

SHELBY COUNTY, ILLINOIS
ANNUAL FINANCIAL REPORT
AUGUST 31, 2004

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INDEPENDENT AUDITOR'S REPORT

County Board Members
Shelby County
Shelbyville, Illinois

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Shelby County, Illinois as of and for the year ended August 31, 2004, 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, 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 the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Shelby County, Illinois, as of August 31, 2004, 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.

As described in Note 1, the County has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of September 1, 2003.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2005, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 7 through 13 and 42 through 44, 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 the Shelby County, Illinois, financial statements. The combining fund financial statements and the Section 5311 Annual Financial Report are presented for purposes of additional analysis and are not a required part of the 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 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 financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

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

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

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

March 11, 2005

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

County Board Members
Shelby County
Shelbyville, Illinois

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Shelby County, Illinois, as of and for the fiscal year ended August 31, 2004, which collectively comprise the Shelby County, Illinois' basic financial statements and have issued our report thereon dated March 11, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

The County did not operate within the legal confines of its budget. Expenditures exceeded budgeted amounts in several funds. Expenditures in excess of budgeted amounts constitute unauthorized spending. Note to the financial statements #8A discloses the individual funds with expenditures exceeding budgeted amounts.

Not all funds of the county are budgeted. Notes to the financial statements #8A and #1F identify the funds for which budgets were not prepared. Legally, funds can only be disbursed if appropriated or budgeted.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Shelby County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Shelby County, Illinois, in a separate letter dated March 11, 2005.

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

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

March 11, 2005

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

County Board Members
Shelby County
Shelbyville, Illinois

Compliance

We have audited the compliance of Shelby County, Illinois with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended August 31, 2004. Shelby County, Illinois' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Shelby County, Illinois' Board. Our responsibility is to express an opinion on Shelby County, Illinois' compliance based on our audit.

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

In our opinion, Shelby County, Illinois, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended August 31, 2004.

Internal Control Over Compliance

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

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

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

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

March 11, 2005

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. This is the initial year that the financial statements for the County have been prepared in the format prescribed by GASB Statement No. 34; therefore comparative financial information is not presented.

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.

FINANICAL HIGHLIGHTS

- The County is currently appealing the judgment concerning Reliant Energy assessed valuation for 2001. Reliant Energy paid their 2001 tax in full and the County may be required to repay a portion of those taxes based on the outcome of the appeal. Also, Reliant Energy and Holland Energy are protesting their 2002 and 2003 assessed valuations. The County has transferred a portion of the taxes, \$244,363 to Taxes in Litigation for potential repayment based on the outcome of the appeals.
- On November 12, 2003, the County Board approved a five year lease with BPI Industry Inc. for methane gas and an option to purchase coal rights. The County has received \$100 on the lease and \$100,000 on the option as of August 31, 2004. The agreed purchase price is \$2.2 million with the option fee to be applied to the purchase price. The term of the option is twelve months and will expire in November, 2004. The option was exercised by BPI Industry in fiscal year 2005.

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 the 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 for the current year.

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 did not have any restricted net assets as of August 31, 2004. Net assets may serve over time as a useful indicator of a government's financial position. The Governmental net assets were \$12 million as of August 31, 2004.

Following is a separate Summary of Net Assets – modified cash basis as of August 31, 2004 for Governmental Activities:

Summary of Net Assets – Modified Cash Basis
Governmental Activities
August 31, 2004

Current and other assets	\$ 6,079,997
Capital asset	<u>7,574,443</u>
Total Assets	<u>\$13,654,440</u>
Long-term liabilities outstanding	\$ 1,113,455
Other Liabilities	<u>67,841</u>
Total Liabilities	<u>\$ 1,181,296</u>
Net Assets:	
Invested in capital assets, net of related debt	\$ 6,950,988
Unrestricted	<u>5,522,156</u>
Total Net Assets	<u>\$12,473,144</u>

Fifty-five 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. 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, 2004, the County had positive balances in both categories of net assets for the governmental activities.

The statement on the next page 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, 2004

Receipts:

Program Receipts:

Charges for services	\$ 1,242,835
Operating grants and contributions	1,252,196
Capital grants and contributions	218,587

General Receipts:

Property taxes	3,263,188
Sales and other taxes	1,691,814
Unrestricted investment earnings	81,756
Other receipts	<u>137,923</u>

Total Receipts \$ 7,888,299

Disbursements:

General government	\$ 1,866,268
Public safety	1,427,112
Corrections	133,830
Judiciary	398,631
Public works/transportation	1,264,109
Health and welfare	1,255,412
Interest on long-term debt	<u>31,960</u>

Total Disbursements \$ 6,377,322

Change in net assets before transfers \$ 1,510,977

Transfers (185,451)

Change in net assets \$ 1,325,526

Net assets – September 1, 2003 11,147,618

Net assets – August 31, 2004 \$12,473,144

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 \$5,820,424. Of this amount, \$169,979 is reserved for insurance and \$483,989 is reserved for future capital improvement projects. Of the total Governmental funds fund balance, \$5,166,456 is unreserved and available for appropriation.

The fund balance for all Governmental Funds at the fiscal year ended August 31, 2004 had a positive net change of \$482,352. The total fund balance decrease for the General Fund is \$150,033 due to a portion of real estate taxes being transferred to the Taxes in Litigation Fiduciary Fund for the potential repayment of taxes to Holland Energy and Reliant Energy as a result of their tax assessment protest. The remainder of the Governmental Funds had an increase in fund balance of \$632,385.

Per the Statement of Revenues Received, Expenditures Disbursed and Change in Fund Balance, total Governmental receipts for the fiscal year were \$7,665,011 and total disbursements were \$7,180,011. The County also had total net transfers out of Government funds to its Fiduciary Funds in the amount of \$185,451.

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 2004, the unreserved and undesignated fund balance in the General Fund was \$1,593,341; the reserved portion for insurance commitments was \$169,979 and the designated portion was \$100,100 for capital improvements. The unreserved fund balance represents 50 percent of the General Fund's total disbursements. Receipts of \$3,712,405 less disbursement of \$3,673,349 resulted in an increase in fund balance of \$39,056. After net transfers out of the General Fund to other funds of \$189,089, the result was a net decrease in the General Fund balance of \$150,033. Again, this was mainly attributed to the transfer of real estate taxes to the Taxes in Litigation Fiduciary Fund for the potential repayment of taxes to Holland Energy and Reliant Energy based on the tax assessment judgment.

The largest receipt sources for the General Fund are property taxes, sales taxes, and income taxes which account for 65 percent of receipts. General government and public safety are the primary operations of the general fund. Over 72 percent of the General Fund's disbursements are for general government and public safety activities.

COUNTY HEALTH FUND

The largest receipt source for the County Health Fund is grant receipts from State of Illinois agencies which accounts for 55 percent of receipts. The County Health Fund's basic purpose is the protection and improvement of the public health in the County.

COUNTY HIGHWAY FUND

The largest receipt source for the County Highway Fund is Motor Fuel Tax and other transportation grants from the Illinois Department of Transportation which accounts for 52 percent of receipts. The County Highway Fund accounts for the maintenance and construction of roads and bridges in the County.

BUDGETARY HIGHLIGHTS

The County prepares an appropriation for the General Fund and majority of the Special Revenue Funds using the cash basis of accounting. The County's Fiduciary Funds are not required to prepare budgets. The County adjusted disbursements during the fiscal year by \$92,928 to reflect salary increases negotiated with the various labor unions representing the county's employees. The General Fund's actual receipts were more than budgeted amounts by \$565,582 and actual disbursements were lower than budgeted amounts by \$91,093, resulting in a positive budget variance of \$656,675. Required Supplementary Information section contains the Budgetary Comparison Schedule – Cash Basis for the General Fund, County Health Fund, and County Highway Fund on pages 42 through 44.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

The County's investment in capital assets for the current year (net of accumulated depreciation), is summarized below for Governmental-Type Activities:

Capital Assets
Governmental Activities
(Net of Depreciation)
August 31, 2004

Land	\$3,303,690
Buildings and Improvements	2,042,056
Vehicles	335,089
Maintenance Vehicles	201,440
Infrastructure	998,136
Equipment	<u>694,032</u>
Total Capital Assets, net of depreciation	<u>\$7,574,443</u>

During fiscal year 2004, total capital assets for the County had a net increase (including additions, decreases, and depreciation) of \$600,283. This increase reflects the current spending for infrastructure and public transportation vans. The County recorded \$425,782 of depreciation expense for the fiscal year and its accumulated depreciation is \$2,178,184. More detailed information is presented in Note 5 of 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 over 18 million dollars, and is substantially greater than current outstanding debt principal. In fiscal year 2004, the County Highway Department entered into a lease purchase agreement for a 2004 International Dump Truck in the amount of \$83,168.

The following is a summary of the County's gross outstanding long-term debt as of August 31, 2004:

Outstanding Long-Term Debt
Governmental Activities
August 31, 2004

Debt Description

Refunding Self-Insurance General Obligation Bonds	\$ 470,000
Special Service Area Bonds	20,000
Lease Purchase Agreements	<u>623,455</u>
Total County Outstanding Debt	<u>\$1,113,455</u>

More detailed information about the County's long-term debt is presented in Note 6 of the financial statements.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

SHELBY COUNTY, ILLINOIS
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
AUGUST 31, 2004

	Primary Governmental Activities	Component Unit
ASSETS:		
Cash and Cash Equivalents	\$ 2,954,574	\$ 15,445
Certificates of Deposit	2,928,299	--
Due from Fiduciary Funds	732	--
Notes Receivable		--
Due within one year	55,309	
Due in more than one year	136,423	
Inventory	4,660	--
Capital Assets		
Land	3,303,690	
Plant, Property, and Equipment, net	4,270,753	3,443
TOTAL ASSETS	\$ 13,654,440	\$ 18,888
LIABILITIES:		
Withholding Payable	\$ 1,514	\$ 1,175
Due to Other Governmental Units	66,327	--
Long-term Liabilities:		
Due within one year	404,158	--
Due in more than one year	709,297	--
TOTAL LIABILITIES	\$ 1,181,296	\$ 1,175
NET ASSETS		
Investment in Capital Assets, Net of Related Debt	\$ 6,950,988	\$ 3,443
Unrestricted	5,522,156	14,270
	\$ 12,473,144	\$ 17,713

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

SHELBY COUNTY, ILLINOIS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED AUGUST 31, 2004

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					
General Government	\$ 1,866,268	\$ 488,473	\$ 84,260	\$ 109,778	\$ (1,183,757)
Public Safety	1,427,112	185,083	16,500	--	(1,225,529)
Corrections	133,830	37,751	46,874	--	(49,205)
Judiciary	398,631	262,890	99,348	--	(36,393)
Public Works/Transportation	1,264,109	194,406	457,361	108,809	(503,533)
Health and Welfare	1,255,412	74,232	547,853	--	(633,327)
Interest on long-term debt	31,960	--	--	--	(31,960)
Total Governmental Activities	\$ 6,377,322	\$ 1,242,835	\$ 1,252,196	\$ 218,587	\$ (3,663,704)
TOTAL PRIMARY GOVERNMENT	\$ 6,377,322	\$ 1,242,835	\$ 1,252,196	\$ 218,587	\$ (3,663,704)
Component Unit:					
Shelby County Tourism	\$ 95,135	\$ 4,081	\$ 11,857	\$ --	\$ (79,197)

General Receipts:		
Taxes - Property	\$ 3,263,188	\$ --
Taxes - Sales	485,648	--
Taxes - Income	670,461	--
Taxes - Motor Fuel	440,022	--
Taxes - Replacement & Other	95,683	69,459
Unrestricted Interest	81,756	64
Miscellaneous	37,823	1,159
Special Item		
Sale of Coal Rights	100,100	--
Transfers	(185,451)	--
Total General Receipts and Transfers	\$ 4,989,230	\$ 70,682
Change in Net Assets	\$ 1,325,526	(8,515)
Net Assets - September 1, 2003	11,147,618	26,228
Net Assets - August 31, 2004	\$ 12,473,144	\$ 17,713

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

SHELBY COUNTY, ILLINOIS
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
AUGUST 31, 2004

	General Fund	County Health Fund	County Highway Fund	Other Governmental Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 347,552	\$ 494,355	\$ 814,710	\$ 1,297,957	\$ 2,954,574
Certificates of Deposit	1,579,049	409,492	--	939,758	2,928,299
Interfund Loans Receivable	732	3,800	1,464	--	5,996
Inventory	4,660	--	--	--	4,660
TOTAL ASSETS	\$ 1,931,993	\$ 907,647	\$ 816,174	\$ 2,237,715	\$ 5,893,529
LIABILITIES					
Withholding Payable	\$ 1,514	\$ --	\$ --	\$ --	\$ 1,514
Due to Other Governmental Units	66,327	--	--	--	66,327
Interfund Loans Payable	732	3,800	732	--	5,264
TOTAL LIABILITIES	\$ 68,573	\$ 3,800	\$ 732	\$ --	\$ 73,105
FUND BALANCE					
Fund Balance:					
Reserved:	\$ 169,979	\$ --	\$ --	\$ --	\$ 169,979
Reserved for Insurance	--	--	483,989	--	483,989
Reserved for Future Projects	100,100	--	--	--	100,100
Unreserved - Designated for Capital Improvements	1,593,341	--	--	--	1,593,341
Unreserved - Undesignated reported in:					
General Fund	--	903,847	331,453	2,236,208	3,471,508
Special Revenue Funds	--	--	--	1,507	1,507
Capital Projects Funds	--	--	--	--	--
TOTAL FUND BALANCE	\$ 1,863,420	\$ 903,847	\$ 815,442	\$ 2,237,715	\$ 5,820,424
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,931,993	\$ 907,647	\$ 816,174	\$ 2,237,715	\$ 5,893,529

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, 2004

Total Fund Balance for Governmental Funds	\$ 5,820,424
Total net assets reported for governmental activities in the statement of net assets is different because:	
Notes Receivable are not financial resources and, therefore are not reported in the funds.	191,732
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds:	
Land	3,253,690
Other Capital Assets	4,320,753
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not payable in the funds.	<u>(1,113,455)</u>
Net Assets of Governmental Activities	<u><u>\$ 12,473,144</u></u>

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

SHELBY COUNTY, ILLINOIS
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2004

	General Fund	County Health Fund	County Highway Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS:					
Property Taxes	\$ 1,215,185	\$ 360,209	\$ 580,984	\$ 1,106,810	\$ 3,263,188
Sales Taxes	485,648	--	--	--	485,648
Intergovernmental Revenue:					
State Sources:					
Income Taxes	670,461	--	--	--	670,461
Motor Fuel Taxes	--	--	440,022	--	440,022
Replacement Tax	28,400	6,507	27,888	29,802	92,397
Other State Sources	230,093	200,440	223,452	21,762	675,747
Federal Sources	126,278	347,413	--	324,631	798,322
County Farm	21,525	--	--	--	21,525
Loan Repayments	--	--	--	63,640	63,640
Charges for Services	46,440	69,079	6,806	12,600	134,925
Licenses and Permits	3,879	--	--	--	3,879
Fines, Fees and Forfeits	662,811	--	--	152,571	815,382
Sales of Real Estate Stamps	92,124	--	--	--	92,124
Interest	25,419	10,016	13,059	21,434	69,928
Miscellaneous Revenues	4,042	45	3,946	29,790	37,823
Total Receipts	\$ 3,612,305	\$ 993,709	\$ 1,296,157	\$ 1,762,840	\$ 7,665,011
DISBURSEMENTS:					
Current:					
General Government	\$ 1,601,436	--	--	\$ 571,133	\$ 2,172,569
Public Safety	1,044,072	--	--	61,250	1,105,322
Corrections	109,808	--	--	--	109,808
Judiciary	298,305	--	--	6,782	305,087
Public Works/Transportation	--	--	576,629	288,930	865,559
Health and Welfare	37,741	846,300	--	302,194	1,186,235
Debt Service	366,828	--	38,363	4,640	409,831
Capital Outlay	215,159	--	677,113	133,793	1,026,065
Total Disbursements	\$ 3,673,349	\$ 846,300	\$ 1,292,105	\$ 1,368,722	\$ 7,180,476
Receipts Over (Under) Disbursements	\$ (61,044)	\$ 147,409	\$ 4,052	\$ 394,118	\$ 484,535
Other Financing Sources (Uses):					
Lease Purchase Proceeds	--	--	83,168	--	83,168
Operating Transfers In	590,858	--	175,000	78,022	843,880
Operating Transfers Out	(779,947)	--	(175,000)	(74,384)	(1,029,331)
Special Item					
Sale of Coal Rights	100,100	--	--	--	100,100
Net Change in Fund Balance	\$ (150,033)	\$ 147,409	\$ 87,220	\$ 397,756	\$ 482,352
Fund Balance - September 1, 2003	2,013,453	756,438	728,222	1,839,959	5,338,072
Fund Balance - August 31, 2004	\$ 1,863,420	\$ 903,847	\$ 815,442	\$ 2,237,715	\$ 5,820,424

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, 2004

Net Change in Fund Balances - Total Governmental Funds	\$ 482,352
The Change in Net Assets reported for governmental activities in the Statement of Activities - modified cash basis is difference 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 (\$1,026,065) exceeded depreciation (\$425,782) in the current period.	600,283
Principal payments received on the Notes Receivable is reported as receipts in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Assets - modified cash basis, however, principal payments reduces Notes Receivable and does not effect the Statement of Activities - modified cash basis.	(51,812)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term consumes the current financial resources of the governmental funds. Neither transactions, however, 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 \$377,871 and debt proceeds were \$83,168.	294,703
	<hr/>
Change in Net Assets of Governmental Activities	\$ <u>1,325,526</u>

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

SHELBY COUNTY, ILLINOIS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
MODIFIED CASH BASIS
FIDUCIARY FUNDS
YEAR ENDED AUGUST 31, 2004

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 3,871,104
Certificates of Deposit	<u>265,119</u>
TOTAL ASSETS	<u>\$ 4,136,223</u>
LIABILITIES	
Due to Other Funds	\$ 732
Trust Funds due Others	<u>4,135,491</u>
TOTAL LIABILITIES	<u>\$ 4,136,223</u>
TOTAL NET ASSETS	<u><u>\$ --</u></u>

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

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2004

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.

B. Related Organizations

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

C. Jointly Governed Organizations

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

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2004

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.

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 and 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 FINANCIAL STATEMENTS
AUGUST 31, 2004

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

Additionally, the County reports the following fund types:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance. The County does not have any business-type activities and enterprise funds as of August 31, 2004.

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.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

F. Budgets and Budgetary Accounting

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

1. Prior to September 1, a proposed operating budget is prepared for the general fund and special revenue funds, except for Animal Control, Indemnity, Assist Court, Automation, Victim Impact Panel, Drug Traffic Prevention, Document Storage, DUI Equipment, Revolving Loan Funds, Attorney Forfeited, GIS, and Shelby County Flame 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 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 original budget was passed on September 10, 2003 and was amended on November 12, 2003.

G. Cash and Cash Equivalents

The County considers all certificates of deposit with an original maturity of three months or less to be cash equivalents. There were no certificates of deposit at August 31, 2004, that qualify as cash equivalents.

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

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.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

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 transactions.

K. Notes Receivable

The County has a note receivable from Eagle Creek Resort. The term of the loan agreement requires 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. This is 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 statements 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.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

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

N. Capital Leases

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

O. 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, 2004, the County did not have any restricted net assets.

P. Interfund Transfers

The interfund transfers shown in the financial statements are categorized as operating transfers. Operating interfund transfers are those routine kinds of transfers made between funds due to the unique relationships between the funds involved. These transfers have not been recorded as loans with interfund repayment requirements.

Total interfund Operating Transfers In of \$843,880 do not equal Operating Transfers Out of \$1,029,331 on the Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance - Governmental Funds due to \$185,451 of transfers to Agency Funds from other funds.

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

Q. Risk Management

The County is exposed to various risks of loss including but not limited to, general liability, property casualty, auto liability, workers compensation and public official liability. To limit exposure to these risks the County purchased commercial insurance. There has not been a significant reduction in the County's insurance coverage as of August 31, 2004. Also, there have been no settlement amounts which exceeded insurance coverage in the past three years.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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 2003 and 2004 attached as an enforceable lien on property as of January 1, 2002 and 2003, respectively. These taxes were required to be levied by the County prior to the last Tuesday in December. The 2002 and 2003 levies were adopted by the County in September, 2002 and September, 2003. Property taxes were due from property owners in two installments in August and October. The property tax receipts for the year ending August 31, 2004, as shown in the financial statements, consist of three distributions from the 2002 levy. Property taxes are distributed from September 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.

	2003 <u>Maximum</u>	<u>2003 Levy</u>	<u>2002 Levy</u>
Assessed Valuation		<u>\$324,013,547</u>	<u>\$289,727,330</u>
Property Tax Rates:			
Extension Education	.05000	.02315	.02427
County	.27000	.27000	.27000
County Highway	.10000	.10000	.10000
County Bridge	.05000	.05000	.05000
Federal Aid	.05000	.05000	.05000
County Health	.12400	.12400	.12400
Municipal Retirement	Unlimited	.12346	.13807
Airport	.25000	.01605	.01926
Mental Health	.15000	.09877	.10355
Social Security	Unlimited	.08488	.10125
Tort Immunity Insurance	Unlimited	.04630	.03556
Workers' Comp. Insurance Tax	Unlimited	.04630	.05178
Unemployment Insurance Act	Unlimited	.00618	.00151
Bonded Debt	Unlimited	<u>.05455</u>	<u>.05947</u>
Total County Rate		<u>1.09364</u>	<u>1.12872</u>

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2004

Note 3 - Special Tax Levies and Reserved Equity

Unemployment Insurance

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the General Fund. A portion, \$64,557, of the General Fund's equity represents the excess of cumulative receipts over cumulative disbursements which is restricted for future unemployment tax disbursements in accordance with the Illinois Compiled Statutes.

Liability Insurance

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

Workers' Compensation Insurance

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the General Fund. A portion, \$105,422, of the General Fund's equity represents the excess of cumulative receipts over cumulative disbursements which is restricted for future workers' compensation tax disbursements in accordance with the Illinois Compiled Statutes.

Bonded Debt

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

Future Projects

This reflects tentative plans for Motor Fuel Tax monies.

Capital Improvements

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

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2004

Note 4 - Cash and Investments

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

At year-end the primary government's cash deposits were as follows:

At year-end the carrying amount of the County's deposits totaled \$10,012,587, excluding \$6,509 petty cash, and the bank balances totaled \$10,268,328. All deposits are maintained in financial institutions.

At year-end the carrying amount of the Shelby County Office of Tourism's deposits totaled \$15,195, excluding \$250 petty cash, and the bank balance totaled \$19,316.

Category 1

Deposits covered by federal depository insurance or by collateral held by the County or its agent, in the County's name.

Category 2

Deposits covered by collateral held by the pledging financial institution's trust department, or by its agent, in the County's name.

Category 3

Deposits covered by collateral held by the pledging financial institution, or its trust department, or its agent but not in the County's name and deposits which are uninsured and uncollateralized.

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Deposits</u>
<u>Bank Balances</u>				
Primary Government	\$1,499,737	\$8,291,398	\$ 477,193	\$10,268,328
Discretely Presented Component Unit Shelby County Office of Tourism	<u>19,316</u>	<u>--</u>	<u>--</u>	<u>19,316</u>
Total Reporting Entity	<u>\$1,519,053</u>	<u>\$8,291,398</u>	<u>\$ 477,193</u>	<u>\$10,287,644</u>

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2004

Note 5 – Capital Assets

Capital assets activity for the year ended August 31, 2004 was as follows:

	Balance September 1, 2003	<u>Increases</u>	<u>Decreases</u>	Balance August 31, 2004
Primary Government				
Government activities:				
Capital assets not being depreciated:				
Land	\$ 3,303,690	\$ --	\$ --	\$ 3,303,690
Capital assets being depreciated:				
Buildings & Improvements	\$ 2,893,186	\$ 19,900	\$ --	\$ 2,913,086
Vehicles	840,606	158,891	--	999,497
Maintenance Vehicles	248,720	83,168	--	331,888
Infrastructure	425,690	593,946	--	1,019,636
Equipment	1,014,670	170,160	--	1,184,830
Total Capital Assets Being Depreciated	\$ 5,422,872	\$1,026,065	\$ --	\$ 6,448,937
Less: Accumulated Depreciation:				
Buildings & Improvements	\$ (798,032)	\$ (72,998)	\$ --	\$ (871,030)
Vehicles	(565,130)	(99,278)	--	(664,408)
Maintenance Vehicles	(93,704)	(36,744)	--	(130,448)
Infrastructure	--	(21,500)	--	(21,500)
Equipment	(295,536)	(195,262)	--	(490,798)
Total Accumulated Depreciation	\$(1,752,402)	\$ (425,782)	\$ --	\$(2,178,184)
Total Capital Assets being Depreciated net	\$ 3,670,470	\$ 600,283	\$ --	\$ 4,270,753
Governmental Activities Capital Assets, net	\$ 6,974,160	\$ 600,283	\$ --	\$ 7,574,443

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

Governmental activities:	
General Government	\$168,331
Public Safety	107,180
Corrections	1,543
Public Works/Transportation	148,728
	<u>\$425,782</u>

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2004

Note 5 – Capital Assets (Continued)

Capital assets activity of Shelby County Office of Tourism for the year ended August 31, 2004 was as follows:

	<u>Balance September 1, 2003</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance August 31, 2004</u>
Capital assets being Depreciated:				
Equipment	\$ 4,820	\$ --	\$ --	\$ 4,820
Less: Accumulated Depreciation				
Equipment	\$ (689)	\$ (688)	\$ --	\$ (1,377)
Capital assets, net	<u>\$ 4,131</u>	<u>\$ (688)</u>	<u>\$ --</u>	<u>\$ 3,443</u>

Note 6 - Long-Term Liabilities

The following is a summary of changes in Long-Term Debt of Shelby County for the year ended August 31, 2004.

	<u>Balance September 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance August 31, 2004</u>
Governmental activities:				
Fidlar & Chambers Election Software	\$ 73,392	\$ --	\$ 32,619	\$ 40,773
Devent Real Estate Package	124,058	--	36,578	87,480
Geographic Information System	462,805	--	123,413	339,392
Excavator	55,991	--	12,701	43,290
2001 International Dump Truck	48,412	--	19,060	29,352
2004 International Dump Truck	--	83,168	--	83,168
Garden Acres Subdivision Special Service Area Bonds	23,500	--	3,500	20,000
Refunding Self-Insurance General Obligation Bonds	<u>620,000</u>	<u>--</u>	<u>150,000</u>	<u>470,000</u>
	<u>\$ 1,408,158</u>	<u>\$ 83,168</u>	<u>\$ 377,871</u>	<u>\$ 1,113,455</u>

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2004

Note 6 - Long-Term Liabilities (Continued)

Shelby County has entered into the following equipment lease agreements.

Election Software and Service Contract

This original agreement dated October 10, 2001 with Fidler Doubleday Company provides for sixteen quarterly payments of \$8,154.69 commencing November, 2002 for election software supplies and support and computer hardware upgrade. As of August 31, 2004, there are five quarterly payments remaining.

Real Estate Tax Hardware and Software Agreement

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

Geographic Information System

This original agreement in the amount of \$493,659 dated March 12, 2003 with Bruce Harris & Associates provides for quarterly payments of \$30,854 commencing on April 1, 2003 for the creation and implementation of a Geographic Information System. As of August 31, 2004, there are ten quarterly payments remaining.

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

Excavator

The agreement, approved November 1, 1999 provides for seven annual payments of \$16,363 including 6.4% interest due November 1 of each year for the lease/purchase of a 1997 Caterpillar 320BL Excavator. The County has an option to purchase the equipment before the expiration of the lease. As of August 31, 2004, there are three annual lease payments remaining.

2001 International Dump Truck

The agreement approved January 3, 2001 provides for five annual payments of \$18,273 including 6.424% interest due January 3 of each year for the lease/purchase of a 2001 International Dump Truck. The County has the option to purchase the truck before the expiration of the lease. As of August 31, 2004, there are two annual lease payments remaining.

2004 International Dump Truck

The agreement approved March 26, 2004 provides for four annual payments of \$22,760 including 4.64% interest due October 1 of each year for the lease/purchase of a 2004 International Dump Truck. The County has the option to purchase the truck before the expiration of the lease. As of August 31, 2004 there are four lease payments remaining.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2004

Note 6 - Long-Term Liabilities (Continued)

A. 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.

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

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

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

Debt service requirements on long-term debt at August 31, 2004 are as follows:

Fiscal Year Ending <u>August 31,</u>	Governmental Activities			
	<u>Capital Lease Obligations</u>		<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 245,658	\$ 6,653	\$ 158,500	\$ 18,630
2006	217,742	5,628	169,000	11,337
2007	138,304	2,947	154,000	4,018
2008	21,751	1,009	4,000	412
2009	--	--	4,500	218
Total	<u>\$ 623,455</u>	<u>\$ 16,237</u>	<u>\$ 490,000</u>	<u>\$ 34,615</u>

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2004

Note 7 - Retirement Plans

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

A. Illinois Municipal Retirement Fund

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

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. Elected County Officials (ECO) members' are required to contribute 7.50 percent of their annual covered salary. Sheriff's Law Enforcement Personnel (SLEP) members are required to contribute 6.50 percent of their annual covered salary. The member rate is established by state statute. The County is required to contribute at an actuarially determined rate. The County rate for calendar year 2003 was 4.50 percent of payroll for IMRF, 0.94 percent of payroll for SLEP members and 44.23 percent for ECO members. The County contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The remaining amortization periods at December 31, 2003 were 10 years for IMRF, 10 years for SLEP members and 29 years for ECO members.

SLEP Plan

For December 31, 2003, the County's annual pension cost of \$4,074 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 2003 actuarial valuation were based on the 1999-2001 experience study.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2004

Note 7 - Retirement Plans (continued)

ECO Plan

For December 31, 2003, the County's annual pension cost of \$175,780 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 2003 actuarial valuation were based on the 1999-2001 experience study.

Other County Employees' Plan

For December 31, 2003, the County's annual pension cost of \$80,508 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increase of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 2003 actuarial valuation were based on the 1999-2001 experience study.

Trend Information

SLEP Plan

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/03	\$ 4,074	100%	\$0
12/31/02	3,724	100%	0
12/31/01	3,810	100%	0
12/31/00	3,492	100%	0
12/31/99	3,770	100%	0
12/31/98	25,868	100%	0
12/31/97	22,951	100%	0
12/31/96	18,906	100%	0
12/31/95	16,732	100%	0
12/31/94	18,268	100%	0

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2004

Note 7 - Retirement Plans (continued)

ECO Plan

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/03	\$ 175,780	100%	\$0
12/31/02	174,690	100%	0
12/31/01	158,534	100%	0
12/31/00	148,338	100%	0
12/31/99	115,340	100%	0
12/31/98	49,789	100%	0
12/31/97	15,479	100%	0
12/31/96	0	100%	0
12/31/95	0	100%	0
12/31/94	0	100%	0

Other County Employees' Plan

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/03	\$ 80,508	100%	\$0
12/31/02	89,516	100%	0
12/31/01	122,858	100%	0
12/31/00	136,455	100%	0
12/31/99	148,515	100%	0
12/31/98	138,664	100%	0
12/31/97	158,465	100%	0
12/31/96	159,421	100%	0
12/31/95	160,631	100%	0
12/31/94	166,375	100%	0

B. Social Security

All employees, including those covered by IMRF, are covered under Social Security. Shelby County paid \$214,047, the total required contribution for the year ended August 31, 2004.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2004

Note 8 - Required Individual Fund Disclosures

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

A. Excess of Expenditures over Budgets in Individual Funds

The following instances of overexpending the budget were noted:

<u>Fund</u>	<u>Expenditures</u>	<u>Budgeted Amounts</u>	<u>Overexpenditure</u>
Animal Control	\$ 35	\$ --	\$ 35
Social Security	214,104	200,000	14,104
Indemnity	794	--	794
Automation	10,864	--	10,864
Drug Traffic Prevention	8,826	--	8,826
County Airport	55,021	51,800	3,221
Document Storage	2,397	--	2,397
Court Security	35,775	--	35,775
Victim Impact Panel	552	--	552
Fees to Assist Court	19,900	--	19,900
DUI Equipment	2,565	--	2,565

B. Deficit Fund Balances of Individual Funds

There were no deficit fund balances at August 31, 2004.

C. Individual Fund Interfund Receivable and Payable Balances

Individual fund interfund receivable and payable balances at August 31, 2004 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 732	\$ 732
Special Revenue Funds:		
Miscellaneous County Health		3,800
Home Nursing	3,800	
County Bridge	732	135
County Highway	732	
Federal Aid Secondary Matching		597
Fiduciary Funds:		
Property Tax Fund		732
Total	<u>\$ 5,996</u>	<u>\$ 5,996</u>

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2004

Note 8 - Required Individual Fund Disclosures (Continued)

D. Transfer within the Reporting Entity

The composition of interfund transfers for the year ended August 31, 2004 is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds:		
General Fund	\$ 590,858	\$ 594,496
County Highway Fund	175,000	175,000
Non-major governmental funds	<u>78,022</u>	<u>74,384</u>
Total	<u>\$ 843,880</u>	<u>\$ 843,880</u>

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

The composition of transfers between governmental funds and fiduciary funds for the year ended August 31, 2004 is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Fund:		
General	\$ --	\$ 185,451
Fiduciary Fund	<u>185,451</u>	<u>--</u>
Total	<u>\$ 185,451</u>	<u>\$ 185,451</u>

The above transfer was made primarily to set aside a portion of real estate taxes paid by Reliant Energy & Holland Energy for the potential repayment based on the tax assessment appeal.

Note 9 - Insurance

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

Tort Immunity Receipts:	
Property Tax Collected	\$ 256,574
Mobile Home Tax Collected	1,061
Other Payments in Lieu of Taxes	229
Interest	<u>239</u>
	<u>\$ 258,103</u>
Tort Expenditures:	
Commercial Liability Insurance	\$ 103,299
Unemployment tax	13,218
Workers' Compensation Insurance	<u>83,343</u>
Total Expenditures	<u>\$ 199,860</u>
Receipts over expenditures	\$ 58,243
Restricted at September 1, 2003	<u>111,736</u>
Restricted at August 31, 2004	<u>\$ 169,979</u>

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2004

Note 10 - Due to Other Governmental Units

The Due to Other Governmental Units shown in the General Fund column of the Statement of Assets, Liabilities and Fund Balance - Modified Cash Basis in the amount of \$66,327 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 11 - CEFS Agreement

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

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

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

Note 12 - 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, 2004.

Highway Department

The Shelby County Board approves township petitions and commits county funds on a cost-sharing basis for sundry projects. The amount committed to townships at August 31, 2004 is not reflected in the financial statements but is not considered material.

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, 2004.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2004

Note 12 – Commitments & Contingencies (continued)

Litigation

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

Grant Audits

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

Compensated Absences

Employees of the District are entitled to paid vacations depending on job classification, length of service and other factors. The computed amounts of compensation for future absences at August 31, 2004 was \$55,819. 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 28, 2001 the County entered into a one year lease agreement with Jim Hampton to lease the Shelby County Farmland. This lease provides for minimum annual rent of \$21,525 payable in semi-yearly installments of \$10,762.50. The County received \$21,525 in rent income from Jim Hampton during the year ended August 31, 2004.

Reliant Energy and Holland Energy Assessment Appeal

Reliant Energy and Holland Energy have filed with the State of Illinois Property Tax Appeal Board concerning their assessed valuations. The County has transferred a portion, \$244,363, of the General, Ambulance, Municipal Retirement, and Social Security Funds' property taxes to the Taxes in Litigation Fund for potential repayment based on the outcome of the appeal as of August 31, 2004.

Coal Rights

On November 12, 2003, the County Board approved a five year lease with BPI Industry Inc. for methane gas and an option to purchase coal rights. The option fee is \$100,000 and was received as of August 31, 2004. The purchase price is \$2.2 million with the option fee to be applied to the purchase price. The terms of the option is twelve months and will expire in November, 2004. The option was exercised by BPI Industry in fiscal year 2005.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2004

Note 13 – Subsequent Events

On February 9, 2005, Shelby County Board approved to pay \$315,000 of the remaining balance of the Refunding Self-Insurance General Obligation Bonds, Series 1998. The payment will be made on May 1, 2005.

SHELBY COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
YEAR ENDED AUGUST 31, 2004

	Original Budget	Amended Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS:				
Property Taxes	\$ 1,111,223	\$ 1,111,223	\$ 1,215,185	\$ 103,962
Sales Taxes	487,000	487,000	485,048	(1,352)
Intergovernmental Revenue:				
State Sources:				
Income Taxes	550,000	550,000	670,461	120,461
Replacement Tax	25,000	25,000	28,400	3,400
Other State Sources	190,000	190,000	230,093	40,093
Federal Sources	4,000	4,000	126,278	122,278
County Farm	21,000	21,000	21,525	525
Charges for Services	29,000	29,000	46,440	17,440
Licenses and Permits	4,500	4,500	3,879	(621)
Fines, Fees and Forfeits	515,000	515,000	682,811	147,811
Sales of Real Estate Stamps	70,000	70,000	92,124	22,124
Interest	28,000	28,000	25,419	(2,581)
Miscellaneous Revenues	12,000	12,000	4,042	(7,958)
Total Receipts	\$ 3,046,723	\$ 3,046,723	\$ 3,612,305	\$ 565,582
DISBURSEMENTS:				
Current:				
General Government	\$ 1,741,968	\$ 1,757,399	\$ 1,601,436	\$ 155,963
Public Safety	1,001,805	1,038,280	1,044,072	(5,792)
Corrections	110,087	111,837	109,808	2,029
Judiciary	309,926	311,676	298,305	13,371
Health and Welfare	37,775	39,025	37,741	1,284
Debt Service	363,725	363,725	366,828	(3,103)
Capital Outlay	142,500	142,500	215,159	(72,659)
Total Disbursements	\$ 3,707,786	\$ 3,764,442	\$ 3,673,349	\$ 91,093
Receipts Under Disbursements	\$ (661,063)	\$ (717,719)	\$ (61,044)	\$ 656,675
Other Financing Sources (Uses):				
Operating Transfers In	--	--	590,858	590,858
Operating Transfers Out	--	--	(779,947)	(779,947)
Special Item				
Sale of Coal Rights	--	--	100,100	100,100
Net Change in Fund Balance	\$ (661,063)	\$ (717,719)	\$ (150,033)	\$ 567,686
Fund Balance - September 1, 2003			2,013,453	
Fund Balance - August 31, 2004			\$ 1,863,420	

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, 2004

	Original Budget	Amended Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS:				
Property Taxes	\$ 314,126	\$ 314,126	\$ 360,209	\$ 46,083
Intergovernmental Revenue:				
State Sources:				
Replacement Tax	7,572	7,572	6,507	(1,065)
Other State Sources	233,233	233,233	200,440	(32,793)
Federal Sources	317,543	317,543	347,413	29,870
Charges for Services	80,381	80,381	69,079	(11,302)
Interest	11,655	11,655	10,016	(1,639)
Miscellaneous Revenues	51	51	45	(6)
Total Receipts	\$ 964,561	\$ 964,561	\$ 993,709	\$ 29,148
DISBURSEMENTS:				
Current:				
Health and Welfare	881,165	894,937	846,300	48,637
Net Change in Fund Balance	\$ 83,396	\$ 69,624	\$ 147,409	\$ 77,785
Fund Balance - September 1, 2003			756,438	
Fund Balance - August 31, 2004		\$ 903,847		

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, 2004

	Original Budget	Amended Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS:				
Property Taxes				
Intergovernmental Revenue:				
State Sources:				
Motor Fuel Tax	25,243	25,243	27,888	2,645
Replacement Taxes	398,291	398,291	440,022	41,731
Other State Sources	202,260	202,260	223,452	21,192
Charges for Services	4,564	4,564	6,806	2,242
Interest	11,820	11,820	13,059	1,239
Miscellaneous Revenues	3,573	3,573	3,946	373
Total Receipts	\$ 1,152,406	\$ 1,152,406	\$ 1,296,157	\$ 143,751
DISBURSEMENTS:				
Current:				
Public Works/Transportation	\$ 621,842	\$ 644,342	\$ 576,629	\$ 67,713
Debt Service	--	--	38,363	(38,363)
Capital Outlay	811,800	811,800	677,113	134,687
Total Disbursements	\$ 1,433,642	\$ 1,456,142	\$ 1,292,105	\$ 164,037
Receipts Over (Under) Disbursements	\$ (281,236)	\$ (303,736)	\$ 4,052	\$ 307,788
Other Financing Sources (Uses):				
Lease Purchase Proceeds	--	--	83,168	83,168
Transfers In	--	--	175,000	175,000
Transfers Out	--	--	(175,000)	(175,000)
Net Change in Fund Balance	\$ (281,236)	\$ (303,736)	\$ 87,220	\$ 390,956
Fund Balance - September 1, 2003			728,222	
Fund Balance - August 31, 2004			\$ 815,442	

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

SHELBY COUNTY, ILLINOIS
REQUIRED SUPPLEMENTAL INFORMATION
IMRF SCHEDULE OF FUNDING PROGRESS
YEAR ENDED AUGUST 31, 2004

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)
12/31/03	1,422,805	1,310,850	(111,955)	108.54%	433,375	0.00%
12/31/02	1,420,101	1,142,403	(277,698)	124.31%	409,247	0.00%
12/31/01	1,412,921	959,942	(452,979)	147.19%	381,027	0.00%
12/31/00	1,285,668	824,737	(460,931)	155.89%	342,350	0.00%
12/31/99	1,134,665	745,320	(389,345)	152.24%	366,055	0.00%
12/31/98	1,093,884	630,629	(463,255)	173.46%	364,332	0.00%
12/31/97	879,030	498,260	(380,770)	176.42%	340,910	0.00%
12/31/96	910,105	618,862	(291,243)	147.06%	356,726	0.00%
12/31/95	793,520	509,070	(284,450)	155.88%	327,445	0.00%
12/31/94	574,971	284,712	(290,259)	201.95%	258,384	0.00%

On a market basis the actuarial value of assets as of December 31, 2003 is \$1,287,339. On a market basis, the funded ratio would be 98.21%.

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)
12/31/03	11,681	2,177,915	2,166,234	0.54%	393,164	550.97%
12/31/02	(195,930)	1,866,075	2,062,005	0.00%	372,388	553.72%
12/31/01	(152,955)	1,663,360	1,816,315	0.00%	369,114	492.07%
12/31/00	(279,902)	1,350,815	1,630,717	0.00%	341,401	477.65%
12/31/99	106,420	1,255,925	1,149,505	8.47%	303,928	378.22%
12/31/98	(364,006)	581,443	945,449	0.00%	248,947	379.78%
12/31/97	(322,101)	460,401	782,502	0.00%	208,290	375.68%
12/31/96	0	0	0	0.00%	0	N/A
12/31/95	0	0	0	0.00%	0	N/A
12/31/94	0	0	0	0.00%	0	N/A

On a market basis the actuarial value of assets as of December 31, 2003 is (\$81,779). On a market basis, the funded ratio would be 0.00%.

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

SHELBY COUNTY, ILLINOIS
REQUIRED SUPPLEMENTAL INFORMATION
IMRF SCHEDULE OF FUNDING PROGRESS (Continued)
YEAR ENDED AUGUST 31, 2004

C. Other County Employees' Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/03	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	3,260,197	3,417,363	157,237	95.40%	1,390,813	11.31%
12/31/97	3,323,197	4,092,179	768,982	81.21%	1,294,194	59.42%
12/31/96	2,818,458	3,265,389	446,931	86.31%	1,480,153	30.19%
12/31/95	2,461,577	3,173,511	711,934	77.57%	1,432,925	49.68%
12/31/94	2,414,264	3,138,654	724,390	76.92%	1,388,770	52.16%

On a market value basis the actuarial value of assets as of December 31, 2003 is \$4,933,734. On a market basis, the funded ratio would be 88.61%.

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2003 are based on the 1999-2001 Experience Study.

The principal changes were:

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

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

SHELBY COUNTY, ILLINOIS
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
- MODIFIED CASH BASIS
GENERAL FUND
AUGUST 31, 2004

	Fee Offices						
	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Total
ASSETS							
Cash and Cash Equivalents	\$ 188,487	\$ 13,801	\$ 137,249	\$ 7,469	\$ --	\$ 546	\$ 347,552
Certificate of Deposits	1,569,049	--	10,000	--	--	--	1,579,049
Interfund Loans Receivable	732	--	--	--	--	--	732
Inventory	--	4,660	--	--	--	--	4,660
TOTAL ASSETS	\$ 1,758,268	\$ 18,461	\$ 147,249	\$ 7,469	\$ --	\$ 546	\$ 1,931,993
LIABILITIES							
Withholding Payable	\$ 1,514	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,514
Interfund Loans Payable	732	--	--	--	--	--	732
Due to Other Governmental Units	--	--	66,327	--	--	--	66,327
TOTAL LIABILITIES	\$ 2,246	\$ --	\$ 66,327	\$ --	\$ --	\$ --	\$ 68,573
FUND BALANCE							
Fund Balance:							
Reserved:							
Reserved for Insurance	\$ 169,979	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 169,979
Unreserved:							
Designated for Capital Improvement	100,100	--	--	--	--	--	100,100
Undesignated	1,485,943	18,461	80,922	7,469	--	546	1,593,341
TOTAL FUND BALANCE	\$ 1,756,022	\$ 18,461	\$ 80,922	\$ 7,469	\$ --	\$ 546	\$ 1,863,420
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,758,268	\$ 18,461	\$ 147,249	\$ 7,469	\$ --	\$ 546	\$ 1,931,993

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, 2004

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Total
RECEIPTS:							
Property Taxes	\$ 1,215,185	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,215,185
Sales Taxes	485,648	--	--	--	--	--	485,648
Intergovernmental Revenues:							
Income Taxes	670,461	--	--	--	--	--	670,461
Replacement Taxes	28,400	--	--	--	--	--	28,400
Other State Sources	229,930	--	--	--	--	--	229,930
Federal Source	126,441	--	--	--	--	--	126,441
County Farm	21,525	--	--	--	--	--	21,525
Charges for Services	46,440	--	--	--	--	--	46,440
Licenses and Permits	3,879	--	--	--	--	--	3,879
Fees, Fines and Forfeits	27,633	169,122	144,440	100,426	217,731	3,459	662,811
Sales of Real Estate Stamps	--	92,124	--	--	--	--	92,124
Interest	24,714	--	705	--	--	--	25,419
Miscellaneous Receipts	4,042	--	--	--	--	--	4,042
Total Receipts	\$ 2,884,298	\$ 261,246	\$ 145,145	\$ 100,426	\$ 217,731	\$ 3,459	\$ 3,612,305
DISBURSEMENTS:							
See Schedule at Page 50	\$ 3,612,230	\$ 58,756	\$ 2,363	\$ --	\$ --	\$ --	\$ 3,673,349
Receipts Over (Under) Disbursements	\$ (727,932)	\$ 202,490	\$ 142,782	\$ 100,426	\$ 217,731	\$ 3,459	\$ (61,044)
Other Financing Sources (Uses):							
Operating Transfers In	590,858	--	--	--	--	--	590,858
Operating Transfers Out	(111,066)	(205,598)	(139,172)	(103,430)	(217,731)	(2,950)	(779,947)
Special Item	100,100	--	--	--	--	--	100,100
Sale of Coal Rights	--	--	--	--	--	--	--
Net Change in Fund Balance	\$ (148,040)	\$ (3,108)	\$ 3,610	\$ (3,004)	\$ --	\$ 509	\$ (150,033)
Fund Balance - September 1, 2003	1,904,062	21,569	77,312	10,473	--	37	2,013,453
Fund Balance - August 31, 2004	\$ 1,756,022	\$ 18,461	\$ 80,922	\$ 7,469	\$ --	\$ 546	\$ 1,863,420

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

SHELBY COUNTY, ILLINOIS
COMBINING STATEMENT OF CASH DISBURSEMENTS
GENERAL FUND
YEAR ENDED AUGUST 31, 2004

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Total
DISBURSEMENTS:							
General Government:							
Operating Expenses Pertaining to the Office of:							
County Clerk	\$ 210,902	\$ 706	--	\$ --	--	\$ --	211,608
Circuit Clerk	166,604	--	2,363	--	--	--	168,967
Supervisor of Assessments	132,910	--	--	--	--	--	132,910
County Treasurer	148,442	--	--	--	--	--	148,442
County Coroner	39,504	--	--	--	--	--	39,504
Regional Superintendent of Schools	38,321	--	--	--	--	--	38,321
Farmland Assessment	29	--	--	--	--	--	29
Board of Review	28,798	--	--	--	--	--	28,798
Board of Appeals	1,852	--	--	--	--	--	1,852
Planning Commission	1,172	--	--	--	--	--	1,172
Zoning Administrator	9,883	--	--	--	--	--	9,883
Utilities	47,738	--	--	--	--	--	47,738
Maintenance, Repairs and Improvement	48,273	--	--	--	--	--	48,273
Insurance and Taxes	230,035	--	--	--	--	--	230,035
Employee Insurance	138,478	--	--	--	--	--	138,478
County Farm	1,525	--	--	--	--	--	1,525
County Board Expenses	52,618	--	--	--	--	--	52,618
Services, Supplies and Miscellaneous	243,233	--	--	--	--	--	243,233
Purchase of Real Estate Tax Stamps	--	58,050	--	--	--	--	58,050
Total General Government	\$ 1,540,317	\$ 58,756	\$ 2,363	\$ --	\$ --	\$ --	\$ 1,601,436
Public Safety:							
Operating Expenses Pertaining to the Office of:							
County Sheriff	\$ 1,003,249	--	--	\$ --	--	\$ --	1,003,249
Rescue Squad	10,489	--	--	--	--	--	10,489
ESDA	13,979	--	--	--	--	--	13,979
911 Emergency Services	14,342	--	--	--	--	--	14,342
Merit Commission	2,013	--	--	--	--	--	2,013
Total Public Safety	\$ 1,044,072	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,044,072

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

SHELBY COUNTY, ILLINOIS
COMBINING STATEMENT OF CASH DISBURSEMENTS - (CONTINUED)
GENERAL FUND
YEAR ENDED AUGUST 31, 2004

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Total
Corrections:							
Operating Expenses Pertaining to the Office of:							
Probation Office	\$ 109,808	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 109,808
Judiciary:							
Operating Expenses Pertaining to the Office of:							
States Attorney	\$ 201,374	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 201,374
Public Defender	72,102	--	--	--	--	--	72,102
Appointed Counsel Fee	18,336	--	--	--	--	--	18,336
Circuit Judge Expenses	6,493	--	--	--	--	--	6,493
Total Judiciary	\$ 298,305	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 298,305
Health and Welfare:							
Operating Expenses Pertaining to the Office of:							
Animal Control	\$ 37,741	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 37,741
Debt Service:	\$ 366,828	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 366,828
Capital Outlay:							
Sheriff	\$ 44,999	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 44,999
Computer Equipment	170,160	--	--	--	--	--	170,160
Total Capital Outlay	\$ 215,159	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 215,159
TOTAL DISBURSEMENTS	\$ 3,612,230	\$ 58,756	\$ 2,363	\$ --	\$ --	\$ --	\$ 3,673,349

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

SHELBY COUNTY, ILLINOIS
SCHEDULE OF APPROPRIATIONS AND CASH DISBURSEMENTS
GENERAL FUND
YEAR ENDED AUGUST 31, 2004

	Original Budget	Amended Budget	Disbursements	Variance with Final Budget Positive (Negative)
DISBURSEMENTS:				
General Government:				
Operating Expenses Pertaining to the Office of:				
County Clerk	\$ 293,400	\$ 298,500	\$ 211,608	\$ 86,892
Circuit Clerk	177,439	183,439	168,967	14,472
Supervisor of Assessments	152,289	155,290	132,910	22,380
County Treasurer	137,378	138,708	148,442	(9,734)
County Coroner	42,000	42,000	39,504	2,496
Regional Superintendent of Schools	38,272	38,272	38,321	(49)
Farmland Assessment	150	150	29	121
Board of Review	33,300	33,300	28,798	4,502
Board of Appeals	4,100	4,100	1,852	2,248
Planning Commission	1,720	1,720	1,172	548
Zoning Administrator	4,600	4,600	9,883	(5,283)
Utilities	51,000	51,000	47,738	3,262
Maintenance, Repairs and Improvement	116,000	116,000	48,273	67,727
Insurance and Taxes	318,000	318,000	230,035	87,965
Employee Insurance	238,118	238,118	138,478	99,640
County Farm	4,800	4,800	1,525	3,275
County Board Expenses	58,000	58,000	52,618	5,382
Services, Supplies and Miscellaneous	71,402	71,402	243,233	(171,831)
Purchase of Real Estate Tax Stamps	--	--	58,050	(58,050)
Total General Government	\$ 1,741,968	\$ 1,757,399	\$ 1,601,436	\$ 155,963
Public Safety:				
Operating Expenses Pertaining to the Office of:				
County Sheriff	\$ 952,680	\$ 989,155	\$ 1,003,249	\$ (14,094)
Rescue Squad	12,000	12,000	10,489	1,511
ESDA	1,550	1,550	13,979	(12,429)
911 Emergency Services	25,000	25,000	14,342	10,658
Merit Commission	10,575	10,575	2,013	8,562
Total Public Safety	\$ 1,001,805	\$ 1,038,280	\$ 1,044,072	\$ (5,792)

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

SHELBY COUNTY, ILLINOIS
SCHEDULE OF APPROPRIATIONS AND CASH DISBURSEMENTS - (CONTINUED)
GENERAL FUND
YEAR ENDED AUGUST 31, 2004

	Original Budget	Amended Budget	Disbursements	Variance with Final Budget Positive (Negative)
Corrections:				
Operating Expenses Pertaining to the Office of: Probation Office	\$ 110,087	\$ 111,837	\$ 109,808	\$ 2,029
Judiciary:				
Operating Expenses Pertaining to the Office of:				
States Attorney	\$ 203,155	\$ 203,155	\$ 201,374	\$ 1,781
Public Defender	74,031	75,781	72,102	3,679
Appointed Counsel Fee	15,000	15,000	18,336	(3,336)
Circuit Judge Expenses	17,740	17,740	6,493	11,247
Total Judiciary	\$ 309,926	\$ 311,676	\$ 298,305	\$ 13,371
Health and Welfare:				
Operating Expenses Pertaining to the Office of: Animal Control	\$ 37,775	\$ 39,025	\$ 37,741	\$ 1,284
Debt Service:	\$ 363,725	\$ 363,725	\$ 366,828	\$ (3,103)
Capital Outlay:				
Sheriff	\$ 45,000	\$ 45,000	\$ 44,999	\$ 1
General and Administrative	97,500	97,500	170,160	(72,660)
Total Capital Outlay	\$ 142,500	\$ 142,500	\$ 215,159	\$ (72,659)
TOTAL DISBURSEMENTS	\$ 3,707,786	\$ 3,764,442	\$ 3,673,349	\$ 91,093

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, 2004

	County Health	Miscellaneous County Health	Home Nursing	County Helath WIC	Total County Health Fund
ASSETS					
Cash and Cash Equivalents	\$ 132,147	\$ 37,478	\$ 303,831	\$ 20,899	\$ 494,355
Certificate of Deposits	104,211	74,233	231,048	--	409,492
Interfund Loans Receivable	--	--	3,800	--	3,800
TOTAL ASSETS	<u>\$ 236,358</u>	<u>\$ 111,711</u>	<u>\$ 538,679</u>	<u>\$ 20,899</u>	<u>\$ 907,647</u>
LIABILITIES					
Interfund Loans Payable	\$ --	\$ 3,800	\$ --	\$ --	\$ 3,800
FUND BALANCE					
Fund Balance:					
Unreserved:					
Undesignated	\$ 236,358	\$ 107,911	\$ 538,679	\$ 20,899	\$ 903,847
TOTAL FUND BALANCE	<u>\$ 236,358</u>	<u>\$ 107,911</u>	<u>\$ 538,679</u>	<u>\$ 20,899</u>	<u>\$ 903,847</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 236,358</u>	<u>\$ 111,711</u>	<u>\$ 538,679</u>	<u>\$ 20,899</u>	<u>\$ 907,647</u>

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, 2004

RECEIPTS:

Property Taxes	\$	360,209	\$	--	\$	--	\$	--	\$	360,209
Intergovernmental Revenues:										
Replacement Taxes		6,507		--		--		--		6,507
Other State Sources		89,748		75,412		35,280		--		200,440
Federal Source		500		56,167		85,601		205,145		347,413
Charges for Services		14,385		4,500		50,194		--		69,079
Interest		2,931		1,030		6,055		--		10,016
Miscellaneous Receipts		45		--		--		--		45
Total Receipts	\$	474,325	\$	137,109	\$	177,130	\$	205,145	\$	993,709

DISBURSEMENTS:

Current:										
Health and Welfare:										
Personnel and Fringe Benefits	\$	342,535	\$	87,546	\$	--	\$	61,526	\$	491,607
Commodities		9,496		10,376		91,999		141,786		253,657
Contractual Services		78,306		18,551		1,712		2,467		101,036
Total Disbursements	\$	430,337	\$	116,473	\$	93,711	\$	205,779	\$	846,300
Net Change in Fund Balance	\$	43,988	\$	20,636	\$	83,419	\$	(634)	\$	147,409
Fund Balance - September 1, 2003		192,370		87,275		455,260		21,533		756,438
Fund Balance - August 31, 2004	\$	236,358	\$	107,911	\$	538,679	\$	20,899	\$	903,847

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, 2004

	County Bridge	County Highway	County Motor Fuel Tax Fund	Federal Aid Secondary Matching	Total County Highway Fund
Cash and Cash Equivalents	\$ 232,103	\$ 98,021	\$ 323,107	\$ 161,479	\$ 814,710
Interfund Loans Receivable	732	732	--	--	1,464
TOTAL ASSETS	\$ 232,835	\$ 98,753	\$ 323,107	\$ 161,479	\$ 816,174
LIABILITIES					
Interfund Loans Payable	\$ 135	\$ --	\$ --	\$ 597	\$ 732
FUND BALANCE					
Fund Balance:					
Reserved:					
Reserved for Future Projects	\$ --	\$ --	\$ 323,107	\$ 160,882	\$ 483,989
Unreserved:					
Undesignated	232,700	98,753	--	--	331,453
TOTAL FUND BALANCE	\$ 232,700	\$ 98,753	\$ 323,107	\$ 160,882	\$ 815,442
TOTAL LIABILITIES AND FUND BALANCE	\$ 232,835	\$ 98,753	\$ 323,107	\$ 161,479	\$ 816,174

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, 2004

	County Bridge	County Highway	County Motor Fuel Tax Fund	Federal Aid Secondary Matching	Total County Highway Fund
RECEIPTS:					
Property Taxes	\$ 145,246	\$ 290,492	\$ --	\$ 145,246	\$ 580,984
Intergovernmental Revenues:					
Motor Fuel Tax	--	--	440,022	--	440,022
Replacement Taxes	6,860	14,168	--	6,860	27,888
Other State Sources	--	--	174,970	48,482	223,452
Charges for Services	6,806	--	--	--	6,806
Interest	4,233	1,268	4,587	2,971	13,059
Miscellaneous Receipts	--	3,946	--	--	3,946
Total Receipts	\$ 163,145	\$ 309,874	\$ 619,579	\$ 203,559	\$ 1,296,157
DISBURSEMENTS:					
Current:					
Public Works/Transportation					
Personnel and Fringe Benefits	\$ --	\$ 444,188	\$ 80,880	\$ --	\$ 525,068
Commodities	--	9,506	--	--	9,506
Contractual Services	--	40,845	1,210	--	42,055
Debt Service	--	38,363	--	--	38,363
Capital Outlay	105,479	148,283	282,862	140,489	677,113
Total Disbursements	\$ 105,479	\$ 681,185	\$ 364,952	\$ 140,489	\$ 1,292,105
Receipts Over (Under) Disbursements	\$ 57,666	\$ (371,311)	\$ 254,627	\$ 63,070	\$ 4,052
Other Financing Sources (Uses):					
Lease Purchase Proceeds	--	83,168	--	--	83,168
Transfers In	--	175,000	--	--	175,000
Transfers Out	--	--	(175,000)	--	(175,000)
Net Change in Fund Balance	\$ 57,666	\$ (113,143)	\$ 79,627	\$ 63,070	\$ 87,220
Fund Balance - September 1, 2003	175,034	211,896	243,480	97,812	728,222
Fund Balance - August 31, 2004	\$ 232,700	\$ 98,753	\$ 323,107	\$ 160,882	\$ 815,442

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

	Special Revenue							
	Animal Control	Ambulance	Mental Health	Municipal Retirement	Social Security	Indemnity	Rescue Squad	Probation
Cash and Cash Equivalents	\$ 8,450	\$ 59,795	\$ 278,628	\$ 31,818	\$ 34,551	\$ 11,505	\$ 5,383	\$ 29,931
Certificates of Deposit	43,970	21,210	137,862	--	--	72,572	--	137,745
Interfund Loans Receivable	--	--	--	--	--	--	--	--
TOTAL ASSETS	\$ 52,420	\$ 81,005	\$ 416,490	\$ 31,818	\$ 34,551	\$ 84,077	\$ 5,383	\$ 167,676
LIABILITIES								
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
FUND BALANCE								
Fund Balance:								
Unreserved - Undesignated	\$ 52,420	\$ 81,005	\$ 416,490	\$ 31,818	\$ 34,551	\$ 84,077	\$ 5,383	\$ 167,676
TOTAL FUND BALANCE	\$ 52,420	\$ 81,005	\$ 416,490	\$ 31,818	\$ 34,551	\$ 84,077	\$ 5,383	\$ 167,676
TOTAL LIABILITIES AND FUND BALANCE	\$ 52,420	\$ 81,005	\$ 416,490	\$ 31,818	\$ 34,551	\$ 84,077	\$ 5,383	\$ 167,676

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, 2004

	Fees to Assist Court	Special Revenue						Court Security	GIS
		Automation	Recording	Drug Traffic Prevention	Airport	Rural Transportation			
Cash and Cash Equivalents	\$ 158,326	\$ 86,393	\$ 24,044	\$ 16,222	\$ 66,054	\$ --	\$ 20,286	\$ 93,199	
Certificates of Deposit	170,592	--	--	--	155,903	--	--	--	
Interfund Loans Receivable	--	--	--	--	--	--	--	--	
TOTAL ASSETS	\$ 328,918	\$ 86,393	\$ 24,044	\$ 16,222	\$ 221,957	\$ --	\$ 20,286	\$ 93,199	
LIABILITIES									
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	
FUND BALANCE									
Fund Equity:									
Unreserved - Undesignated	\$ 328,918	\$ 86,393	\$ 24,044	\$ 16,222	\$ 221,957	\$ --	\$ 20,286	\$ 93,199	
TOTAL FUND BALANCE	\$ 328,918	\$ 86,393	\$ 24,044	\$ 16,222	\$ 221,957	\$ --	\$ 20,286	\$ 93,199	
TOTAL LIABILITIES AND FUND BALANCE	\$ 328,918	\$ 86,393	\$ 24,044	\$ 16,222	\$ 221,957	\$ --	\$ 20,286	\$ 93,199	

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, 2004

	Special Revenue							Total Special Revenue
	Law Library	Document Storage	Revolving Loan	Victim Impact Panel	Attorney Forfeited	Shelby County Flame	DUI Equipment	
Cash and Cash Equivalents	\$ 9,109	\$ 79,120	\$ 266,650	\$ 7,232	\$ 1,403	\$ 381	\$ 7,970	\$ 1,296,450
Certificates of Deposit	--	--	199,904	--	--	--	--	939,758
Interfund Loans Receivable	--	--	--	--	--	--	--	--
TOTAL ASSETS	\$ 9,109	\$ 79,120	\$ 466,554	\$ 7,232	\$ 1,403	\$ 381	\$ 7,970	\$ 2,236,208
LIABILITIES								
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
FUND BALANCE								
Fund Equity:								
Undesignated	\$ 9,109	\$ 79,120	\$ 466,554	\$ 7,232	\$ 1,403	\$ 381	\$ 7,970	\$ 2,236,208
TOTAL FUND BALANCE	\$ 9,109	\$ 79,120	\$ 466,554	\$ 7,232	\$ 1,403	\$ 381	\$ 7,970	\$ 2,236,208
TOTAL LIABILITIES AND FUND BALANCE	\$ 9,109	\$ 79,120	\$ 466,554	\$ 7,232	\$ 1,403	\$ 381	\$ 7,970	\$ 2,236,208

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, 2004

	Capital Projects			Total Capital Projects	Total Nonmajor Governmental Funds
	Carriage Park	Finlay Road	Garden Acres		
ASSETS					
Cash and Cash Equivalents	\$ 179	\$ 598	\$ 730	\$ 1,507	\$ 1,297,957
Time Deposits	--	--	--	--	939,758
Interfund Loans Receivable	--	--	--	--	--
TOTAL ASSETS	<u>\$ 179</u>	<u>\$ 598</u>	<u>\$ 730</u>	<u>\$ 1,507</u>	<u>\$ 2,237,715</u>
LIABILITIES					
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --
FUND BALANCE					
Fund Balance:					
Unreserved - Undesignated	\$ 179	\$ 598	\$ 730	\$ 1,507	\$ 2,237,715
TOTAL FUND BALANCE	<u>\$ 179</u>	<u>\$ 598</u>	<u>\$ 730</u>	<u>\$ 1,507</u>	<u>\$ 2,237,715</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 179</u>	<u>\$ 598</u>	<u>\$ 730</u>	<u>\$ 1,507</u>	<u>\$ 2,237,715</u>

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, 2004

	Special Revenue							
	Animal Control	Ambulance	Mental Health	Municipal Retirement	Social Security	Indemnity	Rescue Squad	Probation
RECEIPTS:								
Property Taxes	\$ --	\$ 50,164	\$ 300,804	\$ 401,080	\$ 294,121	\$ --	\$ --	\$ --
Intergovernmental Revenue:								
State Sources								
Replacement Taxes	--	--	12,790	13,703	--	--	--	--
Other State Sources	--	--	--	--	--	--	--	--
Federal Sources	--	--	--	--	--	--	--	--
Loan Repayments	--	--	--	--	--	--	--	--
Charges for Services	--	--	--	--	--	--	--	--
Fines and Fees	5,153	--	--	--	--	--	--	37,751
Interest	540	611	6,133	811	518	965	25	1,798
Miscellaneous Revenues	--	--	--	--	--	--	350	--
Total Receipts	\$ 5,693	\$ 50,775	\$ 319,727	\$ 415,594	\$ 294,639	\$ 965	\$ 375	\$ 39,549
DISBURSEMENTS:								
Current:								
General Government	\$ --	\$ --	\$ --	\$ 332,827	\$ 214,104	\$ 794	\$ --	\$ --
Public Safety	--	--	--	--	--	--	--	19,168
Judiciary	--	--	--	--	--	--	--	--
Public Works/Transportation	--	--	--	--	--	--	--	--
Health and Welfare	35	40,150	262,009	--	--	--	--	--
Debt Service	--	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--	--
Total Disbursements	\$ 35	\$ 40,150	\$ 262,009	\$ 332,827	\$ 214,104	\$ 794	\$ --	\$ 19,168
Receipts Over (Under) Disbursements	\$ 5,658	\$ 10,625	\$ 57,718	\$ 82,767	\$ 80,535	\$ 171	\$ 375	\$ 20,381
Other Financing Sources (Uses):								
Operating Transfers In	--	--	--	--	--	--	--	--
Operating Transfers Out	--	--	--	(42,914)	(31,470)	--	--	--
Net Change in Fund Balance	\$ 5,658	\$ 10,625	\$ 57,718	\$ 39,853	\$ 49,065	\$ 171	\$ 375	\$ 20,381
Fund Balance - September 1, 2003	48,762	70,380	358,772	(8,035)	(14,514)	83,906	5,008	147,295
Fund Balance - August 31, 2004	\$ 52,420	\$ 81,005	\$ 416,490	\$ 31,818	\$ 34,551	\$ 84,077	\$ 5,383	\$ 167,676

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, 2004

	Special Revenue							
	Fees to Assist Court	Automation	Recording	Drug Traffic Prevention	Airport	Rural Transportation	Court Security	GIS
RECEIPTS:								
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ 55,950	\$ --	\$ --	\$ --
Intergovernmental Revenue:								
State Sources	--	--	--	--	3,109	--	--	--
Replacement Taxes	--	--	--	--	--	21,762	--	--
Other State Sources	--	3,675	--	--	--	320,956	--	--
Federal Sources	--	--	--	--	--	--	--	--
Loan Repayments	--	--	--	--	--	--	--	--
Charges for Services	--	--	--	--	12,600	--	--	--
Fines and Fees	29,989	17,599	--	--	--	--	38,282	--
Interest	2,924	406	77	54	2,897	--	96	302
Miscellaneous Revenues	--	--	--	15,317	14,123	--	--	--
Total Receipts	\$ 32,913	\$ 21,680	\$ 77	\$ 15,371	\$ 88,679	\$ 342,718	\$ 38,378	\$ 302
DISBURSEMENTS:								
Current:								
General Government	\$ --	\$ 10,864	\$ 10,147	\$ --	\$ --	\$ --	\$ --	\$ --
Public Safety	--	--	--	3,742	--	--	35,775	--
Judiciary	--	--	--	--	--	--	--	--
Public Works/Transportation	--	--	--	--	55,021	233,909	--	--
Health and Welfare	--	--	--	--	--	--	--	--
Debt Service	--	--	--	--	--	--	--	--
Capital Outlay	19,900	--	--	5,084	--	108,809	--	--
Total Disbursements	\$ 19,900	\$ 10,864	\$ 10,147	\$ 8,826	\$ 55,021	\$ 342,718	\$ 35,775	\$ --
Receipts Over (Under) Disbursements	\$ 13,013	\$ 10,816	\$ (10,070)	\$ 6,545	\$ 33,658	\$ --	\$ 2,603	\$ 302
Other Financing Sources (Uses):								
Operating Transfers In	--	--	23,780	1,219	--	--	--	48,214
Operating Transfers Out	--	--	--	--	--	--	--	--
Net Change in Fund Balance	\$ 13,013	\$ 10,816	\$ 13,710	\$ 7,764	\$ 33,658	\$ --	\$ 2,603	\$ 48,516
Fund Balance - September 1, 2003	315,905	75,577	10,334	8,458	188,299	--	17,683	44,683
Fund Balance - August 31, 2004	\$ 328,918	\$ 86,393	\$ 24,044	\$ 16,222	\$ 221,957	\$ --	\$ 20,286	\$ 93,199

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, 2004

	Special Revenue							Total Special Revenue
	Law Library	Document Storage	Revolving Loan	Victim Impact Panel	Attorney Forfeited	Shelby County Flame	DUI Equipment	
RECEIPTS:								
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,102,119
Intergovernmental Revenue:								
State Sources								
Replacement Taxes	--	--	--	--	--	--	--	29,602
Other State Sources	--	--	--	--	--	--	--	21,762
Federal Sources	--	--	--	--	--	--	--	324,631
Loan Repayments	--	--	63,640	--	--	--	--	63,640
Charges for Services	--	--	--	--	--	--	--	12,600
Fines and Fees	6,547	16,487	--	200	563	--	--	152,571
Interest	45	357	2,789	38	5	4	28	21,423
Miscellaneous Revenues	--	--	--	--	--	--	--	29,790
Total Receipts	\$ 6,592	\$ 16,844	\$ 66,429	\$ 238	\$ 568	\$ 4	\$ 28	\$ 1,758,138
DISBURSEMENTS:								
Current:								
General Government	\$ --	\$ 2,397	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 571,133
Public Safety	--	--	--	--	--	--	2,565	61,250
Judiciary	6,230	--	--	552	--	--	--	6,782
Public Works/Transportation	--	--	--	--	--	--	--	288,930
Health and Welfare	--	--	--	--	--	--	--	302,194
Debt Service	--	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--	133,793
Total Disbursements	\$ 6,230	\$ 2,397	\$ --	\$ 552	\$ --	\$ --	\$ 2,565	\$ 1,364,082
Receipts Over (Under) Disbursements	\$ 362	\$ 14,447	\$ 66,429	\$ (314)	\$ 568	\$ 4	\$ (2,537)	\$ 394,056
Other Financing Sources (Uses):								
Operating Transfers In	--	--	--	--	--	--	4,809	78,022
Operating Transfers Out	--	--	--	--	--	--	--	(74,384)
Net Change in Fund Balance	\$ 362	\$ 14,447	\$ 66,429	\$ (314)	\$ 568	\$ 4	\$ 2,272	\$ 397,694
Fund Balance - September 1, 2003	8,747	64,673	400,125	7,546	835	377	5,698	1,838,514
Fund Balance - August 31, 2004	\$ 9,109	\$ 79,120	\$ 466,554	\$ 7,232	\$ 1,403	\$ 381	\$ 7,970	\$ 2,236,208

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, 2004

	Capital Projects			Total Capital Projects	Total Nonmajor Governmental Funds
	Carriage Park	Findlay Road	Garden Acres		
RECEIPTS:					
Property Taxes	\$ --	\$ --	\$ 4,691	\$ 4,691	\$ 1,106,810
Intergovernmental Revenue:					
State Sources					
Replacement Taxes	--	--	--	--	29,602
Other State Sources	--	--	--	--	21,762
Federal Sources	--	--	--	--	324,631
Loan Repayments	--	--	--	--	63,640
Charges for Services	--	--	--	--	12,600
Fines and Fees	--	--	--	--	152,571
Interest	--	4	7	11	21,434
Miscellaneous Revenues	--	--	--	--	29,790
Total Receipts	\$ --	\$ 4	\$ 4,698	\$ 4,702	\$ 1,762,840
DISBURSEMENTS:					
Current:					
General Government	\$ --	\$ --	\$ --	\$ --	\$ 571,133
Public Safety	--	--	--	--	61,250
Judiciary	--	--	--	--	6,782
Public Works/Transportation	--	--	--	--	288,930
Health and Welfare	--	--	--	--	302,194
Debt Service	--	--	4,640	4,640	4,640
Capital Outlay	--	--	--	--	133,793
Total Disbursements	\$ --	\$ --	\$ 4,640	\$ 4,640	\$ 1,368,722
Receipts Over (Under) Disbursements	\$ --	\$ 4	\$ 58	\$ 62	\$ 394,118
Other Financing Sources (Uses):					
Operating Transfers In	--	--	--	--	78,022
Operating Transfers Out	--	--	--	--	(74,384)
Net Change in Fund Balance	\$ --	\$ 4	\$ 58	\$ 62	\$ 397,756
Fund Balance - September 1, 2003	179	594	672	1,445	1,839,959
Fund Balance - August 31, 2004	\$ 179	\$ 598	\$ 730	\$ 1,507	\$ 2,237,715

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

SHELBY COUNTY, ILLINOIS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
MODIFIED CASH BASIS
FIDUCIARY FUNDS
AUGUST 31, 2004

ASSETS														
Cash and Cash Equivalents	Drainage		Local Bridge Program		Township Bridge Supervisory Engineering		Township Construction		Township Motor Fuel Tax		Inmate Commissary		Circuit Clerk's Cash Bail	
	\$	117,508	\$	334,105	\$	52,044	\$	6,046	\$	310,584	\$	8,129	\$	146,472
Certificates of Deposit		--		--		--		--		265,119		--		--
TOTAL ASSETS														
	\$	117,508	\$	334,105	\$	52,044	\$	6,046	\$	575,703	\$	8,129	\$	146,472
LIABILITIES														
Due to Other Funds	\$	--	\$	--	\$	--	\$	--	\$	--	\$	--	\$	--
		117,508		334,105		52,044		6,046		575,703		8,129		146,472
TOTAL LIABILITIES														
	\$	117,508	\$	334,105	\$	52,044	\$	6,046	\$	575,703	\$	8,129	\$	146,472
TOTAL NET ASSETS														
	\$	--	\$	--	\$	--	\$	--	\$	--	\$	--	\$	--

SHELBY COUNTY, ILLINOIS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
MODIFIED CASH BASIS
FIDUCIARY FUNDS
AUGUST 31, 2004

		Circuit Clerk's Trust Fund	Property Tax Fund	Taxes In Litigation	Inheritance Tax	Minor and Unknown Heirs	County Clerk's Real Estate Redemption	Sheriff's Trust Fund	Total Fiduciary Funds
ASSETS	Cash and Cash Equivalents	\$ 117,585	\$ 2,411,623	\$ 272,826	\$ 1,075	\$ 59,935	\$ 8,072	\$ 25,100	\$ 3,871,104
	Certificates of Deposit	--	--	--	--	--	--	--	265,119
	TOTAL ASSETS	\$ 117,585	\$ 2,411,623	\$ 272,826	\$ 1,075	\$ 59,935	\$ 8,072	\$ 25,100	\$ 4,136,223
LIABILITIES	Due to Other Funds	\$ --	\$ 732	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 732
	Trust Funds due Others	117,585	2,410,891	272,826	1,075	59,935	8,072	25,100	4,135,491
	TOTAL LIABILITIES	\$ 117,585	\$ 2,411,623	\$ 272,826	\$ 1,075	\$ 59,935	\$ 8,072	\$ 25,100	\$ 4,136,223
NET ASSETS		\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

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, 2003 TO JUNE 30, 2004
CONTRACT NUMBER IL-18-XO18 & IL-18-X019

Line Item	Revenue	
401.01	Passenger Fare / Donations	\$ 13,363
402.00	Special Transit Fares	126,854
409.00	Local Cash Grants	19,728
431.00	Contributed Cash	14,301
Total Revenue		<u>\$ 174,246</u>

<u>Expenses</u>		Actual Administrative Expenses	Actual Operating Expenses	Total
501.00	Labor	\$ 52,264	\$ 154,593	\$ 206,857
502.00	Fringe Benefits	12,147	53,776	65,923
503.00	Services	6,065	33,397	39,462
504.01	Fuel and Oil	--	29,493	29,493
504.02	Tires and Tubes	--	1,344	1,344
504.99	Other Materials	4,133	577	4,710
505.00	Utilities	5,325	--	5,325
506.00	Casualty and Liability	25,223	--	25,223
509.00	Miscellaneous	3,641	4,090	7,731
512.00	Lease and Rentals	--	--	--
Total Direct Expense		\$ 108,798	\$ 277,270	\$ 386,068
Total Indirect Expense		4,863	12,394	17,257
Total Expense		<u>\$ 113,661</u>	<u>\$ 289,664</u>	<u>\$ 403,325</u>

Section 5311 Grant Reimbursement

	Administrative Expenses	Operating Expenses	Total	Grant Total
Expenses:	\$ 113,661	\$ 289,664	\$ 403,325	
Less: Ineligible Expense	--	--	--	
Net Eligible Expenses	\$ 113,661	\$ 289,664	\$ 403,325	
Less: Total Operating Revenues	--	13,363	13,363	
Section 5311 Operating Deficit	113,661	\$ 276,301	\$ 389,962	
Section 5311 Reimbursement	X 80%	X 50%		
Eligible Reimbursement Per Percentages	\$ 90,929	\$ 138,150		\$ 229,079
Funding Limits Per Contract				281,273
Maximum Section 5311 Reimbursement			229,079	229,079
Less: IDOT Payments - Section 5311				
Reimbursement to Grantee				229,079
Amount Under Paid				<u>\$ 52,194</u>
Grantee Local Match Requirement			<u>\$ 160,883</u>	

Grantee Match Sources

Special Transit Fares	\$ 126,854
Local Cash Grants	19,728
Contributed Cash	14,301
Total Grantee Local Match	<u>\$ 160,883</u>

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

SHELBY COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2004

Federal Grantor/Pass -through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Disbursements/ Expenditures
<u>U.S. Department of Transportation</u>			
Passed through Illinois Department of Transportation Federal Transit - Capital Investment Grant Federal Transit - Capital Investment Grant		IL-18-X019 IL-03-0230	\$ 43,524 43,524
Total Federal Transit - Capital Investment Grant	20.500		\$ 87,048
Passed through Illinois Department of Transportation Public Transportation Public Transportation		RPT-03-019 RPT-03-019	61,627 172,282
Total Public Transportation	20.509		\$ 233,909
Total U.S. Department of Transportation			\$ 320,957
<u>U.S. Department of General Service Administration</u>			
Passed through Illinois State Board of Elections Help America Vote Act	39.011	Sect 102	\$ 105,343
<u>U.S. Department of Health & Human Services</u>			
Passed through Illinois Department of Human Services Social Service Block Grant	93.667	11G4454000	\$ 3,000
Passed through Illinois Department of Human Services Maternal Child Health Program		11G4454000	\$ 3,800
Passed through Illinois Department of Public Health Medical Assistance Program		3040	1,100
Total Maternal Child Health Program	93.994		\$ 4,900
Passed through Illinois Department of Human Services Abstinence Education Block Grant Abstinence Education Block Grant		11G4454000 11G5454000	\$ 12,351 3,209
Total Abstinence Education Block Grant	93.235		\$ 15,560
Passed through Illinois Department of Human Services Diabetes Program Diabetes Program		11G4454000 11G5454000	\$ 12,091 2,670
Total Diabetes Program	93.988		\$ 14,761
Passed through Illinois Department of Public Aid Child Support/Computer Interface	93.563		\$ 3,838
Passed through Illinois Department of Public Health Federal Bioterrorism Preparedness	93.283	1,310	\$ 9,250
Passed through Illinois Department of Public Health's Center for Rural Health	93.259		\$ 1,500
Passed through Illinois Department of Public Aid Medical Assistance	93.778		\$ 36,117
Passed through Illinois Department of Public Health Health Protection	93.268	000283	\$ 56,201
Total U.S. Department of Health and Human Services			\$ 145,127
<u>U.S. Department of Homeland Security</u>			
Passed through Illinois Emergency Management Services DOJ 02 Equipment Grant	97.004		\$ 15,000
<u>U.S. Department of Agriculture</u>			
Passed through the Illinois Department of Human Services WIC Administration WIC Administration WIC Special Supplemental Nutrition Program		11G4454000 11G5454000	\$ 56,287 11,380 139,745
Total Women, Infants and Children Program	10.557		\$ 207,412
<u>Environmental Protection Agency</u>			
Passed through the Illinois Department of Public Health Performance Partnership Grant	66.605	4740	\$ 400
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 794,239

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, 2004

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

Note 3 – Subrecipients

Of the federal expenditures presented in the schedule, Shelby County provided federal awards to the subrecipients 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>\$233,909</u>

SHELBY COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2004

A. SUMMARY OF AUDIT RESULTS

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

<u>Name</u>	<u>CFDA No.</u>
Public Transportation	20.509

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

B. FINDINGS — FINANCIAL STATEMENT AUDITS

Material Noncompliance

1. Expenditures exceeded the budgeted amounts

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

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

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

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

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

2. All governmental funds were not budgeted

Conditions: Not all funds of the County were budgeted.

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

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

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

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

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

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

Twillia Weakly
SHELBY COUNTY TREASURER
P.O. Box 326
Shelbyville, Illinois 62565
217/774-3841

CORRECTIVE ACTION PLAN

March 11, 2005

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, 2004.

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, 2004

The findings from the Fiscal Year 2004 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

B. FINDINGS – FINANCIAL STATEMENT AUDITS

Material Noncompliance

1. Expenditures exceeded the budgeted amounts

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

Action Taken: We concur with the recommendation, and it will be implemented effective April 1, 2005.

2. All governmental funds were not budgeted.

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

Action Taken: We concur with the recommendation, and it will be implemented effective April 1, 2005.

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

The auditor's tests did not reveal any findings or questioned costs relative to major federal award programs.

If the Illinois Department of Transportation has questions regarding this plan, please call Shelby County.

Sincerely,


Twilla Weakly
County Treasurer

SHELBY COUNTY, ILLINOIS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2004

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

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Certified Public Accountants

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

WILLIAM R. MOSE, CPA

County Board Members
Shelby County
Shelbyville, Illinois

In planning and performing our audit of the financial statements of Shelby County, Illinois, as of and for the year ended August 31, 2004, we considered the County's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls. The following paragraphs summarize our comments and suggestions regarding these matters. This letter does not affect our report dated March 11, 2005 on the financial statements of Shelby County, Illinois.

General journal entries should be recorded in the general journal instead of the cash receipt and/or cash disbursement journals. All journal entries should be reviewed and approved by the appropriate department head or elected officials. The review and approval should be documented and such documentation be retained in the County Treasurer's Office.

Departmental bank reconciliations, general ledger activity reports and trial balances should be provided monthly to the appropriate department heads and elected officials. These reports should be reviewed and approved by the department head or elected official and such review should be documented. The documentation of the approval and review should be retained in the County Treasurer's Office.

The GIS Special Revenue Fund was established to account for the GIS fees collected by the County Clerk's Office and the related disbursements for the equipment. Currently, only the fees are being deposited into this fund. The expenditures for the equipment are being paid from the General Fund instead of the GIS Special Revenue Fund.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with County personnel, and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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

March 11, 2005