

SHELBY COUNTY, ILLINOIS  
TABLE OF CONTENTS  
AUGUST 31, 2003

	<u>PAGES</u>
Independent Auditor's Report	1-2
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	3-4
<u>Combined Statements – Overview:</u>	
Combined Statement of Assets, Liabilities and Fund Equities Arising from Cash Transactions – All Fund Types, Account Group, and Discretely Presented Component Units	5
Combined Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Equities – All Governmental Fund Types, Expendable Trust Funds, and Discretely Presented Component Units	6
Combined Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Equities – Budget and Actual – General and Special Revenue Fund Types	7
Notes to Financial Statements	8-26
<u>Supplemental Information – Combining Statements:</u>	
<u>General Fund</u>	
Combining Statement of Assets, Liabilities and Fund Equities Arising from Cash Transactions	27
Combining Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Equities	28
Combining Statement of Cash Disbursements	29-30
<u>Special Revenue Funds</u>	
Combining Statement of Assets, Liabilities and Fund Equities Arising from Cash Transactions	31-35
Combining Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Equities	36-40

SHELBY COUNTY, ILLINOIS  
TABLE OF CONTENTS  
AUGUST 31, 2003

Capital Projects Funds

Combining Statement of Assets, Liabilities and Fund Equities  
Arising from Cash Transactions 41

Combining Statement of Revenues Received, Expenditures  
Disbursed and Changes in Fund Equities 42

Trust Funds

Combining Statement of Assets, Liabilities and Fund Equities  
Arising from Cash Transactions 43

Combining Statement of Revenues Received, Expenditures  
Disbursed and Changes in Fund Equities 44

Agency Fund

Combining Statement of Changes in Assets and Liabilities 45-46

Supplemental Schedules

Section 5311 Annual Financial Report 47

IMRF Schedule of Funding Progress 48-49

Single Audit

Report on Compliance with Requirements Applicable to Each  
Major Program and Internal Control Over Compliance  
in Accordance with OMB Circular A-133 50-51

Schedule of Expenditures of Federal Awards 52

Notes to the Schedule of Expenditures of Federal Awards 53

Schedule of Findings and Questioned Costs 54-55

Corrective Action Plan 56-57

Summary Schedule of Prior Audit Findings 58

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



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

WILLIAM R. MOSE, CPA

## INDEPENDENT AUDITOR'S REPORT

County Board Members  
Shelby County  
Shelbyville, Illinois

We have audited the accompanying combined financial statements of Shelby County, Illinois, as of and for the year ended August 31, 2003, as listed in the table of contents. These financial statements are the responsibility of Shelby County's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Because of the inadequacy of fixed asset accounting records for the years prior to August 31, 2000, we were unable to form an opinion regarding the amounts at which fixed assets are recorded in the general fixed assets account group at August 31, 2003 (stated at \$1,439,688).

As described in Note 1, these financial statements were prepared on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had prior year records containing fixed assets for the general fixed assets group been adequate, the combined financial statements present fairly, in all material respects, the assets, liabilities and fund equities arising from cash transactions of Shelby County, Illinois as of August 31, 2003 and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2004 on our consideration of Shelby County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining financial statements and the Section 5311 Annual Financial Report are presented for purposes of additional analysis and are not a required part of the combined financial statements of Shelby County, Illinois. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the combined financial statements of Shelby County, Illinois. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly presented in all material respects in relation to the combined financial statements taken as a whole.

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

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

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

March 3, 2004

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



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

WILLIAM R. MOSE, CPA

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

County Board Members  
Shelby County  
Shelbyville, Illinois

We have audited the combined financial statements of Shelby County, Illinois, as of and for the fiscal year ended August 31, 2003, and have issued our report thereon dated March 3, 2004. In our report, our opinion was qualified because of the inadequacy of fixed asset accounting records for the years prior to August 31, 2000 for the general fixed assets account group. 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.

Compliance

As part of obtaining reasonable assurance about whether Shelby County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described below.

The County did not operate within the legal confines of its budget. Expenditures exceeded budgeted amounts in several funds. Expenditures in excess of budgeted amounts constitute unauthorized spending. Notes to the financial statements #2A discloses the individual funds with expenditures exceeding budgeted amounts.

Not all funds of the county are budgeted. Notes to the financial statements #2A identify the funds for which budgets were not prepared. Legally, funds can only be disbursed if appropriated or budgeted.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered Shelby County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the combined financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the combined financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

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

March 3, 2004

SHELBY COUNTY, ILLINOIS  
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITIES  
 ARISING FROM CASH TRANSACTIONS  
 ALL FUND TYPES, ACCOUNT GROUP, AND DISCRETELY PRESENTED COMPONENT UNITS  
 AUGUST 31, 2003

	Governmental Fund Types				Fiduciary Fund Types				Account Group		Total Primary Government		Total Reporting Entity
	General	Special Revenue	Capital Projects	Trust	Agency	General Fixed Assets	Long-Term Debt	(Memorandum Only)	Component Unit	(Memorandum Only)	(Memorandum Only)		
												General	
<b>ASSETS</b>													
Cash and Cash Equivalents	\$ 491,741	\$ 1,983,584	\$ 1,445	\$ 786,943	\$ 3,359,585	\$ --	\$ --	\$ 6,623,298	\$ 23,282	\$ 6,646,580			
Time Deposits	1,559,774	1,342,756	--	261,862	--	--	--	3,164,392	--	3,164,392			
Interfund Loans Receivable	24,699	3,800	--	--	--	--	--	28,499	--	28,499			
Inventory	3,820	--	--	--	--	--	--	3,820	--	3,820			
Furniture, Equipment & Vehicles	--	--	--	--	--	1,434,868	--	1,434,868	4,820	1,439,688			
Amount Available for the Retirement of Long-Term Debt	--	--	--	--	--	--	22	22	--	22			
Amount to be Provided for Long-Term Debt	--	--	--	--	--	--	1,408,136	1,408,136	--	1,408,136			
<b>TOTAL ASSETS</b>	<b>\$ 2,080,034</b>	<b>\$ 3,330,140</b>	<b>\$ 1,445</b>	<b>\$ 1,048,805</b>	<b>\$ 3,359,585</b>	<b>\$ 1,434,868</b>	<b>\$ 1,408,158</b>	<b>\$ 12,663,035</b>	<b>\$ 28,102</b>	<b>\$ 12,691,137</b>			
<b>LIABILITIES</b>													
Withholding Payable	\$ 333	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 333	\$ 1,185	\$ 1,518			
Due to Other Governmental Units	66,248	--	--	--	--	--	--	66,248	--	66,248			
Due to Governmental Agencies	--	--	--	265	3,359,585	--	--	3,359,850	--	3,359,850			
Interfund Loans Payable	--	28,499	--	--	--	--	--	28,499	--	28,499			
Long-Term Debt:													
Capital Lease Obligations	--	--	--	--	--	--	764,658	764,658	--	764,658			
Bonds Payable	--	--	--	--	--	--	643,500	643,500	--	643,500			
<b>TOTAL LIABILITIES</b>	<b>\$ 66,581</b>	<b>\$ 28,499</b>	<b>\$ --</b>	<b>\$ 265</b>	<b>\$ 3,359,585</b>	<b>\$ --</b>	<b>\$ 1,408,158</b>	<b>\$ 4,863,088</b>	<b>\$ 1,185</b>	<b>\$ 4,864,273</b>			
<b>FUND EQUITY</b>													
Fund Equity:													
Investment in General Fixed Assets	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,434,868	\$ --	\$ 1,434,868	\$ --	\$ 1,434,868			
Reserved:													
Reserved for Insurance	111,736	--	--	--	--	--	--	111,736	--	111,736			
Reserved for Bonded Debt	22	--	--	--	--	--	--	22	--	22			
Unreserved:													
Undesignated	1,901,695	3,301,641	1,445	1,048,540	--	--	--	6,253,321	26,917	6,280,238			
<b>TOTAL FUND EQUITY</b>	<b>\$ 2,013,453</b>	<b>\$ 3,301,641</b>	<b>\$ 1,445</b>	<b>\$ 1,048,540</b>	<b>\$ --</b>	<b>\$ 1,434,868</b>	<b>\$ --</b>	<b>\$ 7,799,947</b>	<b>\$ 26,917</b>	<b>\$ 7,826,864</b>			
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 2,080,034</b>	<b>\$ 3,330,140</b>	<b>\$ 1,445</b>	<b>\$ 1,048,805</b>	<b>\$ 3,359,585</b>	<b>\$ 1,434,868</b>	<b>\$ 1,408,158</b>	<b>\$ 12,663,035</b>	<b>\$ 28,102</b>	<b>\$ 12,691,137</b>			

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



SHELBY COUNTY, ILLINOIS  
 COMBINED STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND EQUITIES  
 ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS, AND DISCRETELY PRESENTED COMPONENT UNITS  
 YEAR ENDED AUGUST 31, 2003

	Governmental Fund Types			Fiduciary Fund Type	Expendable Trust	Capital Projects	Special Revenue	Memorandum Only	Component Unit	Total Reporting Entity
	General									
<b>RECEIPTS:</b>										
Property Taxes	\$ 1,091,635	\$ 1,792,479	\$ 14,622	\$ 49,853	\$		\$ 2,948,589			\$ 2,948,589
Sales Taxes	461,373	--	--	--	--		461,373			461,373
Other Taxes	--	--	--	--	--		--		89,570	89,570
Intergovernmental Revenue:										
State Sources:										
Income Taxes	675,923	--	--	--	--		675,923			675,923
Motor Fuel Taxes	--	439,892	--	1,679,029	--		2,118,921			2,118,921
Replacement Tax	23,471	52,890	--	--	--		76,361			76,361
Other State Sources	205,195	477,307	--	744,704	--		1,427,206			1,427,206
Federal Sources	--	434,035	--	189,467	--		623,502			623,502
County Farm	21,525	--	--	--	--		21,525			21,525
Loan Repayments	--	63,639	--	--	--		63,639			63,639
Charges for Services	38,538	68,621	--	4,933	--		112,092			112,092
Licenses and Permits	3,357	--	--	--	--		3,357			3,357
Fines, Fees and Forfeits	580,452	133,001	--	--	--		713,453			713,453
Sales of Real Estate Stamps	64,793	--	--	--	--		64,793			64,793
Reimbursement of Prior Year Expenditures	--	32,014	--	--	--		32,014			32,014
Interest	43,503	60,700	33	23,521	--		127,757	176		127,933
Miscellaneous Revenues	5,033	28,814	--	20,871	--		54,718	20,416		75,134
<b>Total Receipts</b>	<b>\$ 3,214,798</b>	<b>\$ 3,583,392</b>	<b>\$ 14,655</b>	<b>\$ 2,712,378</b>	<b>\$</b>	<b>\$ 9,525,223</b>	<b>\$</b>	<b>110,162</b>	<b>\$</b>	<b>9,635,385</b>
<b>DISBURSEMENTS:</b>										
Current:										
General Government	\$ 1,573,109	\$ 486,969	\$	--	\$		\$ 2,060,078	\$ 96,273	\$	\$ 2,156,351
Public Safety	971,810	50,632	--	--	--		1,022,442	--	--	1,022,442
Corrections	75,983	--	--	--	--		75,983	--	--	75,983
Judiciary	289,617	45,813	--	--	--		335,430	--	--	335,430
Public Works/Transportation	--	1,306,257	--	2,614,414	--		3,920,671	--	--	3,920,671
Health and Welfare	35,247	1,025,355	--	158,109	--		1,218,711	--	--	1,218,711
Debt Service	339,667	21,277	14,595	--	--		375,539	--	--	375,539
Capital Outlay	64,169	236,994	--	--	--		301,163	--	--	301,163
<b>Total Disbursements</b>	<b>\$ 3,349,602</b>	<b>\$ 3,173,297</b>	<b>\$ 14,595</b>	<b>\$ 2,772,523</b>	<b>\$</b>	<b>\$ 9,310,017</b>	<b>\$</b>	<b>96,273</b>	<b>\$</b>	<b>9,406,290</b>
Receipts Over (Under) Disbursements	\$ (134,804)	\$ 410,095	\$ 60	\$ (60,145)	\$	\$ 215,206	\$	\$ 13,889	\$	\$ 229,095
Other Financing Sources (Uses):										
Operating Transfers In	535,120	492,781	--	574,944	--		1,602,845	--	--	1,602,845
Operating Transfers Out	(607,958)	(565,293)	--	(483,610)	--		(1,656,861)	--	--	(1,656,861)
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ (207,642)	\$ 337,563	\$ 60	\$ 31,189	\$	\$ 161,190	\$	\$ 13,889	\$	\$ 175,079
Fund Equity - September 1, 2002	2,221,095	2,964,058	1,385	1,017,351		6,203,889		13,028		6,216,917
Fund Equity - August 31, 2003	\$ 2,013,453	\$ 3,301,641	\$ 1,445	\$ 1,048,540	\$	\$ 6,365,079	\$	\$ 26,917	\$	\$ 6,391,996

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



SHELBY COUNTY, ILLINOIS  
 COMBINED STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED  
 AND CHANGES IN FUND EQUITIES - BUDGET AND ACTUAL  
 GENERAL AND SPECIAL REVENUE FUND TYPES  
 YEAR ENDED AUGUST 31, 2003

	General Fund		Special Revenue Funds		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
<b>RECEIPTS:</b>					
Property Taxes	\$ -	\$ 1,091,635	\$ -	\$ 1,792,479	\$ 1,792,479
Sales Taxes	-	461,373	-	-	-
Intergovernmental Revenue:					
State Sources:					
Income Taxes	-	675,923	-	-	-
Motor Fuel Taxes	-	-	-	439,892	439,892
Replacement Tax	-	23,471	-	52,890	52,890
Other State Sources	-	205,195	-	477,307	477,307
Federal Sources	-	-	-	434,035	434,035
County Farm	-	21,525	-	-	-
Loan Repayment	-	-	-	63,639	63,639
Charges for Services	-	38,538	-	68,621	68,621
Licenses and Permits	-	3,357	-	-	-
Fines, Fees and Forfeits	-	580,452	-	133,001	133,001
Sales of Real Estate Stamps	-	64,793	-	-	-
Reimbursement of Prior Year Expenditures	-	-	-	32,014	32,014
Interest	-	43,503	-	60,700	60,700
Miscellaneous Revenues	-	5,033	-	28,814	28,814
<b>Total Receipts</b>	<b>\$ -</b>	<b>\$ 3,214,798</b>	<b>\$ -</b>	<b>\$ 3,583,392</b>	<b>\$ 3,583,392</b>
<b>DISBURSEMENTS:</b>					
Current:					
General Government	\$ 1,805,563	\$ 1,573,109	\$ 580,000	\$ 486,969	\$ 93,031
Public Safety	992,554	971,810	60,700	50,632	10,068
Corrections	103,071	75,983	-	-	-
Judiciary	81,871	289,617	-	-	-
Public Works/Transportation	-	-	39,774	45,813	(6,039)
Health and Welfare	37,775	35,247	1,605,752	1,306,257	299,495
Debt Service	76,600	339,667	970,684	1,025,355	(54,671)
Capital Outlay	281,000	64,169	109,225	21,277	(21,277)
<b>Total Disbursements</b>	<b>\$ 3,378,434</b>	<b>\$ 3,349,602</b>	<b>\$ 3,366,135</b>	<b>\$ 3,173,297</b>	<b>\$ 192,838</b>
Receipts Over (Under) Disbursements	\$ (3,378,434)	\$ (134,804)	\$ (3,366,135)	\$ 410,095	\$ 3,776,230
Other Financing Sources (Uses):					
Operating Transfers In	-	535,120	-	492,781	492,781
Operating Transfers Out	-	(607,958)	-	(565,293)	(565,293)
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ (3,378,434)	\$ (207,642)	\$ (3,366,135)	\$ 337,583	\$ 3,703,718
Fund Equity - September 1, 2002		2,221,095		2,984,058	
Fund Equity - August 31, 2003		2,013,453		3,301,641	

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

SHELBY COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2003

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. Component Units

The accompanying financial statements present the County's primary government and component units over which the County exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the County (as distinct from legal relationships).

Component units of the County have not issued separately audited Component Unit Financial Statements (CUFS). Component units that do not meet the criteria for blending are reported discretely in the column labeled "Component Unit" on the combined financial statements.

Blended Units

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.

Discretely Presented Units

The discretely presented component unit included in the County's combined 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 SCOT assets.

B. Related Organizations

The county's officials are also responsible for appointing the members of the boards of other organizations, but the county's accountability for these organizations does not extend beyond making the appointments.

C. Jointly Governed Organizations

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

SHELBY COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2003

Note 1 – Summary of Significant Accounting Policies (continued)

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 balance, revenue collected (cash receipts) and expenditures paid (cash disbursements). County 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 grouped, in the financial statements in this report, into five generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by trust funds).

FIDUCIARY FUND TYPES

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, other governments and/or other funds. These include Expendable Trust and Agency Funds. Expendable Trusts are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Governmental and Expendable Trust Funds – Measurement Focus

The financial statements of all governmental funds focus on the measurement of spending or “financial flow” and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources”. Governmental fund operating statements present increases (cash receipts and other financing sources) and decreases (cash disbursements and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

SHELBY COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2003

Note 1 – Summary of Significant Accounting Policies (continued)

General Fixed Assets and General Long-Term Debt Account Group

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, rather than in governmental funds.

The two account groups are not “funds”. They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures 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 County maintains all fund types on the cash basis, recognizing revenues when cash is received and expenditures when cash is disbursed. Financial statements prepared on the 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.

F. Total Columns on Combined Statements - Overview

The total columns on all of the combined financial statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

G. Budgets and Budgetary Accounting

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

1. Prior to September 1, a proposed operating budget is prepared for the general fund and special revenue funds, except for Animal Control, Indemnity, Automation, Victim Impact Panel, Drug Traffic Prevention, Home Nursing, Document Storage, Miscellaneous County Health, Revolving Loan Funds, Attorney Forfeited, GIS, and Shelby County Flame special revenue funds. This operating budget includes proposed expenditures for each line item in the general fund and major expenditure 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.

SHELBY COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2003

Note 1 – Summary of Significant Accounting Policies (continued)

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 cash basis.
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.

H. Cash and Cash Equivalents

The County considers all certificates of deposit with an original maturity of three months or less to be cash equivalents. There were no certificates of deposit at August 31, 2003, that qualify as cash equivalents.

All cash and cash equivalents are demand deposit accounts, money market accounts, NOW accounts, passbook saving accounts and cash on hand.

I. Time Deposits

Time deposits are stated at cost and represent certificates of deposit held for investment purposes with original maturities exceeding three months.

J. Inventory

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

K. Fixed Assets

General fixed assets have been acquired for general governmental purposes. The records of fixed assets are incomplete as to additions and deletions before August 31, 2000 and accordingly, the value of fixed assets acquired before that date is not included in the general fixed assets account group. All fixed assets acquired since that date are valued at historical cost. Infrastructure assets are not capitalized and therefore are not included in the general fixed assets account group. Donated general fixed assets are stated at estimated fair market value as of the date of acquisition. Depreciation accounting is not considered applicable.

SHELBY COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2003

Note 1 – Summary of Significant Accounting Policies (continued)

L. 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.

Total interfund Operating Transfers In of \$1,602,845 do not equal Operating Transfers Out of \$1,656,861 on the Combined Statement of Cash Receipts, Disbursements and Fund Balances due to \$54,016 of transfers to Agency Funds from other funds.

M. Risk Management

The County is exposed to various risks of loss including but not limited to, general liability, property casualty, auto liability, workers compensation and public official liability. To limit exposure to these risks the County purchased commercial insurance. There has not been a significant reduction in the County's insurance coverage as of August 31, 2003. Also, there have been no settlement amounts which exceeded insurance coverage in the past three years.

N. Use of Estimates

The preparation of financial statements with the 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.

SHELBY COUNTY, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2003

Note 2 - Required Individual Fund Disclosures

Accounting principles generally accepted in the United States of America require disclosure, as part of the combined 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>
Animal Control	\$ 1,800	\$ --	\$ 1,800
Social Security	201,861	200,000	1,861
Indemnity	134	--	134
County Motor Fuel	452,750	397,830	54,920
Home Nursing	124,485	--	124,485
Automation	14,890	--	14,890
Drug Traffic Prevention	9,023	--	9,023
County Airport	82,550	55,800	26,750
Rural Transportation	372,993	266,852	106,141*
Document Storage	1,362	--	1,362
Miscellaneous County Health	36,930	--	36,930
Revolving Loan Fund	14	--	14
Victim Impact Panel	901	--	901

\*The overexpenditure in the Rural Transportation fund resulted from the recognition of revenue and expenditures associated with the acquisition of buses from Illinois Department of Transportation through a capital grant..

B. Deficit Fund Balances of Individual Funds

The Municipal Retirement and Social Security Special Revenue Funds had negative fund balances of \$8,035 and \$14,514, respectively at August 31, 2003.

C. Individual Fund Interfund Receivable and Payable Balances

Individual fund interfund receivable and payable balances at August 31, 2003 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 24,699	\$
Special Revenue Funds:		
Municipal Retirement		9,164
Social Security		15,535
Miscellaneous County Health		3,800
Home Nursing	<u>3,800</u>	<u>          </u>
Total	<u>\$ 28,499</u>	<u>\$ 28,499</u>



SHELBY COUNTY, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2003

Note 3 - Cash and Investments

Permitted Deposits and Investments - Statutes authorize the County to make deposits/invest in obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and The Illinois Funds Investment Pool.

At year-end the carrying amount of the County's deposits totaled \$9,803,921, excluding \$7,051 petty cash, and the bank balances totaled \$10,151,326. All deposits are maintained in financial institutions.

	<u>Book Balances</u>	<u>Bank Balances</u>
Category 1		
Deposits covered by federal depository insurance or collateral held by the County in the County's name	\$ 1,502,253	\$ 1,491,378
Category 2		
Deposits covered by collateral held by the pledging financial institution's trust department, or by its agent, in the County's name.	7,966,582	8,324,849
Category 3		
Deposits that are uninsured and uncollateralized	<u>335,086</u>	<u>335,099</u>
	<u>\$ 9,803,921</u>	<u>\$ 10,151,326</u>

Note 4 - Property Taxes

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

Property taxes collected in 2002 and 2003 attached as an enforceable lien on property as of January 1, 2001 and 2002, respectively. These taxes were required to be levied by the County prior to the last Tuesday in December. The 2001 and 2002 levies were adopted by the County in September, 2001 and September, 2002. Property taxes were due from property owners in two installments in August and October. The property tax receipts for the year ending August 31, 2003, as shown in the combined financial statements, consist of three distributions from the 2001 levy. Property taxes are distributed from September through February.

SHELBY COUNTY, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2003

Note 4 – Continued

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.

	<u>2001 Levy</u>	<u>2002 Levy</u>
Assessed Valuation	<u>\$253,327,349</u>	<u>\$289,727,330</u>
Property Tax Rates:		
Extension Education	.02695	.02427
County	.26039	.27000
County Highway	.09645	.10000
County Bridge	.04823	.05000
Federal Aid	.04823	.05000
County Health	.11959	.12400
Municipal Retirement	.15717	.13807
Airport	.02270	.01926
Mental Health	.11053	.10355
Social Security	.08999	.10125
Tort Immunity Insurance	.03880	.03556
Workers' Comp. Insurance Tax	.04164	.05178
Unemployment Insurance Act	.00817	.00151
Bonded Debt	<u>.06766</u>	<u>.05947</u>
Total County Rate	<u>1.13650</u>	<u>1.12872</u>

Note 5 - Special Tax Levies and Restricted Equity

Unemployment Insurance

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the General Fund. A portion, \$73,387, of the General Fund's equity represents the excess of cumulative receipts over cumulative disbursements which is restricted for future unemployment tax disbursements in accordance with the Illinois Compiled Statutes.

SHELBY COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2003

Note 5 - Special Tax Levies and Restricted Equity (continued)

Liability Insurance

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the General Fund. Cumulative cash disbursements have exceeded cumulative cash receipts from this tax levy and there is no restriction of fund equity for future liability insurance disbursements.

Workers' Compensation Insurance

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the General Fund. A portion, \$38,349, of the General Fund's equity represents the excess of cumulative receipts over cumulative disbursements which is restricted for future workers' compensation tax disbursements in accordance with the Illinois Compiled Statutes.

Bonded Debt

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the General Fund. A portion, \$22, of the General Fund's equity represents the excess of cumulative disbursements which is restricted for future bonded debt disbursements in accordance with the Illinois Compiled Statutes.

Note 6 - Retirement Plans

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

A. Illinois Municipal Retirement Fund

The County's defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. Elected County Officials (ECO) members' are required to contribute 7.50 percent of their annual covered salary. Sheriff's Law Enforcement Personnel (SLEP) members are required to contribute 6.50 percent of their annual covered salary. The member rate is established by state statute. The County is required to contribute at an actuarially determined rate. The County rate for calendar year 2002 was 5.11 percent of payroll for IMRF, 0.91 percent of payroll for SLEP members and 43.81 percent for ECO members. The County contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The remaining amortization periods at December 31, 2002 were 10 years for IMRF, 10 years for SLEP members and 30 years for ECO members.

SHELBY COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2003

Note 6 - Retirement Plans (continued)

SLEP Plan

For December 31, 2002, the County's annual pension cost of \$3,724 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2000 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 2001 actuarial valuation were based on the 1996-1998 experience study.

However, the 2002 actuarial valuation information shown on the Schedules of Funding Progress is based on the assumptions derived from the 1999-2001 Experience Study. The effect of the assumption change increased the unfunded actuarial accrued liability by \$27,725.

ECO Plan

For December 31, 2002, the County's annual pension cost of \$174,690 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2000 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 2001 actuarial valuation were based on the 1996-1998 experience study.

However, the 2002 actuarial valuation information shown on the Schedule of Funding Progress is based on the assumptions derived from the 1999-2001 Experience Study. The effect of the assumption change increased the unfunded actuarial accrued liability by \$30,819.

Other County Employees' Plan

For December 31, 2002, the County's annual pension cost of \$89,516 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2000 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increase of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 2001 actuarial valuation were based on the 1996-1998 experience study.

SHELBY COUNTY, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2003

Note 6 - Retirement Plans (continued)

However, the 2002 actuarial valuation information shown on the Schedule of Funding Progress is based on the assumptions derived from the 1999-2001 Experience Study. The effect of the assumption change increased the unfunded actuarial accrued liability by \$20,228.

Trend Information

SLEP Plan

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/02	\$ 3,724	100%	\$0
12/31/01	3,810	100%	0
12/31/00	3,492	100%	0
12/31/99	3,770	100%	0
12/31/98	25,868	100%	0
12/31/97	22,951	100%	0
12/31/96	18,906	100%	0
12/31/95	16,732	100%	0
12/31/94	18,268	100%	0
12/31/93	21,818	100%	0

ECO Plan

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/02	\$ 174,690	100%	\$0
12/31/01	158,534	100%	0
12/31/00	148,338	100%	0
12/31/99	115,340	100%	0
12/31/98	49,789	100%	0
12/31/97	15,479	100%	0
12/31/96	0	100%	0
12/31/95	0	100%	0
12/31/94	0	100%	0
12/31/93	0	100%	0

SHELBY COUNTY, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2003

Note 6 - Retirement Plans (continued)

Other County Employees' Plan

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/02	\$ 89,516	100%	\$0
12/31/01	122,858	100%	0
12/31/00	136,455	100%	0
12/31/99	148,515	100%	0
12/31/98	138,664	100%	0
12/31/97	158,465	100%	0
12/31/96	159,421	100%	0
12/31/95	160,631	100%	0
12/31/94	166,375	100%	0
12/31/93	172,066	100%	0

B. Social Security

All employees, including those covered by IMRF, are covered under Social Security. Shelby County paid \$205,166, the total required contribution for the year ended August 31, 2003.

Note 7 - Changes in Fixed Assets

	<u>Balance September 1, 2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance August 31, 2003</u>
<b>Primary Government</b>				
Furniture, Equipment and Vehicles	<u>\$ 425,133</u>	<u>\$1,009,735</u>	<u>\$ --</u>	<u>\$ 1,434,868</u>
<b>Component Unit</b>				
Tourism Furniture And Equipment	<u>\$ --</u>	<u>\$ 4,820</u>	<u>\$ --</u>	<u>\$ 4,820</u>

SHELBY COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2003

Note 8 - Equipment Lease Agreements

Shelby County has entered into the following equipment lease agreements.

Real Estate and Financial Systems Hardware and Software Agreement

This original agreement dated July 9, 1998 with Fidlar Doubleday Company provides for five annual payments of \$37,000 due July 14 of each year for the rental purchase of computer hardware and software for the purpose of real estate tax billing and collection and record keeping. This obligation was reduced by \$9,000 by the software provider in fiscal year 2001 to reflect cancellation of software support services. The revised annual payment is \$34,000. The County has paid this obligation in full as of August 31, 2003.

Land Records Indexing with Imaging Contract Agreement

This agreement dated July 9, 1998 with Fidlar Doubleday Company provides for five annual payments of \$13,000 due March 10 of each year for the rental purchase of computer hardware and software for the purpose of land record management. The County has paid this obligation in full as of August 31, 2003.

Election Software and Service Contract

This original agreement dated October 10, 2001 with Fidlar Doubleday Company provides for sixteen quarterly payments of \$8,154.69 commencing November, 2002 for election software supplies and support and computer hardware upgrade. As of August 31, 2003, there are nine quarterly payments remaining.

Real Estate Tax Hardware and Software Agreement

This original agreement dated February 1, 2003 with Devnet, Inc provides for quarterly payments commencing on February 1, 2003 and ending on November 1, 2006 for the purchase of real estate tax billing and collection hardware and software.

At August 31, 2003 the annual cash flow requirements for the agreement were as follows:

<u>Year ending</u> <u>August 31,</u>	<u>Amount</u>
2004	\$36,578
2005	38,880
2006	38,880
2007	<u>9,720</u>
	<u>\$124,058</u>

Geographic Information System

This original agreement in the amount of \$493,659 dated March 12, 2003 with Bruce Harris & Associates provides for quarterly payments of \$30,854 commencing on April 1, 2003 for the creation and implementation of a Geographic Information System. As of August 31, 2003, there are fifteen quarterly payments remaining.

The Shelby County Highway Department has entered into the following equipment lease agreements:



SHELBY COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2003

Note 8 - Equipment Lease Agreements (Continued)

Excavator

The agreement, approved November 1, 1999 provides for seven annual payments of \$16,363 including 6.4% interest due November 1 of each year for the lease/purchase of a 1997 Caterpillar 320BL Excavator. The County has an option to purchase the equipment before the expiration of the lease. As of August 30, 2003, there are four annual lease payments remaining.

2001 International Dump Truck

The agreement approved January 3, 2001 provides for five annual payments of \$18,273 including 6.424% interest due January 3 of each year for the lease/purchase of a 2001 International Dump Truck. The County has the option to purchase the truck before the expiration of the lease. As of August 31, 2003, there are three annual lease payments remaining.

Note 9 - Bonds Payable

A. Special Service Area Bonds

On March 11, 1992 the Shelby County Board adopted Ordinance 92-1, authorizing the issuance of \$70,000 Carriage Park Subdivision Special Service Area Bonds for the purpose of financing the repair and construction of platted roads and streets in the special service area. The bonds are dated April 1, 1992, are due in annual installments of \$4,000 to \$9,000 through October 15, 2002, and have a stated interest rate of 5.96%. The bonds are obligations of Shelby County payable solely from ad valorem taxes levied without limitation upon all the taxable property in the Special Service Area.

Bonds maturing on or after October 15, 1998 are callable, at par, in inverse order and by lot within a single maturity on or after October 15, 1997.

At August 31, 2003 the obligation is paid in full.

B. Special Service Area Bonds

On February 10, 1999, the Shelby County Board adopted Ordinance 99-2, authorizing the issuance of \$36,000 Garden Acres Subdivision Special Service Area Bonds for the purpose of financing the repair and construction of platted roads and streets in the special service area. The bonds are dated February 15, 1999 and are due in annual installments of \$3,000 to \$4,500 through December 1, 2008 and have a stated interest rate of 4.85%. The bonds are obligations of Shelby County payable solely from ad valorem taxes levied without limitation upon all the taxable property in the Special Service Area.

SHELBY COUNTY, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2003

Note 9 - Bonds Payable (continued)

At August 31, 2003 the annual cash flow requirements of principal and interest were as follows:

<u>Year Ending</u> <u>August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 3,500	\$ 1,140	\$ 4,640
2005	3,500	970	4,470
2006	4,000	800	4,800
2007	4,000	606	4,606
2008	4,000	412	4,412
2009	<u>4,500</u>	<u>218</u>	<u>4,718</u>
	<u>\$ 23,500</u>	<u>\$ 4,146</u>	<u>\$ 27,646</u>

C. Refunding Self-Insurance General Obligation Bonds, Series 1998

On September 1, 1998, the Shelby County Board issued \$1,260,000 in Self Insurance Refunding General Obligation Bonds with an average interest rate of 4.82% to advance refund \$1,185,000 of outstanding 1992 Series Self Insurance General Obligation bonds with an average interest rate of 6.02%. Of the net proceeds of \$1,229,410 (after payment of \$7,329 in issuance costs and issue discount of \$23,261), \$1,227,712 was placed in escrow for the refunding of the 1992 issue while \$1,698 was deposited with the County for paying agent fees and interest. As a result, the remaining \$1,185,000 of the 1992 Series Self Insurance General Obligation bonds are considered to be defeased and the liability for those bonds have been removed from the general long-term debt account group.

The County advance refunded \$1,185,000 of the 1992 Series Self Insurance bonds to reduce its debt service payment on those bonds over the next 9 years by \$30,131 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$1,236.

At August 31, 2003 the annual cash flow requirements of principal and interest were as follows:

<u>Year Ending</u> <u>August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 150,000	\$ 24,333	\$ 174,333
2005	155,000	17,660	172,660
2006	165,000	10,537	175,537
2007	<u>150,000</u>	<u>3,412</u>	<u>153,412</u>
	<u>\$ 620,000</u>	<u>\$ 55,942</u>	<u>\$ 675,942</u>

SHELBY COUNTY, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2003

Note 10 - Changes in Long-Term Debt

The following is a summary of changes in Long-Term Debt of Shelby County for the year ended August 31, 2003.

	<u>Payable at September 1, 2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance August 31, 2003</u>
Fidlar & Chambers Real Estate and Financial Package	\$ 34,000	\$ --	\$ 34,000	\$ --
Fidlar & Chambers Land Record Indexing	13,000	--	13,000	--
Fidlar & Chambers Election Software	97,856	--	24,464	73,392
Devent Real Estate Package	--	203,907	79,849	124,058
Geographic Information System	--	493,659	30,854	462,805
Excavator	68,057	--	12,066	55,991
2001 International Dump Truck	62,705	--	14,293	48,412
Carriage Park Subdivision Special Service Area Bonds	9,000	--	9,000	--
Garden Acres Subdivision Special Service Area Bonds	27,000	--	3,500	23,500
Refunding Self-Insurance General Obligation Bonds	<u>760,000</u>	<u>--</u>	<u>140,000</u>	<u>620,000</u>
	<u>\$ 1,071,618</u>	<u>\$ 697,566</u>	<u>\$ 361,026</u>	<u>\$ 1,408,158</u>

SHELBY COUNTY, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2003

Note 11 - Due to Other Governmental Units

The Due to Other Governmental Units shown in the General Fund column of the Combined Statement of Assets, Liabilities and Fund Equities Arising from Cash Transactions in the amount of \$66,248 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 - Insurance

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

Tort Immunity Receipts:	
Property Tax Collected	\$ 221,850
Mobile Home Tax Collected	852
Other Payments in Lieu of Taxes	231
Interest	<u>377</u>
	<u>\$ 223,310</u>
Tort Expenditures:	
Commercial Liability Insurance	\$ 97,783
Unemployment tax	7,695
Workers' Compensation Insurance	<u>66,591</u>
Total Expenditures	<u>\$ 172,069</u>
Receipts over expenditures	\$ 51,241
Restricted at September 1, 2002	<u>60,495</u>
Restricted at August 31, 2003	<u>\$ 111,736</u>

Note 13 - CEFS Agreement

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

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

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

SHELBY COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2003

Note 14 - Commitments and Contingencies

Airport Operator's Agreement

On June 7th, 1994, the Shelby County Airport and Landing Fields Commission entered into an "Airport Operator's Agreement" with B & M Aviation, Inc. for the operation and management of Shelby County Airport. This was for a two year term, expiring in June 1996, requiring a monthly rent of \$1,500. The Shelby County Airport continued to operate under the terms of the expired agreement through August 31, 2003.

Highway Department

The Shelby County Board approves township petitions and commits county funds on a cost-sharing basis for sundry projects. The amount committed to townships at August 31, 2003 is not reflected in the financial statements but is not considered material.

Lease Agreement - County Health Building

The Shelby County Board approved allowing the County Health Department to become a party to a 25 year lease with SCCS Enterprises, Inc. for the lease of a structure to house the operations of the County Health Department. The lease provides for a minimum annual rent of \$36,000 payable in twelve monthly installments of \$3,000. The County paid \$36,000 in rental payments to SCCS Enterprises, Inc. during the year ended August 31, 2003.

Litigation

Various claims and lawsuits are pending against the County. The potential loss, if any, on all claims and lawsuits cannot be reasonably estimated and therefore is not disclosed in the County's financial statements.

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

Employees of the District 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, 2003 could not be determined.

The liability of compensation for future absences would not be included in the County's combined financial statements as they are prepared on the cash basis of accounting and is not believed to be material in relation to the combined financial statements.

SHELBY COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2003

Note 14 – Commitments & Contingencies (continued)

Lease Agreement – County Farm

On February 28, 2001 the County entered into a one year lease agreement with Jim Hampton to lease the Shelby County Farmland. This lease provides for minimum annual rent of \$21,525 payable in semi-yearly installments of \$10,762.50. The County received \$21,525 in rent income from Jim Hampton during the year ended August 31, 2003.

Reliant Energy Assessment Appeal

Reliant Energy has filed with the State of Illinois Property Tax Appeal Board concerning their assessed valuation. The County has transferred a portion, \$58,912, of the General, Ambulance, Municipal Retirement, and Social Security Funds' property taxes to the Taxes in Litigation Fund for potential repayment based on the outcome of the appeal.

Note 15 – New Reporting Standard

In June, 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The County is required to implement this standard for the fiscal year ending August 31, 2004. The County does not expect to implement this standard in advance of the required implementation date. The County has not yet determined the full impact that adoption of GASB Statement 34 will have on the financial statements.

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITIES  
 ARISING FROM CASH TRANSACTIONS  
 GENERAL FUND  
 AUGUST 31, 2003

	Fee Offices							Total
	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments		
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 329,922	\$ 17,749	\$ 133,560	\$ 10,473	\$ --	\$ 37	\$ 491,741	
Time Deposits	1,549,774	--	10,000	--	--	--	1,559,774	
Interfund Loans Receivable	24,699	--	--	--	--	--	24,699	
Inventory	--	3,820	--	--	--	--	3,820	
<b>TOTAL ASSETS</b>	<b>\$ 1,904,395</b>	<b>\$ 21,569</b>	<b>\$ 143,560</b>	<b>\$ 10,473</b>	<b>\$ --</b>	<b>\$ 37</b>	<b>\$ 2,080,034</b>	
<b>LIABILITIES</b>								
Withholding Payable	\$ 333	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 333	
Due to Other Governmental Units	--	--	66,248	--	--	--	66,248	
<b>TOTAL LIABILITIES</b>	<b>\$ 333</b>	<b>\$ --</b>	<b>\$ 66,248</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 66,581</b>	
<b>FUND EQUITY</b>								
Fund Equity:								
Reserved:								
Reserved for Insurance	\$ 111,736	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 111,736	
Reserved for Bonded Debt	22	--	--	--	--	--	22	
Unreserved:								
Undesignated	1,792,304	21,569	77,312	10,473	--	37	1,901,695	
<b>TOTAL FUND EQUITY</b>	<b>\$ 1,904,062</b>	<b>\$ 21,569</b>	<b>\$ 77,312</b>	<b>\$ 10,473</b>	<b>\$ --</b>	<b>\$ 37</b>	<b>\$ 2,013,453</b>	
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 1,904,395</b>	<b>\$ 21,569</b>	<b>\$ 143,560</b>	<b>\$ 10,473</b>	<b>\$ --</b>	<b>\$ 37</b>	<b>\$ 2,080,034</b>	

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



SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED  
 AND CHANGES IN FUND EQUITIES  
 GENERAL FUND  
 YEAR ENDED AUGUST 31, 2003

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Total
<b>RECEIPTS:</b>							
Property Taxes	\$ 1,091,635	\$ --	\$ --	\$ --	\$ --	\$ --	1,091,635
Sales Taxes	461,373	--	--	--	--	--	461,373
Intergovernmental Revenues:							
Income Taxes	675,923	--	--	--	--	--	675,923
Replacement Taxes	23,471	--	--	--	--	--	23,471
Other State Sources	205,195	--	--	--	--	--	205,195
Federal Source	--	--	--	--	--	--	--
County Farm	21,525	--	--	--	--	--	21,525
Charges for Services	38,538	--	--	--	--	--	38,538
Licenses and Permits	3,357	--	--	--	--	--	3,357
Fees, Fines and Forfeits	5,253	183,392	97,857	75,694	215,217	3,039	580,452
Sales of Real Estate Stamps	--	64,793	--	--	--	--	64,793
Interest	42,513	--	990	--	--	--	43,503
Miscellaneous Receipts	5,033	--	--	--	--	--	5,033
<b>Total Receipts</b>	\$ 2,573,816	\$ 248,185	\$ 98,847	\$ 75,694	\$ 215,217	\$ 3,039	\$ 3,214,798
<b>DISBURSEMENTS:</b>							
See Schedule at Page 30	\$ 3,301,271	\$ 43,826	\$ 4,505	\$ --	\$ --	\$ --	3,349,602
Receipts Over (Under) Disbursements	\$ (727,455)	\$ 204,359	\$ 94,342	\$ 75,694	\$ 215,217	\$ 3,039	(134,804)
Other Financing Sources (Uses):							
Operating Transfers In	535,120	--	--	--	--	--	535,120
Operating Transfers Out	(33,250)	(198,755)	(88,419)	(68,807)	(215,217)	(3,500)	(607,958)
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ (225,595)	\$ 5,604	\$ 5,923	\$ 6,887	\$ --	\$ (461)	(207,642)
Fund Equity - September 1, 2002	2,129,657	15,965	71,389	3,586	--	498	2,221,095
Fund Equity - August 31, 2003	\$ 1,904,062	\$ 21,569	\$ 77,312	\$ 10,473	\$ --	\$ 37	\$ 2,013,453

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF CASH DISBURSEMENTS  
 GENERAL FUND  
 YEAR ENDED AUGUST 31, 2003

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Total
<b>DISBURSEMENTS:</b>							
General Government:							
Operating Expenses Pertaining to the Office of:							
County Clerk	\$ 230,500	716	--	--	--	\$	231,216
Circuit Clerk	149,689	--	2,193	--	--	--	151,882
Supervisor of Assessments	110,452	--	--	--	--	--	110,452
County Treasurer	136,996	--	--	--	--	--	136,996
County Coroner	45,813	--	--	--	--	--	45,813
Regional Superintendent of Schools	35,679	--	--	--	--	--	35,679
Farmland Assessment	--	--	--	--	--	--	--
Board of Review	26,608	--	--	--	--	--	26,608
Board of Appeals	2,337	--	--	--	--	--	2,337
Planning Commission	1,694	--	--	--	--	--	1,694
Zoning Administrator	3,785	--	--	--	--	--	3,785
Utilities	49,293	--	--	--	--	--	49,293
Maintenance, Repairs and Improvement	29,010	--	--	--	--	--	29,010
Insurance and Taxes	206,516	--	--	--	--	--	206,516
Employee Insurance	345,322	--	--	--	--	--	345,322
County Farm	1,702	--	--	--	--	--	1,702
County Board Expenses	53,655	--	--	--	--	--	53,655
Services, Supplies and Miscellaneous	98,039	--	--	--	--	--	98,039
Purchase of Real Estate Tax Stamps	--	43,110	--	--	--	--	43,110
<b>Total General Government</b>	<b>\$ 1,527,090</b>	<b>\$ 43,826</b>	<b>\$ 2,193</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 1,573,109</b>
Public Safety:							
Operating Expenses Pertaining to the Office of:							
County Sheriff	\$ 949,876	--	--	--	--	\$	949,876
Rescue Squad	5,920	--	--	--	--	--	5,920
ESDA	1,034	--	--	--	--	--	1,034
911 Emergency Services	11,166	--	--	--	--	--	11,166
Merit Commission	3,814	--	--	--	--	--	3,814
<b>Total Public Safety</b>	<b>\$ 971,810</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 971,810</b>

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF CASH DISBURSEMENTS - (CONTINUED)  
 GENERAL FUND  
 YEAR ENDED AUGUST 31, 2003

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Total
Corrections:							
Operating Expenses Pertaining to the Office of:							
Probation Office	\$ 75,983	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 75,983
Judiciary:							
Operating Expenses Pertaining to the Office of:							
States Attorney	\$ 198,458	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 198,458
Public Defender	69,361	--	--	--	--	--	69,361
Appointed Counsel Fee	17,622	--	--	--	--	--	17,622
Circuit Judge Expenses	4,176	--	--	--	--	--	4,176
Total Judiciary	\$ 289,617	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 289,617
Health and Welfare:							
Operating Expenses Pertaining to the Office of:							
Animal Control	\$ 35,247	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 35,247
Debt Service:	\$ 339,667	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 339,667
Capital Outlay:							
Sheriff	\$ 46,849	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 46,849
Circuit Clerk	--	--	2,312	--	--	--	2,312
Circuit Judge	251	--	--	--	--	--	251
Computer Equipment	12,550	--	--	--	--	--	12,550
Rescue Squad	2,207	--	--	--	--	--	2,207
Total Capital Outlay	\$ 61,857	\$ --	\$ 2,312	\$ --	\$ --	\$ --	\$ 64,169
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 3,301,271</b>	<b>\$ 43,826</b>	<b>\$ 4,505</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 3,349,602</b>

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITIES  
 ARISING FROM CASH TRANSACTIONS  
 SPECIAL REVENUE FUNDS  
 AUGUST 31, 2003

	Animal Control	County Health	Ambulance	Mental Health	Municipal Retirement	Social Security	Indemnity	Subtotal
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 3,332	\$ 83,493	\$ 49,431	\$ 222,604	\$ 1,129	\$ 1,021	\$ 11,672	\$ 372,682
Time Deposits	43,430	108,877	20,949	136,168	--	--	72,234	381,658
Interfund Loans Receivable	--	--	--	--	--	--	--	--
<b>TOTAL ASSETS</b>	<u>\$ 46,762</u>	<u>\$ 192,370</u>	<u>\$ 70,380</u>	<u>\$ 358,772</u>	<u>\$ 1,129</u>	<u>\$ 1,021</u>	<u>\$ 83,906</u>	<u>\$ 754,340</u>
<b>LIABILITIES</b>								
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ 9,164	\$ 15,535	\$ --	\$ 24,699
<b>FUND EQUITY</b>								
Fund Equity:								
Unreserved - Undesignated	\$ 46,762	\$ 192,370	\$ 70,380	\$ 358,772	\$ (8,035)	\$ (14,514)	\$ 83,906	\$ 729,641
<b>TOTAL FUND EQUITY</b>	<u>\$ 46,762</u>	<u>\$ 192,370</u>	<u>\$ 70,380</u>	<u>\$ 358,772</u>	<u>\$ (8,035)</u>	<u>\$ (14,514)</u>	<u>\$ 83,906</u>	<u>\$ 729,641</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 46,762</u>	<u>\$ 192,370</u>	<u>\$ 70,380</u>	<u>\$ 358,772</u>	<u>\$ 1,129</u>	<u>\$ 1,021</u>	<u>\$ 83,906</u>	<u>\$ 754,340</u>

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITIES  
 ARISING FROM CASH TRANSACTIONS - (CONTINUED)  
 SPECIAL REVENUE FUNDS  
 AUGUST 31, 2003

	County Bridge	County Highway	Federal Aid Secondary Matching	County Motor Fuel Tax	Rescue Squad	Home Nursing	Probation	Subtotal
Cash and Cash Equivalents	\$ 175,034	\$ 211,896	\$ 97,812	\$ 243,480	\$ 5,008	\$ 221,715	\$ 11,242	\$ 966,187
Time Deposits	--	--	--	--	--	229,745	136,053	365,798
Interfund Loans Receivable	--	--	--	--	--	3,800	--	3,800
<b>TOTAL ASSETS</b>	<b>\$ 175,034</b>	<b>\$ 211,896</b>	<b>\$ 97,812</b>	<b>\$ 243,480</b>	<b>\$ 5,008</b>	<b>\$ 455,260</b>	<b>\$ 147,295</b>	<b>\$ 1,335,785</b>
<b>LIABILITIES</b>								
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>FUND EQUITY</b>								
Fund Equity:								
Unreserved - Undesignated	\$ 175,034	\$ 211,896	\$ 97,812	\$ 243,480	\$ 5,008	\$ 455,260	\$ 147,295	\$ 1,335,785
<b>TOTAL FUND EQUITY</b>	<b>\$ 175,034</b>	<b>\$ 211,896</b>	<b>\$ 97,812</b>	<b>\$ 243,480</b>	<b>\$ 5,008</b>	<b>\$ 455,260</b>	<b>\$ 147,295</b>	<b>\$ 1,335,785</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 175,034</b>	<b>\$ 211,896</b>	<b>\$ 97,812</b>	<b>\$ 243,480</b>	<b>\$ 5,008</b>	<b>\$ 455,260</b>	<b>\$ 147,295</b>	<b>\$ 1,335,785</b>

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITIES  
 ARISING FROM CASH TRANSACTIONS - (CONTINUED)  
 SPECIAL REVENUE FUNDS  
 AUGUST 31, 2003

	Fees to Assist Court	Law Library	Automation	Recording	Drug Traffic Prevention	Airport	Rural Transport- ation	Subtotal
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 146,733	\$ 8,747	\$ 75,577	\$ 10,334	\$ 8,458	\$ 33,683	\$ --	\$ 283,532
Time Deposits	169,172	--	--	--	--	154,616	--	323,788
Interfund Loans Receivable	--	--	--	--	--	--	--	--
<b>TOTAL ASSETS</b>	<b>\$ 315,905</b>	<b>\$ 8,747</b>	<b>\$ 75,577</b>	<b>\$ 10,334</b>	<b>\$ 8,458</b>	<b>\$ 188,299</b>	<b>\$ --</b>	<b>\$ 607,320</b>
<b>LIABILITIES</b>								
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>FUND EQUITY</b>								
Fund Equity:								
Undesignated	\$ 315,905	\$ 8,747	\$ 75,577	\$ 10,334	\$ 8,458	\$ 188,299	\$ --	\$ 607,320
<b>TOTAL FUND EQUITY</b>	<b>\$ 315,905</b>	<b>\$ 8,747</b>	<b>\$ 75,577</b>	<b>\$ 10,334</b>	<b>\$ 8,458</b>	<b>\$ 188,299</b>	<b>\$ --</b>	<b>\$ 607,320</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 315,905</b>	<b>\$ 8,747</b>	<b>\$ 75,577</b>	<b>\$ 10,334</b>	<b>\$ 8,458</b>	<b>\$ 188,299</b>	<b>\$ --</b>	<b>\$ 607,320</b>

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITIES  
 ARISING FROM CASH TRANSACTIONS - (CONTINUED)  
 SPECIAL REVENUE FUNDS  
 AUGUST 31, 2003

	Court Security	GIS	Document Storage	Misc County Health	Revolving Loan	Victim Impact Panel	Subtotal
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 17,683	\$ 44,683	\$ 64,673	\$ 17,753	\$ 201,935	\$ 7,546	\$ 354,273
Time Deposits	--	--	--	73,322	198,190	--	271,512
Interfund Loans Receivable	--	--	--	--	--	--	--
<b>TOTAL ASSETS</b>	<b>\$ 17,683</b>	<b>\$ 44,683</b>	<b>\$ 64,673</b>	<b>\$ 91,075</b>	<b>\$ 400,125</b>	<b>\$ 7,546</b>	<b>\$ 625,785</b>
<b>LIABILITIES</b>							
Interfund Loans Payable	--	--	--	\$ 3,800	--	--	\$ 3,800
<b>FUND EQUITY</b>							
Fund Equity:							
Unreserved - Undesignated	\$ 17,683	\$ 44,683	\$ 64,673	\$ 87,275	\$ 400,125	\$ 7,546	\$ 621,985
<b>TOTAL FUND EQUITY</b>	<b>\$ 17,683</b>	<b>\$ 44,683</b>	<b>\$ 64,673</b>	<b>\$ 87,275</b>	<b>\$ 400,125</b>	<b>\$ 7,546</b>	<b>\$ 621,985</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 17,683</b>	<b>\$ 44,683</b>	<b>\$ 64,673</b>	<b>\$ 91,075</b>	<b>\$ 400,125</b>	<b>\$ 7,546</b>	<b>\$ 625,785</b>

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



SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITIES  
 ARISING FROM CASH TRANSACTIONS - (CONTINUED)  
 SPECIAL REVENUE FUNDS  
 AUGUST 31, 2003

	Attorney Forfeited	Shelby County Flame	DUI Equipment	Subtotal Page 31	Subtotal Page 32	Subtotal Page 33	Subtotal Page 34	Total
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 835	\$ 377	\$ 5,698	\$ 372,682	\$ 966,187	\$ 283,532	\$ 354,273	\$ 1,983,584
Time Deposits	--	--	--	381,658	365,798	323,788	271,512	1,342,756
Interfund Loans Payable	--	--	--	--	3,800	--	--	3,800
<b>TOTAL ASSETS</b>	<b>\$ 835</b>	<b>\$ 377</b>	<b>\$ 5,698</b>	<b>\$ 754,340</b>	<b>\$ 1,335,785</b>	<b>\$ 607,320</b>	<b>\$ 625,785</b>	<b>\$ 3,330,140</b>
<b>LIABILITIES</b>								
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ 24,699	\$ --	\$ --	\$ 3,800	\$ 28,499
<b>FUND EQUITY</b>								
Fund Equity:								
Unreserved - Undesignated	\$ 835	\$ 377	\$ 5,698	\$ 729,641	\$ 1,335,785	\$ 607,320	\$ 621,985	\$ 3,301,641
<b>TOTAL FUND EQUITY</b>	<b>\$ 835</b>	<b>\$ 377</b>	<b>\$ 5,698</b>	<b>\$ 729,641</b>	<b>\$ 1,335,785</b>	<b>\$ 607,320</b>	<b>\$ 621,985</b>	<b>\$ 3,301,641</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 835</b>	<b>\$ 377</b>	<b>\$ 5,698</b>	<b>\$ 754,340</b>	<b>\$ 1,335,785</b>	<b>\$ 607,320</b>	<b>\$ 625,785</b>	<b>\$ 3,330,140</b>

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED  
 AND CHANGES IN FUND EQUITIES  
 SPECIAL REVENUE FUNDS  
 YEAR ENDED AUGUST 31, 2003

	Animal Control	County Health	Ambulance	Mental Health	Municipal Retirement	Social Security	Indemnity	Subtotal
<b>RECEIPTS:</b>								
Property Taxes	\$ --	\$ 301,391	\$ 46,258	\$ 278,558	\$ 396,102	\$ 226,793	\$ --	\$ 1,249,102
Intergovernmental Revenue:								
State Sources								
Motor Fuel Taxes	--	--	--	--	--	--	--	--
Replacement Taxes	--	5,378	--	10,570	11,325	--	--	27,273
Other State Sources	--	76,936	--	--	--	--	--	76,936
Federal Sources	--	562	--	--	--	--	--	562
Loan Repayments	--	--	--	--	--	--	--	--
Charges for Services	--	9,267	--	--	--	--	--	9,267
Fines and Fees	5,748	--	--	--	--	--	--	5,748
Reimbursement of Prior Year Expenditures	--	--	--	--	--	--	--	--
Interest	758	4,042	994	7,555	696	517	1,531	16,093
Miscellaneous Revenues	--	61	--	--	--	--	--	61
<b>Total Receipts</b>	<b>\$ 6,506</b>	<b>\$ 397,637</b>	<b>\$ 47,252</b>	<b>\$ 296,683</b>	<b>\$ 408,123</b>	<b>\$ 227,310</b>	<b>\$ 1,531</b>	<b>\$ 1,385,042</b>

<b>DISBURSEMENTS:</b>								
Current:								
General Government	\$ --	\$ --	\$ --	\$ --	\$ 262,895	\$ 201,861	\$ 134	\$ 464,890
Public Safety	--	--	--	--	--	--	--	--
Judiciary	--	--	--	--	--	--	--	--
Public Works/Transportation	--	--	--	--	--	--	--	--
Health and Welfare	1,800	565,703	42,305	254,132	--	--	--	863,940
Debt Service	--	--	--	--	--	--	--	--
Capital Outlay	--	547	--	--	--	--	--	547
<b>Total Disbursements</b>	<b>\$ 1,800</b>	<b>\$ 566,250</b>	<b>\$ 42,305</b>	<b>\$ 254,132</b>	<b>\$ 262,895</b>	<b>\$ 201,861</b>	<b>\$ 134</b>	<b>\$ 1,329,377</b>
<b>Receipts Over (Under) Disbursements</b>	<b>\$ 4,706</b>	<b>\$ (168,613)</b>	<b>\$ 4,947</b>	<b>\$ 42,551</b>	<b>\$ 145,228</b>	<b>\$ 25,449</b>	<b>\$ 1,397</b>	<b>\$ 55,665</b>

Other Financing Sources (Uses):								
Operating Transfers In	--	180,497	--	--	--	--	3,860	184,377
Operating Transfers Out	--	--	(2,098)	--	(14,978)	(8,576)	--	(25,652)
<b>Receipts Over (Under) Disbursements and Other Financing Sources (Uses)</b>	<b>\$ 4,706</b>	<b>\$ 11,884</b>	<b>\$ 2,849</b>	<b>\$ 42,551</b>	<b>\$ 130,250</b>	<b>\$ 16,873</b>	<b>\$ 5,277</b>	<b>\$ 214,390</b>
<b>Fund Equity - September 1, 2002</b>	<b>42,056</b>	<b>180,486</b>	<b>67,531</b>	<b>316,221</b>	<b>(138,285)</b>	<b>(31,387)</b>	<b>78,629</b>	<b>515,251</b>
<b>Fund Equity - August 31, 2003</b>	<b>\$ 46,762</b>	<b>\$ 192,370</b>	<b>\$ 70,380</b>	<b>\$ 358,772</b>	<b>\$ (8,035)</b>	<b>\$ (14,514)</b>	<b>\$ 83,906</b>	<b>\$ 729,641</b>

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED  
 AND CHANGES IN FUND EQUITIES - (CONTINUED)  
 SPECIAL REVENUE FUNDS  
 YEAR ENDED AUGUST 31, 2003

	County Bridge	County Highway	Federal Aid Secondary Matching	County Motor Fuel Tax	Rescue Squad	Home Nursing	Probation	Subtotal				
									Property Taxes	Intergovernmental Revenue:	State Sources	Motor Fuel Taxes
	\$ 121,548	\$ 243,074	\$ 121,548	\$ --	\$ --	\$ --	\$ --	\$ 486,170				
	--	--	--	439,892	--	--	--	439,892				
	5,669	11,709	5,669	--	--	--	--	23,047				
	--	--	32,022	176,714	--	30,450	--	239,186				
	--	16,153	--	--	--	76,315	--	92,468				
	--	--	--	--	--	--	--	--				
	--	--	--	--	--	42,163	--	42,163				
	32,014	--	--	--	--	--	27,693	27,693				
	4,789	3,043	2,528	--	--	--	--	32,014				
	32	1,000	--	5,423	9	8,108	3,208	27,108				
	--	--	--	--	5,139	--	--	6,171				
Total Receipts	\$ 164,052	\$ 274,979	\$ 161,767	\$ 622,029	\$ 5,148	\$ 157,036	\$ 30,901	\$ 1,415,912				

DISBURSEMENTS:

	General Government	Public Safety	Judiciary	Public Works/Transportation	Health and Welfare	Debt Service	Capital Outlay	Total Disbursements
Current:	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
	--	--	--	605	43,004	--	--	43,609
	5,236	481,195	96,903	452,750	--	--	--	1,036,084
	--	--	--	--	124,485	--	--	124,485
	--	8,277	--	--	--	--	--	8,277
	--	41,360	--	--	--	--	7,717	49,077
Total Disbursements	\$ 5,236	\$ 530,832	\$ 96,903	\$ 452,750	\$ 605	\$ 124,485	\$ 50,721	\$ 1,261,532
Receipts Over (Under) Disbursements	\$ 158,816	\$ (255,853)	\$ 64,864	\$ 169,279	\$ 4,543	\$ 32,551	\$ (19,820)	\$ 154,380
Other Financing Sources (Uses):	13,068	233,648	--	--	--	--	--	246,716
Operating Transfers In	(170,074)	(14,169)	(55,000)	(150,000)	--	--	(21,094)	(410,337)
Operating Transfers Out	--	--	--	--	--	--	--	--
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ 1,810	\$ (36,374)	\$ 9,864	\$ 19,279	\$ 4,543	\$ 32,551	\$ (40,914)	\$ (9,241)
Fund Equity - September 1, 2002	173,224	248,270	87,948	224,201	465	422,709	186,209	1,345,026
Fund Equity - August 31, 2003	\$ 175,034	\$ 211,896	\$ 97,812	\$ 243,480	\$ 5,008	\$ 455,260	\$ 147,295	\$ 1,335,785

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED  
 AND CHANGES IN FUND EQUITIES - (CONTINUED)  
 SPECIAL REVENUE FUNDS  
 YEAR ENDED AUGUST 31, 2003

	Fees to Assist Court	Law Library	Automation	Recording	Drug Traffic Prevention	Airport	Rural Transportation	Subtotal
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 57,207	\$ --	\$ 57,207
Intergovernmental Revenue:								
State Sources								
Motor Fuel Taxes	--	--	--	--	--	--	--	--
Replacement Taxes	--	--	--	--	--	2,570	--	2,570
Other State Sources	--	--	137	--	--	--	73,585	73,722
Federal Sources	--	--	4,785	--	--	--	299,408	304,193
Loan Repayments	--	--	--	--	--	--	--	--
Charges for Services	--	--	--	--	--	14,175	--	14,175
Fines and Fees	32,382	5,960	16,278	--	--	--	--	54,620
Reimbursement of Prior Year Expenditures	--	--	--	--	--	--	--	--
Interest	4,687	74	642	71	105	4,121	--	9,700
Miscellaneous Revenues	--	--	--	--	5,187	16,145	--	21,332
Total Receipts	\$ 37,069	\$ 6,034	\$ 21,842	\$ 71	\$ 5,292	\$ 94,218	\$ 372,993	\$ 537,519

DISBURSEMENTS:

Current:								
General Government	\$ --	\$ --	\$ 14,890	\$ 5,813	\$ --	\$ --	\$ --	\$ 20,703
Public Safety	--	--	--	--	7,023	--	--	7,023
Judiciary	--	6,333	--	--	--	--	--	6,333
Public Works/Transportation	--	--	--	--	--	54,863	215,310	270,173
Health and Welfare	--	--	--	--	--	--	--	--
Debt Service	--	--	--	13,000	--	--	--	13,000
Capital Outlay	--	--	--	--	2,000	27,687	157,683	187,370
Total Disbursements	\$ --	\$ 6,333	\$ 14,890	\$ 18,813	\$ 9,023	\$ 82,550	\$ 372,993	\$ 504,602
Receipts Over (Under) Disbursements	\$ 37,069	\$ (299)	\$ 6,952	\$ (18,742)	\$ (3,731)	\$ 11,668	\$ --	\$ 32,917
Other Financing Sources (Uses):								
Operating Transfers In	--	--	--	23,693	1,815	--	--	25,508
Operating Transfers Out	--	--	--	--	--	--	--	--
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ 37,069	\$ (299)	\$ 6,952	\$ 4,951	\$ (1,916)	\$ 11,668	\$ --	\$ 58,425
Fund Equity - September 1, 2002	278,836	9,046	68,625	5,383	10,374	176,631	--	548,895
Fund Equity - August 31, 2003	\$ 315,905	\$ 8,747	\$ 75,577	\$ 10,334	\$ 8,458	\$ 188,299	\$ --	\$ 607,320

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED  
 AND CHANGES IN FUND EQUITIES - (CONTINUED)  
 SPECIAL REVENUE FUNDS  
 YEAR ENDED AUGUST 31, 2003

	Court Security	GIS	Document Storage	Misc County Health	Revolving Loan	Victim Impact Panel	Subtotal
<b>RECEIPTS:</b>							
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental Revenue:							
State Sources							
Motor Fuel Taxes	--	--	--	--	--	--	--
Replacement Taxes	--	--	--	--	--	--	--
Other State Sources	--	--	--	87,463	--	--	87,463
Federal Sources	--	--	--	36,812	--	--	36,812
Loan Repayments	--	--	--	--	63,639	--	63,639
Charges for Services	--	--	--	3,016	--	--	3,016
Fines and Fees	28,440	--	15,510	--	--	595	44,545
Reimbursement of Prior Year Expenditures	--	--	--	--	4,844	71	7,740
Interest	242	146	487	1,950	--	--	1,000
Miscellaneous Revenues	--	--	--	1,000	--	--	--
<b>Total Receipts</b>	<b>\$ 28,682</b>	<b>\$ 146</b>	<b>\$ 15,997</b>	<b>\$ 130,241</b>	<b>\$ 68,483</b>	<b>\$ 666</b>	<b>\$ 244,215</b>

	Court Security	GIS	Document Storage	Misc County Health	Revolving Loan	Victim Impact Panel	Subtotal
<b>DISBURSEMENTS:</b>							
Current:							
General Government	\$ --	\$ --	\$ 1,362	--	14	--	\$ 1,376
Public Safety	--	--	--	--	--	--	--
Judiciary	38,579	--	--	--	--	901	39,480
Public Works/Transportation	--	--	--	--	--	--	--
Health and Welfare	--	--	--	36,930	--	--	36,930
Debt Service	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--
<b>Total Disbursements</b>	<b>\$ 38,579</b>	<b>\$ --</b>	<b>\$ 1,362</b>	<b>\$ 36,930</b>	<b>\$ 14</b>	<b>\$ 901</b>	<b>\$ 77,786</b>
<b>Receipts Over (Under) Disbursements</b>	<b>\$ (9,897)</b>	<b>\$ 146</b>	<b>\$ 14,635</b>	<b>\$ 93,311</b>	<b>\$ 68,469</b>	<b>\$ (235)</b>	<b>\$ 166,429</b>
<b>Other Financing Sources (Uses):</b>							
Operating Transfers In	--	33,581	--	--	--	--	33,581
Operating Transfers Out	--	--	--	(129,304)	--	--	(129,304)
<b>Receipts Over (Under) Disbursements and Other Financing Sources (Uses)</b>	<b>\$ (9,897)</b>	<b>\$ 33,727</b>	<b>\$ 14,635</b>	<b>\$ (35,993)</b>	<b>\$ 68,469</b>	<b>\$ (235)</b>	<b>\$ 70,706</b>
<b>Fund Equity - September 1, 2002</b>	<b>27,580</b>	<b>10,956</b>	<b>50,038</b>	<b>123,268</b>	<b>331,656</b>	<b>7,781</b>	<b>551,279</b>
<b>Fund Equity - August 31, 2003</b>	<b>\$ 17,683</b>	<b>\$ 44,683</b>	<b>\$ 64,673</b>	<b>\$ 87,275</b>	<b>\$ 400,125</b>	<b>\$ 7,546</b>	<b>\$ 621,985</b>

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED  
 AND CHANGES IN FUND EQUITIES - (CONTINUED)  
 SPECIAL REVENUE FUNDS  
 YEAR ENDED AUGUST 31, 2003

	Attorney Forfeited	Shelby County Flame	DUI Equipment	Subtotal Page 36	Subtotal Page 37	Subtotal Page 38	Subtotal Page 39	Total
<b>RECEIPTS:</b>								
Property Taxes	\$ --	\$ --	\$ --	\$ 1,249,102	\$ 486,170	\$ 57,207	\$ --	\$ 1,792,479
Intergovernmental Revenue:								
State Sources								
Motor Fuel Taxes	--	--	--	--	439,892	--	--	439,892
Replacement Taxes	--	--	--	27,273	23,047	2,570	--	52,890
Other State Sources	--	--	--	76,936	239,186	73,722	87,463	477,307
Federal Sources	--	--	--	562	92,468	304,193	--	434,035
Loan Repayments	--	--	--	--	--	--	63,639	63,639
Charges for Services	--	--	--	9,267	42,163	14,175	3,016	68,621
Fines and Fees	--	--	395	5,748	27,693	54,620	44,545	133,001
Reimbursement of Prior Year Expenditures	8	21	30	16,093	27,108	9,700	7,740	60,700
Interest	--	250	--	61	6,171	21,332	1,000	28,814
Miscellaneous Revenues								
<b>Total Receipts</b>	<b>\$ 8</b>	<b>\$ 271</b>	<b>\$ 425</b>	<b>\$ 1,385,042</b>	<b>\$ 1,415,912</b>	<b>\$ 537,519</b>	<b>\$ 244,215</b>	<b>\$ 3,583,392</b>
<b>DISBURSEMENTS:</b>								
Current:								
General Government	\$ --	\$ --	\$ --	\$ 464,890	\$ --	\$ 20,703	\$ 1,376	\$ 486,969
Public Safety	--	--	--	--	43,609	7,023	--	50,632
Judiciary	--	--	--	--	--	6,333	39,480	45,813
Public Works/Transportation	--	--	--	--	1,036,084	270,173	--	1,306,257
Health and Welfare	--	--	--	863,940	124,485	--	36,930	1,025,355
Debt Service	--	--	--	--	8,277	13,000	--	21,277
Capital Outlay	--	--	--	547	49,077	187,370	--	236,994
<b>Total Disbursements</b>	<b>\$ --</b>	<b>\$ 271</b>	<b>\$ 425</b>	<b>\$ 1,329,377</b>	<b>\$ 1,261,532</b>	<b>\$ 504,602</b>	<b>\$ 77,786</b>	<b>\$ 3,173,297</b>
Receipts Over (Under) Disbursements	\$ 8	\$ 271	\$ 425	\$ 55,665	\$ 154,380	\$ 32,917	\$ 166,429	\$ 410,095
Other Financing Sources (Uses):								
Operating Transfers In	--	--	2,599	184,377	246,716	25,508	33,581	492,781
Operating Transfers Out	--	--	--	(25,652)	(410,337)	--	(129,304)	(565,293)
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ 8	\$ 271	\$ 3,024	\$ 214,390	\$ (9,241)	\$ 58,425	\$ 70,706	\$ 337,583
Fund Equity - September 1, 2002	827	106	2,674	515,251	1,345,026	548,895	551,279	2,964,058
Fund Equity - August 31, 2003	\$ 835	\$ 377	\$ 5,698	\$ 729,641	\$ 1,335,785	\$ 607,320	\$ 621,985	\$ 3,301,641

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITIES  
 ARISING FROM CASH TRANSACTIONS  
 CAPITAL PROJECTS FUNDS  
AUGUST 31, 2003

	Carriage Park	Findlay Road	Garden Acres	Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 179	\$ 594	\$ 672	\$ 1,445
TOTAL ASSETS	\$ 179	\$ 594	\$ 672	\$ 1,445
<b>LIABILITIES</b>				
	\$ --	\$ --	\$ --	\$ --
<b>FUND EQUITY</b>				
Fund Equity:				
Unreserved - Undesignated	\$ 179	\$ 594	\$ 672	\$ 1,445
TOTAL FUND EQUITY	\$ 179	\$ 594	\$ 672	\$ 1,445
TOTAL LIABILITIES AND FUND EQUITY	\$ 179	\$ 594	\$ 672	\$ 1,445

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED  
 AND CHANGES IN FUND EQUITIES  
 CAPITAL PROJECTS FUNDS  
YEAR ENDED AUGUST 31, 2003

	Carriage Park	Findlay Road	Garden Acres	Total
<b>RECEIPTS:</b>				
Property Taxes	\$ 9,804	\$ --	\$ 4,818	\$ 14,622
Interest	9	6	18	33
Total Receipts	<u>\$ 9,813</u>	<u>\$ 6</u>	<u>\$ 4,836</u>	<u>\$ 14,655</u>
<b>DISBURSEMENTS:</b>				
Current:				
Public Works/Transportation	\$ --	\$ --	\$ --	\$ --
Debt Service	9,786	--	4,809	14,595
Total Disbursements	<u>\$ 9,786</u>	<u>\$ --</u>	<u>\$ 4,809</u>	<u>\$ 14,595</u>
Receipts Over Disbursements	\$ 27	\$ 6	\$ 27	\$ 60
Fund Equity - September 1, 2002	<u>152</u>	<u>588</u>	<u>645</u>	<u>1,385</u>
Fund Equity - August 31, 2003	<u><u>\$ 179</u></u>	<u><u>\$ 594</u></u>	<u><u>\$ 672</u></u>	<u><u>\$ 1,445</u></u>

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



SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITIES  
 ARISING FROM CASH TRANSACTIONS  
 TRUST FUNDS  
 AUGUST 31, 2003

	County Health WIC	Drainage	Local Bridge Program	Township Bridge Supervisory Engineering	Township Construction	Township Motor Fuel Tax	Inmate Commissary	Total
Cash and Cash Equivalents	\$ 21,533	\$ 99,861	\$ 207,596	\$ 70,257	\$ 756	\$ 378,898	\$ 8,042	\$ 786,943
Time Deposits	--	--	--	--	--	261,862	--	261,862
<b>TOTAL ASSETS</b>	<b>\$ 21,533</b>	<b>\$ 99,861</b>	<b>\$ 207,596</b>	<b>\$ 70,257</b>	<b>\$ 756</b>	<b>\$ 640,760</b>	<b>\$ 8,042</b>	<b>\$ 1,048,805</b>
<b>LIABILITIES</b>								
Due to Inmates	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 265	\$ 265
<b>FUND EQUITY</b>								
Fund Equity - Unreserved	\$ 21,533	\$ 99,861	\$ 207,596	\$ 70,257	\$ 756	\$ 640,760	\$ 7,777	\$ 1,048,540
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 21,533</b>	<b>\$ 99,861</b>	<b>\$ 207,596</b>	<b>\$ 70,257</b>	<b>\$ 756</b>	<b>\$ 640,760</b>	<b>\$ 8,042</b>	<b>\$ 1,048,805</b>

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED  
 AND CHANGES IN FUND EQUITIES  
 TRUST FUNDS  
 YEAR ENDED AUGUST 31, 2003

	County Health WIC	Drainage	Local Bridge Program	Township Bridge Supervisory Engineering	Township Construction	Township Motor Fuel Tax	Inmate Commissary	Total
<b>RECEIPTS:</b>								
Property Taxes	\$ --	\$ 49,853	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 49,853
Intergovernmental Revenues:								
State Sources:								
Motor Fuel Taxes	--	--	--	--	--	1,679,029	--	1,679,029
Other State Sources	--	--	425,103	646	--	318,955	--	744,704
Federal Sources	189,467	--	--	--	--	--	--	189,467
Charges for Services	--	--	--	4,933	--	--	--	4,933
Interest	--	1,073	4,688	--	--	17,760	--	23,521
Miscellaneous Revenues	--	--	--	--	--	--	20,871	20,871
<b>Total Receipts</b>	<b>\$ 189,467</b>	<b>\$ 50,926</b>	<b>\$ 429,791</b>	<b>\$ 5,579</b>	<b>\$ --</b>	<b>\$ 2,015,744</b>	<b>\$ 20,871</b>	<b>\$ 2,712,378</b>
<b>DISBURSEMENTS:</b>								
Current:								
Public Works/Transportation Health and Welfare	\$ --	\$ 27,593	\$ 16,316	\$ 138,512	\$ 396,921	\$ 2,035,072	\$ --	\$ 2,614,414
Capital Outlay	137,831	--	--	--	--	--	20,278	158,109
<b>Total Disbursements</b>	<b>\$ 137,831</b>	<b>\$ 27,593</b>	<b>\$ 16,316</b>	<b>\$ 138,512</b>	<b>\$ 396,921</b>	<b>\$ 2,035,072</b>	<b>\$ 20,278</b>	<b>\$ 2,772,523</b>
<b>Receipts Over (Under) Disbursements</b>	<b>\$ 51,636</b>	<b>\$ 23,333</b>	<b>\$ 413,475</b>	<b>\$ (132,933)</b>	<b>\$ (396,921)</b>	<b>\$ (19,328)</b>	<b>\$ 593</b>	<b>\$ (60,145)</b>
Other Financing Sources (Uses):								
Operating Transfers In	--	--	--	163,854	396,921	14,169	--	574,944
Operating Transfers Out	(51,192)	--	(335,702)	--	--	(96,716)	--	(483,610)
<b>Receipts Over (Under) Disbursements and Other Financing Sources (Uses)</b>	<b>\$ 444</b>	<b>\$ 23,333</b>	<b>\$ 77,773</b>	<b>\$ 30,921</b>	<b>\$ --</b>	<b>\$ (101,875)</b>	<b>\$ 593</b>	<b>\$ 31,189</b>
<b>Fund Equity - September 1, 2002</b>	<b>21,089</b>	<b>76,528</b>	<b>129,823</b>	<b>39,336</b>	<b>756</b>	<b>742,635</b>	<b>7,184</b>	<b>1,017,351</b>
<b>Fund Equity - August 31, 2003</b>	<b>\$ 21,533</b>	<b>\$ 99,861</b>	<b>\$ 207,596</b>	<b>\$ 70,257</b>	<b>\$ 756</b>	<b>\$ 640,760</b>	<b>\$ 7,777</b>	<b>\$ 1,048,540</b>

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 YEAR ENDED AUGUST 31, 2003

	Balance September 1, 2002	Additions	Deductions	Balance August 31, 2003
<b><u>CIRCUIT CLERK'S CASH BAIL</u></b>				
ASSETS				
Cash and Cash Equivalents	\$ 80,894	\$ 42,674	\$ 29,562	\$ 94,006
LIABILITIES				
Due to Court Defendants	\$ 80,894	\$ 42,674	\$ 29,562	\$ 94,006
<b><u>PROPERTY TAX FUND</u></b>				
ASSETS				
Cash and Cash Equivalents	\$ 8,261,649	\$ 13,567,541	\$ 18,693,841	\$ 3,135,349
LIABILITIES				
Due to Other Taxing Units	\$ 8,261,649	\$ 13,567,541	\$ 18,693,841	\$ 3,135,349
<b><u>TAXES IN LITIGATION</u></b>				
ASSETS				
Cash and Cash Equivalents	\$ 25,946	\$ 59,517	\$ --	\$ 85,463
LIABILITIES				
Due to Other Taxing Units	\$ 25,946	\$ 59,517	\$ --	\$ 85,463
<b><u>INHERITANCE TAX</u></b>				
ASSETS				
Cash and Cash Equivalents	\$ 1,996	\$ 358,940	\$ 359,878	\$ 1,058
LIABILITIES				
Due to Other Governmental Agencies	\$ 1,996	\$ 358,940	\$ 359,878	\$ 1,058
<b><u>MINOR AND UNKNOWN HEIRS</u></b>				
ASSETS				
Cash and Cash Equivalents	\$ 41,376	\$ 375	\$ --	\$ 41,751
LIABILITIES				
Due to Other Governmental Agencies	\$ 41,376	\$ 375	\$ --	\$ 41,751

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - (CONTINUED)  
 AGENCY FUNDS  
 YEAR ENDED AUGUST 31, 2003

	Balance September 1, 2002	Additions	Deductions	Balance August 31, 2003
<b><u>COUNTY CLERK'S REAL ESTATE REDEMPTION</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 7,153	\$ 151,392	\$ 156,687	\$ 1,858
<b>LIABILITIES</b>				
Due to Purchasers of Real Estate Taxes	\$ 7,153	\$ 151,392	\$ 156,687	\$ 1,858
<b><u>SHERIFF'S TRUST FUND</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 100	\$ 639,778	\$ 639,778	\$ 100
<b>LIABILITIES</b>				
Due to Other Taxing Units	\$ 100	\$ 639,778	\$ 639,778	\$ 100
<b><u>TOTAL - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 8,419,114	\$ 14,820,217	\$ 19,879,746	\$ 3,359,585
<b>LIABILITIES</b>				
Due to Other Taxing Units	\$ 8,287,695	\$ 14,266,836	\$ 19,333,619	\$ 3,220,912
Due to Other Governmental Agencies	43,372	359,315	359,878	42,809
Due to Court Defendants	80,894	42,674	29,562	94,006
Due to Purchasers of Real Estate Taxes	7,153	151,392	156,687	1,858
TOTAL LIABILITIES	\$ 8,419,114	\$ 14,820,217	\$ 19,879,746	\$ 3,359,585

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

SHELBY COUNTY, ILLINOIS - CEFS  
SECTION 5311 ANNUAL FINANCIAL REPORT  
OPERATING PERIOD JULY 1, 2002 TO JUNE 30, 2003  
CONTRACT NUMBER IL-18-XO18 & IL-18-XO19

Line Item	Revenue		
401.01	Passenger Fare / Donations	\$	16,508
402.00	Special Transit Fares		129,213
409.00	Local Cash Grants		7,133
431.00	Contributed Cash		15,354
			<hr/>
	Total Revenue	\$	<u>168,208</u>

<u>Expenses</u>		Actual Administrative Expenses	Actual Operating Expenses	Total
501.00	Labor	\$ 56,625	\$ 142,345	\$ 198,970
502.00	Fringe Benefits	12,809	47,921	60,730
503.00	Services	4,178	40,549	44,727
504.01	Fuel and Oil	--	28,270	28,270
504.02	Tires and Tubes	--	951	951
504.99	Other Materials	5,056	2,388	7,444
505.00	Utilities	5,105	--	5,105
506.00	Casualty and Liability	19,258	--	19,258
509.00	Miscellaneous	4,797	2,628	7,425
512.00	Lease and Rentals	--	--	--
				<hr/>
	Total Direct Expense	\$ 107,828	\$ 265,052	\$ 372,880
	Total Indirect Expense	11,530	7,114	18,644
				<hr/>
	Total Expense	<u>\$ 119,358</u>	<u>\$ 272,166</u>	<u>\$ 391,524</u>

Section 5311 Grant Reimbursement

	Administrative Expenses	Operating Expenses	Total	Grant Total
Expenses:	\$ 119,358	\$ 272,166	\$ 391,524	
Less: Ineligible Expense	--	--	--	
				<hr/>
Net Eligible Expenses	\$ 119,358	\$ 272,166	\$ 391,524	
Less: Total Operating Revenues	--	16,508	16,508	
				<hr/>
Section 5311 Operating Deficit	119,358	\$ 255,658	\$ 375,016	
Section 5311 Reimbursement	X 80%	X 50%		
				<hr/>
Eligible Reimbursement Per Percentages	\$ 95,486	\$ 127,831		\$ 223,317
Funding Limits Per Contract				266,852
Maximum Section 5311 Reimbursement			223,317	223,317
Less: IDOT Payments - Section 5311				
Reimbursement to Grantee				223,317
Amount Under Paid				<hr/>
Grantee Local Match Requirement			\$ 151,699	<u>\$ 43,535</u>

Grantee Match Sources

Special Transit Fares	\$ 129,213
Local Cash Grants	7,132
Contributed Cash	15,354
	<hr/>
Total Grantee Local Match	<u>\$ 151,699</u>

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

SHELBY COUNTY, ILLINOIS  
 REQUIRED SUPPLEMENTAL INFORMATION  
 IMRF SCHEDULE OF FUNDING PROGRESS  
 FOR THE YEAR ENDED AUGUST 31, 2003

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

Schedule of Funding Progress

A. SLEP Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/02	1,420,101	1,142,403	(277,698)	124.31%	409,247	0.00%
12/31/01	1,412,921	959,942	(452,979)	147.19%	381,027	0.00%
12/31/00	1,285,668	824,737	(460,931)	155.89%	342,350	0.00%
12/31/99	1,134,665	745,320	(389,345)	152.24%	366,055	0.00%
12/31/98	1,093,884	630,629	(463,255)	173.46%	364,332	0.00%
12/31/97	879,030	498,260	(380,770)	176.42%	340,910	0.00%
12/31/96	910,105	618,862	(291,243)	147.06%	356,726	0.00%
12/31/95	793,520	509,070	(284,450)	155.88%	327,445	0.00%
12/31/94	574,971	284,712	(290,259)	201.95%	258,384	0.00%
12/31/93	498,136	219,818	(278,318)	226.61%	263,819	0.00%

B. ECO Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/02	(195,930)	1,866,075	2,062,005	0.00%	372,388	553.72%
12/31/01	(152,955)	1,663,360	1,816,315	0.00%	369,114	492.07%
12/31/00	(279,902)	1,350,815	1,630,717	0.00%	341,401	477.65%
12/31/99	106,420	1,255,925	1,149,505	8.47%	303,928	378.22%
12/31/98	(364,006)	581,443	945,449	0.00%	248,947	379.78%
12/31/97	(322,101)	460,401	782,502	0.00%	208,290	375.68%
12/31/96	0	0	0	0.00%	0	N/A
12/31/95	0	0	0	0.00%	0	N/A
12/31/94	0	0	0	0.00%	0	N/A
12/31/93	0	0	0	0.00%	0	N/A

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

SHELBY COUNTY, ILLINOIS  
 REQUIRED SUPPLEMENTAL INFORMATION  
 IMRF SCHEDULE OF FUNDING PROGRESS (Continued)  
 FOR THE YEAR ENDED AUGUST 31, 2003

C. Other County Employees' Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/02	5,544,866	5,287,624	(257,242)	104.86%	1,751,783	0.00%
12/31/01	5,351,480	4,726,617	(624,863)	113.22%	1,662,493	0.00%
12/31/00	4,731,814	4,262,002	(469,812)	111.02%	1,594,097	0.00%
12/31/99	4,022,812	3,909,768	(113,044)	102.89%	1,485,154	0.00%
12/31/98	3,260,197	3,417,363	157,237	95.40%	1,390,813	11.31%
12/31/97	3,323,197	4,092,179	768,982	81.21%	1,294,194	59.42%
12/31/96	2,818,458	3,265,389	446,931	86.31%	1,480,153	30.19%
12/31/95	2,461,577	3,173,511	711,934	77.57%	1,432,925	49.68%
12/31/94	2,414,264	3,138,654	724,390	76.92%	1,388,770	52.16%
12/31/93	2,061,942	2,991,363	929,421	68.93%	1,448,364	64.17%

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2002 were changed due to the 1999-2001 Experience Study. The principal changes were:

- Fewer members are expected to take refunds early in their career.
- For both Regular members, more normal and early retirements are expected to occur.

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

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



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

WILLIAM R. MOSE, CPA

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

County Board Members  
Shelby County  
Shelbyville, Illinois

Compliance

We have audited the compliance of Shelby County, Illinois with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended August 31, 2003. Shelby County, Illinois' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Shelby County, Illinois' Board. Our responsibility is to express an opinion on Shelby County, Illinois' compliance based on our audit.

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

In our opinion, Shelby County, Illinois, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended August 31, 2003.

Internal Control Over Compliance

The management of Shelby County, Illinois, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Shelby County, Illinois' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.



Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

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

March 3, 2004

SHELBY COUNTY, ILLINOIS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2003

Federal Grantor/Pass -through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Disbursements/ Expenditures
<b><u>U.S. Department of Transportation</u></b>			
Passed through Illinois Department of Transportation			
Federal Transit - Capital Investment Grant	20.500	IL-03-0225	\$ 84,098
Public Transportation	20.509	RPT-02-019	55,463
Public Transportation	20.509	RPT-03-019	<u>159,847</u>
Total U.S. Department of Transportation			<u>\$ 299,408</u>
<b><u>Federal Emergency Management Agency</u></b>			
Passed through Illinois Emergency Management Agency			
Public Assistance Program	83.544		<u>\$ 16,153</u>
<b><u>U.S. Department of Health &amp; Human Services</u></b>			
Passed through Illinois Department of Human Services			
Social Service Block Grant	93.667	824084400	\$ 3,000
Abstinence Education Block Grant	93.235	82872490	14,350
Diabetes Program	93.988	82592440A	<u>15,900</u>
Total passed through the Illinois Department Human Services			<u>\$ 33,250</u>
Passed through Illinois Department of Public Aid			
Child Support/Computer Interface	93.563		\$ 4,785
Medical Assistance Program	93.778		<u>32,562</u>
Total passed through the Illinois Department of Public Aid			<u>\$ 37,347</u>
Passed through Illinois Department of Public Health			
Federal Bioterrorism Preparedness	93.283	1810	\$ 1,250
Grants for Maternal & Child Health Population Programs	93.994	5070	100
Health Protection	93.268	000283	<u>46,065</u>
Total passed through the Illinois Department of Public Health			<u>\$ 47,415</u>
Total U.S. Department of Health and Human Services			<u>\$ 118,012</u>
<b><u>U.S. Department of Agriculture</u></b>			
Passed through the Illinois Department of Human Services			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	82700440A	<u>\$ 189,468</u>
<b><u>Environmental Protection Agency</u></b>			
Passed through the Illinois Department of Public Health			
Performance Partnership Grant	66.605	4740	<u>\$ 463</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 623,504</u></u>

SHELBY COUNTY, ILLINOIS  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2003

Note 1 – Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is a summary of the activity of the County's federal award programs presented on the cash basis of accounting. Expenditures are recognized and recorded upon the disbursement of cash.

Note 2 – Nonmonetary Assistance

Nonmonetary assistance for public transportation buses, immunization vaccines and food supplements are reported in the schedule at the fair market value of these items received and disbursed.

SHELBY COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2003

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses a qualified opinion on the financial statements of Shelby County.
2. No reportable condition relating to the audit of the financial statements is reported in the Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements performed on accordance with *Government Auditing Standards*.
3. Two instances of noncompliance material to the financial statements of Shelby County were disclosed during the audit.
4. No reportable condition relating to the audit of major federal award programs is reported in the Report on Compliance with Requirements applicable to each Major Program and Internal Control over Compliance in accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Shelby County expresses an unqualified opinion.
6. There were no audit findings relative to the major programs for Shelby County.
7. The programs tested as major programs include:

Name	CFDA No.
Public Transportation	20.509
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Shelby County was determined to be a low-risk auditee.

B. FINDINGS — FINANCIAL STATEMENT AUDITS

Material Noncompliance

1. Expenditures exceeded the budgeted amounts

Conditions: The County did not operate within the legal confines of its budget. Expenditures exceeded the budgeted amounts in several funds.

Criteria: The County is required by Illinois Compiled Statutes to operate within the confines of its 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: The County should monitor individual fund expenditure levels, periodically compare with budget amounts and amend the annual budget as necessary.

Response: The County concurs with the recommendation. The County will implement the auditor's recommendation.

2. All governmental funds were not budgeted

Conditions: Not all funds of the County were budgeted.

Criteria: In accordance with Illinois Compiled Statutes, funds can only be disbursed if appropriated or budgeted.

Effect: Expenditures from the funds not budgeted constitute unauthorized spending.

Recommendation: All governmental funds of the County should be budgeted.

Response: The County concurs with the recommendation. The County will implement the auditor's 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.

# ***Twillia Weakly***

SHELBY COUNTY TREASURER

P.O. Box 326

Shelbyville, Illinois 62565

217/774-3841 Fax 217/774-5291

## **CORRECTIVE ACTION PLAN**

March 3, 2004

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

Shelby County respectfully submits the following corrective action plan for the year ended August 31, 2003.

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, 2003

The findings from the Fiscal Year 2003 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.

### **B. FINDINGS – FINANCIAL STATEMENT AUDITS**

#### **Material Noncompliance**

#### **1. Expenditures exceeded the budgeted amounts**

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

**Action Taken:** We concur with the recommendation, and it will be implemented effective April 1, 2004.

#### **2. All governmental funds were not budgeted.**

**Recommendation:** All governmental funds of the County should be budgeted.

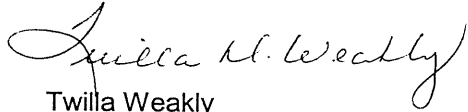
**Action Taken:** We concur with the recommendation, and it will be implemented effective April 1, 2004.

C. 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,



Twilla Weakly  
County Treasurer

SHELBY COUNTY, ILLINOIS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED AUGUST 31, 2003

This schedule is not applicable because the County did not have any findings related to federal financial awards.