

**SHELBY COUNTY, ILLINOIS  
ANNUAL FINANCIAL REPORT  
YEAR ENDED AUGUST 31, 2007**

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

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## INDEPENDENT AUDITOR'S REPORT

County Board Members  
Shelby County  
Shelbyville, Illinois

We have audited the accompanying basic financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Shelby County, Illinois as of and for the year ended August 31, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Shelby County, Illinois' management. Our responsibility is to express opinions on these statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Shelby County, Illinois, as of August 31, 2007, and the respective changes in financial position – modified cash basis, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2008, on our consideration of Shelby County, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 7 through 13 and budgetary comparison information on pages 44 through 46, are not required parts of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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



Mose, Yockey Brown & Kull, LLC  
Certified Public Accountants

February 8, 2008

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

County Board Members  
Shelby County  
Shelbyville, Illinois

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Shelby County, Illinois, as of and for the year ended August 31, 2007, which collectively comprise Shelby County, Illinois' basic financial statements and have issued our report thereon dated February 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Shelby County, Illinois' ability to initiate, authorize, record, process, or report financial data reliably in accordance with the modified cash basis of accounting or generally accepted accounting principles, as appropriate, such that there is more than a remote likelihood that a misstatement of Shelby County, Illinois' financial statements that is more than inconsequential will not be prevented or detected by Shelby County, Illinois' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Shelby County, Illinois' internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shelby County, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item B-1.

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

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



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February 8, 2008



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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, 2007. 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, 2007.

Internal Control Over Compliance

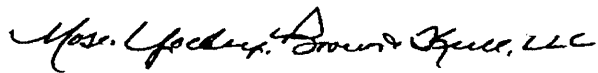
The management of Shelby County, Illinois, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Shelby County, Illinois' 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.

A control deficiency in Shelby County's internal control over compliance when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Shelby County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Shelby County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Shelby County's internal control.

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

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



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

February 8, 2008

**Required Supplementary Information**  
(Part 1 of 2)



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

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

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

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

**FINANCIAL HIGHLIGHTS**

- Shelby County has been a party to litigation with two power companies, Reliant Energy and Holland Energy, concerning their assessed valuations. During the fiscal year ended August 31, 2007 the County paid the final settlements, totaling \$1,939,673, with the power companies. While the general fund had transferred funds in prior years to the Taxes in Litigation Fund in anticipation of the repayment, the other major funds include the entire repayment in the August 31, 2007 financial statements. The amounts transferred to Taxes in Litigation are included as Operating Transfers Out on the Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance.
- Renovations to the Shelby County Courtroom A were finished during fiscal year 2007. These improvements totaled approximately \$138,000 net of insurance reimbursement. The remaining balance was funded by fees collected in the Fees to Assist Court Special Revenue Fund.
- Renovations to the airport runway, ramp and taxiways were finished during fiscal year 2007. These improvements totaled approximately \$1,016,000 and were \$965,529 federally funded and \$30,075 state funded.
- A decrease in the County's assessed valuation has caused a decline in property tax receipts in the General Fund of approximately \$205,000 (16%) from fiscal year 2006 to 2007. The decrease in assessed valuation is attributable to the devaluation of farm ground, increased exemptions and the reduced power plant assessed valuations.
- The General Fund's operating expenses excluding debt service and capital outlay, decreased from fiscal year 2006 to fiscal year 2007. The General Fund's operating expenses for fiscal years ending August 31, 2007 and 2006 were \$3,407,652 and \$3,442,982, respectively.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

### FUND FINANCIAL STATEMENTS

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

On the following condensed statement, net assets are calculated as total assets less total liabilities. Assets are distinguished as capital assets and the remainder as current and other assets. Liabilities are classified as long-term (average maturity of greater than one year) and the remainder as other liabilities. Per generally accepted accounting principles, net assets are subdivided into three categories; net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County had \$331,534 and \$250,123 of restricted net assets as of August 31, 2007 and 2006, respectively. Net assets may serve over time as a useful indicator of a government's financial position. The Governmental net assets were \$15,910,365 and \$15,230,717 as of August 31, 2007 and 2006, respectively.

Following is a separate Summary of Net Assets – modified cash basis as of August 31, 2007 and 2006 for Governmental Activities:

#### Summary of Net Assets – Modified Cash Basis Governmental Activities August 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 7,651,034	\$ 7,668,409
Capital assets, net of accumulated depreciation	<u>8,509,619</u>	<u>7,807,355</u>
Total Assets	<u>\$16,160,653</u>	<u>\$15,475,764</u>
Long-term liabilities outstanding	\$ 121,974	\$ 99,359
Other Liabilities	<u>128,314</u>	<u>145,688</u>
Total Liabilities	<u>\$ 250,288</u>	<u>\$ 245,047</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 8,387,645	\$ 7,707,996
Restricted for Insurance	327,600	245,865
Restricted for Rescue Squad	3,934	4,258
Unrestricted	<u>7,191,186</u>	<u>7,272,598</u>
Total Net Assets	<u>\$15,910,365</u>	<u>\$15,230,717</u>

Fifty-three and Fifty-one percent of the County's Government-wide total net assets reflect investment in capital assets such as land, buildings, machinery, and equipment, less any related outstanding debt used to acquire those assets as of August 31, 2007 and 2006, respectively. The County uses these capital assets in operations and, consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net assets may be used to meet the County's ongoing obligations. As of August 31, 2007 and 2006, the County had positive balances in all categories of net assets for the governmental activities. Net assets increased \$679,648 for governmental activities. The County's overall financial position improved during fiscal year 2007.

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

**Changes in Net Assets – Modified Cash Basis**  
**Year Ended August 31, 2007 and 2006**

Receipts:	<u>2007</u>	<u>2006</u>
Program Receipts:		
Charges for services	\$ 1,254,842	\$ 1,255,006
Operating grants and contributions	1,137,237	1,315,455
Capital grants and contributions	995,604	--
General Receipts:		
Property taxes	3,120,868	3,700,875
Sales and other taxes	2,105,219	1,985,057
Unrestricted investment earnings	177,389	201,231
Other receipts	<u>102,016</u>	<u>37,232</u>
Total Receipts	<u>\$ 8,893,175</u>	<u>\$ 8,494,856</u>
Disbursements:		
General government	\$ 2,794,163	\$ 2,955,400
Public safety	1,397,251	1,385,313
Corrections	72,898	69,741
Judiciary	379,595	364,632
Public works/transportation	1,811,108	1,758,985
Health and welfare	1,122,585	1,091,076
Interest on long-term debt	<u>606</u>	<u>7,389</u>
Total Disbursements	<u>\$ 7,578,206</u>	<u>\$ 7,632,536</u>
Change in net assets before transfers and special items	\$ 1,314,969	\$ 862,320
Transfers	<u>(655,162)</u>	<u>(506,275)</u>
Change in net assets	\$ 659,807	\$ 356,045
Net assets – September 1,	15,230,717	14,874,672
Other Changes in Net Assets	<u>19,841</u>	<u>--</u>
Net assets – August 31,	<u>\$15,910,365</u>	<u>\$15,230,717</u>

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County's Governmental Funds provide information on near-term inflows, outflows, and balances of spendable resources. The unreserved fund balance indicates the net resources available for spending at the end of the fiscal year. It is a particularly useful indicator of net resources. When coupled with future resources, these resources shape the programs and the disbursements in future years. Per the Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance, the County's Governmental Funds reported a combined fund balance of \$7,161,169 and \$7,149,851 as of August 31, 2007 and 2006, respectively. Of these amounts, \$327,600 and \$245,865 are reserved for insurance, \$3,934 and \$4,258 are reserved for rescue squad and \$483,827 and \$655,341 are reserved for future capital improvement projects and \$2,040,458 and \$2,070,910 are designated for future capital improvement projects as of August 31, 2007 and 2006, respectively. Of the total Governmental Funds fund balance, \$4,305,350 and \$4,173,477 are unreserved and undesignated and were available for appropriations as of August 31, 2007 and 2006, respectively.

The fund balance for all Governmental Funds at the fiscal years ended August 31, 2007 and 2006 had a positive net change of \$11,318 and a negative net change of \$119,731, respectively. The total fund balance increase for the General Fund was \$418,708 and was largely attributable to an increase in a reduction in expenditures and fewer net transfers out to other funds. The total fund balance decrease for the General Fund in fiscal year 2006 of \$653 was largely attributable to \$312,598 of real estate taxes being transferred to the Taxes in Litigation Fiduciary Fund for the potential repayment to Holland Energy and Reliant Energy as a result of their tax assessment protests for prior tax years. The remainder of the Governmental Funds had a decrease in fund balance of \$407,390 and a decrease in fund balance of \$119,078 for the years ended August 31, 2007 and 2006, respectively.

Per the Statement of Revenues Received, Expenditures Disbursed and Change in Fund Balance, total Governmental receipts for the fiscal years 2007 and 2006 were \$8,014,695 and \$8,494,856, respectively and total disbursements were \$7,412,631 and \$7,918,312, respectively. The County also had total net transfers out of Governmental Funds to Fiduciary Funds in the amount of \$655,162 and \$506,275 for the years ended August 31, 2007 and 2006, respectively.

### GENERAL FUND

The County Board concentrates its financial oversight on the General Fund because it is the core operating fund and allows the most discretion in allocations. At the end of fiscal year 2007 and 2006, the unreserved and undesignated fund balances in the General Fund were \$1,123,560 and \$755,811, respectively; the reserved portions for insurance commitments were \$327,600 and \$245,865, respectively, the reserved portions for rescue squad were \$3,934 and \$4,258, respectively and the designated portions were \$2,040,458 and \$2,070,910 for capital improvements, respectively. The unreserved and undesignated fund balance represents 32 and 21 percent of the General Fund's total disbursements for the years ended August 31, 2007 and 2006, respectively. For the year ended August 31, 2007, receipts of \$3,993,341 less disbursements of \$3,497,838 resulted in an increase in fund balance of \$495,503. After the net transfers of (\$76,795), the result was a net increase in the General Fund fund balance of \$418,708. For the year ended August 31, 2006, receipts of \$4,123,874 less disbursements of \$3,658,303 and net transfers of (\$466,244) resulted in a decrease in fund balance of \$653.

The largest receipt sources for the General Fund are property taxes, sales taxes, and income taxes which account for 66 and 66 percent of receipts for the years ended August 31, 2007 and 2006, respectively. General government and public safety are the primary operations of the general fund. Approximately 84 and 82 percent of the General Fund's disbursements are for general government and public safety activities for the years ended August 31, 2007 and 2006.

## COUNTY HEALTH FUND

The largest receipt sources for the County Health Fund are property taxes, federal and state grant receipts from State of Illinois agencies which account for 85 and 84 percent of receipts for the years ended August 31, 2007 and 2006, respectively. The County Health Fund's basic purpose is the protection and improvement of the public health in the County.

## COUNTY HIGHWAY FUND

The largest receipt source for the County Highway Fund is Motor Fuel Tax and other transportation grants from the Illinois Department of Transportation which accounts for 50 and 45 percent of receipts for the years ended August 31, 2007 and 2006, respectively. The County Highway Fund accounts for the maintenance and construction of roads and bridges in the County.

## BUDGETARY HIGHLIGHTS

The County prepares an estimate of revenues and a budget for the General Fund and all of the Special Revenue Funds using the modified cash basis of accounting. The County's Fiduciary Funds are not required to prepare budgets. The General Fund's actual receipts were more than budgeted amounts by \$938,041 and actual disbursements were less than budgeted amounts by \$338,589, resulting in a positive budget variance of \$1,276,630. The required Supplementary Information section contains the Budgetary Comparison Schedule – Modified Cash Basis for the General Fund, County Health Fund and County Highway Fund on pages 44 through 46.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### CAPITAL ASSETS

The County's investments in capital assets as of August 31, 2007 and 2006 (net of accumulated depreciation), are summarized below for Governmental-Type Activities:

	<b>Capital Assets Governmental Activities (Net of Depreciation) <u>August 31, 2007 and 2006</u></b>	
	<u>2007</u>	<u>2006</u>
Land	\$ 3,303,690	\$ 3,303,690
Work in Process	27,624	194,000
Buildings and Improvements	2,019,505	1,966,663
Vehicles	169,068	286,879
Maintenance Vehicles	296,413	172,656
Infrastructure	2,255,964	1,336,681
Equipment	<u>437,355</u>	<u>546,786</u>
Total Capital Assets, net of depreciation	<u>\$ 8,059,619</u>	<u>\$ 7,807,355</u>

During fiscal years 2007 and 2006, total capital assets for the County had a net increase (including additions, decreases, and depreciation) of \$702,264 and \$19,314, respectively. These increases reflect the current spending for computer equipment and software, vehicles, heavy equipment, courtroom renovations, airport overlay and other miscellaneous equipment. The County recorded \$611,570 and \$486,042 of depreciation expense for the fiscal years 2007 and 2006, respectively and the amounts of accumulated depreciation are \$3,742,180 and \$3,153,277 as of August 31, 2007 and 2006, respectively. More detailed information is presented in Note 6 to the financial statements.

**LONG TERM DEBT**

The County has a statutorily imposed legal general obligation bond limit of 5.75% of its total assessed valuation. That limit is approximately 18 million dollars, and is substantially greater than current outstanding debt principal.

The following is a summary of the County's gross outstanding long-term debt as of August 31, 2007 and 2006:

**Outstanding Long-Term Debt  
Governmental Activities  
August 31, 2007 and 2006**

<u>Debt Description</u>	<u>2007</u>	<u>2006</u>
Special Service Area Bonds	\$ 8,500	\$ 12,500
Lease Purchase Agreements	<u>113,474</u>	<u>86,859</u>
Total County Outstanding Debt	<u>\$ 121,974</u>	<u>\$ 99,359</u>

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

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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

## Basic Financial Statements



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

SHELBY COUNTY, ILLINOIS  
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
AUGUST 31, 2007

	Primary Governmental Activities	Component Unit
<b>ASSETS:</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 6,816,904	\$ 20,497
Certificates of Deposit	465,545	--
Notes Receivable		
Due within one year	205,187	--
Inventory	7,034	--
Total Current Assets	\$ 7,494,670	\$ 20,497
Noncurrent Assets:		
Notes Receivable		
Due in more than one year	\$ 156,364	\$ --
Capital Assets		
Land	3,303,690	--
Work in Process	27,624	--
Buildings & Improvements	3,126,529	--
Vehicles	1,214,720	--
Maintenance Vehicles	577,289	--
Equipment	1,565,656	4,820
Infrastructure	2,436,291	--
Less: Accumulated Depreciation	(3,742,180)	(3,443)
Total Noncurrent Assets	\$ 8,665,983	\$ 1,377
<b>TOTAL ASSETS</b>	<b>\$ 16,160,653</b>	<b>\$ 21,874</b>
<b>LIABILITIES:</b>		
Current Liabilities:		
Withholding Payable	\$ 44,689	\$ 1,250
Due to Other Governmental Units	83,625	--
Current Portion of Long-term Debt	32,605	--
Total Current Liabilities	\$ 160,919	\$ 1,250
Noncurrent Liabilities		
Long term portion of debt	\$ 84,869	\$ --
Special Assessment Debt with Governmental Commitment	4,500	--
Total Noncurrent Liabilities	\$ 89,369	\$ --
<b>TOTAL LIABILITIES</b>	<b>\$ 250,288</b>	<b>\$ 1,250</b>
<b>NET ASSETS</b>		
Investment in Capital Assets, Net of Related Debt	\$ 8,387,645	\$ 1,377
Restricted for:		
Insurance	327,600	--
Rescue Squad	3,934	--
Unrestricted	7,191,186	19,247
<b>TOTAL NET ASSETS</b>	<b>\$ 15,910,365</b>	<b>\$ 20,624</b>

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

SHELBY COUNTY, ILLINOIS  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
YEAR ENDED AUGUST 31, 2007

Activities	PROGRAM RECEIPTS				Net (Disbursements) Receipts and Changes in Net Assets
	Disbursements	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<b>Governmental Activities</b>					
General Government	\$ 2,794,163	\$ 900,935	\$ 258,786	\$ --	\$ (1,634,442)
Public Safety	1,397,251	119,752	--	--	(1,277,499)
Corrections	72,898	--	51,190	--	(21,708)
Judiciary	379,595	32,655	--	--	(346,940)
Public Works/Transportation	1,811,108	113,256	491,029	995,604	(1,206,823)
Health and Welfare	1,122,585	88,244	336,232	--	(698,109)
Interest on long-term debt	606	--	--	--	(606)
<b>Total Governmental Activities</b>	<u>\$ 7,578,206</u>	<u>\$ 1,254,842</u>	<u>\$ 1,137,237</u>	<u>\$ 995,604</u>	<u>\$ (4,190,523)</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 7,578,206</u>	<u>\$ 1,254,842</u>	<u>\$ 1,137,237</u>	<u>\$ 995,604</u>	<u>\$ (4,190,523)</u>
Component Unit:					
Shelby County Tourism	<u>\$ 108,080</u>	<u>\$ 23,521</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (84,559)</u>
<b>General Receipts:</b>					
Taxes - Property				\$ 3,120,868	\$ --
Taxes - Sales				616,612	--
Taxes - Income				915,116	--
Taxes - Motor Fuel				437,407	--
Taxes - Replacement & Other				136,084	85,304
Unrestricted Interest				177,389	60
County Farm				23,063	--
Sale of Fixed Asset				74,948	--
Miscellaneous				(655,162)	--
Transfers					
<b>Total General Receipts and Transfers</b>				<u>\$ 4,850,330</u>	<u>\$ 85,364</u>
Change in Net Assets				\$ 659,807	805
Net Assets - September 1, 2006				15,230,717	19,819
Other Changes in Net Assets				19,841	--
Net Assets - August 31, 2007				<u>\$ 15,910,365</u>	<u>\$ 20,624</u>

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

# Fund Financial Statements

SHELBY COUNTY, ILLINOIS  
 STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -  
 MODIFIED CASH BASIS  
 GOVERNMENTAL FUNDS  
 AUGUST 31, 2007

	General Fund	County Health Fund	County Highway Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,448,620	\$ 747,042	\$ 598,370	\$ 2,022,872	\$ 6,816,904
Certificates of Deposit	10,000	239,054	--	216,491	465,545
Interfund Loans Receivable	378,364	3,800	--	--	382,164
Inventory	7,034	--	--	--	7,034
<b>TOTAL ASSETS</b>	<b>\$ 3,844,018</b>	<b>\$ 989,896</b>	<b>\$ 598,370</b>	<b>\$ 2,239,363</b>	<b>\$ 7,671,647</b>
<b>LIABILITIES</b>					
Withholding Payable	\$ 44,689	\$ --	\$ --	\$ --	\$ 44,689
Interfund Loans Payable	220,152	3,800	--	158,212	382,164
Due to Other Governmental Units	83,625	--	--	--	83,625
<b>TOTAL LIABILITIES</b>	<b>\$ 348,466</b>	<b>\$ 3,800</b>	<b>\$ --</b>	<b>\$ 158,212</b>	<b>\$ 510,478</b>
<b>FUND BALANCE</b>					
Fund Balance:					
Reserved:					
Reserved for Insurance	\$ 327,600	\$ --	\$ --	\$ --	\$ 327,600
Reserved for Future Projects	--	--	483,827	--	483,827
Reserved for Rescue Squad	3,934	--	--	--	3,934
Unreserved - Designated for Capital Improvements	2,040,458	--	--	--	2,040,458
Unreserved - Undesignated reported in:					
General Fund	1,123,560	--	--	--	1,123,560
Special Revenue Funds	--	986,096	114,543	2,079,562	3,180,201
Capital Projects Funds	--	--	--	1,589	1,589
<b>TOTAL FUND BALANCE</b>	<b>\$ 3,495,552</b>	<b>\$ 986,096</b>	<b>\$ 598,370</b>	<b>\$ 2,081,151</b>	<b>\$ 7,161,169</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 3,844,018</b>	<b>\$ 989,896</b>	<b>\$ 598,370</b>	<b>\$ 2,239,363</b>	<b>\$ 7,671,647</b>

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

SHELBY COUNTY, ILLINOIS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
 ASSETS, LIABILITIES AND FUND BALANCE - MODIFIED CASH BASIS  
 TO THE STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
AUGUST 31, 2007

Total Fund Balance for Governmental Funds	\$	7,161,169
Total net assets reported for governmental activities in the statement of net assets is different because:		
Notes Receivable are not financial resources; therefore, they are not reported in the funds.		361,551
Capital assets used in governmental activities are not financial resources; therefore, they are not reported in the funds:		
Land		3,303,690
Other Capital Assets		5,205,929
Long-term liabilities, including bonds payable are not due and payable in the current period; therefore, they are not reported in the funds		<u>(121,974)</u>
Net Assets of Governmental Activities	\$	<u><u>15,910,365</u></u>

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

SHELBY COUNTY, ILLINOIS  
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED AUGUST 31, 2007

	General Fund	County Health Fund	County Highway Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES RECEIVED:</b>					
Property Taxes	\$ 1,093,237	\$ 300,703	\$ 485,004	\$ 1,241,924	\$ 3,120,868
Sales Taxes	616,612	--	--	--	616,612
Intergovernmental Revenue:					
State Sources:					
Income Taxes	915,116	--	--	--	915,116
Motor Fuel Taxes	--	--	437,407	--	437,407
Replacement Tax	48,549	11,123	47,672	28,740	136,084
Other State Sources	245,043	200,039	222,735	270,118	690,935
Federal Sources	61,163	114,330	--	--	446,302
County Farm	23,063	--	--	--	23,063
Loan Repayments	--	--	--	11,318	11,318
Charges for Services	63,610	71,808	99,406	13,850	248,674
Licenses and Permits	7,531	--	--	--	7,531
Fines, Fees and Forfeits	703,227	--	--	198,883	902,110
Sales of Real Estate Stamps	96,527	--	--	--	96,527
Interest	86,783	22,122	18,829	49,655	177,389
Gain/Loss on Sale of Asset	--	--	4,005	--	4,005
Compensation of Loss of Asset	--	--	--	105,806	105,806
Miscellaneous Revenues	32,880	1,114	--	40,954	74,948
Total Revenues Received	\$ 3,993,341	\$ 721,239	\$ 1,315,058	\$ 1,985,057	\$ 8,014,695
<b>EXPENDITURES DISBURSED:</b>					
Current:					
General Government	\$ 1,806,516	\$ --	\$ --	\$ 746,663	\$ 2,553,179
Public Safety	1,130,000	--	--	138,621	1,268,621
Corrections	71,355	--	--	--	71,355
Judiciary	354,146	--	--	25,449	379,595
Public Works/Transportation	--	--	1,243,619	331,020	1,574,639
Health and Welfare	45,635	732,681	--	340,324	1,118,640
Debt Service	9,720	--	--	66,319	76,039
Capital Outlay	80,466	--	138,219	151,878	370,563
Total Expenditures Disbursed	\$ 3,497,838	\$ 732,681	\$ 1,381,838	\$ 1,800,274	\$ 7,412,631
Revenues Received Over (Under) Expenditures Disbursed	\$ 495,503	\$ (11,442)	\$ (66,780)	\$ 184,783	\$ 602,064
Other Financing Sources (Uses):					
Promissory Note Proceeds	--	--	60,000	--	60,000
Operating Transfers In	753,520	--	400,000	244,490	1,398,010
Operating Transfers Out	(830,315)	(208,464)	(736,235)	(278,158)	(2,053,172)
Net Change in Fund Balance	\$ 418,708	\$ (219,906)	\$ (343,015)	\$ 151,115	\$ 6,902
Fund Balance - September 1, 2006	3,076,844	1,206,002	941,385	1,925,620	7,149,851
Other Changes in Fund Balance	--	--	--	4,416	4,416
Fund Balance - August 31, 2007	\$ 3,495,552	\$ 986,096	\$ 598,370	\$ 2,081,151	\$ 7,161,169

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

SHELBY COUNTY, ILLINOIS  
 RECONCILIATION OF THE STATEMENT OF REVENUES RECEIVED, EXPENDITURES  
 DISBURSED AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
YEAR ENDED AUGUST 31, 2007

Net Change in Fund Balance - Total Governmental Funds	\$	6,902
The Change in Net Assets reported for governmental activities in the Statement of Activities - modified cash basis is different because:		
Governmental funds report capital outlays as disbursements. However, in the Statement of Activities - modified cash basis the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and infrastructure additions net of insurance proceeds (\$264,756) did not exceed depreciation (\$611,570) in the current period.		(346,814)
Federal and State on-behalf payments for airport overlay improvements are reported as capital grants and contributions in the Statement of Activities - modified cash basis; however, they are not recognized as receipts in the governmental funds.		995,604
Principal payments received on Notes Receivable reduce Notes Receivable and do not affect the Statement of Activities - modified cash basis		(11,318)
The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. Principal reductions were \$75,433 and debt proceeds were \$60,000.		15,433
Change in Net Assets of Governmental Activities	\$	659,807

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



SHELBY COUNTY, ILLINOIS  
STATEMENT OF FIDUCIARY NET ASSETS -  
MODIFIED CASH BASIS  
YEAR ENDED AUGUST 31, 2007

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	1,771,266
<b>TOTAL ASSETS</b>	<b>\$ 1,771,266</b>
 <b>LIABILITIES</b>	
Trust Funds due Others	\$ 1,771,266
<b>TOTAL LIABILITIES</b>	<b>\$ 1,771,266</b>
<b>TOTAL NET ASSETS</b>	<b>\$ --</b>

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

## **Notes to Basic Financial Statements**

SHELBY COUNTY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

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

Blended Unit

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 Component Unit

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

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 BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

D. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets-modified cash basis and the statement of activities-modified cash basis) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from its legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. *Direct* disbursements are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as *general receipts*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

SHELBY COUNTY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

The County reports the following major governmental funds:

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

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

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

Additionally, the County reports the following fund types:

*Agency Funds* report assets and liabilities arising from collection of monies on behalf of the County and other governments and entities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance. The County does not have any business-type activities and enterprise funds as of August 31, 2007.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

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

F. Budgets and Budgetary Accounting

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

SHELBY COUNTY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

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

The budget was adopted on September 13, 2006.

G. Cash and Cash Equivalents

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

H. Certificates of Deposit

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

I. Inventory

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

J. Receivables and Payables

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

SHELBY COUNTY, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

K. Notes Receivable

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

L. Capital Assets

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

M. Long-Term Obligations

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

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

N. Capital Leases

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

SHELBY COUNTY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

O. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. At August 31, 2007, the County had restricted net assets of \$327,600 for insurance and \$3,934 for the rescue squad.

P. 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 \$1,398,010 do not equal Operating Transfers Out of \$2,053,172 on the Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance - Governmental Funds due to \$655,162 of net transfers to Agency Funds from other funds.

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

Q. 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, 2007. Also, there have been no settlement amounts which exceeded insurance coverage in the past three years.

R. Use of Estimates

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



SHELBY COUNTY, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 2 - Property Taxes

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

Property taxes collected in calendar years 2006 and 2007 attached as an enforceable lien on property as of January 1, 2005 and 2006, respectively. These taxes were required to be levied by the County prior to the last Tuesday in December. The 2005 and 2006 levies were adopted by the County in September, 2005 and September, 2006. Property taxes were due from property owners in two installments in August and October. The property tax receipts for the year ending August 31, 2007, as shown in the financial statements, consist of three distributions from the 2005 levy. Property taxes are distributed from October through February.

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>2006 Maximum</u>	<u>2006 Levy</u>	<u>2005 Levy</u>
Assessed Valuation		<u>\$256,432,709</u>	<u>\$241,692,929</u>
Property Tax Rates:			
Extension Education	.05000	.02742	.02909
County	.27000	.27000	.27000
County Highway	.10000	.10000	.10000
County Bridge	.05000	.05000	.05000
Federal Aid	.05000	.05000	.05000
County Health	.12400	.12400	.12400
Municipal Retirement	Unlimited	.23398	.20688
Airport	.25000	.01621	.01885
Mental Health	.15000	.15000	.15000
Social Security	Unlimited	.09555	.11379
Tort Immunity Insurance	Unlimited	.10530	.08275
Workers' Comp. Insurance Tax	Unlimited	.05460	.07241
Unemployment Insurance Act	Unlimited	<u>.00585</u>	<u>.00621</u>
Total County Rate		<u>1.28291</u>	<u>1.27398</u>

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

Unemployment Insurance

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the General Fund. A portion, \$69,918, 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 BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 3 - Special Tax Levies, Reserved Equity and Designated 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, \$257,682, 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.

Rescue Squad

Cash donations have exceeded cash disbursements for rescue squad expenses. A portion, \$3,934, of the General Fund's equity represents restricted donations.

Future Projects

The reservation reflects Motor Fuel Tax monies.

Capital Improvements

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

Note 4 - Cash and Investments

Cash and investments as of August 31, 2007 consist of the following:

	<u>Primary Government</u>	<u>Component Unit</u>
Cash on Hand	\$ 6,632	\$ 250
Deposits with financial institutions	<u>7,275,817</u>	<u>20,247</u>
Sub-Total Governmental Activities	\$ 7,282,449	\$ 20,497
Fiduciary Funds	<u>1,771,266</u>	--
Total	<u>\$ 9,053,715</u>	<u>\$ 20,497</u>

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

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

SHELBY COUNTY, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 4 - Cash and Investments (Continued)

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the County manages its exposure to interest rate risk is by limiting its purchases of long term investments. At August 31, 2007 the County's investments were deposits in financial institutions. The deposits are all demand deposits with the exception of the following:

		<u>Maturity Date</u>
Certificate of Deposit	\$ 6,959	September 19, 2007
Certificate of Deposit	14,678	September 19, 2007
Certificate of Deposit	15,000	September 19, 2007
Certificate of Deposit	14,011	September 28, 2007
Certificate of Deposit	20,942	October 10, 2007
Certificate of Deposit	15,000	October 23, 2007
Certificate of Deposit	11,372	October 30, 2007
Certificate of Deposit	10,000	December 3, 2007
Certificate of Deposit	10,000	January 16, 2008
Certificate of Deposit	114,054	February 3, 2008
Certificate of Deposit	21,142	February 15, 2008
Certificate of Deposit	21,311	February 15, 2008
Certificate of Deposit	45,000	February 15, 2008
Certificate of Deposit	125,000	February 21, 2008
Certificate of Deposit	10,538	April 11, 2008
Certificate of Deposit	10,538	April 15, 2008
Certificate of Deposit	55,000	April 22, 2008
Certificate of Deposit	<u>1,040,190</u>	October 16, 2008
	<u>\$1,560,735</u>	

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

**Disclosure Relating to Credit Risk**

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

**Concentration of Credit Risk**

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

SHELBY COUNTY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 4 - Cash and Investments (Continued)

**Custodial Credit Risk**

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

As of August 31, 2007, \$39,512 of the County's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

**Foreign Currency Risk**

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

Note 5 - Notes Receivable

The County has the following three notes receivable outstanding at August 31, 2007:

Eagle Creek Resort

The terms of this loan agreement require 59 monthly installments of \$5,303.28 including interest of 5.0% and a final payment of the unpaid principal balance plus accrued interest on October 1, 2007.

Whitetail Crossing, Inc

The terms of this loan agreement require 10 annual installments of \$7,048.77 including interest of 3% commencing on June 1, 2007 until June 1, 2016.

Willow Ridge Vineyards and Winery

The terms of this loan agreement require four annual installments of \$15,272 and a final payment of \$85,132 including interest of 3% commencing on May 26, 2007 until May 26, 2011.

SHELBY COUNTY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 6 – Capital Assets

Capital assets activity for the year ended August 31, 2007 was as follows:

	<u>Balance September 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2007</u>
<b>Primary Government</b>				
Government activities:				
Capital assets not being depreciated:				
Land	\$ 3,303,690	\$ --	\$ --	\$ 3,303,690
Work In Process	<u>194,000</u>	<u>27,624</u>	<u>194,000</u>	<u>27,624</u>
	<u>\$ 3,497,690</u>	<u>\$ 27,624</u>	<u>\$ 194,000</u>	<u>\$ 3,331,314</u>
Capital assets being depreciated:				
Buildings & Improvements	\$ 2,988,506	\$ 138,023	\$ --	\$ 3,126,529
Vehicles	1,214,720	--	--	1,214,720
Maintenance Vehicles	385,597	191,692	--	577,289
Infrastructure	1,420,300	1,015,991	--	2,436,291
Equipment	<u>1,453,819</u>	<u>134,504</u>	<u>22,667</u>	<u>1,565,656</u>
Total Capital Assets Being Depreciated	<u>\$ 7,462,942</u>	<u>\$ 1,480,210</u>	<u>\$ 22,667</u>	<u>\$ 8,920,485</u>
Less: Accumulated Depreciation:				
Buildings & Improvements	\$(1,021,843)	\$ (85,181)	\$ --	\$ (1,107,024)
Vehicles	(927,841)	(117,811)	--	(1,045,652)
Maintenance Vehicles	(212,941)	(67,935)	--	(280,876)
Infrastructure	(83,619)	(96,708)	--	(180,327)
Equipment	<u>(907,033)</u>	<u>(243,935)</u>	<u>22,667</u>	<u>(1,128,301)</u>
Total Accumulated Depreciation	<u>\$(3,153,277)</u>	<u>\$ (611,570)</u>	<u>\$ 22,667</u>	<u>\$ (3,742,180)</u>
Total Capital Assets being Depreciated net	<u>\$ 4,309,665</u>	<u>\$ 868,640</u>	<u>\$ --</u>	<u>\$ 5,178,305</u>
Governmental Activities Capital Assets, net	<u>\$ 7,807,355</u>	<u>\$ 896,264</u>	<u>\$ 194,000</u>	<u>\$ 8,509,619</u>

Depreciation expenses were charged to the functions/programs of the Primary Government as follows:

Governmental activities:	
General Government	\$240,984
Public Safety	128,630
Corrections	1,543
Public Works/Transportation	236,468
Health and Welfare	<u>3,945</u>
	<u>\$611,570</u>

SHELBY COUNTY, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 6 – Capital Assets (Continued)

Capital assets activity of Shelby County Office of Tourism for the year ended August 31, 2007 was as follows:

	<u>Balance September 1, 2006</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance August 31, 2007</u>
Capital assets being Depreciated:				
Equipment	\$ 4,820	\$ --	\$ --	\$ 4,820
Less: Accumulated Depreciation Equipment	\$ (2,754)	\$ (689)	\$ --	\$ (3,443)
Capital assets, net	<u>\$ 2,066</u>	<u>\$ (689)</u>	<u>\$ --</u>	<u>\$ 1,377</u>

Note 7 - Long-Term Liabilities

The following is a summary of changes in Long-Term Debt of Shelby County for the year ended August 31, 2007.

	<u>Balance September 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance August 31, 2007</u>	<u>Due Within One Year</u>
Governmental activities:					
Devnet Real Estate Package	\$ 9,720	\$ --	\$ 9,720	\$ --	\$ --
Geographic Information System	77,139	--	77,139	--	--
Cat 930G Loader 10,688	--	60,000	--	--	60,000
2007 International 7400 SFA	--	53,474	--	53,474	17,917
Garden Acres Subdivision Special Service Area Bonds	<u>12,500</u>	<u>--</u>	<u>4,000</u>	<u>8,500</u>	<u>4,000</u>
	<u>\$ 99,359</u>	<u>\$ 113,474</u>	<u>\$ 90,859</u>	<u>\$ 121,974</u>	<u>\$ 32,605</u>

SHELBY COUNTY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 7 - Long-Term Liabilities (Continued)

A. Equipment Lease Agreements

Shelby County has entered into the following equipment lease agreements.

Real Estate Tax Hardware and Software Agreement

This original agreement dated February 1, 2003 with Devnet, Inc provides for quarterly payments of \$9,720 commencing on February 1, 2003 and ending on November 1, 2006 for the purchase of real estate tax billing and collection hardware and software. This obligation was paid in full as of August 31, 2007.

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 plus support services commencing on April 1, 2003 for the creation and implementation of a Geographic Information System. This obligation was paid in full as of August 31, 2007.

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

Cat 930G Loader

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

International 7400 SFA

The municipal lease agreement dated September 18, 2006 provides for two annual payments of \$21,025 and a final payment of \$17,568 including 5.812% interest due September 18 of each year for the lease/purchase of a International 7400 SFA. The County has the option to purchase the truck before the expiration of the lease and the option to purchase the truck for \$1 at the expiration of the lease.

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 BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 7 - Long-Term Liabilities (Continued)

C. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2007 are as follows:

Fiscal Year Ending August 31,	Governmental Activities			
	<u>Capital Lease Obligations</u>		<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 28,605	\$ 6,588	\$ 4,000	\$ 412
2009	30,253	4,940	4,500	218
2010	28,567	3,170	--	--
2011	12,657	1,511	--	--
2012	<u>13,392</u>	<u>777</u>	<u>--</u>	<u>--</u>
Total	<u>\$ 113,474</u>	<u>\$16,986</u>	<u>\$ 8,500</u>	<u>\$ 630</u>

D. Legal Debt Margin

The County has a statutorily imposed legal general obligation bond limit of 5.75% of its total assessed valuation. That limit is approximately 18 million dollars and is substantially greater than the current outstanding debt principal.

Note 8 - Retirement Plans

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

A. Illinois Municipal Retirement Fund

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 financial report that includes financial statements and required supplementary information. That report may be obtained at [www.imrf.org/pubs/pubs\\_homepage.htm](http://www.imrf.org/pubs/pubs_homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.



SHELBY COUNTY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 8 - Retirement Plans (continued)

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 7.50 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 2006 was 10.67 percent of payroll for IMRF, 13.80 percent of payroll for SLEP members and 52.53 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 period at December 31, 2006 was 26 years for all members.

SLEP Plan

For December 31, 2006, the County's annual pension cost of \$66,345 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2004 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 with a 15% corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002-2004 experience study.

ECO Plan

For December 31, 2006, the County's annual pension cost of \$206,590 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2004 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 with a 15% corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002-2004 experience study.

SHELBY COUNTY, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 8 - Retirement Plans (continued)

Other County Employees' Plan

For December 31, 2006, the County's annual pension cost of \$218,426 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2004 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 with a 15% corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002-2004 experience study.

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>
12/31/06	\$ 66,345	100%	\$0
12/31/05	55,869	100%	0
12/31/04	43,744	100%	0
12/31/03	4,074	100%	0
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

ECO Plan

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/06	\$ 206,590	100%	\$0
12/31/05	212,001	100%	0
12/31/04	197,781	100%	0
12/31/03	175,780	100%	0
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

SHELBY COUNTY, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 8 - 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>
12/31/06	\$ 218,426	100%	\$0
12/31/05	175,495	100%	0
12/31/04	143,648	100%	0
12/31/03	80,508	100%	0
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

B. Social Security

All employees, including those covered by IMRF, are covered under Social Security. Shelby County paid \$235,182, the total required contribution for the year ended August 31, 2007.

Note 9 - Required Individual Fund Disclosures

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

A. Excess of Expenditures over Budgets in Individual Funds

The following instances of overexpending the budget were noted:

<u>Fund</u>	<u>Expenditures</u>	<u>Budgeted Amounts</u>	<u>Overexpenditure</u>
Indemnity	\$ 18,599	\$ 0	\$ 18,599
County Airport	114,054	41,550	72,504
Revolving Loan	2,182	0	2,182
Automation	25,794	25,000	794
Drug Traffic	13,303	10,000	3,303

SHELBY COUNTY, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
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Note 9 - Required Individual Fund Disclosures (Continued)

B. Deficit Fund Balances of Individual Funds

The following funds had deficit fund balances at August 31, 2007:

Fund	Amount
Municipal Retirement	\$ 102,936
GIS	\$ 44,225

C. Individual Fund Interfund Receivable and Payable Balances

Individual fund interfund receivable and payable balances at August 31, 2007 were:

	Interfund Receivables	Interfund Payables
<b>MAJOR FUNDS:</b>		
GENERAL FUND:		
Other than Fee Offices	\$ 158,212	\$ 220,152
Coal Rights	220,152	--
Total General Fund	\$ 378,364	\$ 220,152
COUNTY HEALTH FUND:		
Miscellaneous County Health	\$ --	\$ 3,800
Home Nursing	3,800	--
Total County Health Fund	\$ 3,800	\$ 3,800
<b>NONMAJOR FUNDS:</b>		
SPECIAL REVENUE FUNDS:		
Municipal Retirement	\$ --	\$ 112,059
GIS	--	46,153
Total Special Revenue Funds	\$ --	\$ 158,212
Total	\$ 382,164	\$ 382,164

SHELBY COUNTY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 9 - Required Individual Fund Disclosures (Continued)

D. Transfer within the Reporting Entity

The composition of interfund transfers for the year ended August 31, 2007 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>MAJOR FUNDS:</b>		
<b>GENERAL FUND:</b>		
Other than Fee Offices	\$ 753,520	\$ 81,736
County Clerk	--	184,191
Circuit Clerk	--	147,055
Sheriff	--	96,529
States Attorney	--	234,104
Supervisor of Assessments	--	2,700
Coal Rights	--	84,000
Total General Fund	<u>\$ 753,520</u>	<u>\$ 830,315</u>
<b>COUNTY HEALTH FUND:</b>		
Home Nursing	<u>\$ --</u>	<u>\$ 208,464</u>
<b>COUNTY HIGHWAY FUND:</b>		
County Bridge	\$ --	\$ 84,059
County Highway	400,000	\$ 168,117
County Motor Fuel Tax Fund	--	300,000
FASM	--	184,059
Total County Highway Fund	<u>\$ 400,000</u>	<u>\$ 736,235</u>
<b>NONMAJOR FUNDS:</b>		
<b>SPECIAL REVENUE FUNDS:</b>		
Ambulance	\$ 1,352	\$ 18,026
Municipal Retirement	54,322	--
Social Security	34,318	--
Capital Improvement	84,000	--
Recording	18,853	--
Drug Traffic Prevention	6,203	--
Airport	--	28,889
GIS	42,300	--
DUI Equipment	3,142	--
Mental Health	--	231,243
Total Special Revenue Funds	<u>\$ 244,490</u>	<u>\$ 278,158</u>
<b>FIDUCIARY FUND:</b>		
Taxes in Litigation	<u>\$ 904,592</u>	<u>\$ 249,430</u>
 Total	 <u>\$ 2,302,602</u>	 <u>\$ 2,302,602</u>

The above transfers are made primarily for reimbursement of eligible expenditures and to supplement other fund resources. They also reflect transfers to the Taxes in Litigation Fund for the repayment of property taxes to two power companies.

SHELBY COUNTY, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 9 - Required Individual Fund Disclosures (Continued)

The composition of transfers between governmental funds and fiduciary funds for the year ended August 31, 2007 is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General	\$ 159,438	\$ 81,735
County Health Home Nursing	--	208,464
County Bridge	--	84,059
County Highway	--	168,117
FASM	--	84,059
Ambulance	1,352	18,026
Airport	--	28,889
Mental Health	--	231,243
Municipal Retirement	54,322	--
Social Security	34,318	--
Fiduciary Fund:		
Taxes in Litigation	904,592	249,430
Total	<u>\$ 1,154,022</u>	<u>\$ 1,154,022</u>

The above transfer to litigation was made for the repayment of real estate taxes paid by Reliant Energy & Holland Energy based on the tax settlement. The above transfer out of litigation was to repay the funds for real estate taxes transferred in excess of their amount due toward the settlement.

Note 10 – Insurance

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

Tort Immunity Receipts:	
Property Tax Collected	\$ 388,692
Mobile Home Tax Collected	1,786
Interest	795
	<u>\$ 391,273</u>
Tort Expenditures:	
Commercial Liability Insurance	\$ 200,644
Unemployment tax	16,504
Workers' Compensation Insurance	92,390
Total Expenditures	<u>\$ 309,538</u>
Receipts over expenditures	\$ 81,735
Restricted at September 1, 2006	245,865
Restricted at August 31, 2007	<u>\$ 327,600</u>

SHELBY COUNTY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 11 - Due to Other Governmental Units

The Due to Other Governmental Units shown in the Primary Government column in the Statement of Net Assets-Modified Cash Basis and in the General Fund column of the Statement of Assets, Liabilities and Fund Balance - Modified Cash Basis in the amount of \$83,625 represents fines and fees collected by the County Circuit Clerk's Office. These funds are assessed by the Court on individuals, and remitted to applicable external government units in the subsequent month.

Note 12 - CEFS Agreement

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

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

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

Note 13 - Other Changes in Fund Balance and Net Assets

The \$4,416 net change in the Airport fund balance is for a farm cash account that was not included on the books. The change in net assets for \$15,425 represents an adjustment made to the GIS agreement balance. The final quarterly payment was made in this fiscal year but the liability had a remaining balance of \$15,425.

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, 2005.

Highway Department

The Shelby County Board approves township petitions and commits county funds on a cost-sharing basis for sundry projects. The amount committed for projects at August 31, 2007 is not reflected in the financial statements but is estimated to be \$346,000.

SHELBY COUNTY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 14 - Commitments and Contingencies (Continued)

Lease Agreement - County Health Building

On July 10, 1996, the Shelby County Board approved the County Health Department to become a party to a 25 year lease with SCCS Enterprises, Inc. for the lease of a structure to house the operations of the County Health Department. The lease provides for a minimum annual rent of \$36,000 payable in twelve monthly installments of \$3,000. The County paid \$36,000 in rental payments to SCCS Enterprises, Inc. during the year ended August 31, 2007.

Litigation

At August 31, 2007, the County and county officials were defendants in a Civil Rights lawsuit involving a zoning matter. The plaintiffs requested \$1 million in damages. The County's insurance carrier agreed to provide legal defense. The case was dismissed in October, 2007 (see subsequent event note).

Grant Audits

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

Compensated Absences

County employees are entitled to paid vacations depending on job classification, length of service and other factors. The computed amounts of compensation for future absences at August 31, 2007 was \$15,123. This liability is not included in the County's financial statements as they are prepared on the modified cash basis of accounting.

Lease Agreement - County Farm

On February 14, 2007 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 \$24,600 payable in semi-yearly installments of \$12,300. The County received \$23,063 in rent income from Jim Hampton during the year ended August 31, 2007.

Other Post Employment Benefits

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

The benefits are not advance funded; therefore, they are expensed in the period paid. No expenditures were recognized during the year ended August 31, 2007. The benefit commenced in September, 2006.



SHELBY COUNTY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2007

Note 14 - Commitments and Contingencies (Continued)

Subscription Agreement

The County has a subscription agreement with Fike & Fike, Inc, for property tax software, training and support on a per parcel basis. The agreement expires on August 31, 2009. The County paid \$20,517 under the agreement in fiscal year 2007.

Note 15 – Subsequent Events

Airport Note

On September 7, 2007 the Shelby County Airport borrowed \$75,000 for cash flow purposes. The note was secured by certificates of deposit held in the name of the Shelby County Airport and was repaid in January, 2008.

Lawsuit Dismissed

The Civil Rights lawsuit relating to a zoning matter, in which Shelby County and county zoning officials were named as defendants, was dismissed on October 26, 2007.

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

SHELBY COUNTY, ILLINOIS  
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
 GENERAL FUND  
YEAR ENDED AUGUST 31, 2007

	Original (Final) Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES RECEIVED:</b>			
Property Taxes	\$ 845,900	\$ 1,093,237	\$ 247,337
Sales Taxes	390,000	616,612	226,612
Intergovernmental Revenue:			
State Sources:			
Income Taxes	718,600	915,116	196,516
Replacement Tax	35,000	48,549	13,549
Other State Sources	315,000	245,043	(69,957)
Federal Sources	18,000	61,163	43,163
County Farm	21,000	23,063	2,063
Charges for Services	60,800	63,610	2,810
Licenses and Permits	3,800	7,531	3,731
Fines, Fees and Forfeits	586,500	703,227	116,727
Sales of Real Estate Stamps	--	96,527	96,527
Interest	60,400	86,783	26,383
Coal Option	--	--	--
Miscellaneous Revenues	300	32,880	32,580
	<u>\$ 3,055,300</u>	<u>\$ 3,993,341</u>	<u>\$ 938,041</u>
<b>EXPENDITURES DISBURSED:</b>			
Current:			
General Government	\$ 1,973,349	\$ 1,806,516	\$ 166,833
Public Safety	1,192,781	1,130,000	62,781
Corrections	122,788	71,355	51,433
Judiciary	389,034	354,146	34,888
Health and Welfare	44,475	45,635	(1,160)
Debt Service	--	9,720	(9,720)
Capital Outlay	114,000	80,466	33,534
	<u>\$ 3,836,427</u>	<u>\$ 3,497,838</u>	<u>\$ 338,589</u>
Revenues Received Over (Under) Expenditures Disbursed	\$ (781,127)	\$ 495,503	\$ 1,276,630
Other Financing Sources (Uses):			
Operating Transfers In	--	753,520	753,520
Operating Transfers Out	--	(830,315)	(830,315)
	<u>\$ (781,127)</u>	<u>\$ 418,708</u>	<u>\$ 1,199,835</u>
Fund Balance - September 1, 2006		<u>3,076,844</u>	
Fund Balance - August 31, 2007		<u>\$ 3,495,552</u>	

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

SHELBY COUNTY, ILLINOIS  
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
 COUNTY HEALTH FUND - SPECIAL REVENUE MAJOR FUND  
YEAR ENDED AUGUST 31, 2007

	Original (Final) Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES RECEIVED:</b>			
Property Taxes	\$ 401,800	\$ 300,703	\$ (101,097)
Intergovernmental Revenue:			
State Sources:			
Replacement Tax	8,300	11,123	2,823
Other State Sources	249,800	200,039	(49,761)
Federal Sources	55,000	114,330	59,330
Charges for Services	153,400	71,808	(81,592)
Interest	11,910	22,122	10,212
Miscellaneous Revenues	100	1,114	1,014
Total Revenues Received	\$ 880,310	\$ 721,239	\$ (159,071)
<b>EXPENDITURES DISBURSED:</b>			
Current:			
Health and Welfare	\$ <u>942,389</u>	\$ <u>732,681</u>	\$ <u>209,708</u>
Revenues Received (Under) Expenditures Disbursed	(62,079)	(11,442)	50,637
Other Financing (Uses):			
Transfers Out	\$ <u>—</u>	\$ <u>(208,464)</u>	\$ <u>(208,464)</u>
Net Change in Fund Balance	\$ (62,079)	\$ (219,906)	\$ (157,827)
Fund Balance - September 1, 2006		1,206,002	
Fund Balance - August 31, 2007		\$ 986,096	

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

SHELBY COUNTY, ILLINOIS  
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
 COUNTY HIGHWAY FUND - SPECIAL REVENUE MAJOR FUND  
YEAR ENDED AUGUST 31, 2007

	Original (Final) Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES RECEIVED:</b>			
Property Taxes	\$ 642,874	\$ 485,004	\$ (157,870)
Intergovernmental Revenue:			
State Sources:			
Motor Fuel Tax	598,000	437,407	(160,593)
Replacement Taxes	34,600	47,672	13,072
Other State Sources	176,200	222,735	46,535
Charges for Services	84,800	99,406	14,606
Interest	13,445	18,829	5,384
Gain/Loss on Sale of Asset	--	4,005	4,005
Miscellaneous Revenues	--	--	--
	<u>\$ 1,549,919</u>	<u>\$ 1,315,058</u>	<u>\$ (234,861)</u>
<b>EXPENDITURES DISBURSED:</b>			
Current:			
Public Works/Transportation	\$ 1,439,413	\$ 1,243,619	\$ 195,794
Debt Service	--	--	--
Capital Outlay	104,760	138,219	(33,459)
	<u>\$ 1,544,173</u>	<u>\$ 1,381,838</u>	<u>\$ 162,335</u>
Revenues Received Over (Under) Expenditures Disbursed	\$ 5,746	\$ (66,780)	\$ (72,526)
Other Financing Sources (Uses):			
Loan Proceeds	--	60,000	60,000
Transfers In	--	400,000	400,000
Transfers Out	--	(736,235)	(736,235)
	<u>\$ 5,746</u>	<u>\$ (343,015)</u>	<u>\$ (348,761)</u>
Net Change in Fund Balance			
		<u>\$ 941,385</u>	
Fund Balance - September 1, 2006			
Fund Balance - August 31, 2007		<u>\$ 598,370</u>	

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

SHELBY COUNTY, ILLINOIS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 IMRF SCHEDULE OF FUNDING PROGRESS  
YEAR ENDED AUGUST 31, 2007

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)
12/31/06	1,743,438	1,245,901	(497,537)	139.93%	480,762	0.00%
12/31/05	1,772,702	1,677,940	(94,762)	105.65%	455,703	0.00%
12/31/04	1,552,440	1,552,116	(324)	100.02%	473,933	0.00%
12/31/03	1,422,805	1,310,850	(111,955)	108.54%	433,375	0.00%
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%

On a market basis the actuarial value of assets as of December 31, 2006 is \$1,872,718. On a market basis, the funded ratio would be 150.31%.

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)
12/31/06	(532,483)	1,941,927	2,474,410	0.00%	393,280	629.17%
12/31/05	87,934	2,277,286	2,189,352	3.86%	413,701	529.21%
12/31/04	(110,994)	2,281,331	2,392,325	0.00%	404,752	591.06%
12/31/03	11,681	2,177,915	2,166,234	0.54%	393,164	550.97%
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%

On a market basis the actuarial value of assets as of December 31, 2006 is \$(424,200). On a market basis, the funded ratio would be 0.00%.

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

SHELBY COUNTY, ILLINOIS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 IMRF SCHEDULE OF FUNDING PROGRESS (Continued)  
YEAR ENDED AUGUST 31, 2007

C. Other County Employees' Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/06	5,925,939	6,766,811	840,872	87.57%	2,047,108	41.08%
12/31/05	5,483,333	6,108,535	625,202	89.77%	1,967,434	31.78%
12/31/04	5,177,953	5,882,950	704,997	88.02%	1,981,350	35.58%
12/31/03	5,480,520	5,567,792	82,272	98.43%	1,789,069	4.88%
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	3,260,126	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%

On a market value basis the actuarial value of assets as of December 31, 2006 is \$6,452,715. On a market basis, the funded ratio would be 95.36%.

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2006 are based on the 2002-2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and more early retirements are expected to occur.

SLEP Member contribution rate changed from 6.50% to 7.50% effective June 1, 2006.

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

SHELBY COUNTY, ILLINOIS  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
AUGUST 31, 2007

Note – Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

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

No major funds have excess of expenditures disbursed over appropriations.



## Other Supplementary Information

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE  
 - MODIFIED CASH BASIS  
 GENERAL FUND  
 AUGUST 31, 2007

	Fee Offices							Total
	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Coal Rights	
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 1,415,238	\$ 21,659	\$ 172,945	\$ 17,838	\$ --	\$ 634	\$ 1,820,306	\$ 3,448,620
Certificates of Deposit	--	--	10,000	--	--	--	--	10,000
Interfund Loans Receivable	158,212	--	--	--	--	--	220,152	378,364
Inventory	--	7,034	--	--	--	--	--	7,034
<b>TOTAL ASSETS</b>	<b>\$ 1,573,450</b>	<b>\$ 28,693</b>	<b>\$ 182,945</b>	<b>\$ 17,838</b>	<b>\$ --</b>	<b>\$ 634</b>	<b>\$ 2,040,458</b>	<b>\$ 3,844,018</b>
<b>LIABILITIES</b>								
Withholding Payable	\$ 44,689	--	\$ --	--	--	--	--	\$ 44,689
Interfund Loans Payable	220,152	--	--	--	--	--	--	220,152
Due to Other Governmental Units	--	--	83,625	--	--	--	--	83,625
<b>TOTAL LIABILITIES</b>	<b>\$ 264,841</b>	<b>\$ --</b>	<b>\$ 83,625</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 348,466</b>
<b>FUND BALANCE</b>								
Fund Balance:								
Reserved:								
Reserved for Insurance	\$ 327,600	--	\$ --	--	--	--	--	\$ 327,600
Reserved for Rescue Squad	3,934	--	--	--	--	--	--	3,934
Unreserved:								
Designated for Capital Improvement	--	--	--	--	--	634	2,040,458	2,040,458
Undesignated	977,075	28,693	99,320	17,838	--	--	--	1,123,560
<b>TOTAL FUND BALANCE</b>	<b>\$ 1,308,609</b>	<b>\$ 28,693</b>	<b>\$ 99,320</b>	<b>\$ 17,838</b>	<b>\$ --</b>	<b>\$ 634</b>	<b>\$ 2,040,458</b>	<b>\$ 3,495,552</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,573,450</b>	<b>\$ 28,693</b>	<b>\$ 182,945</b>	<b>\$ 17,838</b>	<b>\$ --</b>	<b>\$ 634</b>	<b>\$ 2,040,458</b>	<b>\$ 3,844,018</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 BALANCE  
 GENERAL FUND  
 YEAR ENDED AUGUST 31, 2007

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Coal Rights	Total
<b>REVENUES RECEIVED:</b>								
Property Taxes	\$ 1,093,237	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,093,237
Sales Taxes	616,612	--	--	--	--	--	--	616,612
<b>Intergovernmental Revenues:</b>								
Income Taxes	915,116	--	--	--	--	--	--	915,116
Replacement Taxes	48,549	--	--	--	--	--	--	48,549
Other State Sources	245,043	--	--	--	--	--	--	245,043
Federal Source	61,163	--	--	--	--	--	--	61,163
County Farm	23,063	--	--	--	--	--	--	23,063
Charges for Services	63,610	--	--	--	--	--	--	63,610
Licenses and Permits	7,531	--	--	--	--	--	--	7,531
Fees, Fines and Forfeits	32,588	191,485	161,989	79,803	234,104	3,258	--	703,227
Sales of Real Estate Stamps	--	96,527	--	--	--	--	--	96,527
Interest	32,251	--	984	--	--	--	53,548	86,783
Miscellaneous Receipts	9,235	--	--	23,645	--	--	--	32,880
<b>Total Revenues Received</b>	\$ 3,147,998	\$ 288,012	\$ 162,973	\$ 103,448	\$ 234,104	\$ 3,258	\$ 53,548	\$ 3,993,341
<b>EXPENDITURES DISBURSED:</b>								
See Schedule at Page 53	\$ 3,384,038	\$ 99,312	\$ 14,488	\$ --	\$ --	\$ --	\$ --	\$ 3,497,838
<b>Revenues Received Over (Under) Expenditures Disbursed</b>	\$ (236,040)	\$ 188,700	\$ 148,485	\$ 103,448	\$ 234,104	\$ 3,258	\$ 53,548	\$ 495,503
<b>Other Financing Sources (Uses):</b>								
Operating Transfers In	753,520	--	--	--	--	--	--	753,520
Operating Transfers Out	(81,736)	(184,191)	(147,055)	(96,529)	(234,104)	(2,700)	(84,000)	(830,315)
<b>Net Change in Fund Balance</b>	\$ 435,744	\$ 4,509	\$ 1,430	\$ 6,919	\$ --	\$ 558	\$ (30,452)	\$ 418,708
<b>Fund Balance - September 1, 2006</b>	872,865	24,184	97,890	10,919	--	76	2,070,910	3,076,844
<b>Fund Balance - August 31, 2007</b>	\$ 1,308,609	\$ 28,693	\$ 99,320	\$ 17,838	\$ --	\$ 634	\$ 2,040,458	\$ 3,495,552

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF EXPENDITURES DISBURSED  
 GENERAL FUND  
 YEAR ENDED AUGUST 31, 2007

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Coal Rights	Total
<b>EXPENDITURES DISBURSED:</b>								
General Government:								
Operating Expenses Pertaining to the Office of:								
County Clerk	\$ 301,836	\$ 554	--	\$ --	--	\$ --	--	\$ 302,390
Circuit Clerk	151,922	--	14,488	--	--	--	--	166,410
Supervisor of Assessments	173,713	--	--	--	--	--	--	173,713
County Treasurer	171,102	--	--	--	--	--	--	171,102
County Coroner	54,426	--	--	--	--	--	--	54,426
Regional Superintendent of Schools	37,337	--	--	--	--	--	--	37,337
Farmland Assessment Board of Review	30	--	--	--	--	--	--	30
Board of Appeals	41,734	--	--	--	--	--	--	41,734
Planning Commission	2,800	--	--	--	--	--	--	2,800
Zoning Administrator	2,446	--	--	--	--	--	--	2,446
Community & Economic Development	18,932	--	--	--	--	--	--	18,932
Utilities	634	--	--	--	--	--	--	634
Maintenance, Repairs and Improvement	57,633	--	--	--	--	--	--	57,633
Insurance and Taxes	28,585	--	--	--	--	--	--	28,585
Employee Insurance	316,295	--	--	--	--	--	--	316,295
County Board Expenses	230,110	--	--	--	--	--	--	230,110
Services, Supplies and Miscellaneous	52,607	--	--	--	--	--	--	52,607
County Farm	47,739	--	--	--	--	--	--	47,739
State Rental Housing Fee	2,835	--	--	--	--	--	--	2,835
Purchase of Real Estate Tax Stamps	--	34,407	--	--	--	--	--	34,407
	--	64,351	--	--	--	--	--	64,351
Total General Government	\$ 1,692,716	\$ 99,312	\$ 14,488	\$ --	\$ --	\$ --	\$ --	\$ 1,806,516
Public Safety:								
Operating Expenses Pertaining to the Office of:								
County Sheriff	\$ 1,090,368	--	--	\$ --	--	\$ --	--	\$ 1,090,368
Rescue Squad	15,833	--	--	--	--	--	--	15,833
ESDA	1,596	--	--	--	--	--	--	1,596
911 Emergency Services	15,876	--	--	--	--	--	--	15,876
Merit Commission	6,327	--	--	--	--	--	--	6,327
Total Public Safety	\$ 1,130,000	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,130,000

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF EXPENDITURES DISBURSED - (CONTINUED)  
 GENERAL FUND  
 YEAR ENDED AUGUST 31, 2007

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Coal Rights	Total
Corrections:								
Operating Expenses Pertaining to the Office of: Probation Office	\$ 71,355	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 71,355
Judiciary:								
Operating Expenses Pertaining to the Office of:								
States Attorney	\$ 232,711	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 232,711
Public Defender	101,975	--	--	--	--	--	--	101,975
Appointed Counsel Fee	11,078	--	--	--	--	--	--	11,078
Circuit Judge Expenses	8,382	--	--	--	--	--	--	8,382
Total Judiciary	\$ 354,146	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 354,146
Health and Welfare:								
Operating Expenses Pertaining to the Office of: Animal Control	\$ 45,635	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 45,635
Debt Service:	\$ 9,720	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 9,720
Capital Outlay: Public Safety General and Administrative	\$ 19,340	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 19,340
	61,126	--	--	--	--	--	--	61,126
Total Capital Outlay	\$ 80,466	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 80,466
TOTAL EXPENDITURES DISBURSED	\$ 3,384,038	\$ 99,312	\$ 14,488	\$ --	\$ --	\$ --	\$ --	\$ 3,497,838

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

SHELBY COUNTY, ILLINOIS  
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES DISBURSED  
GENERAL FUND  
YEAR ENDED AUGUST 31, 2007

	Original Budget	Disbursements	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES DISBURSED:</b>			
<b>General Government:</b>			
Operating Expenses Pertaining to the Office of:			
County Clerk	\$ 340,324	\$ 302,390	\$ 37,934
Circuit Clerk	205,414	166,410	39,004
Supervisor of Assessments	215,490	173,713	41,777
County Treasurer	183,766	171,102	12,664
County Coroner	48,950	54,426	(5,476)
Regional Superintendent of Schools	37,338	37,337	1
Farmland Assessment	150	30	120
Board of Review	47,200	41,734	5,466
Board of Appeals	3,615	2,800	815
Planning Commission	2,450	2,446	4
Zoning Administrator	20,085	18,932	1,153
Community & Economic Development	5,000	634	4,366
Utilities	73,800	57,633	16,167
Maintenance, Repairs and Improvement	32,000	28,585	3,415
Insurance and Taxes	370,311	316,295	54,016
Employee Insurance	250,000	230,110	19,890
County Board Expenses	58,500	52,607	5,893
Services, Supplies and Miscellaneous	74,156	47,739	26,417
County Farm	4,800	2,835	1,965
State Rental Housing Fee	--	34,407	(34,407)
Purchase of Real Estate Tax Stamps	--	64,351	(64,351)
<b>Total General Government</b>	<b>\$ 1,973,349</b>	<b>\$ 1,806,516</b>	<b>\$ 166,833</b>
<b>Public Safety:</b>			
Operating Expenses Pertaining to the Office of:			
County Sheriff	\$ 1,153,156	\$ 1,090,368	\$ 62,788
Rescue Squad	12,000	15,833	(3,833)
ESDA	2,000	1,596	404
911 Emergency Services	15,000	15,876	(876)
Merit Commission	10,625	6,327	4,298
<b>Total Public Safety</b>	<b>\$ 1,192,781</b>	<b>\$ 1,130,000</b>	<b>\$ 62,781</b>

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

SHELBY COUNTY, ILLINOIS  
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES DISBURSED - (CONTINUED)  
GENERAL FUND  
YEAR ENDED AUGUST 31, 2007

	Original Budget	Disbursements	Variance with Final Budget Positive (Negative)
Corrections:			
Operating Expenses Pertaining to the Office of: Probation Office	\$ 122,788	\$ 71,355	\$ 51,433
Judiciary:			
Operating Expenses Pertaining to the Office of:			
States Attorney	\$ 234,678	\$ 232,711	\$ 1,967
Public Defender	110,281	101,975	8,306
Appointed Counsel Fee	30,000	11,078	18,922
Circuit Judge Expenses	14,075	8,382	5,693
Total Judiciary	\$ 389,034	\$ 354,146	\$ 34,888
Health and Welfare:			
Operating Expenses Pertaining to the Office of: Animal Control	\$ 44,475	\$ 45,635	\$ (1,160)
Debt Service:	\$ --	\$ 9,720	\$ (9,720)
Capital Outlay:			
Public Safety	\$ 54,000	\$ 19,340	\$ 34,660
General and Administrative	60,000	61,126	(1,126)
Total Capital Outlay	\$ 114,000	\$ 80,466	\$ 33,534
TOTAL EXPENDITURES DISBURSED	\$ 3,836,427	\$ 3,497,838	\$ 338,589

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -  
 MODIFIED CASH BASIS  
 COUNTY HEALTH FUND - SPECIAL REVENUE MAJOR FUND  
 AUGUST 31, 2007

	County Health	Miscellaneous County Health	Home Nursing	County Health WIC	Total County Health Fund
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 156,827	\$ 144,029	\$ 419,187	\$ 26,999	\$ 747,042
Certificates of Deposits	114,054	--	125,000	--	239,054
Interfund Loans Receivable	--	--	3,800	--	3,800
<b>TOTAL ASSETS</b>	<b>\$ 270,881</b>	<b>\$ 144,029</b>	<b>\$ 547,987</b>	<b>\$ 26,999</b>	<b>\$ 989,896</b>
<b>LIABILITIES</b>					
Interfund Loans Payable	\$ --	\$ 3,800	\$ --	\$ --	\$ 3,800
<b>FUND BALANCE</b>					
Fund Balance:					
Unreserved:					
Undesignated	\$ 270,881	\$ 140,229	\$ 547,987	\$ 26,999	\$ 986,096
<b>TOTAL FUND BALANCE</b>	<b>\$ 270,881</b>	<b>\$ 140,229</b>	<b>\$ 547,987</b>	<b>\$ 26,999</b>	<b>\$ 986,096</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 270,881</b>	<b>\$ 144,029</b>	<b>\$ 547,987</b>	<b>\$ 26,999</b>	<b>\$ 989,896</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 BALANCE  
 COUNTY HEALTH FUND - SPECIAL REVENUE MAJOR FUND  
 YEAR ENDED AUGUST 31, 2007

	County Health	Miscellaneous County Health	Home Nursing	County Health WIC	Total County Health Fund
<b>REVENUES RECEIVED:</b>					
Property Taxes	\$ 300,703	\$ --	\$ --	\$ --	\$ 300,703
Intergovernmental Revenues:					
Replacement Taxes	11,123	--	--	--	11,123
Other State Sources	89,999	82,300	27,740	--	200,039
Federal Source	425	21,005	16,100	76,800	114,330
Charges for Services	14,701	3,248	53,859	--	71,808
Interest	6,168	1,724	14,230	--	22,122
Miscellaneous Receipts	11	1,103	--	--	1,114
<b>Total Revenues Received</b>	<b>\$ 423,130</b>	<b>\$ 109,380</b>	<b>\$ 111,929</b>	<b>\$ 76,800</b>	<b>\$ 721,239</b>
<b>EXPENDITURES DISBURSED:</b>					
Current:					
Health and Welfare:					
Personnel and Fringe Benefits	\$ 432,336	\$ 60,427	\$ --	\$ 68,696	\$ 561,459
Commodities	20,574	4,492	55,402	2,334	82,802
Contractual Services	73,666	12,705	384	1,665	88,420
<b>Total Expenditures Disbursed</b>	<b>\$ 526,576</b>	<b>\$ 77,624</b>	<b>\$ 55,786</b>	<b>\$ 72,695</b>	<b>\$ 732,681</b>
Revenues Received Over (Under) Expenditures Disbursed	(103,446)	31,756	56,143	4,105	(11,442)
Other Financing Sources (Uses):					
Transfers Out	--	--	(208,464)	--	(208,464)
<b>Net Change in Fund Balance</b>	<b>\$ (103,446)</b>	<b>\$ 31,756</b>	<b>\$ (152,321)</b>	<b>\$ 4,105</b>	<b>\$ (219,906)</b>
Fund Balance - September 1, 2006	374,327	108,473	700,308	22,894	1,206,002
<b>Fund Balance - August 31, 2007</b>	<b>\$ 270,881</b>	<b>\$ 140,229</b>	<b>\$ 547,987</b>	<b>\$ 26,999</b>	<b>\$ 986,096</b>

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -  
 MODIFIED CASH BASIS  
 COUNTY HIGHWAY FUND - SPECIAL REVENUE MAJOR FUND  
 AUGUST 31, 2007

	County Bridge	County Highway	County Motor Fuel Tax Fund	Federal Aid Secondary Matching	Total County Highway Fund
Cash and Cash Equivalents	\$ 91,433	\$ 23,110	\$ 409,866	\$ 73,961	\$ 598,370
<b>TOTAL ASSETS</b>	<b>\$ 91,433</b>	<b>\$ 23,110</b>	<b>\$ 409,866</b>	<b>\$ 73,961</b>	<b>\$ 598,370</b>
<b>LIABILITIES</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>
<b>FUND BALANCE</b>					
Fund Balance:					
Reserved:					
Reserved for Future Projects	\$ --	\$ --	\$ 409,866	\$ 73,961	\$ 483,827
Unreserved:					
Undesignated	91,433	23,110	--	--	114,543
<b>TOTAL FUND BALANCE</b>	<b>\$ 91,433</b>	<b>\$ 23,110</b>	<b>\$ 409,866</b>	<b>\$ 73,961</b>	<b>\$ 598,370</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 91,433</b>	<b>\$ 23,110</b>	<b>\$ 409,866</b>	<b>\$ 73,961</b>	<b>\$ 598,370</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 BALANCE  
 COUNTY HIGHWAY FUND - SPECIAL REVENUE MAJOR FUND  
 YEAR ENDED AUGUST 31, 2007

	County Bridge	County Highway	County Motor Fuel Tax Fund	Federal Aid Secondary Matching	Total County Highway Fund
<b>REVENUES RECEIVED:</b>					
Property Taxes	\$ 121,252	\$ 242,501	\$ --	\$ 121,251	\$ 485,004
Intergovernmental Revenues:					
Motel Fuel Tax	--	--	437,407	--	437,407
Replacement Taxes	11,726	24,220	--	11,726	47,672
Other State Sources	81,301	--	134,470	6,964	222,735
Charges for Services	19,589	79,817	--	--	99,406
Interest	4,522	352	10,122	3,833	18,829
Gain/Loss on Sale of Asset	--	4,005	--	--	4,005
<b>Total Revenues Received</b>	<b>\$ 238,390</b>	<b>\$ 350,895</b>	<b>\$ 581,999</b>	<b>\$ 143,774</b>	<b>\$ 1,315,058</b>
<b>EXPENDITURES DISBURSED:</b>					
Current:					
Public Works/Transportation	--	\$ 379,324	\$ 48,536	\$ --	\$ 427,860
Personnel and Fringe Benefits	268,156	62,629	--	130,993	461,778
Commodities	38	120,244	233,699	--	353,981
Contractual Services	--	138,219	--	--	138,219
Capital Outlay	--	--	--	--	--
<b>Total Expenditures Disbursed</b>	<b>\$ 268,194</b>	<b>\$ 700,416</b>	<b>\$ 282,235</b>	<b>\$ 130,993</b>	<b>\$ 1,381,838</b>
Revenues Received Over (Under) Expenditures Disbursed	\$ (29,804)	\$ (349,521)	\$ 299,764	\$ 12,781	\$ (66,780)
Other Financing Sources (Uses):					
Transfers In	--	400,000	--	--	400,000
Transfers Out	(84,059)	(168,117)	(300,000)	(184,059)	(736,235)
Loan Proceeds	--	60,000	--	--	60,000
<b>Net Change in Fund Balance</b>	<b>\$ (113,863)</b>	<b>\$ (57,638)</b>	<b>\$ (236)</b>	<b>\$ (171,278)</b>	<b>\$ (343,015)</b>
<b>Fund Balance - September 1, 2006</b>	<b>205,296</b>	<b>80,748</b>	<b>410,102</b>	<b>245,239</b>	<b>941,385</b>
<b>Fund Balance - August 31, 2007</b>	<b>\$ 91,433</b>	<b>\$ 23,110</b>	<b>\$ 409,866</b>	<b>\$ 73,961</b>	<b>\$ 598,370</b>

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -  
 MODIFIED CASH BASIS  
 NON-MAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2007

	Special Revenue							
	Animal Control	Ambulance	Municipal Retirement	Social Security	Indemnity	Rescue Squad	Capital Improvement	Probation
Cash and Cash Equivalents	\$ 67,538	\$ 72,816	\$ 9,123	\$ 44,624	\$ 35,161	\$ 12,210	\$ 230,334	\$ 170,651
Certificates of Deposit	--	--	--	--	45,000	--	--	--
<b>TOTAL ASSETS</b>	<b>\$ 67,538</b>	<b>\$ 72,816</b>	<b>\$ 9,123</b>	<b>\$ 44,624</b>	<b>\$ 80,161</b>	<b>\$ 12,210</b>	<b>\$ 230,334</b>	<b>\$ 170,651</b>
<b>LIABILITIES</b>								
Interfund Loans Payable	\$ --	\$ --	\$ 112,059	\$ --	\$ --	\$ --	\$ --	\$ --
<b>FUND BALANCE</b>								
Fund Balance:								
Unreserved - Undesignated	\$ 67,538	\$ 72,816	\$ (102,936)	\$ 44,624	\$ 80,161	\$ 12,210	\$ 230,334	\$ 170,651
<b>TOTAL FUND BALANCE</b>	<b>\$ 67,538</b>	<b>\$ 72,816</b>	<b>\$ (102,936)</b>	<b>\$ 44,624</b>	<b>\$ 80,161</b>	<b>\$ 12,210</b>	<b>\$ 230,334</b>	<b>\$ 170,651</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 67,538</b>	<b>\$ 72,816</b>	<b>\$ 9,123</b>	<b>\$ 44,624</b>	<b>\$ 80,161</b>	<b>\$ 12,210</b>	<b>\$ 230,334</b>	<b>\$ 170,651</b>

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -  
 MODIFIED CASH BASIS - (CONTINUED)  
 NON-MAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2007

	Special Revenue							
	Fees to Assist Court	Automation	Recording	Drug Traffic Prevention	Airport	Rural Transportation	Court Security	GIS
Cash and Cash Equivalents	\$ 116,180	\$ 84,536	\$ 46,815	\$ 11,450	\$ 22,908	\$ --	\$ 10,379	\$ 1,928
Certificates of Deposit	--	--	--	--	171,491	--	--	--
<b>TOTAL ASSETS</b>	<b>\$ 116,180</b>	<b>\$ 84,536</b>	<b>\$ 46,815</b>	<b>\$ 11,450</b>	<b>\$ 194,399</b>	<b>\$ --</b>	<b>\$ 10,379</b>	<b>\$ 1,928</b>
<b>LIABILITIES</b>								
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 46,153
<b>FUND BALANCE</b>								
Fund Balance:								
Unreserved - Undesignated	\$ 116,180	\$ 84,536	\$ 46,815	\$ 11,450	\$ 194,399	\$ --	\$ 10,379	\$ (44,225)
<b>TOTAL FUND BALANCE</b>	<b>\$ 116,180</b>	<b>\$ 84,536</b>	<b>\$ 46,815</b>	<b>\$ 11,450</b>	<b>\$ 194,399</b>	<b>\$ --</b>	<b>\$ 10,379</b>	<b>\$ (44,225)</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 116,180</b>	<b>\$ 84,536</b>	<b>\$ 46,815</b>	<b>\$ 11,450</b>	<b>\$ 194,399</b>	<b>\$ --</b>	<b>\$ 10,379</b>	<b>\$ 1,928</b>

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -  
 MODIFIED CASH BASIS - (CONTINUED)  
 NON-MAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2007

	Special Revenue								Total Special Revenue
	Law Library	Document Storage	Revolving Loan	Victim Impact Panel	Attorney Forfeited	DUI Equipment	Mental Health		
Cash and Cash Equivalents	\$ 1,465	\$ 63,948	\$ 297,405	\$ 10,275	\$ 841	\$ 12,813	\$ 697,883	\$ 2,021,283	
Certificates of Deposit	--	--	--	--	--	--	--	216,491	
<b>TOTAL ASSETS</b>	<b>\$ 1,465</b>	<b>\$ 63,948</b>	<b>\$ 297,405</b>	<b>\$ 10,275</b>	<b>\$ 841</b>	<b>\$ 12,813</b>	<b>\$ 697,883</b>	<b>\$ 2,237,774</b>	
<b>LIABILITIES</b>									
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 158,212	
<b>FUND BALANCE</b>									
Fund Balance:									
Undesignated	\$ 1,465	\$ 63,948	\$ 297,405	\$ 10,275	\$ 841	\$ 12,813	\$ 697,883	\$ 2,079,562	
<b>TOTAL FUND BALANCE</b>	<b>\$ 1,465</b>	<b>\$ 63,948</b>	<b>\$ 297,405</b>	<b>\$ 10,275</b>	<b>\$ 841</b>	<b>\$ 12,813</b>	<b>\$ 697,883</b>	<b>\$ 2,079,562</b>	
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,465</b>	<b>\$ 63,948</b>	<b>\$ 297,405</b>	<b>\$ 10,275</b>	<b>\$ 841</b>	<b>\$ 12,813</b>	<b>\$ 697,883</b>	<b>\$ 2,237,774</b>	

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -  
 MODIFIED CASH BASIS - (CONTINUED)  
 NON-MAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2007

	Capital Projects			Total Capital Projects	Total Nonmajor Governmental Funds
	Carriage Park	Findlay Road	Garden Acres		
ASSETS					
Cash and Cash Equivalents	\$ 179	\$ 611	\$ 799	\$ 1,589	\$ 2,022,872
Certificates of Deposit	--	--	--	--	216,491
<b>TOTAL ASSETS</b>	<b>\$ 179</b>	<b>\$ 611</b>	<b>\$ 799</b>	<b>\$ 1,589</b>	<b>\$ 2,239,363</b>
LIABILITIES					
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ 158,212
<b>FUND BALANCE</b>					
Fund Balance:					
Unreserved - Undesignated	\$ 179	\$ 611	\$ 799	\$ 1,589	\$ 2,081,151
<b>TOTAL FUND BALANCE</b>	<b>\$ 179</b>	<b>\$ 611</b>	<b>\$ 799</b>	<b>\$ 1,589</b>	<b>\$ 2,081,151</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 179</b>	<b>\$ 611</b>	<b>\$ 799</b>	<b>\$ 1,589</b>	<b>\$ 2,239,363</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 BALANCE  
 NON-MAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED AUGUST 31, 2007

	Special Revenue							
	Animal Control	Ambulance	Municipal Retirement	Social Security	Indemnity	Rescue Squad	Capital Improvement	Probation
<b>REVENUES RECEIVED:</b>								
Property Taxes	\$ --	\$ 50,193	\$ 501,688	\$ 275,944	\$ --	\$ --	\$ --	\$ --
Intergovernmental Revenue:								
State Sources								
Replacement Taxes	--	--	23,425	--	--	--	--	--
Other State Sources	--	--	--	--	--	--	--	--
Federal Sources	--	--	--	--	--	--	--	--
Loan Repayments	--	--	--	--	--	--	--	--
Charges for Services	--	--	--	--	3,160	--	--	75,172
Fines and Fees	16,436	--	--	--	2,434	35	7,095	2,075
Interest	708	765	294	442	--	--	105,806	--
Compensation for Loss of Asset	--	--	--	--	--	7,755	--	--
Miscellaneous Revenues	--	--	--	--	--	--	--	--
<b>Total Revenues Received</b>	\$ 17,144	\$ 50,958	\$ 525,407	\$ 276,386	\$ 5,594	\$ 7,790	\$ 112,901	\$ 77,247
<b>EXPENDITURES DISBURSED:</b>								
Current:								
General Government	\$ --	\$ --	\$ 446,994	\$ 232,332	\$ 18,599	\$ --	\$ 1,365	\$ --
Public Safety	--	--	--	--	--	2,023	--	71,466
Judiciary	--	--	--	--	--	--	--	--
Public Works/Transportation	--	--	--	--	--	--	--	--
Health and Welfare	555	36,835	--	--	--	--	--	--
Debt Service	--	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	26,186	--
<b>Total Expenditures Disbursed</b>	\$ 555	\$ 36,835	\$ 446,994	\$ 232,332	\$ 18,599	\$ 2,023	\$ 27,551	\$ 71,466
<b>Revenues Received Over (Under) Expenditures Disbursed</b>	\$ 16,589	\$ 14,123	\$ 78,413	\$ 44,054	\$ (13,005)	\$ 5,767	\$ 85,350	\$ 5,781
Other Financing Sources (Uses):								
Operating Transfers In	--	1,352	54,322	34,318	--	--	84,000	--
Operating Transfers Out	--	(18,026)	--	--	--	--	--	--
<b>Net Change in Fund Balance</b>	\$ 16,589	\$ (2,551)	\$ 132,735	\$ 78,372	\$ (13,005)	\$ 5,767	\$ 169,350	\$ 5,781
<b>Fund Balance - September 1, 2006</b>	50,949	75,367	(235,671)	(33,748)	93,166	6,443	60,984	164,870
<b>Other Changes in Fund Balance</b>	--	--	--	--	--	--	--	--
<b>Fund Balance - August 31, 2007</b>	\$ 67,538	\$ 72,816	\$ (102,936)	\$ 44,624	\$ 80,161	\$ 12,210	\$ 230,334	\$ 170,651

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 BALANCE - (CONTINUED)  
 NON-MAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED AUGUST 31, 2007

	Special Revenue									
	Fees to Assist Court	Automation	Recording	Drug Traffic Prevention	Airport	Rural Transportation	Court Security	GIS		
<b>REVENUES RECEIVED:</b>										
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ 45,711	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental Revenue:										
State Sources										
Replacement Taxes	--	--	--	--	5,315	--	--	--	--	--
Other State Sources	--	1,255	--	--	--	--	--	--	--	--
Federal Sources	--	2,515	--	--	--	268,294	--	--	--	--
Loan Repayments	--	--	--	--	--	--	--	--	--	--
Charges for Services	--	--	--	--	13,850	--	--	--	--	--
Fines and Fees	25,734	13,681	--	1,585	--	--	42,995	--	--	--
Interest	2,447	441	249	57	8,017	--	115	--	35	--
Compensation for Loss of Asset	--	--	--	--	--	--	--	--	--	--
Miscellaneous Revenues	--	--	--	4,779	22,523	--	--	--	--	5,595
<b>Total Revenues Received</b>	<b>\$ 28,181</b>	<b>\$ 17,892</b>	<b>\$ 249</b>	<b>\$ 6,421</b>	<b>\$ 95,416</b>	<b>\$ 268,294</b>	<b>\$ 43,110</b>	<b>\$ --</b>	<b>\$ 5,630</b>	<b>\$ --</b>
<b>EXPENDITURES DISBURSED:</b>										
Current:										
General Government	\$ --	\$ 25,794	\$ 3,158	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Public Safety	--	--	--	13,303	--	--	51,607	--	--	--
Judiciary	16,338	--	--	--	--	--	--	--	--	--
Public Works/Transportation	--	--	--	--	62,726	268,294	--	--	--	--
Health and Welfare	--	--	--	--	--	--	--	--	--	--
Debt Service	--	--	--	--	--	--	--	--	61,713	--
Capital Outlay	49,829	--	24,535	--	51,328	--	--	--	--	--
<b>Total Expenditures Disbursed</b>	<b>\$ 66,167</b>	<b>\$ 25,794</b>	<b>\$ 27,693</b>	<b>\$ 13,303</b>	<b>\$ 114,054</b>	<b>\$ 268,294</b>	<b>\$ 51,607</b>	<b>\$ --</b>	<b>\$ 61,713</b>	<b>\$ --</b>
<b>Revenues Received Over (Under) Expenditures Disbursed</b>	<b>\$ (37,986)</b>	<b>\$ (7,902)</b>	<b>\$ (27,444)</b>	<b>\$ (6,882)</b>	<b>\$ (18,638)</b>	<b>\$ --</b>	<b>\$ (8,497)</b>	<b>\$ (56,083)</b>	<b>\$ 42,300</b>	<b>\$ --</b>
Other Financing Sources (Uses):										
Operating Transfers In	--	--	18,853	6,203	--	--	--	--	--	--
Operating Transfers Out	--	--	--	--	(28,889)	--	--	--	--	--
<b>Net Change in Fund Balance</b>	<b>\$ (37,986)</b>	<b>\$ (7,902)</b>	<b>\$ (8,591)</b>	<b>\$ (679)</b>	<b>\$ (47,527)</b>	<b>\$ --</b>	<b>\$ (8,497)</b>	<b>\$ (13,783)</b>	<b>\$ (30,442)</b>	<b>\$ --</b>
<b>Fund Balance - September 1, 2006</b>	<b>154,166</b>	<b>92,438</b>	<b>55,406</b>	<b>12,129</b>	<b>237,510</b>	<b>--</b>	<b>18,876</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Other Changes in Fund Balance</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>4,416</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Fund Balance - August 31, 2007</b>	<b>\$ 116,180</b>	<b>\$ 84,536</b>	<b>\$ 46,815</b>	<b>\$ 11,450</b>	<b>\$ 194,399</b>	<b>\$ --</b>	<b>\$ 10,379</b>	<b>\$ (44,225)</b>	<b>\$ --</b>	<b>\$ --</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 BALANCE - (CONTINUED)  
 NON-MAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED AUGUST 31, 2007

	Special Revenue								Total Special Revenue
	Law Library	Document Storage	Revolving Loan	Victim Impact Panel	Attorney Forfeited	DUI Equipment	Mental Health		
<b>REVENUES RECEIVED:</b>									
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 363,752	\$	1,237,288
Intergovernmental Revenue:									
State Sources									
Replacement Taxes	--	--	--	--	--	--	--	--	28,740
Other State Sources	--	--	--	--	--	--	21,863	--	23,118
Federal Sources	--	--	--	--	--	--	--	--	270,809
Loan Repayments	--	--	11,318	--	--	--	--	--	11,318
Charges for Services	--	--	--	--	--	--	--	--	13,850
Fines and Fees	5,081	13,199	--	1,840	--	--	--	--	198,883
Interest	15	341	5,700	47	3	53	18,275	--	49,643
Compensation for Loss of Asset	--	--	--	--	--	--	--	--	105,806
Miscellaneous Revenues	--	--	--	--	302	--	--	--	40,954
<b>Total Revenues Received</b>	\$ 5,096	\$ 13,540	\$ 17,018	\$ 1,887	\$ 305	\$ 53	\$ 403,890	\$	1,980,409
<b>EXPENDITURES DISBURSED:</b>									
Current:									
General Government	\$ --	\$ 16,239	\$ 2,182	\$ --	\$ --	\$ --	\$ --	\$	746,663
Public Safety	--	--	--	--	--	222	--	--	138,621
Judiciary	8,371	--	--	540	200	--	--	--	25,449
Public Works/Transportation	--	--	--	--	--	--	--	--	331,020
Health and Welfare	--	--	--	--	--	--	302,934	--	340,324
Debt Service	--	--	--	--	--	--	--	--	61,713
Capital Outlay	--	--	--	--	--	--	--	--	151,878
<b>Total Expenditures Disbursed</b>	\$ 8,371	\$ 16,239	\$ 2,182	\$ 540	\$ 200	\$ 222	\$ 302,934	\$	1,795,668
<b>Revenues Received Over (Under) Expenditures Disbursed</b>	\$ (3,275)	\$ (2,699)	\$ 14,836	\$ 1,347	\$ 105	\$ (169)	\$ 100,956	\$	184,741
Other Financing Sources (Uses):									
Operating Transfers In	--	--	--	--	--	3,142	--	--	244,490
Operating Transfers Out	--	--	--	--	--	--	(231,243)	--	(278,158)
<b>Net Change in Fund Balance</b>	\$ (3,275)	\$ (2,699)	\$ 14,836	\$ 1,347	\$ 105	\$ 2,973	\$ (130,287)	\$	151,073
<b>Fund Balance - September 1, 2006</b>	4,740	66,647	282,569	8,928	736	9,840	828,170		1,924,073
<b>Other Changes in Fund Balance</b>	--	--	--	--	--	--	--	--	4,416
<b>Fund Balance - August 31, 2007</b>	\$ 1,465	\$ 63,948	\$ 297,405	\$ 10,275	\$ 841	\$ 12,813	\$ 697,883	\$	2,079,562

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 BALANCE - (CONTINUED)  
 NON-MAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED AUGUST 31, 2007

	Capital Projects			Garden Acres	Total Capital Projects	Total Nonmajor Governmental Funds
	Carriage Park	Findlay Road				
<b>REVENUES RECEIVED:</b>						
Property Taxes	\$ --	\$ --	\$ 4,636	\$ 4,636	\$ 4,636	\$ 1,241,924
Intergovernmental Revenue:						
State Sources						
Replacement Taxes	--	--	--	--	--	28,740
Other State Sources	--	--	--	--	--	23,118
Federal Sources	--	--	--	--	--	270,809
Loan Repayments	--	--	--	--	--	11,318
Charges for Services	--	--	--	--	--	13,850
Fines and Fees	--	--	--	--	--	198,883
Interest	--	4	8	12	12	49,655
Compensation for Loss of Asset	--	--	--	--	--	105,806
Miscellaneous Revenues	--	--	--	--	--	40,954
<b>Total Revenues Received</b>	\$ --	\$ 4	\$ 4,644	\$ 4,648	\$ 4,648	\$ 1,985,057
<b>EXPENDITURES DISBURSED:</b>						
Current:						
General Government	\$ --	\$ --	\$ --	\$ --	\$ --	746,663
Public Safety	--	--	--	--	--	138,621
Judiciary	--	--	--	--	--	25,449
Public Works/Transportation	--	--	--	--	--	331,020
Health and Welfare	--	--	--	--	--	340,324
Debt Service	--	--	4,606	4,606	4,606	66,319
Capital Outlay	--	--	--	--	--	151,878
<b>Total Expenditures Disbursed</b>	\$ --	\$ --	\$ 4,606	\$ 4,606	\$ 4,606	\$ 1,800,274
<b>Revenues Received Over (Under) Expenditures Disbursed</b>	\$ --	\$ 4	\$ 38	\$ 42	\$ 42	\$ 184,783
Other Financing Sources (Uses):						
Operating Transfers In	--	--	--	--	--	244,490
Operating Transfers Out	--	--	--	--	--	(278,158)
<b>Net Change in Fund Balance</b>	\$ --	\$ 4	\$ 38	\$ 42	\$ 42	\$ 151,115
<b>Fund Balance - September 1, 2006</b>	179	607	761	1,547	1,547	1,925,620
<b>Other Changes in Fund Balance</b>	--	--	--	--	--	4,416
<b>Fund Balance - August 31, 2007</b>	\$ 179	\$ 611	\$ 799	\$ 1,589	\$ 1,589	\$ 2,081,151

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS -  
 MODIFIED CASH BASIS  
 AUGUST 31, 2007

	Drainage	Local Bridge Program	Township Bridge Supervisory Engineering	Township Construction	Township Motor Fuel Tax	Inmate Commissary	Circuit Clerk's Marriage Fund	Circuit Clerk's Cash Bail
Cash and Cash Equivalents	\$ 189,443	\$ 174,111	\$ 7,355	\$ 721	\$ 997,588	\$ 6,919	\$ 677	\$ 131,053
<b>TOTAL ASSETS</b>	<b>\$ 189,443</b>	<b>\$ 174,111</b>	<b>\$ 7,355</b>	<b>\$ 721</b>	<b>\$ 997,588</b>	<b>\$ 6,919</b>	<b>\$ 677</b>	<b>\$ 131,053</b>
<b>LIABILITIES</b>								
Trust Funds due Others	\$ 189,443	\$ 174,111	\$ 7,355	\$ 721	\$ 997,588	\$ 6,919	\$ 677	\$ 131,053
<b>TOTAL LIABILITIES</b>	<b>\$ 189,443</b>	<b>\$ 174,111</b>	<b>\$ 7,355</b>	<b>\$ 721</b>	<b>\$ 997,588</b>	<b>\$ 6,919</b>	<b>\$ 677</b>	<b>\$ 131,053</b>
<b>TOTAL NET ASSETS</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>

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

SHELBY COUNTY, ILLINOIS  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS -  
 MODIFIED CASH BASIS - (CONTINUED)  
 AUGUST 31, 2007

	Circuit Clerk's Trust Fund	Property Tax Fund	Taxes In Litigation	Inheritance Tax	Minor and Unknown Heirs	County Clerk's Real Estate Redemption	Total Fiduciary Funds
Cash and Cash Equivalents	\$ 15	\$ 125,466	\$ 69,665	\$ 1,102	\$ 63,843	\$ 3,308	1,771,266
<b>TOTAL ASSETS</b>	\$ 15	\$ 125,466	\$ 69,665	\$ 1,102	\$ 63,843	\$ 3,308	\$ 1,771,266
<b>LIABILITIES</b>							
Trust Funds due Others	\$ 15	\$ 125,466	\$ 69,665	\$ 1,102	\$ 63,843	\$ 3,308	\$ 1,771,266
<b>TOTAL LIABILITIES</b>	\$ 15	\$ 125,466	\$ 69,665	\$ 1,102	\$ 63,843	\$ 3,308	\$ 1,771,266
<b>NET ASSETS</b>	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

ASSETS

LIABILITIES

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, 2006 TO JUNE 30, 2007  
CONTRACT NUMBER IL-18-X023

<u>Line Item</u>	<u>Revenue</u>		
401.01	Passenger Fare / Donations	\$	15,980
402.00	Special Transit Fares		146,862
409.00	Local Cash Grants		16,745
431.00	Contributed Cash		11,143
			<hr/>
	Total Revenue	\$	<u>190,730</u>

<u>Expenses</u>		<u>Actual Administrative Expenses</u>	<u>Actual Operating Expenses</u>	<u>Total</u>
501.00	Labor	\$ 81,830	\$ 160,838	\$ 242,668
502.00	Fringe Benefits	16,995	36,598	53,593
503.00	Services	5,290	34,969	40,259
504.01	Fuel and Oil	--	47,726	47,726
504.02	Tires and Tubes	--	1,578	1,578
504.99	Other Materials	3,455	169	3,624
505.00	Utilities	4,603	--	4,603
506.00	Casualty and Liability	20,935	736	21,671
509.00	Miscellaneous	6,840	5,485	12,325
512.00	Lease and Rentals	--	--	--
				<hr/>
	Total Direct Expense	\$ 139,948	\$ 288,099	\$ 428,047
	Total Indirect Expense	8,705	17,919	26,624
				<hr/>
	Total Expense	<u>\$ 148,653</u>	<u>\$ 306,018</u>	<u>\$ 454,671</u>

Section 5311 Grant Reimbursement

	<u>Administrative Expenses</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Grant Total</u>
Expenses:	\$ 148,653	\$ 306,018	\$ 454,671	
Less: Ineligible Expense	--	--	--	
				<hr/>
Net Eligible Expenses	\$ 148,653	\$ 306,018	\$ 454,671	
Less: Total Operating Revenues	--	15,980	15,980	
				<hr/>
Section 5311 Operating Deficit	148,653	\$ 290,038	\$ 438,691	
Section 5311 Reimbursement	X 80%	X 50%		
				<hr/>
Eligible Reimbursement Per Percentages	\$ 118,922	\$ 145,019		\$ 263,941
Funding Limits Per Contract				310,280
Maximum Section 5311 Reimbursement			263,941	263,941
Less: IDOT Payments - Section 5311				
Reimbursement to Grantee				263,941
Amount Under Paid				<u>\$ 46,339</u>
Grantee Local Match Requirement			<u>\$ 174,750</u>	

Grantee Match Sources

Special Transit Fares	\$ 146,862
Local Cash Grants	16,745
Contributed Cash	11,143
	<hr/>
Total Grantee Local Match	<u>\$ 174,750</u>

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

# Single Audit

SHELBY COUNTY, ILLINOIS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2007

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 (M) Airport Improvement Program	20.106		\$ 965,539
Public Transportation		RPT-06-019	68,209
Public Transportation		RPT-07-019	200,085
Total Public Transportation	20.509		\$ 268,294
Total U.S. Department of Transportation			\$ 1,233,833
<b><u>U.S. Department of General Service Administration</u></b>			
Passed through Illinois State Board of Elections Business Services - Help America Vote Act	39.001		\$ 59,575
<b><u>U.S. Department of Environment Quality</u></b>			
Passed through Illinois Department of Public Health Performance Partnership Grants - Groundwater Testing	66.605	4740	\$ 425
<b><u>U.S. Department of Health &amp; Human Services</u></b>			
Passed through Illinois Department of Human Services Diabetes Program		11G7454000	\$ 3,767
Diabetes Program		11G8454000	745
Total Diabetes Program	93.988		\$ 4,512
Passed through Illinois Department of Healthcare and Family Services Child Support/Computer Interface	93.563		\$ 4,103
Passed through Illinois Department of Human Services Title XX Block Grant - Teen Parents	93.667	11G7454000	\$ 12,000
Passed through Illinois Department of Public Health Federal Bioterrorism Preparedness	93.283	210	\$ 21,005
Passed through Illinois Department of Public Health Health Protection	93.268	000283	\$ 96,731
Total U.S. Department of Health and Human Services			\$ 138,351
<b><u>U.S. Department of Agriculture</u></b>			
Passed through the Illinois Department of Human Services			
WIC Administration		11G7454000	\$ 65,372
WIC Administration		11G8454000	12,176
WIC Special Supplemental Nutrition Program			162,920
Total Women, Infants and Children Program	10.557		\$ 240,468
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 1,672,652</b>

(M) denotes major program.

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



SHELBY COUNTY, ILLINOIS  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2007

Note 1 – Significant Accounting Policies

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

Note 2 – Nonmonetary Assistance

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

Note 3 – Subrecipients

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

<u>Program Title/Subrecipient</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Public Transportation CEFS Economic Opportunity Corporation	20.509	<u>\$268,294</u>

Note 4 – Insurance Provided by Federal Agencies

The County did not receive any insurance coverage provided by a federal agency during the fiscal year ending August 31, 2007.

SHELBY COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2007

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses a qualified opinion on the financial statements of Shelby County, Illinois due to the financial statements being presented on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.
2. No significant deficiencies 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. One instance of noncompliance material to the financial statements of Shelby County was disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs is reported in the Report on Compliance with Requirements applicable to each Major Program and Internal Control over Compliance in accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Shelby County expresses an unqualified opinion.
6. There were no audit findings relative to the major programs for Shelby County.
7. The program tested as a major program includes:

Name	CFDA No.
Airport Improvement Program	20.106
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 materially exceeded the budgeted amounts in the Airport Special Revenue Fund.

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

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

Recommendation: Shelby County should monitor individual fund expenditure levels, periodically 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.

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

**CORRECTIVE ACTION PLAN**

February 8, 2008

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, 2007.

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, 2007

The findings from the Fiscal Year 2007 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 in fiscal year 2008.

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, 2007

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