

**SHELBY COUNTY, ILLINOIS  
ANNUAL FINANCIAL REPORT  
YEAR ENDED AUGUST 31, 2008**

**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, 2008, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Shelby County, Illinois, as of August 31, 2008, 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 9, 2009, 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 43 through 45, 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  
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February 9, 2009

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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, 2008, which collectively comprise Shelby County, Illinois' basic financial statements and have issued our report thereon dated February 9, 2009. 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 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.

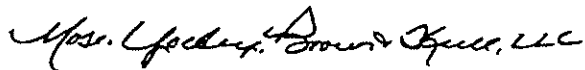


### Compliance and Other Matters

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.



Mose, Yockey, Brown & Kull, LLC  
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February 9, 2009

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

County Board Members  
Shelby County  
Shelbyville, Illinois

Compliance

We have audited 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 programs for the year ended August 31, 2008. Shelby County, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of Shelby County, Illinois' management. Our responsibility is to express an opinion on Shelby County, Illinois' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Shelby County, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination 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 programs for the year ended August 31, 2008.

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

A control deficiency in an entity's internal control over compliance 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 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 the entity'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 the entity'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 the entity'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 9, 2009

**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 was the recipient of several grants and reimbursements during fiscal year 2008:
  - The Health Department received a onetime State infrastructure grant of \$52,632 from the State of Illinois Department of Public Health.
  - The Health Department received Federal Medicaid Matching reimbursements totaling \$123,589. These monies are to reimburse the Health Department for the operation of the Family Case Management program.
  - The Airport received a \$155,729 Federal grant for the construction of a snow removal equipment building.
  - The Rural Transportation program was the recipient of an additional \$155,681 in state funding under a downstate assistance program from the Illinois Department of Transportation.
  - The Rural Transportation program was also the recipient of three vehicles valued at \$97,782.
  - The Sheriff department received a \$39,983 grant from the Buffet Foundation for the purchase of cameras and GPS equipment.
- The County's share of state income tax and local use tax increased 9% from the prior year.
- The Neoga Road Project was completed during fiscal year 2008. The two mile \$1,289,000 stretch of road was added to the County's infrastructure assets in the Statement of Net Assets. The project was 80% federally funded and 20% state funded.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

### FUND FINANCIAL STATEMENTS

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

Governmental Funds – Most of the County's basic services are included in governmental funds. The fund statement focuses on (1) cash and financial assets that can readily be converted to cash flow and (2) the balances remaining at year-end that are available for spending. The governmental funds financial statements provide a detailed short-term view. The General Fund is the main operating account of the County and the largest of the governmental funds. Fund income is comprised of various sources for non-dedicated purposes. Other major governmental funds include the County Health Fund 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 \$505,078 and \$331,534 of restricted net assets as of August 31, 2008 and 2007, respectively. Net assets may serve over time as a useful indicator of a government's financial position. The Governmental net assets were \$18,060,298 and \$15,910,365 as of August 31, 2008 and 2007, respectively.

Following is a separate Summary of Net Assets – modified cash basis as of August 31, 2008 and 2007 for Governmental Activities:

#### Summary of Net Assets – Modified Cash Basis Governmental Activities August 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 8,588,557	\$ 7,651,034
Capital assets, net of accumulated depreciation	<u>9,672,171</u>	<u>8,509,619</u>
<b>Total Assets</b>	<b><u>\$18,260,728</u></b>	<b><u>\$16,160,653</u></b>
Long-term liabilities outstanding	\$ 66,230	\$ 121,974
Other Liabilities	<u>134,200</u>	<u>128,314</u>
<b>Total Liabilities</b>	<b><u>\$ 200,430</u></b>	<b><u>\$ 250,288</u></b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	\$ 9,605,941	\$ 8,387,645
Restricted for Insurance	502,613	327,600
Restricted for Rescue Squad	2,465	3,934
Unrestricted	<u>7,949,279</u>	<u>7,191,186</u>
<b>Total Net Assets</b>	<b><u>\$18,060,298</u></b>	<b><u>\$15,910,365</u></b>

Fifty-three 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, 2008 and 2007. 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, 2008 and 2007, the County had positive balances in all categories of net assets for the governmental activities. Net assets increased \$2,149,933 for governmental activities. The County's overall financial position improved during fiscal year 2008.

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, 2008 and 2007**

Receipts:	<u>2008</u>	<u>2007</u>
Program Receipts:		
Charges for services	\$ 1,305,802	\$ 1,254,842
Operating grants and contributions	1,628,404	1,137,237
Capital grants and contributions	1,392,606	995,604
General Receipts:		
Property taxes	3,359,671	3,120,868
Sales and other taxes	2,131,479	2,105,219
Unrestricted investment earnings	143,688	177,389
Other receipts	<u>160,993</u>	<u>102,016</u>
Total Receipts	<u>\$10,122,643</u>	<u>\$ 8,893,175</u>
Disbursements:		
General government	\$ 2,687,261	\$ 2,794,163
Public safety	1,558,235	1,397,251
Corrections	85,007	72,898
Judiciary	392,369	379,595
Public works/transportation	1,938,476	1,811,108
Health and welfare	1,301,572	1,122,585
Interest on long-term debt	<u>9,790</u>	<u>606</u>
Total Disbursements	<u>\$ 7,972,710</u>	<u>\$ 7,578,206</u>
Change in net assets before transfers and special items	\$ 2,149,933	\$ 1,314,969
Transfers	<u>          --</u>	<u>     (655,162)</u>
Change in net assets	\$ 2,149,933	\$ 659,807
Net assets – September 1,	15,910,365	15,230,717
Other Changes in Net Assets	<u>          --</u>	<u>      19,841</u>
Net assets – August 31,	<u>\$18,060,298</u>	<u>\$15,910,365</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 \$8,107,655 and \$7,161,169 as of August 31, 2008 and 2007, respectively. Of these amounts, \$502,613 and \$327,600 are reserved for insurance, \$2,465 and \$3,934 are reserved for rescue squad and \$503,984 and \$483,827 are reserved for future capital improvement projects and \$1,984,376 and \$2,040,458 are designated for future capital improvement projects as of August 31, 2008 and 2007, respectively. Of the total Governmental Funds fund balance, \$5,114,217 and \$4,305,350 are unreserved and undesignated and were available for appropriations as of August 31, 2008 and 2007, respectively.

The fund balance for all Governmental Funds at the fiscal years ended August 31, 2008 and 2007 had a positive net change of \$946,486 and \$11,318, respectively.

Per the Statement of Revenues Received, Expenditures Disbursed and Change in Fund Balance, total Governmental receipts for the fiscal years 2008 and 2007 were \$8,744,887 and \$8,014,695, respectively and total disbursements were \$7,873,401 and \$7,412,631, 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 2008 and 2007, the unreserved and undesignated fund balances in the General Fund were \$1,367,113 and \$1,123,560, respectively; the reserved portions for insurance commitments were \$502,613 and \$327,600, respectively, the reserved portions for rescue squad were \$2,465 and \$3,934, respectively and the designated portions were \$1,984,376 and \$2,040,458 for capital improvements, respectively. The unreserved and undesignated fund balance represents 35 and 32 percent of the General Fund's total disbursements for the years ended August 31, 2008 and 2007, respectively. For the year ended August 31, 2008, receipts of \$4,216,032 less disbursements of \$3,698,337 resulted in an increase in fund balance of \$517,695. After the net transfers of (\$156,680), the result was a net increase in the General Fund fund balance of \$361,015. For the year ended August 31, 2007, receipts of \$3,993,341 less disbursements of \$3,497,838 and net transfers of (\$76,795) resulted in a increase in fund balance of \$418,708.

The largest receipt sources for the General Fund are property taxes, sales taxes, and income taxes which account for 66 percent of receipts for the years ended August 31, 2008 and 2007. General government and public safety are the primary operations of the general fund. Approximately 84 percent of the General Fund's disbursements are for general government and public safety activities for the years ended August 31, 2008 and 2007.

## COUNTY HEALTH FUND

The largest source of revenues received for the County Health Fund are property taxes, federal and state grant receipts from State of Illinois agencies which account for 86 and 85 percent of receipts for the years ended August 31, 2008 and 2007, respectively. The County Health Fund's basic purpose is the protection and improvement of the public health in the County.

## COUNTY HIGHWAY FUND

The largest source of revenues received for the County Highway Fund is Motor Fuel Tax and other transportation grants from the Illinois Department of Transportation which accounts for 48 and 50 percent of receipts for the years ended August 31, 2008 and 2007, 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 \$616,682 and actual disbursements were less than budgeted amounts by \$247,886, resulting in a positive budget variance of \$864,568. 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 43 through 45.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### CAPITAL ASSETS

The County's investments in capital assets as of August 31, 2008 and 2007 (net of accumulated depreciation), are summarized below for Governmental-Type Activities:

	<b>Capital Assets Governmental Activities (Net of Depreciation) <u>August 31, 2008 and 2007</u></b>	
	<u>2008</u>	<u>2007</u>
Land	\$ 3,303,690	\$ 3,303,690
Work in Process	182,068	27,624
Buildings and Improvements	1,933,747	2,019,505
Vehicles	253,979	169,068
Maintenance Vehicles	222,532	296,413
Infrastructure	3,420,787	2,255,964
Equipment	<u>355,368</u>	<u>437,355</u>
Total Capital Assets, net of depreciation	<u>\$ 9,672,171</u>	<u>\$ 8,509,619</u>

During fiscal years 2008 and 2007, total capital assets for the County had a net increase (including additions, decreases, and depreciation) of \$1,162,552 and \$252,264, respectively. These increases reflect the current additions for vehicles, equipment, building and highway infrastructure and other miscellaneous equipment. The County recorded \$490,448 and \$611,570 of depreciation expense for the fiscal years 2008 and 2007, respectively and the amounts of accumulated depreciation are \$4,195,325 and \$3,742,180 as of August 31, 2008 and 2007, 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 16 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, 2008 and 2007:

**Outstanding Long-Term Debt  
Governmental Activities  
August 31, 2008 and 2007**

<u>Debt Description</u>	<u>2008</u>	<u>2007</u>
Special Service Area Bonds	\$ 4,500	\$ 8,500
Lease Purchase Agreements	<u>61,730</u>	<u>113,474</u>
 Total County Outstanding Debt	 <u>\$ 66,230</u>	 <u>\$ 121,974</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. Debra Page, Shelby County Treasurer, Shelby County Courthouse, Shelbyville, Illinois, 62565.

## Basic Financial Statements

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

SHELBY COUNTY, ILLINOIS  
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
AUGUST 31, 2008

	Primary Governmental Activities	Component Unit
<b>ASSETS:</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 7,798,516	\$ 13,497
Certificates of Deposit	439,594	--
Notes Receivable		
Due within one year	207,923	--
Inventory	3,745	--
Total Current Assets	\$ 8,449,778	\$ 13,497
<b>Noncurrent Assets:</b>		
Notes Receivable		
Due in more than one year	\$ 138,779	\$ --
Capital Assets		
Land	3,303,690	--
Work in Process	182,068	--
Buildings & Improvements	3,126,529	--
Vehicles	1,365,110	--
Maintenance Vehicles	577,289	--
Equipment	1,586,780	4,820
Infrastructure	3,726,030	--
Less: Accumulated Depreciation	(4,195,325)	(4,132)
Total Noncurrent Assets	\$ 9,810,950	\$ 688
TOTAL ASSETS	\$ 18,260,728	\$ 14,185
<b>LIABILITIES:</b>		
<b>Current Liabilities:</b>		
Withholding Payable	\$ 49,930	\$ 1,342
Due to Other Governmental Units	84,270	--
Current Portion of Long-term Debt	28,227	--
Total Current Liabilities	\$ 162,427	\$ 1,342
<b>Noncurrent Liabilities</b>		
Long term portion of debt	\$ 38,003	\$ --
Total Noncurrent Liabilities	\$ 38,003	\$ --
TOTAL LIABILITIES	\$ 200,430	\$ 1,342
<b>NET ASSETS</b>		
Investment in Capital Assets, Net of Related Debt	\$ 9,605,941	\$ 688
Restricted for:		
Insurance	502,613	--
Rescue Squad	2,465	--
Unrestricted	7,949,279	12,155
TOTAL NET ASSETS	\$ 18,060,298	\$ 12,843

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

SHELBY COUNTY, ILLINOIS  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
YEAR ENDED AUGUST 31, 2008

Activities	PROGRAM RECEIPTS				Net (Disbursements) Receipts and Changes in Net Assets	
	Disbursements	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Component Unit
Primary Government:						
Governmental Activities						
General Government	\$ 2,687,261	\$ 940,034	\$ 313,681	\$ --	\$ (1,433,546)	
Public Safety	1,558,235	118,778	--	5,175	(1,434,282)	
Corrections	85,007	--	--	--	(85,007)	
Judiciary	392,369	29,694	--	--	(362,675)	
Public Works/Transportation	1,938,476	90,700	801,967	1,387,431	341,622	
Health and Welfare	1,301,572	126,596	512,756	--	(662,220)	
Interest on Long-term Debt	9,790	--	--	--	(9,790)	
Total Governmental Activities	\$ 7,972,710	\$ 1,305,802	\$ 1,628,404	\$ 1,392,606	\$ (3,645,898)	
TOTAL PRIMARY GOVERNMENT	\$ 7,972,710	\$ 1,305,802	\$ 1,628,404	\$ 1,392,606	\$ (3,645,898)	
Component Unit:						
Shelby County Tourism	\$ 103,194	\$ 18,557	\$ --	\$ --	\$ --	\$ (84,637)
General Receipts:						
Taxes - Property					\$ 3,359,671	\$ --
Taxes - Sales					620,247	--
Taxes - Income					992,398	--
Taxes - Motor Fuel					393,653	--
Taxes - Replacement & Other					125,181	76,804
Unrestricted Interest					143,688	52
County Farm					26,650	--
Miscellaneous					134,343	--
Total General Receipts and Transfers					\$ 5,795,831	\$ 76,856
Change in Net Assets					\$ 2,149,933	(7,781)
Net Assets - September 1, 2007					15,910,365	20,624
Net Assets - August 31, 2008					\$ 18,060,298	\$ 12,843

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, 2008

	General Fund	County Health Fund	County Highway Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,936,192	\$ 924,171	\$ 669,228	\$ 2,268,925	\$ 7,798,516
Certificates of Deposit	10,000	243,504	--	186,090	439,594
Interfund Loans Receivable	338,681	81,499	--	--	420,180
Inventory	3,745	--	--	--	3,745
<b>TOTAL ASSETS</b>	<b>\$ 4,288,618</b>	<b>\$ 1,249,174</b>	<b>\$ 669,228</b>	<b>\$ 2,455,015</b>	<b>\$ 8,662,035</b>
<b>LIABILITIES</b>					
Withholding Payable	\$ 49,930	\$ --	\$ --	\$ --	\$ 49,930
Interfund Loans Payable	297,851	81,499	--	40,830	420,180
Due to Other Governmental Units	84,270	--	--	--	84,270
<b>TOTAL LIABILITIES</b>	<b>\$ 432,051</b>	<b>\$ 81,499</b>	<b>\$ --</b>	<b>\$ 40,830</b>	<b>\$ 554,380</b>
<b>FUND BALANCE</b>					
Fund Balance:					
Reserved:					
Reserved for Insurance	\$ 502,613	\$ --	\$ --	\$ --	\$ 502,613
Reserved for Future Projects	--	--	503,984	--	503,984
Reserved for Rescue Squad	2,465	--	--	--	2,465
Unreserved - Designated for					
Capital Improvements	1,984,376	--	--	--	1,984,376
Unreserved - Undesignated reported in:					
General Fund	1,367,113	--	--	--	1,367,113
Special Revenue Funds	--	1,167,675	165,244	2,412,561	3,745,480
Capital Projects Funds	--	--	--	1,624	1,624
<b>TOTAL FUND BALANCE</b>	<b>\$ 3,856,567</b>	<b>\$ 1,167,675</b>	<b>\$ 669,228</b>	<b>\$ 2,414,185</b>	<b>\$ 8,107,655</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 4,288,618</b>	<b>\$ 1,249,174</b>	<b>\$ 669,228</b>	<b>\$ 2,455,015</b>	<b>\$ 8,662,035</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, 2008

Total Fund Balance for Governmental Funds	\$	8,107,655
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.		346,702
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		6,368,481
Long-term liabilities, including bonds payable are not due and payable in the current period; therefore, they are not reported in the funds		(66,230)
		(66,230)
Net Assets of Governmental Activities	\$	18,060,298

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, 2008

	General Fund	County Health Fund	County Highway Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES RECEIVED:</b>					
Property Taxes	\$ 1,189,398	\$ 320,013	\$ 516,150	\$ 1,334,110	\$ 3,359,671
Sales Taxes	620,247	--	--	--	620,247
Intergovernmental Revenue:					
State Sources:					
Income Taxes	992,398	--	--	--	992,398
Motor Fuel Taxes	--	--	393,653	--	393,653
Replacement Tax	44,659	10,232	43,853	26,437	125,181
Other State Sources	307,712	277,298	214,027	176,854	975,891
Federal Sources	2,779	215,347	--	434,387	652,513
County Farm	26,650	--	--	--	26,650
Loan Repayments	--	--	--	14,850	14,850
Charges for Services	69,073	97,041	90,700	13,875	270,689
Licenses and Permits	6,354	--	--	--	6,354
Fines, Fees and Forfeits	746,424	--	--	192,982	939,406
Sales of Real Estate Stamps	89,353	--	--	--	89,353
Interest	58,408	20,842	17,274	47,164	143,688
Miscellaneous	62,577	43	25	71,698	134,343
<b>Total Revenues Received</b>	<b>\$ 4,216,032</b>	<b>\$ 940,816</b>	<b>\$ 1,275,682</b>	<b>\$ 2,312,357</b>	<b>\$ 8,744,887</b>
<b>EXPENDITURES DISBURSED:</b>					
Current:					
General Government	\$ 1,809,083	\$ --	\$ --	\$ 780,082	\$ 2,589,165
Public Safety	1,310,002	--	--	123,319	1,433,321
Corrections	85,007	--	--	--	85,007
Judiciary	370,817	--	--	21,552	392,369
Public Works/Transportation	--	--	1,144,631	530,355	1,674,986
Health and Welfare	50,653	759,237	--	487,737	1,297,627
Debt Service	--	--	60,193	80,341	140,534
Capital Outlay	72,775	--	--	187,617	260,392
<b>Total Expenditures Disbursed</b>	<b>\$ 3,698,337</b>	<b>\$ 759,237</b>	<b>\$ 1,204,824</b>	<b>\$ 2,211,003</b>	<b>\$ 7,873,401</b>
Revenues Received Over (Under) Expenditures Disbursed	\$ 517,695	\$ 181,579	\$ 70,858	\$ 101,354	\$ 871,486
Other Financing Sources (Uses):					
Loan Proceeds	--	--	--	75,000	75,000
Operating Transfers In	643,558	--	249,630	156,680	1,049,868
Operating Transfers Out	(800,238)	--	(249,630)	--	(1,049,868)
<b>Net Change in Fund Balance</b>	<b>\$ 361,015</b>	<b>\$ 181,579</b>	<b>\$ 70,858</b>	<b>\$ 333,034</b>	<b>\$ 946,486</b>
Fund Balance - September 1, 2007	3,495,552	986,096	598,370	2,081,151	7,161,169
<b>Fund Balance - August 31, 2008</b>	<b>\$ 3,856,567</b>	<b>\$ 1,167,675</b>	<b>\$ 669,228</b>	<b>\$ 2,414,185</b>	<b>\$ 8,107,655</b>

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, 2008

Net Change in Fund Balance - Total Governmental Funds	\$	946,486
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 (\$260,394) did not exceed depreciation (\$490,448) in the current period.		(230,054)
Federal and State on-behalf payments for mini vans and road infrastructure are reported as capital grants and contributions in the Statement of Activities - modified cash basis; however, they are not recognized as receipts in the governmental funds.		1,387,431
A vehicle donation is reported as a capital contribution in the Statement of Activities - modified cash basis; however, it is not recongnized as a receipt in the governmental funds.		5,175
Principal payments received on Notes Receivable reduce Notes Receivable and do not affect the Statement of Activities - modified cash basis		(14,849)
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 \$130,744 and debt proceeds were \$75,000.		<u>55,744</u>
Change in Net Assets of Governmental Activities	\$	<u>2,149,933</u>

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

SHELBY COUNTY, ILLINOIS  
STATEMENT OF FIDUCIARY NET ASSETS -  
MODIFIED CASH BASIS  
YEAR ENDED AUGUST 31, 2008

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,919,291
	<b>TOTAL ASSETS</b> \$ 1,919,291
<b>LIABILITIES</b>	
Trust Funds due Others	\$ 1,919,291
	<b>TOTAL LIABILITIES</b> \$ 1,919,291
	<b>TOTAL NET ASSETS</b> \$ <u>          —</u>

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

## Notes to Basic Financial Statements

SHELBY COUNTY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008

**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, 2008

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, 2008

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 as the County does not have any business-type activities and enterprise funds as of August 31, 2008.

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, 2008

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 12, 2007.

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, 2008

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, 2008

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, 2008, the County had restricted net assets of \$502,613 for insurance and \$2,465 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.

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, 2008. 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, 2008

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 2007 and 2008 attached as an enforceable lien on property as of January 1, 2006 and 2007, respectively. These taxes were required to be levied by the County prior to the last Tuesday in December. The 2006 and 2007 levies were adopted by the County in September, 2006 and September, 2007. Property taxes were due from property owners in two installments in August and October. The property tax receipts for the year ending August 31, 2008, as shown in the financial statements, consist of three distributions from the 2006 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.

	2007 <u>Maximum</u>	<u>2007 Levy</u>	<u>2006 Levy</u>
Assessed Valuation		<u>\$281,076,868</u>	<u>\$256,432,709</u>
Property Tax Rates:			
Extension Education	.05000	.02742	.02742
County	Unlimited	.25940	.27000
County Highway	.20000	.10000	.10000
County Bridge	.25000	.05000	.05000
Federal Aid	.05000	.05000	.05000
County Health	.17500	.11230	.12400
Municipal Retirement	Unlimited	.29623	.23398
Airport	.25000	.01621	.01621
Mental Health	.15000	.15000	.15000
Social Security	Unlimited	.10529	.09555
Tort Immunity Insurance	Unlimited	.07800	.10530
Workers' Comp. Insurance Tax	Unlimited	.06435	.05460
Unemployment Insurance Act	Unlimited	<u>.00585</u>	<u>.00585</u>
Total County Rate		<u>1.31505</u>	<u>1.28291</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, \$68,638, 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 *Illinois Compiled Statutes*.

SHELBY COUNTY, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008

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. A portion, \$135,988, of the General Fund's equity represents the excess of cumulative receipts over cumulative disbursements which is restricted for future liability insurance disbursements in accordance with *Illinois Compiled Statutes*.

Workers' Compensation Insurance

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the General Fund. A portion, \$297,987, 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 *Illinois Compiled Statutes*.

Rescue Squad

Cash donations have exceeded cash disbursements for rescue squad expenses. A portion, \$2,465, 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, 2008 consist of the following:

	<u>Primary Government</u>	<u>Component Unit</u>
Cash on Hand	\$ 8,141	\$ 250
Deposits with financial institutions	<u>8,229,969</u>	<u>13,247</u>
Sub-Total Governmental Activities	\$ 8,238,110	\$ 13,497
Fiduciary Funds	<u>1,919,291</u>	<u>---</u>
Total	<u>\$ 10,157,401</u>	<u>\$ 13,497</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  
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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, 2008 the County's investments were deposits in financial institutions. The deposits are all demand deposits with the exception of the following:

		<u>Maturity Date</u>
Certificate of Deposit	\$1,057,558	October 16, 2008
Certificate of Deposit	55,000	October 21, 2008
Certificate of Deposit	10,000	January 14, 2009
Certificate of Deposit	118,504	February 1, 2009
Certificate of Deposit	45,000	February 13, 2009
Certificate of Deposit	22,092	February 15, 2009
Certificate of Deposit	21,972	February 15, 2009
Certificate of Deposit	125,000	February 19, 2009
Certificate of Deposit	20,000	March 17, 2009
Certificate of Deposit	11,013	April 10, 2009
Certificate of Deposit	11,013	April 14, 2009
	<u>\$1,497,152</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, 2008

**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, 2008, \$16,082,808 of the County's deposits with financial institutions in excess of federal depository insurance limits were held in accounts collateralized by securities held by the pledging financial institution and \$4,222,031 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, 2008:

**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. No payments were received by the County during fiscal year 2008.

**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. One payment was received during fiscal year 2008.

**Willow Ridge Vineyards and Winery**

The terms of this loan agreement require four annual installments of \$15,272, including interest at 3%, and a final payment of \$85,132. Payments begin on May 26, 2007 with the final payment due May 26, 2011.



SHELBY COUNTY, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 AUGUST 31, 2008

Note 6 – Capital Assets

Capital assets activity for the year ended August 31, 2008 was as follows:

	<u>Balance September 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2008</u>
<b>Primary Government</b>				
Government activities:				
Capital assets not being depreciated:				
Land	\$ 3,303,690	\$ --	\$ --	\$ 3,303,690
Work In Process	<u>27,624</u>	<u>163,578</u>	<u>9,134</u>	<u>182,068</u>
	<u>\$ 3,331,314</u>	<u>\$ 163,578</u>	<u>\$ 9,134</u>	<u>\$ 3,485,758</u>
Capital assets being depreciated:				
Buildings & Improvements	\$ 3,126,529	\$ --	\$ --	\$ 3,126,529
Vehicles	1,214,720	197,459	47,069	1,365,110
Maintenance Vehicles	577,289	--	--	577,289
Infrastructure	2,436,291	1,289,739	--	3,726,030
Equipment	<u>1,565,656</u>	<u>21,124</u>	<u>--</u>	<u>1,586,780</u>
<b>Total Capital Assets Being Depreciated</b>	<u>\$ 8,920,485</u>	<u>\$ 1,508,322</u>	<u>\$ 47,069</u>	<u>\$ 10,381,738</u>
Less: Accumulated Depreciation:				
Buildings & Improvements	\$(1,107,024)	\$ (85,758)	\$ --	\$ (1,192,782)
Vehicles	(1,045,652)	(102,782)	37,303	(1,111,131)
Maintenance Vehicles	(280,876)	(73,881)	--	(354,757)
Infrastructure	(180,327)	(124,916)	--	(305,243)
Equipment	<u>(1,128,301)</u>	<u>(103,111)</u>	<u>--</u>	<u>(1,231,412)</u>
<b>Total Accumulated Depreciation</b>	<u>\$(3,742,180)</u>	<u>\$ (490,448)</u>	<u>\$ 37,303</u>	<u>\$ (4,195,325)</u>
<b>Total Capital Assets being Depreciated net</b>	<u>\$ 5,178,305</u>	<u>\$ 1,017,874</u>	<u>\$ 9,766</u>	<u>\$ 6,186,413</u>
<b>Governmental Activities Capital Assets, net</b>	<u>\$ 8,509,619</u>	<u>\$ 1,181,452</u>	<u>\$ 18,900</u>	<u>\$ 9,672,171</u>

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

Governmental activities:	
General Government	\$ 98,097
Public Safety	124,916
Public Works/Transportation	263,490
Health and Welfare	<u>3,945</u>
	<u>\$490,448</u>

SHELBY COUNTY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008

**Note 6 – Capital Assets (Continued)**

Capital assets activity of Shelby County Office of Tourism for the year ended August 31, 2008 was as follows:

	<u>Balance September 1, 2007</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance August 31, 2008</u>
Capital assets being Depreciated: Equipment	\$ 4,820	\$ --	\$ --	\$ 4,820
Less: Accumulated Depreciation Equipment	\$ (3,443)	\$ (689)	\$ --	\$ (4,132)
Capital assets, net	<u>\$ 1,377</u>	<u>\$ (689)</u>	<u>\$ --</u>	<u>\$ 688</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, 2008.

	<u>Balance September 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance August 31, 2008</u>	<u>Due Within One Year</u>
Governmental activities:					
Snow Removal Equipment Building	\$ --	\$ 75,000	\$ 75,000	\$ --	\$ --
Cat 930G Loader--	60,000	--	10,697	49,303	11,300
2007 International 7400 SFA	53,474	--	41,047	12,427	12,427
Garden Acres Subdivision Special Service Area Bonds	<u>8,500</u>	<u>--</u>	<u>4,000</u>	<u>4,500</u>	<u>4,500</u>
	<u>\$ 121,974</u>	<u>\$ 75,000</u>	<u>\$ 130,744</u>	<u>\$ 66,230</u>	<u>\$ 28,227</u>

**A. Equipment Lease Agreements**

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

SHELBY COUNTY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008

Note 7 - Long-Term Liabilities (Continued)

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 \$60,000 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 \$53,474 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.

C. Bank Loan

The Airport borrowed \$75,000 on September 7, 2007 to make a deposit on the Snow Equipment Removal Building. The interest on the loan was 6.75% to be paid off by March 7, 2008. The loan was paid in full on January 21, 2008.

D. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2008 are as follows:

Fiscal Year Ending August 31,	Governmental Activities			
	Capital Lease Obligations		Bonds	
	Principal	Interest	Principal	Interest
2009	\$ 23,727	\$ 3,590	\$ 4,500	\$ 218
2010	11,963	2,205	--	--
2011	12,657	1,511	--	--
2012	<u>13,383</u>	<u>777</u>	<u>--</u>	<u>--</u>
Total	<u>\$ 61,730</u>	<u>\$ 8,083</u>	<u>\$ 4,500</u>	<u>\$ 218</u>

SHELBY COUNTY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008

Note 7 - Long-Term Liabilities (Continued)

E. 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 16 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

Plan Description

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

Funding Policy

Regular Plan Members

As set by statute, Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2007 was 10.27 percent of annual covered payroll. Shelby County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

ECO Plan

As set by statute, Elected County Official plan members are required to contribute 7.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2007 was 48.00 percent of annual covered payroll. Shelby County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

SHELBY COUNTY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008

Note 8 - Retirement Plans (Continued)

SLEP Plan

As set by statute, Sheriff's Law Enforcement Personnel plan members are required to contribute 7.50 percent of their annual covered salary. The statutes require employer to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2007 was 11.55 percent of annual covered payroll. Shelby County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

For 2007, Shelby County's annual pension costs of \$232,530 (Regular Plan), \$151,746 (ECO) and \$56,491 (SLEP) were equal to the required and actual contributions.

Trend Information:

Regular Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/07	\$ 232,530	100%	\$0
12/31/06	218,426	100%	0
12/31/05	175,495	100%	0

ECO Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/07	\$ 151,746	100%	\$0
12/31/06	206,590	100%	0
12/31/05	212,001	100%	0

SLEP Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/07	\$ 56,491	100%	\$0
12/31/06	66,345	100%	0
12/31/05	55,869	100%	0

SHELBY COUNTY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008

Note 8 - Retirement Plans (Continued)

Regular Plan

The required contribution was determined as part of the December 31, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2005, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. Shelby County's Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007, was 25 years.

As of December 31, 2007, the most recent actuarial valuation date, the Regular plan was 86.65 percent funded. The actuarial accrued liability for benefits was \$7,605,867 and the actuarial value of assets was \$6,590,758, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,015,109. The covered payroll (annual payroll of active employees covered by the plan) was \$2,264,167 and the ratio of the UAAL to the covered payroll was 45 percent.

ECO Plan

The required contribution was determined as part of the December 31, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2005, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the Elected County Official plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. Shelby County's Elected County Official plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007, was 25 years.

As of December 31, 2007, the most recent actuarial valuation date, the Elected County Official plan was 0.00 percent funded. The actuarial accrued liability for benefits was \$1,739,551 and the actuarial value of assets was \$(762,550), resulting in an underfunded actuarial accrued liability (UAAL) of \$2,502,101. The covered payroll (annual payroll of active employees covered by the plan) was \$316,137 and the ratio of the UAAL to the covered payroll was 791 percent.

SHELBY COUNTY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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Note 8 - Retirement Plans (Continued)

SLEP Plan

The required contribution was determined as part of the December 31, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2005, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. Shelby County's Sheriff's Law Enforcement Personnel plan's overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007, was 25 years.

As of December 31, 2007, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel plan was 134.14 percent funded. The actuarial accrued liability for benefits was \$1,491,283 and the actuarial value of assets was \$2,000,434, resulting in an overfunded actuarial accrued liability (UAAL) of \$509,151. The covered payroll (annual payroll of active employees covered by the plan) was \$489,099 and since the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

B. Social Security

All employees, including those covered by IMRF, are covered under Social Security. Shelby County paid \$244,919, the total required contribution for the year ended August 31, 2008.

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:

SHELBY COUNTY, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008

Note 9 - Required Individual Fund Disclosures (Continued)

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	\$ 11,923	\$ 0	\$ 11,923
County Airport	349,640	41,550	308,090
Rescue Squad	12,050	10,000	2,050
Rural Transportation	432,211	319,588	112,623
Garden Acres	4,412	0	4,412

B. Deficit Fund Balances of Individual Funds

The following funds had deficit fund balances at August 31, 2008:

<u>Fund</u>	<u>Amount</u>
GIS	\$ 368

C. Individual Fund Interfund Receivable and Payable Balances

Individual fund interfund receivable and payable balances at August 31, 2008 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>MAJOR FUNDS:</b>		
<b>GENERAL FUND:</b>		
Other than Fee Offices	\$ 118,529	\$ 297,851
Coal Rights	220,152	-
Total General Fund	<u>\$ 338,681</u>	<u>\$ 297,851</u>
<b>COUNTY HEALTH FUND:</b>		
Miscellaneous County Health	\$ 77,699	\$ 3,800
County Health	-	77,699
Home Nursing	3,800	-
Total County Health Fund	<u>\$ 81,499</u>	<u>\$ 81,499</u>
<b>NONMAJOR FUNDS:</b>		
<b>SPECIAL REVENUE FUNDS:</b>		
Municipal Retirement	\$ -	\$ 39,610
GIS	-	1,220
Total Special Revenue Funds	<u>\$ -</u>	<u>\$ 40,830</u>
<b>Total</b>	<u>\$ 420,180</u>	<u>\$ 420,180</u>



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

D. Transfer within the Reporting Entity

The composition of interfund transfers for the year ended August 31, 2008 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>MAJOR FUNDS:</b>		
<b>GENERAL FUND:</b>		
Other than Fee Offices	\$ 643,558	\$ --
County Clerk	--	187,385
Circuit Clerk	--	149,574
Sheriff	--	106,183
States Attorney	--	268,246
Supervisor of Assessments	--	4,850
Coal Rights	--	84,000
Total General Fund	<u>\$ 643,558</u>	<u>\$ 800,238</u>
 <b>COUNTY HIGHWAY FUND:</b>		
County Highway	\$ 245,000	\$ 4,630
County Motor Fuel Tax Fund	4,630	225,000
FASM	--	20,000
Total County Highway Fund	<u>\$ 249,630</u>	<u>\$ 249,630</u>
 <b>NONMAJOR FUNDS:</b>		
<b>SPECIAL REVENUE FUNDS:</b>		
Capital Improvement	\$ 84,000	\$ --
Recording	19,342	--
Drug Traffic Prevention	8,858	--
GIS	43,480	--
DUI Equipment	1,000	--
Total Special Revenue Funds	<u>\$ 156,680</u>	<u>\$ --</u>
Total	<u>\$ 1,049,868</u>	<u>\$ 1,049,868</u>

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

SHELBY COUNTY, ILLINOIS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
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**Note 10 – Insurance**

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

<b>Tort Immunity Receipts:</b>	
Property Tax Collected	\$ 425,252
Mobile Home Tax Collected	1,871
Interest	<u>636</u>
	<b><u>\$ 427,759</u></b>
<b>Tort Expenditures:</b>	
Commercial Liability Insurance	\$ 135,765
Unemployment tax	16,377
Workers' Compensation Insurance	<u>100,604</u>
	<b><u>\$ 252,746</u></b>
Total Expenditures	<b><u>\$ 252,746</u></b>
Receipts over expenditures	<b>\$ 175,013</b>
Restricted at September 1, 2007	<u>327,600</u>
Restricted at August 31, 2008	<b><u>\$ 502,613</u></b>

**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 \$84,270 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.

SHELBY COUNTY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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Note 13 - 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, 2008.

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, 2008 is not reflected in the financial statements but is estimated to be \$256,882.

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, 2008.

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, 2008 was \$13,554. 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 13, 2008 the County entered into a one year lease agreement for the Shelby County Farmland. This lease provides for minimum annual rent of \$28,700 payable in semi-yearly installments of \$14,350. The County received \$26,650 in rent income during the year ended August 31, 2008.

SHELBY COUNTY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008

Note 13 - Commitments and Contingencies (Continued)

Other Post Employment Benefits

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

The benefits are not advance funded; therefore, they are expensed in the period paid. The County recognized expenditures of \$9,764 during the year ended August 31, 2008 for this benefit. The benefit commenced in September, 2006.

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 2008.

Utility Adjustment Agreement

Shelby County is a party to a Reimbursable Utility Adjustment Agreement with Ameren CIPS for a gas line relocation. The agreement allows the use of federal funds with State approval to pay for the project. Estimated cost for the project is \$127,000.

Note 14 - Subsequent Events

Exterior Courthouse Repairs

On October 8, 2008 the County Board awarded a \$125,875 bid for exterior courthouse repairs. The project will be paid from the Capital Improvement Account.

Highway Equipment Purchase

On November 12, 2008, the County Board authorized the purchase of a road patching machine and oil storage tanker for the Highway department at an estimated cost of \$68,000.

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

SHELBY COUNTY, ILLINOIS  
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
 GENERAL FUND  
YEAR ENDED AUGUST 31, 2008

	Original (Final) Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES RECEIVED:</b>			
Property Taxes	\$ 703,100	\$ 1,189,398	\$ 486,298
Sales Taxes	622,000	620,247	(1,753)
Intergovernmental Revenue:			
State Sources:			
Income Taxes	870,000	992,398	122,398
Replacement Tax	36,800	44,659	7,859
Other State Sources	215,000	307,712	92,712
Federal Sources	170,600	2,779	(167,821)
County Farm	22,000	26,650	4,650
Charges for Services	59,000	69,073	10,073
Licenses and Permits	7,100	6,354	(746)
Fines, Fees and Forfeits	682,000	746,424	64,424
Sales of Real Estate Stamps	99,250	89,353	(9,897)
Interest	100,000	58,408	(41,592)
Miscellaneous	12,500	62,577	50,077
<b>Total Revenues Received</b>	<b>\$ 3,599,350</b>	<b>\$ 4,216,032</b>	<b>\$ 616,682</b>
<b>EXPENDITURES DISBURSED:</b>			
Current:			
General Government	\$ 1,998,403	\$ 1,809,083	\$ 189,320
Public Safety	1,301,330	1,310,002	(8,672)
Corrections	129,098	85,007	44,091
Judiciary	398,142	370,817	27,325
Health and Welfare	46,725	50,653	(3,928)
Capital Outlay	72,525	72,775	(250)
<b>Total Expenditures Disbursed</b>	<b>\$ 3,946,223</b>	<b>\$ 3,698,337</b>	<b>\$ 247,886</b>
Revenues Received Over (Under) Expenditures Disbursed	\$ (346,873)	\$ 517,695	\$ 864,568
Other Financing Sources (Uses):			
Operating Transfers In	--	643,558	643,558
Operating Transfers Out	--	(800,238)	(800,238)
Net Change in Fund Balance	<u>\$ (346,873)</u>	\$ 361,015	<u>\$ 707,888</u>
Fund Balance - September 1, 2007		<u>3,495,552</u>	
Fund Balance - August 31, 2008		<u>\$ 3,856,567</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, 2008

	Original (Final) Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES RECEIVED:</b>			
Property Taxes	\$ 299,699	\$ 320,013	\$ 20,314
Intergovernmental Revenue:			
State Sources:			
Replacement Tax	10,909	10,232	(677)
Other State Sources	282,845	277,298	(5,547)
Federal Sources	186,150	215,347	29,197
Charges for Services	107,614	97,041	(10,573)
Interest	23,307	20,842	(2,465)
Miscellaneous	46	43	(3)
	\$ 910,570	\$ 940,816	\$ 30,246
<b>EXPENDITURES DISBURSED:</b>			
Current:			
Health and Welfare	\$ 1,052,851	\$ 759,237	\$ 293,614
Net Change in Fund Balance	\$ (142,281)	\$ 181,579	\$ 323,860
Fund Balance - September 1, 2007		986,096	
Fund Balance - August 31, 2008		\$ 1,167,675	

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, 2008

	Original (Final) Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES RECEIVED:</b>			
Property Taxes	\$ 483,387	\$ 516,150	\$ 32,763
Intergovernmental Revenue:			
State Sources:			
Motor Fuel Tax	433,131	393,653	(39,478)
Replacement Taxes	88,092	43,853	(44,239)
Other State Sources	248,632	214,027	(34,605)
Charges for Services	150,640	90,700	(59,940)
Interest	24,268	17,274	(6,994)
Miscellaneous	55	25	(30)
Total Revenues Received	<u>\$ 1,428,205</u>	<u>\$ 1,275,682</u>	<u>\$ (152,523)</u>
<b>EXPENDITURES DISBURSED:</b>			
Current:			
Public Works/Transportation	\$ 1,444,614	\$ 1,144,631	\$ 299,983
Debt Service	-	60,193	(60,193)
Capital Outlay	70,668	-	70,668
Total Expenditures Disbursed	<u>\$ 1,515,282</u>	<u>\$ 1,204,824</u>	<u>\$ 310,458</u>
Revenues Received Over (Under) Expenditures Disbursed	\$ (87,077)	\$ 70,858	\$ 157,935
Other Financing Sources (Uses):			
Transfers In	-	249,630	249,630
Transfers Out	-	(249,630)	(249,630)
Net Change in Fund Balance	<u>\$ (87,077)</u>	<u>\$ 70,858</u>	<u>\$ 157,935</u>
Fund Balance - September 1, 2007		<u>598,370</u>	
Fund Balance - August 31, 2008		<u>\$ 669,228</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, 2008

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)
12/31/07	2,000,434	1,491,283	(509,151)	134.14%	489,099	0.00%
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%

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)
12/31/07	(762,550)	1,739,551	2,502,101	0.00%	316,137	791.46%
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%

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, 2008

C. Regular Employees' Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/07	6,590,758	7,605,867	1,015,109	86.65%	2,264,167	44.83%
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%

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

SHELBY COUNTY, ILLINOIS  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
AUGUST 31, 2008

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, 2008

	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	\$ 1,968,151	\$ 22,091	\$ 158,535	\$ 22,698	\$ --	\$ 493	\$ 1,764,224	\$ 3,936,192
Certificates of Deposit	--	--	10,000	--	--	--	--	10,000
Interfund Loans Receivable	118,529	--	--	--	--	--	220,152	338,681
Inventory	--	3,745	--	--	--	--	--	3,745
<b>TOTAL ASSETS</b>	<b>\$ 2,086,680</b>	<b>\$ 25,836</b>	<b>\$ 168,535</b>	<b>\$ 22,698</b>	<b>\$ --</b>	<b>\$ 493</b>	<b>\$ 1,984,376</b>	<b>\$ 4,288,618</b>
<b>LIABILITIES</b>								
Withholding Payable	\$ 49,930	--	--	--	--	--	--	\$ 49,930
Interfund Loans Payable	297,851	--	--	--	--	--	--	297,851
Due to Other Governmental Units	--	--	84,270	--	--	--	--	84,270
<b>TOTAL LIABILITIES</b>	<b>\$ 347,781</b>	<b>\$ --</b>	<b>\$ 84,270</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 432,051</b>
<b>FUND BALANCE</b>								
Fund Balance:								
Reserved:								
Reserved for Insurance	\$ 502,613	--	--	--	--	--	--	\$ 502,613
Reserved for Rescue Squad	2,465	--	--	--	--	--	--	2,465
Unreserved:								
Designated for Capital Improvement	--	--	--	--	--	493	1,984,376	1,984,376
Undesignated	1,233,821	25,836	84,265	22,698	--	--	--	1,367,113
<b>TOTAL FUND BALANCE</b>	<b>\$ 1,738,899</b>	<b>\$ 25,836</b>	<b>\$ 84,265</b>	<b>\$ 22,698</b>	<b>\$ --</b>	<b>\$ 493</b>	<b>\$ 1,984,376</b>	<b>\$ 3,856,567</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,086,680</b>	<b>\$ 25,836</b>	<b>\$ 168,535</b>	<b>\$ 22,698</b>	<b>\$ --</b>	<b>\$ 493</b>	<b>\$ 1,984,376</b>	<b>\$ 4,288,618</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, 2008

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Coal Rights	Total
<b>REVENUES RECEIVED:</b>								
Property Taxes	\$ 1,189,398	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,189,398
Sales Taxes	620,247	--	--	--	--	--	--	620,247
Intergovernmental Revenues:								
Income Taxes	992,398	--	--	--	--	--	--	992,398
Replacement Taxes	44,659	--	--	--	--	--	--	44,659
Other State Sources	292,766	--	--	14,946	--	--	--	307,712
Federal Source	2,779	--	--	--	--	--	--	2,779
County Farm	26,650	--	--	--	--	--	--	26,650
Charges for Services	69,073	--	--	--	--	--	--	69,073
Licenses and Permits	6,354	--	--	--	--	--	--	6,354
Fees, Fines and Forfeits	36,260	190,540	156,956	89,713	268,246	4,709	--	746,424
Sales of Real Estate Stamps	--	89,353	--	--	--	--	--	89,353
Interest	29,588	--	902	--	--	--	27,918	58,408
Miscellaneous	56,193	--	--	6,384	--	--	--	62,577
<b>Total Revenues Received</b>	\$ 3,366,365	\$ 279,893	\$ 157,858	\$ 111,043	\$ 268,246	\$ 4,709	\$ 27,918	\$ 4,216,032
<b>EXPENDITURES DISBURSED:</b>								
See Schedule at Page 52	\$ 3,579,633	\$ 95,365	\$ 23,339	\$ --	\$ --	\$ --	\$ --	\$ 3,698,337
Revenues Received Over (Under) Expenditures Disbursed	\$ (213,268)	\$ 184,528	\$ 134,519	\$ 111,043	\$ 268,246	\$ 4,709	\$ 27,918	\$ 517,695
Other Financing Sources (Uses):								
Operating Transfers In	643,558	--	--	--	--	--	--	643,558
Operating Transfers Out	--	(187,385)	(149,574)	(106,183)	(268,246)	(4,850)	(84,000)	(600,238)
Net Change in Fund Balance	\$ 430,290	\$ (2,857)	\$ (15,055)	\$ 4,860	\$ --	\$ (141)	\$ (56,082)	\$ 361,015
Fund Balance - September 1, 2007	1,308,609	28,693	99,320	17,838	--	634	2,040,458	3,495,552
Fund Balance - August 31, 2008	\$ 1,738,899	\$ 25,836	\$ 84,265	\$ 22,698	\$ --	\$ 493	\$ 1,984,376	\$ 3,856,567

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, 2008

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Coal Rights	Total
<b>EXPENDITURES DISBURSED:</b>								
<b>General Government:</b>								
Operating Expenses Pertaining to the Office of:								
County Clerk	\$ 310,888	\$ 693	--	--	--	--	--	\$ 311,581
Circuit Clerk	160,493	--	23,339	--	--	--	--	183,832
Supervisor of Assessments	194,828	--	--	--	--	--	--	194,828
County Treasurer	181,312	--	--	--	--	--	--	181,312
County Coroner	58,514	--	--	--	--	--	--	58,514
Regional Superintendent of Schools	39,897	--	--	--	--	--	--	39,897
Board of Review	26,548	--	--	--	--	--	--	26,548
Board of Appeals	1,590	--	--	--	--	--	--	1,590
Planning Commission	2,527	--	--	--	--	--	--	2,527
Zoning Administrator	17,995	--	--	--	--	--	--	17,995
Community & Economic Development	15,090	--	--	--	--	--	--	15,090
Utilities	67,708	--	--	--	--	--	--	67,708
Maintenance, Repairs and Improvement	18,743	--	--	--	--	--	--	18,743
Insurance and Taxes	252,746	--	--	--	--	--	--	252,746
Employee Insurance	243,972	--	--	--	--	--	--	243,972
County Board Expenses	56,131	--	--	--	--	--	--	56,131
Services, Supplies and Miscellaneous	37,123	--	--	--	--	--	--	37,123
County Farm	4,274	--	--	--	--	--	--	4,274
State Rental Housing Fee	--	35,100	--	--	--	--	--	35,100
Purchase of Real Estate Tax Stamps	--	59,572	--	--	--	--	--	59,572
<b>Total General Government</b>	<b>\$ 1,690,379</b>	<b>\$ 95,365</b>	<b>\$ 23,339</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 1,809,083</b>
<b>Public Safety:</b>								
Operating Expenses Pertaining to the Office of:								
County Sheriff	\$ 1,230,239	--	--	--	--	--	--	\$ 1,230,239
Rescue Squad	17,984	--	--	--	--	--	--	17,984
ESDA	31,815	--	--	--	--	--	--	31,815
911 Emergency Services	24,315	--	--	--	--	--	--	24,315
Merit Commission	5,649	--	--	--	--	--	--	5,649
<b>Total Public Safety</b>	<b>\$ 1,310,002</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 1,310,002</b>

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, 2008

	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	\$ 85,007	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 85,007
Judiciary:								
Operating Expenses Pertaining to the Office of:								
States Attorney	\$ 233,281	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 233,281
Public Defender	111,438	--	--	--	--	--	--	111,438
Appointed Counsel Fee	18,917	--	--	--	--	--	--	18,917
Circuit Judge Expenses	7,181	--	--	--	--	--	--	7,181
Total Judiciary	\$ 370,817	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 370,817
Health and Welfare:								
Operating Expenses Pertaining to the Office of:								
Animal Control	\$ 50,653	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 50,653
Capital Outlay:								
Public Safety	\$ 72,775	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 72,775
<b>TOTAL EXPENDITURES DISBURSED</b>	<b>\$ 3,579,633</b>	<b>\$ 95,365</b>	<b>\$ 23,339</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 3,698,337</b>

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, 2008

	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	\$ 311,581	\$ 28,743
Circuit Clerk	202,885	183,832	19,053
Supervisor of Assessments	220,240	194,828	25,412
County Treasurer	188,016	181,312	6,704
County Coroner	48,950	58,514	(9,564)
Regional Superintendent of Schools	38,563	39,897	(1,334)
Farmland Assessment	150	—	150
Board of Review	36,700	26,548	10,152
Board of Appeals	3,615	1,590	2,025
Planning Commission	2,450	2,527	(77)
Zoning Administrator	21,650	17,995	3,655
Community & Economic Development	15,000	15,090	(90)
Utilities	87,200	67,708	19,492
Maintenance, Repairs and Improvement	40,000	18,743	21,257
Insurance and Taxes	342,000	252,746	89,254
Employee Insurance	273,500	243,972	29,528
County Board Expenses	59,160	56,131	3,029
Services, Supplies and Miscellaneous	73,000	37,123	35,877
County Farm	5,000	4,274	726
State Rental Housing Fee	--	35,100	(35,100)
Purchase of Real Estate Tax Stamps	--	59,572	(59,572)
Total General Government	<u>\$ 1,998,403</u>	<u>\$ 1,809,083</u>	<u>\$ 189,320</u>
<b>Public Safety:</b>			
Operating Expenses Pertaining to the Office of:			
County Sheriff	\$ 1,204,325	\$ 1,230,239	\$ (25,914)
Rescue Squad	14,000	17,984	(3,984)
ESDA	31,380	31,815	(435)
911 Emergency Services	40,000	24,315	15,685
Merit Commission	11,625	5,649	5,976
Total Public Safety	<u>\$ 1,301,330</u>	<u>\$ 1,310,002</u>	<u>\$ (8,672)</u>

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, 2008

	Original Budget	Disbursements	Variance with Final Budget Positive (Negative)
Corrections:			
Operating Expenses Pertaining to the Office of: Probation Office	\$ 129,098	\$ 85,007	\$ 44,091
Judiciary:			
Operating Expenses Pertaining to the Office of:			
States Attorney	\$ 241,641	\$ 233,281	\$ 8,360
Public Defender	112,331	111,438	893
Appointed Counsel Fee	30,000	18,917	11,083
Circuit Judge Expenses	14,170	7,181	6,989
Total Judiciary	\$ 398,142	\$ 370,817	\$ 27,325
Health and Welfare:			
Operating Expenses Pertaining to the Office of: Animal Control	\$ 46,725	\$ 50,653	\$ (3,928)
Capital Outlay:			
Public Safety	\$ 59,000	\$ 72,775	\$ (13,775)
General and Administrative	13,525	-	13,525
Total Capital Outlay	\$ 72,525	\$ 72,775	\$ (250)
<b>TOTAL EXPENDITURES DISBURSED</b>	<b>\$ 3,946,223</b>	<b>\$ 3,698,337</b>	<b>\$ 247,886</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 HEALTH FUND - SPECIAL REVENUE MAJOR FUND  
AUGUST 31, 2008

	County Health	Miscellaneous County Health	Home Nursing	County Health WIC	Total County Health Fund
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 277,342	\$ 131,869	\$ 484,827	\$ 30,133	\$ 924,171
Certificates of Deposits	118,504	--	125,000	--	243,504
Interfund Loans Receivable	--	77,699	3,800	--	81,499
<b>TOTAL ASSETS</b>	<b>\$ 395,846</b>	<b>\$ 209,568</b>	<b>\$ 613,627</b>	<b>\$ 30,133</b>	<b>\$ 1,249,174</b>
<b>LIABILITIES</b>					
Interfund Loans Payable	\$ 77,699	\$ 3,800	\$ --	\$ --	\$ 81,499
<b>FUND BALANCE</b>					
Fund Balance:					
Unreserved:					
Undesignated	\$ 318,147	\$ 205,768	\$ 613,627	\$ 30,133	\$ 1,167,675
<b>TOTAL FUND BALANCE</b>	<b>\$ 318,147</b>	<b>\$ 205,768</b>	<b>\$ 613,627</b>	<b>\$ 30,133</b>	<b>\$ 1,167,675</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 395,846</b>	<b>\$ 209,568</b>	<b>\$ 613,627</b>	<b>\$ 30,133</b>	<b>\$ 1,249,174</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, 2008

	County Health	Miscellaneous County Health	Home Nursing	County Health WIC	Total County Health Fund
<b>REVENUES RECEIVED:</b>					
Property Taxes	\$ 320,013	\$ --	\$ --	\$ --	\$ 320,013
Intergovernmental Revenues:					
Replacement Taxes	10,232	--	--	--	10,232
Other State Sources	176,539	74,337	26,422	--	277,298
Federal Source	450	125,197	7,200	82,500	215,347
Charges for Services	18,904	12,495	65,642	--	97,041
Interest	5,647	1,600	13,595	--	20,842
Miscellaneous	43	--	--	--	43
<b>Total Revenues Received</b>	<b>\$ 531,828</b>	<b>\$ 213,629</b>	<b>\$ 112,859</b>	<b>\$ 82,500</b>	<b>\$ 940,816</b>

**EXPENDITURES DISBURSED:**

Current:					
Health and Welfare:					
Personnel and Fringe Benefits	\$ 386,374	\$ 120,998	\$ --	\$ 75,131	\$ 582,503
Commodities	23,406	14,913	47,002	2,369	87,690
Contractual Services	74,782	12,179	217	1,866	89,044
<b>Total Expenditures Disbursed</b>	<b>\$ 484,562</b>	<b>\$ 148,090</b>	<b>\$ 47,219</b>	<b>\$ 79,366</b>	<b>\$ 759,237</b>
<b>Net Change in Fund Balance</b>	<b>\$ 47,266</b>	<b>\$ 65,539</b>	<b>\$ 65,640</b>	<b>\$ 3,134</b>	<b>\$ 181,579</b>
<b>Fund Balance - September 1, 2007</b>	<b>270,881</b>	<b>140,229</b>	<b>547,987</b>	<b>26,999</b>	<b>986,096</b>
<b>Fund Balance - August 31, 2008</b>	<b>\$ 318,147</b>	<b>\$ 205,768</b>	<b>\$ 613,627</b>	<b>\$ 30,133</b>	<b>\$ 1,167,675</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, 2008

	County Bridge	County Highway	County Motor Fuel Tax Fund	Federal Aid Secondary Matching	Total County Highway Fund
Cash and Cash Equivalents	\$ 127,500	\$ 37,744	\$ 397,570	\$ 106,414	\$ 669,228
<b>TOTAL ASSETS</b>	<b>\$ 127,500</b>	<b>\$ 37,744</b>	<b>\$ 397,570</b>	<b>\$ 106,414</b>	<b>\$ 669,228</b>
<b>LIABILITIES</b>	\$ --	\$ --	\$ --	\$ --	\$ --
<b>FUND BALANCE</b>					
Fund Balance:					
Reserved:					
Reserved for Future Projects	\$ --	\$ --	\$ 397,570	\$ 106,414	\$ 503,984
Unreserved:					
Undesignated	127,500	37,744	--	--	165,244
<b>TOTAL FUND BALANCE</b>	<b>\$ 127,500</b>	<b>\$ 37,744</b>	<b>\$ 397,570</b>	<b>\$ 106,414</b>	<b>\$ 669,228</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 127,500</b>	<b>\$ 37,744</b>	<b>\$ 397,570</b>	<b>\$ 106,414</b>	<b>\$ 669,228</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, 2008

	County Bridge	County Highway	County Motor Fuel Tax Fund	Federal Aid Secondary Matching	Total County Highway Fund
<b>REVENUES RECEIVED:</b>					
Property Taxes	\$ 129,038	\$ 258,075	\$ --	\$ 129,037	\$ 516,150
Intergovernmental Revenues:					
Motel Fuel Tax	--	--	393,653	--	393,653
Replacement Taxes	10,787	22,279	--	10,787	43,853
Other State Sources	69,557	--	134,470	10,000	214,027
Charges for Services	11,478	79,222	--	--	90,700
Interest	4,216	245	10,468	2,345	17,274
Miscellaneous	--	25	--	--	25
<b>Total Revenues Received</b>	<b>\$ 225,076</b>	<b>\$ 359,846</b>	<b>\$ 538,591</b>	<b>\$ 152,169</b>	<b>\$ 1,275,882</b>
<b>EXPENDITURES DISBURSED:</b>					
Current:					
Public Works/Transportation					
Personnel and Fringe Benefits	--	358,442	49,028	--	407,470
Commodities	189,009	39,881	730	99,716	329,336
Contractual Services	--	127,066	280,759	--	407,825
Debt Service	--	60,193	--	--	60,193
<b>Total Expenditures Disbursed</b>	<b>\$ 189,009</b>	<b>\$ 585,582</b>	<b>\$ 330,517</b>	<b>\$ 99,716</b>	<b>\$ 1,204,824</b>
Revenues Received Over (Under) Expenditures Disbursed	\$ 36,067	\$ (225,736)	\$ 208,074	\$ 52,453	\$ 70,858
Other Financing Sources (Uses):					
Transfers In	--	245,000	4,630	--	249,630
Transfers Out	--	(4,630)	(225,000)	(20,000)	(249,630)
<b>Net Change in Fund Balance</b>	<b>\$ 36,067</b>	<b>\$ 14,634</b>	<b>\$ (12,296)</b>	<b>\$ 32,453</b>	<b>\$ 70,858</b>
<b>Fund Balance - September 1, 2007</b>	<b>91,433</b>	<b>23,110</b>	<b>409,866</b>	<b>73,961</b>	<b>598,370</b>
<b>Fund Balance - August 31, 2008</b>	<b>\$ 127,500</b>	<b>\$ 37,744</b>	<b>\$ 397,570</b>	<b>\$ 106,414</b>	<b>\$ 669,228</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, 2008

	Special Revenue							
	Animal Control	Ambulance	Municipal Retirement	Social Security	Indemnity	Rescue Squad	Capital Improvement	Probation
Cash and Cash Equivalents	\$ 77,509	\$ 85,124	\$ 104,943	\$ 50,000	\$ 29,219	\$ 3,622	\$ 284,661	\$ 192,939
Certificates of Deposit	--	--	--	--	45,000	--	--	--
<b>TOTAL ASSETS</b>	<b>\$ 77,509</b>	<b>\$ 85,124</b>	<b>\$ 104,943</b>	<b>\$ 50,000</b>	<b>\$ 74,219</b>	<b>\$ 3,622</b>	<b>\$ 284,661</b>	<b>\$ 192,939</b>
<b>LIABILITIES</b>								
Interfund Loans Payable	\$ --	\$ --	\$ 39,610	\$ --	\$ --	\$ --	\$ --	\$ --
<b>FUND BALANCE</b>								
Fund Balance:								
Unreserved - Undesignated	\$ 77,509	\$ 85,124	\$ 65,333	\$ 50,000	\$ 74,219	\$ 3,622	\$ 284,661	\$ 192,939
<b>TOTAL FUND BALANCE</b>	<b>\$ 77,509</b>	<b>\$ 85,124</b>	<b>\$ 65,333</b>	<b>\$ 50,000</b>	<b>\$ 74,219</b>	<b>\$ 3,622</b>	<b>\$ 284,661</b>	<b>\$ 192,939</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 77,509</b>	<b>\$ 85,124</b>	<b>\$ 104,943</b>	<b>\$ 50,000</b>	<b>\$ 74,219</b>	<b>\$ 3,622</b>	<b>\$ 284,661</b>	<b>\$ 192,939</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, 2008

	Special Revenue							
	Fees to Assist Court	Automation	Recording	Drug Traffic Prevention	Airport	Rural Transportation	Court Security	GIS
Cash and Cash Equivalents	\$ 68,774	\$ 86,908	\$ 66,365	\$ 16,348	\$ 114,227	\$ --	\$ 2,613	\$ 852
Certificates of Deposit	55,000	--	--	--	86,090	--	--	--
<b>TOTAL ASSETS</b>	<b>\$ 123,774</b>	<b>\$ 86,908</b>	<b>\$ 66,365</b>	<b>\$ 16,348</b>	<b>\$ 200,317</b>	<b>\$ --</b>	<b>\$ 2,613</b>	<b>\$ 852</b>
<b>LIABILITIES</b>								
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,220
<b>FUND BALANCE</b>								
Fund Balance:								
Undesignated	\$ 123,774	\$ 86,908	\$ 66,365	\$ 16,348	\$ 200,317	\$ --	\$ 2,613	\$ (368)
<b>TOTAL FUND BALANCE</b>	<b>\$ 123,774</b>	<b>\$ 86,908</b>	<b>\$ 66,365</b>	<b>\$ 16,348</b>	<b>\$ 200,317</b>	<b>\$ --</b>	<b>\$ 2,613</b>	<b>\$ (368)</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 123,774</b>	<b>\$ 86,908</b>	<b>\$ 66,365</b>	<b>\$ 16,348</b>	<b>\$ 200,317</b>	<b>\$ --</b>	<b>\$ 2,613</b>	<b>\$ 852</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, 2008

	Special Revenue								Total Special Revenue
	Law Library	Document Storage	Revolving Loan	Victim Impact Panel	Attorney Forfeited	DUI Equipment	Mental Health		
Cash and Cash Equivalents	\$ 4,671	\$ 55,634	\$ 321,851	\$ 11,164	\$ 72	\$ 10,375	\$ 679,430	\$	\$ 2,267,301
Certificates of Deposit	--	--	--	--	--	--	--	--	186,090
<b>TOTAL ASSETS</b>	<b>\$ 4,671</b>	<b>\$ 55,634</b>	<b>\$ 321,851</b>	<b>\$ 11,164</b>	<b>\$ 72</b>	<b>\$ 10,375</b>	<b>\$ 679,430</b>	<b>\$</b>	<b>\$ 2,453,391</b>
<b>LIABILITIES</b>									
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 40,830
<b>FUND BALANCE</b>									
Fund Balance:									
Unreserved - Undesignated	\$ 4,671	\$ 55,634	\$ 321,851	\$ 11,164	\$ 72	\$ 10,375	\$ 679,430	\$	\$ 2,412,561
<b>TOTAL FUND BALANCE</b>	<b>\$ 4,671</b>	<b>\$ 55,634</b>	<b>\$ 321,851</b>	<b>\$ 11,164</b>	<b>\$ 72</b>	<b>\$ 10,375</b>	<b>\$ 679,430</b>	<b>\$</b>	<b>\$ 2,412,561</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 4,671</b>	<b>\$ 55,634</b>	<b>\$ 321,851</b>	<b>\$ 11,164</b>	<b>\$ 72</b>	<b>\$ 10,375</b>	<b>\$ 679,430</b>	<b>\$</b>	<b>\$ 2,453,391</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, 2008

	Capital Projects			Total Capital Projects	Total Nonmajor Governmental Funds
	Carriage Park	Findlay Road	Garden Acres		
ASSETS					
Cash and Cash Equivalents	\$ 179	\$ 616	\$ 829	\$ 1,624	\$ 2,268,925
Certificates of Deposit	--	--	--	--	186,090
<b>TOTAL ASSETS</b>	<b>\$ 179</b>	<b>\$ 616</b>	<b>\$ 829</b>	<b>\$ 1,624</b>	<b>\$ 2,455,015</b>
LIABILITIES					
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ 40,830
<b>FUND BALANCE</b>					
Fund Balance:					
Unreserved - Undesignated	\$ 179	\$ 616	\$ 829	\$ 1,624	\$ 2,414,185
<b>TOTAL FUND BALANCE</b>	<b>\$ 179</b>	<b>\$ 616</b>	<b>\$ 829</b>	<b>\$ 1,624</b>	<b>\$ 2,414,185</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 179</b>	<b>\$ 616</b>	<b>\$ 829</b>	<b>\$ 1,624</b>	<b>\$ 2,455,015</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, 2008

	Special Revenue									
	Animal Control	Ambulance	Municipal Retirement	Social Security	Indemnity	Rescue Squad	Capital Improvement	Probation		
<b>REVENUES RECEIVED:</b>										
Property Taxes	\$ --	\$ 50,294	\$ 603,844	\$ 246,591	\$ --	\$ --	\$ --	\$ --		
Intergovernmental Revenue:										
State Sources										
Replacement Taxes	--	--	21,548	--	--	--	--	--		
Other State Sources	--	--	--	--	--	--	--	--		
Federal Sources	--	--	--	--	--	--	--	--		
Loan Repayments	--	--	--	--	--	--	--	--		
Charges for Services	--	--	--	--	--	--	--	--		
Fines and Fees	15,680	--	--	4,060	--	--	--	--	79,268	
Interest	597	639	726	435	1,921	56	4,484	--	1,768	
Miscellaneous	--	--	--	--	--	3,406	--	--	4,882	
<b>Total Revenues Received</b>	<b>\$ 16,277</b>	<b>\$ 50,933</b>	<b>\$ 626,118</b>	<b>\$ 247,026</b>	<b>\$ 5,981</b>	<b>\$ 3,462</b>	<b>\$ 4,484</b>	<b>\$ 4,484</b>	<b>\$ 85,918</b>	
<b>EXPENDITURES DISBURSED:</b>										
Current:										
General Government	--	--	\$ 457,849	\$ 241,650	\$ 11,923	\$ --	\$ 34,157	\$ --	63,630	
Public Safety	--	--	--	--	--	--	--	--	--	
Judiciary	--	--	--	--	--	--	--	--	--	
Public Works/Transportation	--	--	--	--	--	--	--	--	--	
Health and Welfare	6,306	38,625	--	--	--	--	--	--	--	
Debt Service	--	--	--	--	--	--	--	--	--	
Capital Outlay	--	--	--	--	--	12,050	--	--	--	
<b>Total Expenditures Disbursed</b>	<b>\$ 6,306</b>	<b>\$ 38,625</b>	<b>\$ 457,849</b>	<b>\$ 241,650</b>	<b>\$ 11,923</b>	<b>\$ 12,050</b>	<b>\$ 34,157</b>	<b>\$ 34,157</b>	<b>\$ 63,630</b>	
<b>Revenues Received Over (Under) Expenditures Disbursed</b>	<b>\$ 9,971</b>	<b>\$ 12,308</b>	<b>\$ 168,269</b>	<b>\$ 5,376</b>	<b>\$ (5,942)</b>	<b>\$ (8,588)</b>	<b>\$ (29,673)</b>	<b>\$ (29,673)</b>	<b>\$ 22,288</b>	
Other Financing Sources (Uses):										
Operating Transfers In	--	--	--	--	--	--	84,000	--	--	
Loan Proceeds	--	--	--	--	--	--	--	--	--	
<b>Net Change in Fund Balance</b>	<b>\$ 9,971</b>	<b>\$ 12,308</b>	<b>\$ 168,269</b>	<b>\$ 5,376</b>	<b>\$ (5,942)</b>	<b>\$ (8,588)</b>	<b>\$ 84,000</b>	<b>\$ 54,327</b>	<b>\$ 22,288</b>	
<b>Fund Balance - September 1, 2007</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>170,651</b>	
<b>Fund Balance - August 31, 2008</b>	<b>\$ 77,509</b>	<b>\$ 85,124</b>	<b>\$ 65,333</b>	<b>\$ 50,000</b>	<b>\$ 74,219</b>	<b>\$ 3,622</b>	<b>\$ 284,661</b>	<b>\$ 192,939</b>	<b>\$ 192,939</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, 2008

	Special Revenue								
	Fees to Assist Court	Automation	Recording	Drug Traffic Prevention	Airport	Rural Transportation	Court Security	GIS	
Property Taxes	--	--	\$ --	--	\$ 41,834	\$ --	--	\$ --	--
Intergovernmental Revenue:									
State Sources	--	--	--	--	4,889	--	--	--	--
Replacement Taxes	--	1,062	--	--	--	155,681	--	--	--
Other State Sources	--	2,128	--	--	155,729	276,530	--	--	--
Federal Sources	--	--	--	--	--	--	--	--	--
Loan Repayments	--	--	--	--	--	--	--	--	--
Charges for Services	--	--	--	--	13,875	--	--	--	--
Fines and Fees	21,904	12,623	--	761	--	--	38,749	--	--
Interest	2,727	338	208	52	6,051	--	41	17	360
Miscellaneous	--	--	--	4,870	58,180	--	--	--	--
<b>Total Revenues Received</b>	<b>\$ 24,631</b>	<b>\$ 16,151</b>	<b>\$ 208</b>	<b>\$ 5,683</b>	<b>\$ 280,558</b>	<b>\$ 432,211</b>	<b>\$ 38,790</b>	<b>\$ --</b>	<b>\$ 377</b>

EXPENDITURES DISBURSED:

Current:									
General Government	--	\$ 13,779	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	--
Public Safety	--	--	--	9,643	--	--	46,556	--	--
Judiciary	17,037	--	--	--	--	--	--	--	--
Public Works/Transportation	--	--	--	--	98,144	432,211	--	--	--
Health and Welfare	--	--	--	--	--	--	--	--	--
Debt Service	--	--	--	--	75,929	--	--	--	--
Capital Outlay	--	--	--	--	175,567	--	--	--	--
<b>Total Expenditures Disbursed</b>	<b>\$ 17,037</b>	<b>\$ 13,779</b>	<b>\$ --</b>	<b>\$ 9,643</b>	<b>\$ 349,640</b>	<b>\$ 432,211</b>	<b>\$ 46,556</b>	<b>\$ --</b>	<b>\$ --</b>
Revenues Received Over (Under) Expenditures Disbursed	\$ 7,594	\$ 2,372	\$ 208	\$ (3,960)	\$ (69,082)	\$ --	\$ (7,766)	\$ 377	
Other Financing Sources (Uses):									
Operating Transfers In	--	--	19,342	8,858	--	--	--	--	43,480
Loan Proceeds	--	--	--	--	75,000	--	--	--	--
<b>Net Change in Fund Balance</b>	<b>\$ 7,594</b>	<b>\$ 2,372</b>	<b>\$ 19,550</b>	<b>\$ 4,898</b>	<b>\$ 5,918</b>	<b>\$ --</b>	<b>\$ (7,766)</b>	<b>\$ 43,857</b>	<b>\$ 43,857</b>
Fund Balance - September 1, 2007	116,180	84,536	46,815	11,450	194,399	--	10,379	(44,225)	
<b>Fund Balance - August 31, 2008</b>	<b>\$ 123,774</b>	<b>\$ 86,908</b>	<b>\$ 66,365</b>	<b>\$ 16,348</b>	<b>\$ 200,317</b>	<b>\$ --</b>	<b>\$ 2,613</b>	<b>\$ (368)</b>	<b>\$ (368)</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, 2008

	Special Revenue							Total Special Revenue
	Law Library	Document Storage	Revolving Loan	Victim Impact Panel	Attorney Forfeited	DUI Equipment	Mental Health	
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 387,113	\$ 1,329,676
Intergovernmental Revenue:								
State Sources								
Replacement Taxes	--	--	--	--	--	--	--	26,437
Other State Sources	--	--	--	--	--	--	20,111	176,854
Federal Sources	--	--	--	--	--	--	--	434,387
Loan Repayments	--	--	14,850	--	--	--	--	14,850
Charges for Services	--	--	--	--	--	--	--	13,875
Fines and Fees	6,450	12,147	--	1,340	--	--	--	192,982
Interest	6	263	9,596	42	3	52	17,129	47,151
Miscellaneous	--	--	--	--	--	--	--	71,698
<b>Total Revenues Received</b>	<b>\$ 6,456</b>	<b>\$ 12,410</b>	<b>\$ 24,446</b>	<b>\$ 1,382</b>	<b>\$ 3</b>	<b>\$ 52</b>	<b>\$ 424,353</b>	<b>\$ 2,307,910</b>

REVENUES RECEIVED:

- Property Taxes
- Intergovernmental Revenue:
- State Sources
- Replacement Taxes
- Other State Sources
- Federal Sources
- Loan Repayments
- Charges for Services
- Fines and Fees
- Interest
- Miscellaneous

EXPENDITURES DISBURSED:

- Current:
- General Government
- Public Safety
- Judiciary
- Public Works/Transportation
- Health and Welfare
- Debt Service
- Capital Outlay

Total Expenditures Disbursed	\$ 3,250	\$ 20,724	\$ --	\$ 493	\$ 772	\$ 3,490	\$ 442,806	\$ 2,206,591
Revenues Received Over (Under) Expenditures Disbursed	\$ 3,206	\$ (8,314)	\$ 24,446	\$ 889	\$ (769)	\$ (3,438)	\$ (18,453)	\$ 101,319
Other Financing Sources (Uses):								
Operating Transfers In	--	--	--	--	--	1,000	--	156,880
Loan Proceeds	--	--	--	--	--	--	--	75,000
Net Change in Fund Balance	\$ 3,206	\$ (8,314)	\$ 24,446	\$ 889	\$ (769)	\$ (2,438)	\$ (18,453)	\$ 332,999
Fund Balance - September 1, 2007	1,465	63,948	297,405	10,275	841	12,813	697,883	2,079,562
Fund Balance - August 31, 2008	\$ 4,671	\$ 55,634	\$ 321,851	\$ 11,164	\$ 72	\$ 10,375	\$ 679,430	\$ 2,412,561

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, 2008

	Capital Projects			Total Nonmajor Governmental Funds
	Carriage Park	Findlay Road	Garden Acres	
REVENUES RECEIVED:				
Property Taxes	\$ --	\$ --	\$ 4,434	\$ 4,434
Intergovernmental Revenue:				
State Sources				
Replacement Taxes	--	--	--	26,437
Other State Sources	--	--	--	176,854
Federal Sources	--	--	--	434,387
Loan Repayments	--	--	--	14,850
Charges for Services	--	--	--	13,875
Fines and Fees	--	--	--	192,982
Interest	--	5	8	47,164
Miscellaneous	--	--	--	71,698
Total Revenues Received	\$ --	\$ 5	\$ 4,442	\$ 2,312,357

	Capital Projects			Total Nonmajor Governmental Funds
	Carriage Park	Findlay Road	Garden Acres	
EXPENDITURES DISBURSED:				
Current:				
General Government	\$ --	\$ --	\$ --	\$ 780,082
Public Safety	--	--	--	123,319
Judiciary	--	--	--	21,552
Public Works/Transportation	--	--	--	530,355
Health and Welfare	--	--	--	487,737
Debt Service	--	--	4,412	80,341
Capital Outlay	--	--	--	187,617
Total Expenditures Disbursed	\$ --	\$ --	\$ 4,412	\$ 2,211,003
Revenues Received Over (Under) Expenditures Disbursed	\$ --	\$ 5	\$ 30	\$ 101,354
Other Financing Sources (Uses):				
Operating Transfers In	--	--	--	156,680
Loan Proceeds	--	--	--	75,000
Net Change in Fund Balance	\$ --	\$ 5	\$ 30	\$ 333,034
Fund Balance - September 1, 2007	179	611	799	2,081,151
Fund Balance - August 31, 2008	\$ 179	\$ 616	\$ 829	\$ 2,414,185

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, 2008

	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 Ball
Cash and Cash Equivalents	\$ 217,818	\$ 191,921	\$ 12,216	\$ 714	\$ 1,047,855	\$ 3,363	\$ 677	\$ 131,053
<b>TOTAL ASSETS</b>	<b>\$ 217,818</b>	<b>\$ 191,921</b>	<b>\$ 12,216</b>	<b>\$ 714</b>	<b>\$ 1,047,855</b>	<b>\$ 3,363</b>	<b>\$ 677</b>	<b>\$ 131,053</b>
<b>LIABILITIES</b>								
Trust Funds due Others	\$ 217,818	\$ 191,921	\$ 12,216	\$ 714	\$ 1,047,855	\$ 3,363	\$ 677	\$ 131,053
<b>TOTAL LIABILITIES</b>	<b>\$ 217,818</b>	<b>\$ 191,921</b>	<b>\$ 12,216</b>	<b>\$ 714</b>	<b>\$ 1,047,855</b>	<b>\$ 3,363</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, 2008

	Circuit Clerk's Trust Fund	Sheriff's Trust Fund	Property Tax Fund	Taxes In Litigation	Inheritance Tax	Minor and Unknown Heirs	County Clerk's Real Estate Redemption	Total Fiduciary Funds
Cash and Cash Equivalents	\$ 15	\$ 500	\$ 125,466	\$ 70,465	\$ 1,119	\$ 114,649	\$ 1,460	\$ 1,919,291
TOTAL ASSETS	\$ 15	\$ 500	\$ 125,466	\$ 70,465	\$ 1,119	\$ 114,649	\$ 1,460	\$ 1,919,291
LIABILITIES								
Trust Funds due Others	\$ 15	\$ 500	\$ 125,466	\$ 70,465	\$ 1,119	\$ 114,649	\$ 1,460	\$ 1,919,291
TOTAL LIABILITIES	\$ 15	\$ 500	\$ 125,466	\$ 70,465	\$ 1,119	\$ 114,649	\$ 1,460	\$ 1,919,291
NET ASSETS	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

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, 2007 TO JUNE 30, 2008  
CONTRACT NUMBER IL-18-X024

<u>Line Item</u>	<u>Revenue</u>	
401.01	Passenger Fare / Donations	\$ 9,830
402.00	Special Transit Fares	61,219
409.00	Local Cash Grants	155,681
431.00	Contributed Cash	5,454
Total Revenue		<u>\$ 232,184</u>

<u>Expenses</u>		Actual Administrative Expenses	Actual Operating Expenses	Total
501.00	Labor	\$ 93,074	\$ 155,729	\$ 248,803
502.00	Fringe Benefits	20,522	30,779	51,301
503.00	Services	4,612	96,039	100,651
504.01	Fuel and Oil	--	62,093	62,093
504.02	Tires and Tubes	--	3,518	3,518
504.99	Other Materials	11,792	1,252	13,044
505.00	Utilities	6,346	--	6,346
506.00	Casualty and Liability	21,901	--	21,901
509.00	Miscellaneous	9,009	5,595	14,604
512.00	Lease and Rentals	525	--	525
Total Direct Expense		\$ 167,781	\$ 355,005	\$ 522,786
Total Indirect Expense		10,302	21,797	32,099
Total Expense		<u>\$ 178,083</u>	<u>\$ 376,802</u>	<u>\$ 554,885</u>

Section 5311 Grant Reimbursement

	Administrative Expenses	Operating Expenses	Total	Grant Total
Expenses:	\$ 178,083	\$ 376,802	\$ 554,885	
Less: Ineligible Expense	--	--	--	
Net Eligible Expenses	\$ 178,083	\$ 376,802	\$ 554,885	
Less: Total Operating Revenues	--	9,830	9,830	
Section 5311 Operating Deficit	178,083	\$ 366,972	\$ 545,055	
Section 5311 Reimbursement	X 80%	X 50%		
Eligible Reimbursement Per Percentages	\$ 142,467	\$ 183,487		\$ 325,954
Funding Limits Per Contract				310,280
Maximum Section 5311 Reimbursement			322,702	322,702
Less: IDOT Payments - Section 5311 Reimbursement to Grantee				322,702
Amount Under Paid				<u>\$ (12,422)</u>
Grantee Local Match Requirement			<u>\$ 222,353</u>	

Grantee Match Sources

Special Transit Fares	\$ 155,681
Local Cash Grants	61,219
Contributed Cash	5,453
Total Grantee Local Match	<u>\$ 222,353</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, 2008

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 Airport Improvement Program	20.106		\$ 155,729
(M) Highway Planning and Construction	20.205		\$ 1,031,791
(M) Public Transportation		RPT-07-019	\$ 63,856
(M) Public Transportation		RPT-08-019	212,674
(M) Consolidated Vehicle Procurement Grant Agreement		IL-18-0024	158,030
(M) Consolidated Vehicle Procurement Grant Agreement		IL-18-0023	65,128
Total Public Transportation	20.509		\$ 499,688
<b>Total U.S. Department of Transportation</b>			<b>\$ 1,687,208</b>
<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		\$ 1,200
<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	\$ 450
<b><u>U.S. Department of Health &amp; Human Services</u></b>			
Passed through Illinois Department of Human Services Diabetes Program		11G8454000	\$ 4,255
Diabetes Program		11GK454000	400
Total Diabetes Program	93.988		\$ 4,655
Passed through Illinois Department of Healthcare and Family Services Child Support/Computer Interface	93.563		\$ 3,707
Passed through Illinois Department of Healthcare and Family Services Medicaid Matching - Administrative Outreach		FY06	\$ 45,890
Medicaid Matching - Administrative Outreach		FY07	77,699
Total Medicaid Matching - Administrative Outreach	93.778		\$ 123,589
Passed through Illinois Department of Human Services Title XX Block Grant - Teen Parents	93.667	11G8454000	\$ 3,000
Passed through Illinois Department of Public Health Federal Bioterrorism Preparedness	93.283	210	\$ 1,608
Passed through Illinois Department of Public Health Health Protection	93.268	000283	\$ 151,036
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 287,595</b>
<b><u>U.S. Department of Agriculture</u></b>			
Passed through the Illinois Department of Human Services			
WIC Administration		11G8454000	\$ 69,500
WIC Administration		11GK454000	13,000
WIC Special Supplemental Nutrition Program			126,869
Total Women, Infants and Children Program	10.557		\$ 209,369
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 2,185,822</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, 2008

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, food supplements, vehicle procurement, and highway construction 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>\$276,530</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, 2008.

SHELBY COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2008

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:

<u>Name</u>	<u>CFDA No.</u>
Highway Planning and Construction	20.205
Public Transportation	20.509

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

B. FINDINGS — FINANCIAL STATEMENT AUDITS

Material Noncompliance

1. Expenditures exceeded the budgeted amounts

Conditions: The County did not operate within the legal confines of its budget. Expenditures materially exceeded the budgeted amounts in the Airport and Rural Transportation Special Revenue Funds.

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. Additional grant funds were received in both the Airport and Rural Transportation Funds and the budgets were not amended to reflect the disbursement of the grant funds.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Our tests did not reveal any findings or questioned costs relative to major federal award programs.

Debra S. Page  
Shelby County Treasurer  
PO Box 326  
Shelbyville, IL 62565  
217/774-3841 Fax 217/774-5291

## CORRECTIVE ACTION PLAN

February 9, 2009

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, 2008.

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, 2008

The findings from the Fiscal Year 2008 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.

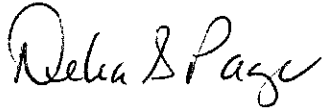
Action Taken: We concur with the recommendation, and it will be implemented in fiscal year 2009.

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,

A handwritten signature in cursive script that reads "Debra Page". The signature is written in black ink and is positioned above the typed name.

Debra Page  
County Treasurer



SHELBY COUNTY, ILLINOIS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED AUGUST 31, 2008

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