fees	1	3	15	--	276	--	--
Interest	--	--	--	--	82,306	38,659	--
Miscellaneous	--	--	--	--	--	--	--
Total Revenues Received	\$ 15,361	\$ 31,078	\$ 13,363	\$ 165	\$ 210,672	\$ 38,659	\$ 28,177
EXPENDITURES DISBURSED:							
Current:							
General Government	\$ --	\$ 9,278	\$ 30,000	\$ --	\$ --	\$ --	\$ --
Public Safety	37,006	--	--	5,006	--	19,362	19,920
Judiciary	--	--	--	--	--	--	--
Public Works/Transportation	--	--	--	--	175,751	--	--
Health and Welfare	--	--	--	--	--	--	--
Capital Outlay	--	10,157	--	--	21,637	--	--
Total Expenditures Disbursed	\$ 37,006	\$ 19,435	\$ 30,000	\$ 5,006	\$ 197,388	\$ 19,362	\$ 19,920
Revenues Received Over (Under) Expenditures Disbursed	\$ (21,645)	\$ 11,643	\$ (16,637)	\$ (4,841)	\$ 13,284	\$ 19,297	\$ 8,257
Other Financing Sources (Uses):							
Operating Transfers In	--	--	15,668	4,670	--	--	--
Operating Transfers Out	--	--	--	--	--	(1,592)	--
Net Change in Fund Balance	\$ (21,645)	\$ 11,643	\$ (969)	\$ (171)	\$ 13,284	\$ 17,705	\$ 8,257
Fund Balance - September 1, 2015	22,061	30,087	153,983	3,454	123,545	2,151	(21,833)
Fund Balance - August 31, 2016	\$ 416	\$ 41,730	\$ 153,014	\$ 3,283	\$ 136,829	\$ 19,856	\$ (13,576)

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, 2016

	Law Library	Document Storage	Revolving Loan	Special Revenue					GIS	
				Victim Impact Panel	State's Attorney Forfeited	DUI Equipment				
REVENUES RECEIVED:										
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental Revenue:										
State Sources										
Replacement Taxes	--	--	--	--	--	--	--	--	--	--
Other State Sources	--	--	--	--	--	--	--	--	--	--
Federal Sources	--	--	17,804	--	--	--	--	--	--	--
Loan Repayments	--	--	--	--	--	--	--	--	--	--
Charges for Services	11,976	18,129	--	825	160	--	--	4	34	--
Fines and Fees	--	5	542	1	--	--	--	--	--	--
Interest	--	--	--	--	--	--	--	--	--	--
Miscellaneous	--	--	--	--	--	--	--	--	--	--
Total Revenues Received	\$ 11,976	\$ 18,134	\$ 18,346	\$ 826	\$ 160	\$ 4	\$ 4	\$ 4	\$ 34	\$ --
EXPENDITURES DISBURSED:										
Current:										
General Government	\$ --	\$ 5,164	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 13,827	\$ --
Public Safety	--	--	--	--	--	--	--	15,784	--	--
Judiciary	10,093	--	--	95	--	--	--	--	--	--
Public Works/Transportation	--	--	--	--	--	--	--	--	--	--
Health and Welfare	--	--	--	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--	--	--	--
Total Expenditures Disbursed	\$ 10,093	\$ 5,164	\$ --	\$ 95	\$ --	\$ 15,784	\$ --	\$ 15,784	\$ 13,827	\$ --
Revenues Received Over (Under) Expenditures Disbursed	\$ 1,883	\$ 12,970	\$ 18,346	\$ 731	\$ 160	\$ (15,780)	\$ --	\$ (15,780)	\$ (13,793)	\$ --
Other Financing Sources (Uses):										
Operating Transfers In	--	--	--	--	--	8,774	--	--	86,174	--
Operating Transfers Out	--	--	--	--	--	--	--	--	(3,900)	--
Net Change in Fund Balance	\$ 1,883	\$ 12,970	\$ 18,346	\$ 731	\$ 160	\$ (7,006)	\$ --	\$ (7,006)	\$ 68,481	\$ --
Fund Balance - September 1, 2015	(2,559)	43,106	488,185	14,650	966	32,065	966	32,065	312,503	312,503
Fund Balance - August 31, 2016	\$ (676)	\$ 56,076	\$ 506,531	\$ 15,381	\$ 1,126	\$ 25,059	\$ --	\$ 25,059	\$ 380,984	\$ 380,984

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, 2016

	Special Revenue					Rescue Squad Fund	Tax Sale Automation	Total Nonmajor Governmental Funds
	Pet Population	State's Attorney Automation	Drug Court	Municipal Retirement Fund				
REVENUES RECEIVED:								
Property Taxes	\$ --	\$ --	\$ --	\$ 581,105	\$ --	\$ --	\$ --	\$ 984,719
Intergovernmental Revenue:								
State Sources								
Replacement Taxes	--	--	--	19,904	--	--	--	24,420
Other State Sources	--	--	--	--	--	--	--	760
Federal Sources	--	--	--	--	--	--	--	23,157
Loan Repayments	--	--	--	--	--	--	--	17,804
Charges for Services	--	--	--	--	--	--	--	61,992
Fines and Fees	6,533	1,068	6,020	--	--	--	2,641	214,054
Interest	--	--	--	96	--	--	--	1,534
Miscellaneous	--	--	--	--	1,250	--	--	138,755
Total Revenues Received	\$ 6,533	\$ 1,068	\$ 6,020	\$ 601,105	\$ 1,250	\$ 2,641	\$ 1,467,195	

EXPENDITURES DISBURSED:

Current:								
General Government	\$ --	\$ --	\$ 984	\$ 743,744	\$ --	\$ 1,234	\$ 1,117,980	
Public Safety	--	--	--	--	4,602	--	137,468	
Judiciary	--	--	--	--	--	--	47,194	
Public Works/Transportation	--	--	--	--	--	--	175,751	
Health and Welfare	2,598	--	--	--	--	--	48,674	
Capital Outlay	--	--	--	--	--	--	107,071	
Total Expenditures Disbursed	\$ 2,598	\$ --	\$ 984	\$ 743,744	\$ 4,602	\$ 1,234	\$ 1,634,138	
Revenues Received Over (Under) Expenditures Disbursed	\$ 3,935	\$ 1,068	\$ 5,036	\$ (142,639)	\$ (3,352)	\$ 1,407	\$ (166,943)	
Other Financing Sources (Uses):								
Operating Transfers In	--	--	--	--	5,583	--	120,869	
Operating Transfers Out	--	--	--	--	--	--	(5,492)	
Net Change in Fund Balance	\$ 3,935	\$ 1,068	\$ 5,036	\$ (142,639)	\$ 2,231	\$ 1,407	\$ (51,566)	
Fund Balance - September 1, 2015	18,327	2,312	3,728	1,052,506	--	2,383	3,356,110	
Fund Balance - August 31, 2016	\$ 22,262	\$ 3,380	\$ 8,764	\$ 909,867	\$ 2,231	\$ 3,790	\$ 3,304,544	

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION -
 TRUST FUNDS - MODIFIED CASH BASIS
 AUGUST 31, 2016

		Private - Purpose Trusts				
		Township				
		Local Bridge Program	Township Supervisory Engineering	Township Construction	Township Motor Fuel Tax	
ASSETS						
Cash and Cash Equivalents	\$ 392,607	\$ 117,287	\$ 7,149	\$ 300	\$ 1,371,750	
TOTAL ASSETS	\$ 392,607	\$ 117,287	\$ 7,149	\$ 300	\$ 1,371,750	
LIABILITIES						
Due to Others	\$ --	\$ --	\$ --	\$ --	\$ --	
TOTAL LIABILITIES	\$ --	\$ --	\$ --	\$ --	\$ --	
NET POSITION						
Restricted for Other Purposes	\$ 392,607	\$ 117,287	\$ 7,149	\$ 300	\$ 1,371,750	
TOTAL NET POSITION	\$ 392,607	\$ 117,287	\$ 7,149	\$ 300	\$ 1,371,750	

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION -
 TRUST FUNDS - MODIFIED CASH BASIS - (CONTINUED)
 AUGUST 31, 2016

	Private - Purpose Trusts					Total Trust Funds
	Inmate Commissary	Circuit Clerk's Marriage Fund	Circuit Clerk's Cash Bail	Circuit Clerk's Trust Fund		
Cash and Cash Equivalents	\$ 30,991	\$ 1,258	\$ 198,964	\$ 45	\$ 45	\$ 2,120,351
TOTAL ASSETS	\$ 30,991	\$ 1,258	\$ 198,964	\$ 45	\$ 45	\$ 2,120,351
LIABILITIES						
Due to Others	\$ 1,923	\$ --	\$ --	\$ --	\$ --	\$ 1,923
TOTAL LIABILITIES	\$ 1,923	\$ --	\$ --	\$ --	\$ --	\$ 1,923
NET POSITION						
Restricted for Other Purposes	\$ 29,068	\$ 1,258	\$ 198,964	\$ 45	\$ 45	\$ 2,118,428
TOTAL NET POSITION	\$ 29,068	\$ 1,258	\$ 198,964	\$ 45	\$ 45	\$ 2,118,428

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 TRUST FUNDS
 YEAR ENDED AUGUST 31, 2016

	Private - Purpose Trusts					
	Drainage	Local Bridge	Township Bridge Supervisory Engineering	Township Construction	Township Motor Fuel Tax	
ADDITIONS:						
Property Taxes	\$ 114,973	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental Revenue:						
State Sources	--	--	--	--	--	--
Motor Fuel Taxes	--	266,293	--	--	1,747,286	1,747,286
Other State Sources	--	--	--	--	279,446	279,446
Fines and Fees	--	--	--	--	--	--
Cash Bail	--	--	--	--	--	--
Interest	128	140	3	--	1,795	1,795
Miscellaneous	--	--	--	--	--	--
Total Additions	\$ 115,101	\$ 266,433	\$ 3	\$ 3	\$ 2,028,527	\$ 2,028,527
DEDUCTIONS:						
Distributions	\$ 50,576	\$ 249,891	\$ 16,703	\$ --	\$ 2,253,015	\$ 2,253,015
Total Deductions	\$ 50,576	\$ 249,891	\$ 16,703	\$ --	\$ 2,253,015	\$ 2,253,015
Change in Net Position	\$ 64,525	\$ 16,542	\$ (16,700)	\$ --	\$ (224,488)	\$ (224,488)
Net Position - September 1, 2015	328,082	100,745	23,849	300	1,596,238	1,596,238
Net Position - August 31, 2016	\$ 392,607	\$ 117,287	\$ 7,149	\$ 300	\$ 1,371,750	\$ 1,371,750

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 TRUST FUNDS - (CONTINUED)
 YEAR ENDED AUGUST 31, 2016

	Private - Purpose Trusts					Total
	Inmate Commissary	Circuit Clerk's Marriage Fund	Circuit Clerk's Cash Bail	Circuit Clerk's Trust Fund		
ADDITIONS:						
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 114,973
Intergovernmental Revenue:						
State Sources						
Motor Fuel Taxes	--	--	--	--	--	1,747,286
Other State Sources	--	--	--	--	--	545,739
Fines and Fees	--	160	--	--	--	160
Cash Bail	--	--	35,746	--	--	35,746
Interest	--	1	--	--	7	2,074
Miscellaneous	7,512	--	--	--	--	7,512
Total Additions	\$ 7,512	\$ 161	\$ 35,746	\$ 7	\$ 7	\$ 2,453,490
DEDUCTIONS:						
Distributions	\$ --	\$ --	\$ 39,575	\$ --	\$ --	\$ 2,609,760
Total Deductions	\$ --	\$ --	\$ 39,575	\$ --	\$ --	\$ 2,609,760
Change in Net Position	\$ 7,512	\$ 161	\$ (3,829)	\$ 7	\$ 7	\$ (156,270)
Net Position - September 1, 2015	21,556	1,097	202,793	38	38	2,274,698
Net Position - August 31, 2016	\$ 29,068	\$ 1,258	\$ 198,964	\$ 45	\$ 45	\$ 2,118,428

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

SHELBY COUNTY, ILLINOIS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS-MODIFIED CASH BASIS
YEAR ENDED AUGUST 31, 2016

	Balance September 1, 2015	Additions	Deductions	Balance August 31, 2016
Property Taxes:				
Assets:				
Cash Deposits & External Investment Pool	\$ 4,772,912	\$ 30,118,652	\$ 29,109,015	\$ 5,782,549
Liabilities:				
Distributions Payable	\$ 4,772,912	\$ 30,118,652	\$ 29,109,015	\$ 5,782,549
Litigation:				
Assets:				
Cash Deposits	\$ 23,244	\$ 91	\$ --	\$ 23,335
Liabilities:				
Distributions Payable	\$ 23,244	\$ 91	\$ --	\$ 23,335
Estate Tax:				
Assets:				
Cash Deposits	\$ 1,150	\$ --	\$ --	\$ 1,150
Liabilities:				
Distributions Payable	\$ 1,150	\$ --	\$ --	\$ 1,150
Minor and Unknown Heirs:				
Assets:				
Cash Deposits	\$ 71,617	\$ 9	\$ 25,575	\$ 46,051
Liabilities:				
Distributions Payable	\$ 71,617	\$ 9	\$ 25,575	\$ 46,051
County Clerk Real Estate:				
Assets:				
Cash Deposits	\$ 20,725	\$ 312,117	\$ 301,604	\$ 31,238
Liabilities:				
Distributions Payable	\$ 20,725	\$ 312,117	\$ 301,604	\$ 31,238
Total Agency Funds:				
Assets:				
Cash Deposits	\$ 4,889,648	\$ 30,430,869	\$ 29,436,194	\$ 5,884,323
Total Assets	<u>\$ 4,889,648</u>	<u>\$ 30,430,869</u>	<u>\$ 29,436,194</u>	<u>\$ 5,884,323</u>
Liabilities:				
Distributions Payable	\$ 4,889,648	\$ 30,430,869	\$ 29,436,194	\$ 5,884,323
Total Liabilities	<u>\$ 4,889,648</u>	<u>\$ 30,430,869</u>	<u>\$ 29,436,194</u>	<u>\$ 5,884,323</u>

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

SHELBY COUNTY, ILLINOIS
SECTION 5311 ANNUAL FINANCIAL REPORT
RURAL TRANSPORTATION
OPERATING PERIOD JULY 1, 2015 TO JUNE 30, 2016
SHELBY COUNTY, ILLINOIS
CONTRACT NUMBER IL-18-X021

Line Item	Revenue	
401.01	Passenger Fare / Donations	\$ 25,269
401.02	Senior Citizen Fares	2,185
402.00	Special Transit Fares	160,411
409.00	Local Cash Grants	78,043
411.00	State Cash Grants	858,862
431.00	Contributed Cash	--
Total Revenue		<u>\$ 1,124,770</u>

<u>Expenses</u>		Actual Administrative Expenses	Actual Operating Expenses	Total
501.00	Labor	\$ 183,252	\$ 591,721	\$ 754,973
502.00	Fringe Benefits	34,784	140,966	175,750
503.00	Services	28,902	159,782	188,684
504.01	Fuel and Oil	--	114,705	114,705
504.02	Tires and Tubes	--	15,524	15,524
504.99	Other Materials	27,561	3,960	31,521
505.00	Utilities	35,079	--	35,079
506.00	Casualty and Liability	23,419	--	23,419
507.00	Taxes	--	--	--
509.00	Miscellaneous	35,470	1,793	37,263
511.00	Interest	--	--	--
512.00	Lease and Rentals	14,286	--	14,286
Total Direct Expense		\$ 362,753	\$ 1,028,451	\$ 1,391,204
Total Indirect Expense		33,010	93,589	126,599
Total Expense		<u>\$ 395,763</u>	<u>\$ 1,122,040</u>	<u>\$ 1,517,803</u>

Section 5311 Grant Reimbursement

	Administrative Expenses	Operating Expenses	Total	Grant Total
Expenses:	\$ 395,763	\$ 1,122,040	\$ 1,517,803	
Less: Ineligible Expense	--	--	--	
Net Eligible Expenses	\$ 395,763	\$ 1,122,040	\$ 1,517,803	
Less: Total Operating Revenues	--	27,454	27,454	
Section 5311 Operating Deficit	395,763	\$ 1,094,586	\$ 1,490,349	
Section 5311 Reimbursement	X 80%	X 50%		
Eligible Reimbursement Per Percentages	\$ 316,610	\$ 547,293		\$ 863,903
Funding Limits Per Contract				393,033
Maximum Section 5311 Reimbursement			393,033	393,033
Less: IDOT Payments - Section 5311				393,033
Reimbursement to Grantee				--
Amount Under Paid			\$ 1,097,316	
Grantee Local Match Requirement				

Grantee Match Sources

Special Transit Fares	\$ 160,411
Local Cash Grants	78,043
State Cash Grants	858,862
Contributed Cash	--
Total Grantee Match Sources	<u>\$ 1,097,316</u>
Total Project Deficit	<u>\$ --</u>

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

SHELBY COUNTY, ILLINOIS
SCHEDULE OF REVENUE AND EXPENSE
UNDER DOWNSTATE OPERATING ASSISTANCE GRANT
OPERATING PERIOD JULY 1, 2015 TO JUNE 30, 2016
SHELBY COUNTY, ILLINOIS
CONTRACT NUMBER OP-16-37-FED

Line Item	<u>Operating Revenues and Income</u>	
401	Passenger Fare / Donations	\$ 23,192
413	Federal Cash Grants & Reimbursements	<u>295,466</u>
	Total Revenue	<u>\$ 318,658</u>
	<u>Expenses</u>	
		<u>Total</u>
501	Labor	\$ 672,227
502	Fringe Benefits	157,867
503	Services	142,784
504	Materials & Supplies Consumed	133,261
505	Utilities	28,459
506	Casualty and Liability	21,002
507	Taxes	--
509	Miscellaneous	31,081
511	Interest	--
512	Lease and Rentals	12,873
	Indirect Cost Rate	<u>109,159</u>
	Total Operating Expense	<u>\$ 1,308,713</u>
	Total Eligible Operating Expenses	<u>\$ 1,308,713</u>
	<u>Downstate Operating Assistance Reimbursement</u>	
	Total Eligible Operating Expense	\$ 1,308,713
	Total Operating Revenue & Income	<u>318,658</u>
	Deficit	<u>\$ 990,055</u>
	Maximum Contract Amount	<u>\$ 751,600</u>
	FY16 Eligible Downstate Operating Assistance (Deficit or maximum contract amount, whichever is less	<u>\$ 751,600</u>
	FY16 Downstate Operating Assistance Received (prior to close of fiscal year)	<u>\$ 751,600</u>
	FY16 Downstate Operating Assistance Receivable (at close of fiscal year and subsequently received)	<u>\$ --</u>
	<u>FY 16 Downstate Operating Assistance (Over) Under Paid</u>	<u>\$ --</u>

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

Other Information

**SHELBY COUNTY, ILLINOIS
OTHER INFORMATION
IMRF SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FOR CALENDAR YEARS**

Regular Plan

Calendar Year Ended December 31,	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service Cost	\$ 346,362	\$ 375,636
Interest on the Total Pension Liability	1,269,826	1,176,572
Changes of Benefit Terms	--	--
Differences Between Expected and Actual Experience of the Total Pension Liability	276,869	(172,147)
Changes of Assumptions	22,760	576,116
Benefit Payments, including Refunds of Employee Contributions	(709,855)	(641,236)
Net Change in Total Pension Liability	<u>\$ 1,205,962</u>	<u>\$ 1,314,941</u>
Total Pension Liability - Beginning	17,135,363	15,820,422
Total Pension Liability - Ending (A)	<u><u>\$ 18,341,325</u></u>	<u><u>\$ 17,135,363</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 414,553	\$ 394,542
Contributions - Employees	151,233	158,319
Net Investment Income	78,964	905,450
Benefit Payments, including Refunds of Employee Contributions	(709,855)	(641,236)
Other (Net Transfer)	(184,634)	160,084
Net Change in Plan Fiduciary Net Position	<u>\$ (249,739)</u>	<u>\$ 977,159</u>
Plan Fiduciary Net Position - Beginning	15,864,794	14,887,635
Plan Fiduciary Net Position - Ending (B)	<u><u>\$ 15,615,055</u></u>	<u><u>\$ 15,864,794</u></u>
Net Pension Liability (Asset) - Ending (A) - (B)	<u><u>\$ 2,726,270</u></u>	<u><u>\$ 1,270,569</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.14%	92.59%
Covered Valuation Payroll	\$ 3,356,791	\$ 3,184,352
Net Pension Liability as a Percentage of Covered Valuation Payroll	81.22%	39.90%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

**SHELBY COUNTY, ILLINOIS
OTHER INFORMATION
IMRF SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)
FOR CALENDAR YEARS**

ECO Plan

Calendar Year Ended December 31,	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service Cost	\$ --	\$ --
Interest on the Total Pension Liability	330,713	316,944
Changes of Benefit Terms	--	--
Differences Between Expected and Actual Experience of the Total Pension Liability	104,007	105,427
Changes of Assumptions	(45,085)	293,239
Benefit Payments, including Refunds of Employee Contributions	(435,629)	(420,352)
Net Change in Total Pension Liability	<u>\$ (45,994)</u>	<u>\$ 295,258</u>
Total Pension Liability - Beginning	<u>4,969,433</u>	<u>4,674,175</u>
Total Pension Liability - Ending (A)	<u><u>\$ 4,923,439</u></u>	<u><u>\$ 4,969,433</u></u>
 Plan Fiduciary Net Position		
Contributions - Employer	\$ 276,901	\$ 265,706
Contributions - Employees	--	--
Net Investment Income	10,383	123,553
Benefit Payments, including Refunds of Employee Contributions	(435,629)	(420,352)
Other (Net Transfer)	391,238	84,275
Net Change in Plan Fiduciary Net Position	<u>\$ 242,893</u>	<u>\$ 53,182</u>
Plan Fiduciary Net Position - Beginning	<u>2,155,958</u>	<u>2,102,776</u>
Plan Fiduciary Net Position - Ending (B)	<u><u>\$ 2,398,851</u></u>	<u><u>\$ 2,155,958</u></u>
 Net Pension Liability (Asset) - Ending (A) - (B)	<u><u>\$ 2,524,588</u></u>	<u><u>\$ 2,813,475</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.72%	43.38%
 Covered Valuation Payroll	\$ --	\$ --
 Net Pension Liability as a Percentage of Covered Valuation Payroll	0.00%	0.00%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

**SHELBY COUNTY, ILLINOIS
OTHER INFORMATION**

**IMRF SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)
FOR CALENDAR YEARS**

SLEP Plan

Calendar Year Ended December 31,	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service Cost	\$ 111,643	\$ 128,976
Interest on the Total Pension Liability	293,662	272,090
Changes of Benefit Terms	--	--
Differences Between Expected and Actual Experience of the Total Pension Liability	240,639	(21,213)
Changes of Assumptions	--	67,159
Benefit Payments, including Refunds of Employee Contributions	(152,922)	(148,511)
Net Change in Total Pension Liability	<u>\$ 493,022</u>	<u>\$ 298,501</u>
Total Pension Liability - Beginning	3,936,132	3,637,631
Total Pension Liability - Ending (A)	<u><u>\$ 4,429,154</u></u>	<u><u>\$ 3,936,132</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 90,067	\$ 92,845
Contributions - Employees	53,488	54,487
Net Investment Income	20,786	238,249
Benefit Payments, including Refunds of Employee Contributions	(152,922)	(148,511)
Other (Net Transfer)	(76,619)	18,413
Net Change in Plan Fiduciary Net Position	<u>\$ (65,200)</u>	<u>\$ 255,483</u>
Plan Fiduciary Net Position - Beginning	4,161,800	3,906,317
Plan Fiduciary Net Position - Ending (B)	<u><u>\$ 4,096,600</u></u>	<u><u>\$ 4,161,800</u></u>
Net Pension Liability (Asset) - Ending (A) - (B)	<u><u>\$ 332,554</u></u>	<u><u>\$ (225,668)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.49%	105.73%
Covered Valuation Payroll	\$ 709,247	\$ 726,490
Net Pension Liability as a Percentage of Covered Valuation Payroll	46.89%	(31.06)%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

**SHELBY COUNTY, ILLINOIS
OTHER INFORMATION
IMRF SCHEDULE OF EMPLOYER CONTRIBUTIONS
MOST RECENT CALENDAR YEAR**

Regular Plan

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2015	\$ 407,514	\$ 414,553	\$ (7,039)	\$ 3,356,791	12.35%
2014	\$ 394,541	\$ 394,542	\$ (1)	\$ 3,184,352	12.39%

ECO Plan

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2015	\$ --	\$ 276,901	\$ (276,901)	\$ --	0.00%
2014	\$ --	\$ 265,706	\$ (265,706)	\$ --	0.00%

SLEP Plan

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2015	\$ 89,507	\$ 90,067	\$ (560)	\$ 709,247	12.70%
2014	\$ 92,846	\$ 92,845	\$ 1	\$ 726,490	12.78%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate*

Valuation Date:

Notes

Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

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

SHELBY COUNTY, ILLINOIS
OTHER INFORMATION
IMRF SCHEDULE OF EMPLOYER CONTRIBUTIONS
MOST RECENT CALENDAR YEAR

Methods and Assumptions Used to Determine 2014 Contributions Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	Taxing bodies (Regular, SLEP and ECO groups): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period). SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 23 years for most employers (two employers were financed over 32 years).
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	4%
<i>Price Inflation:</i>	3%, approximate; No explicit price inflation assumption is used in this valuation
<i>Salary Increases:</i>	4.40% to 16%. Including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
<i>Mortality:</i>	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120 percent of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes: There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2013, actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Single Audit Section

SHELBY COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2016

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Disbursements/ Expenditures
U.S. Department of Homeland Security				
Passed through Illinois Emergency Management Agency Emergency Management Performance Grant		16EMASHEL B-Gan #1	\$ --	\$ 16,003
Emergency Management Performance Grant		15EMASHEL B1-3	--	2,884
Total Emergency Management Performance Grant	97.042		\$ --	\$ 18,887
U.S. Department of Transportation				
Passed through Illinois Department of Transportation Airport Improvement Program		2HO-4341 17-SBGP-105N	\$ --	\$ 19,831
Airport Improvement		2HO-4341 17-SBGP-111N	--	1,806
Total Airport Improvement	20.106		\$ --	\$ 21,637
Passed through Illinois Department of Transportation Highway Planning & Construction		14-23114-00-FL C-97-014-15	\$ 7,500	\$ 7,500
Highway Planning & Construction		12-00275-00-BR P-97-022-13	--	44,556
Highway Planning & Construction		06-00265-00-BR C-97-044-12	--	4,684
Highway Planning & Construction		12-00274-00-FL C-97-017-13	--	50,105
Highway Planning & Construction		12-00054-00-BR P-97-006-13	--	51,081
Total Highway Planning & Construction	20.205		\$ 7,500	\$ 157,926
Passed through Illinois Department of Transportation Formula Grants for Rural Areas				
Public Transportation - Intercity Bus		IL-18-X031	\$ 14,292	\$ 14,292
ARRA Public Transportation - Capital Facility		CAP10-932	--	198,627
Public Transportation - Vehicle Grant - Non Cash			--	91,450
Public Transportation - Vehicle Grant - Non Cash			--	91,450
Public Transportation		IL-18-X021	393,034	393,034
Total Formula Grants for Rural Areas	20.509		\$ 407,326	\$ 788,853
Total U.S. Department of Transportation			\$ 414,826	\$ 968,416
U.S. Department of Environmental Protection Agency				
Passed through Illinois Department of Public Health Performance Partnership Grants		4740	\$ --	\$ 300
Performance Partnership Grants - Water Wells	66.605			
Passed through Illinois Emergency Management Agency State Indoor Radon Grants		16-0191-20	\$ --	\$ 7,175
State Indoor Radon Grant Program	66.032			
Total U.S. Department of Environmental Protection Agency			\$ --	\$ 7,475
U.S. Department of Health & Human Services				
Passed through Illinois Department of Healthcare and Family Services Medical Assistance Program				
Medical Assistance Program - Administrative Outreach	93.778	FY2016	\$ --	\$ 82,048
Passed through Illinois Department of Public Health Immunization Cooperative Agreements		000283	\$ --	\$ 118,481
Health Protection - Immunization - Non-Cash	93.268			
Passed through Illinois State Board of Elections Voting Access for Individuals with Disabilities		15 0206	\$ --	\$ 682
Voting Access for Individuals with Disabilities Grant	93.617			
Passed through Illinois Department of Healthcare and Family Services Child Support Enforcement		FY16	\$ --	\$ 2,294
Child Support Enforcement/Computer Interface	93.563			
Total U.S. Department of Health and Human Services			\$ --	\$ 203,405
U.S. Department of Agriculture				
Passed through the Illinois Department of Human Services Special Supplemental Nutrition Program for Women, Infants, and Children		FCSUQ01093	\$ --	\$ 59,334
Supplemental Nutrition Program for Women Infants and Children		FCSVQ01093	--	13,388
Supplemental Nutrition Program for Women Infants and Children		FCSUQ01197	--	6,347
WIC - Breastfeeding Peer Counselor		FCSVQ01197	--	2,029
WIC Special Supplemental Nutrition Program - Non-Cash		FY16	--	136,325
WIC Special Supplemental Nutrition Program - Non-Cash		FY17	--	29,343
Total Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		\$ --	\$ 246,766
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 414,826	\$ 1,444,949

Reference should be made to the auditor's report regarding this information.
The accompanying notes are an integral part of this Schedule.

SHELBY COUNTY, ILLINOIS
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2016

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Shelby County, Illinois under programs of the federal government for the year ended August 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Shelby County, Illinois, it is not intended to and does not present the financial position and changes in net assets of Shelby County, Illinois. 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 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Expenditures are recognized and recorded upon the disbursement of cash. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

Shelby County, Illinois has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 – Nonmonetary Assistance

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

Note 5 – 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>\$ 14,292</u>
Public Transportation CEFS Economic Opportunity Corporation	20.509	<u>\$393,034</u>
Highway Planning & Construction Tower Hill Township	20.205	<u>\$ 7,500</u>

Note 6 – Insurance Provided by Federal Agencies

The County did not receive any insurance coverage provided by a federal agency during the fiscal year ended August 31, 2016.

Note 7 – Loans, Loan Guarantees, and Loan Subsidiaries

The County did not have any loans, loan guarantees, or loan subsidiaries at August 31, 2016.

SHELBY COUNTY, ILLINOIS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2016

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. One deficiency disclosed during the audit of the financial statements of Shelby County, Illinois is 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*. This condition is reported as a material weakness. There were no significant deficiencies reported.
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 program is reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. No material weaknesses relating to the audit of the major federal award program are reported in the Report on Compliance for each Major Federal Program and Internal Control over Compliance in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
5. The auditor's report on compliance for the major federal award program for Shelby County, Illinois expresses an unmodified 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
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Shelby County, Illinois was not determined to be a low-risk auditee.

B. FINDINGS — FINANCIAL STATEMENT AUDITS

Material Weakness

2017-001 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 year-end 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 year-end 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 year-end financial statements is not an assigned function for County accounting staff.

Effect: Lack of sufficient expertise for full disclosure year-end 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 level of expertise to prepare full disclosure year-end financial statements. Management will reevaluate year-end reporting controls annually and pursue additional training when it is considered cost beneficial.

Material Noncompliance

2017-002 Expenditures exceeded the budgeted amounts

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

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

Cause: The overexpenditure in the Airport Fund was caused by lack of inclusion of farm operating expenses in the budget.

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.

Shelby County Treasurer
P.O. Box 326
Shelbyville, IL 62565

Phone: 217/774-3841
Fax: 217/774/5291
Office Hours: 8-4 Monday-Friday

CORRECTIVE ACTION PLAN

April 12, 2017

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, 2016.

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, 2016

The findings from the Fiscal Year 2016 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

FINDINGS – FINANCIAL STATEMENT AUDITS

Material Weakness

2016-001 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 year-end reporting controls annually and pursue additional training when it is considered cost beneficial.

Material Noncompliance

2016-002 Expenditures exceeded the budgeted amounts

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

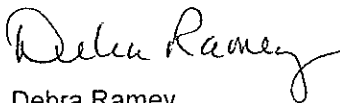
Action Taken: The County concurs with the recommendation.

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 Ramey
County Treasurer

SHELBY COUNTY, ILLINOIS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2016

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, 2015.

SHELBY COUNTY, ILLINOIS
 RECONCILIATION OF DHS FY16 FEDERAL FUNDS SUMMARY TO FEDERAL EXPENDITURES
 ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDING AUGUST 31, 2016

CFDA #

10.557	Women, Infants and Children Program		
	Schedule of Expenditures of Federal Awards		
	Total Expenditures for the Fiscal Year 2016 Grant per DHS Federal Funds Summary	\$	80,714
	Less expenditures reported on the Fiscal Year 2015 SEFA: Supplemental Nutrition Program Women, Infants, and Children WIC - Breastfeeding Peer Counselor		(13,780) <u>(1,253)</u>
	Expenditures reported on the Fiscal Year 2016 SEFA	\$	65,681
	Expenditures from the FY17 Grant reported on the Fiscal Year 2016 SEFA Supplemental Nutrition Program Women, Infants, and Children WIC - Breastfeeding Peer Counselor		13,388 <u>2,029</u>
	Cash Expenditures reported on the Fiscal Year 2016 SEFA	\$	<u>81,098</u>
10.557	Women, Infants, and Children Program Noncash		
	Schedule of Expenditures of Federal Awards		
	Total Expenditures for the Fiscal Year 2016 Grant per DHS Federal Funds Summary	\$	161,154
	Less expenditures reported on the Fiscal Year 2015 SEFA		<u>(24,829)</u>
	Expenditures reported on the Fiscal Year 2016 SEFA	\$	136,325
	Expenditures from the FY17 Grant reported on the Fiscal Year 2016 SEFA		<u>29,343</u>
	Noncash Expenditures reported on the Fiscal Year 2016 SEFA	\$	<u>165,668</u>
	Total Expenditures reported on the Fiscal Year 2016 SEFA	\$	<u><u>246,766</u></u>

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