

**SHELBY COUNTY, ILLINOIS
ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2005**

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

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INDEPENDENT AUDITOR'S REPORT

County Board Members
Shelby County
Shelbyville, Illinois

We have audited the accompanying 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, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Shelby County, Illinois' management. Our responsibility is to express opinions on these statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2005, and the respective changes in financial position – modified cash basis, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2006, 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 agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 7 through 13 and budgetary comparison information on pages 43 through 45, are not required parts of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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

February 24, 2006

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

County Board Members
Shelby County
Shelbyville, Illinois

We have audited the financial statements of the governmental activities, the 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, 2005, which collectively comprise the Shelby County, Illinois' basic financial statements and have issued our report thereon dated February 24, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Shelby County'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 an opinion 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 caused by error or fraud 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.

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 agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items B-1.

We also noted certain additional matters that we reported to management of Shelby County, Illinois, in a separate letter dated February 24, 2006.

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

February 24, 2006

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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, 2005. 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, 2005.

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 reportable 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 caused by error or fraud 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

February 24, 2006

Required Supplementary Information (Part 1 of 2)

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

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

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

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

FINANCIAL HIGHLIGHTS

- A final order was issued by the Property Tax Appeal Board reducing the assessed valuation of Reliant Energy, a Shelby County taxpayer, from \$13,148,395 to \$1,397,490 for the 2001 assessment year. The County will be required to refund approximately \$167,725 of 2001 property taxes plus interest to Reliant Energy. Reliant Energy and Holland Energy are protesting their 2002 and 2003 assessed valuations. The County has transferred a portion of the taxes, \$789,420 to the Taxes in Litigation Fund 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 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 with an expiration date in November, 2004. The option receipts were received by the County from BPI Industry in October, 2004 and January, 2005.
- On February 9, 2005, the County Board approved to pay \$315,000 of the remaining balance of the Refunding Self-Insurance General Obligation Bonds, Series 1998. The final payment on the bonds was made on May 1, 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.

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

FUND FINANCIAL STATEMENTS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

On the following condensed statement, net assets are calculated as total assets less total liabilities. Assets are distinguished as capital assets and the remainder as current and other assets. Liabilities are classified as long-term (average maturity of greater than one year) and the remainder as other liabilities. Per generally accepted accounting principles, net assets are subdivided into three categories; net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County had \$206,862 and \$169,979 of restricted net assets as of August 31, 2005 and 2004, respectively. Net assets may serve over time as a useful indicator of a government's financial position. The Governmental net assets were \$14,874,672 and \$12,473,144 as of August 31, 2005 and 2004, respectively.

Following is a separate Summary of Net Assets – modified cash basis as of August 31, 2005 and 2004 for Governmental Activities:

Summary of Net Assets – Modified Cash Basis
Governmental Activities
August 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 7,531,795	\$ 6,079,997
Capital asset	<u>7,788,041</u>	<u>7,574,443</u>
Total Assets	<u>\$15,319,836</u>	<u>\$13,654,440</u>
Long-term liabilities outstanding	\$ 365,821	\$ 1,113,455
Other Liabilities	<u>79,343</u>	<u>67,841</u>
Total Liabilities	<u>\$ 445,164</u>	<u>\$ 1,181,296</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 7,438,708	\$ 6,950,988
Restricted for Insurance	206,862	169,979
Unrestricted	<u>7,229,102</u>	<u>5,352,177</u>
Total Net Assets	<u>\$14,874,672</u>	<u>\$12,473,144</u>

Fifty and 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 as of August 31, 2005 and 2004, respectively. The County uses these capital assets in operations and, consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net assets may be used to meet the County's ongoing obligations. As of August 31, 2005 and 2004, the County had positive balances in all 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, 2005 and 2004

Receipts:	<u>2005</u>	<u>2004</u>
Program Receipts:		
Charges for services	\$ 1,181,123	\$ 1,242,835
Operating grants and contributions	1,129,102	1,252,196
Capital grants and contributions	400,664	218,587
General Receipts:		
Property taxes	3,629,012	3,263,188
Sales and other taxes	1,795,081	1,691,814
Unrestricted investment earnings	80,555	81,756
Other receipts	<u>2,172,382</u>	<u>137,923</u>
Total Receipts	<u>\$10,387,919</u>	<u>\$ 7,888,299</u>
Disbursements:		
General government	\$ 2,166,938	\$ 1,866,268
Public safety	1,613,710	1,427,112
Corrections	116,086	133,830
Judiciary	442,775	398,631
Public works/transportation	1,721,308	1,264,109
Health and welfare	1,386,088	1,255,412
Interest on long-term debt	<u>27,053</u>	<u>31,960</u>
Total Disbursements	<u>\$ 7,473,958</u>	<u>\$ 6,377,322</u>
Change in net assets before transfers	\$ 2,913,961	\$ 1,510,977
Transfers	<u>(512,433)</u>	<u>(185,451)</u>
Change in net assets	\$ 2,401,528	\$ 1,325,526
Net assets – September 1, 2004	<u>12,473,144</u>	<u>11,147,618</u>
Net assets – August 31, 2005	<u>\$14,874,672</u>	<u>\$12,473,144</u>

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County's Governmental Funds provide information on near-term inflows, outflows, and balances of spendable resources. The unreserved fund balance indicates the net resources available for spending at the end of the fiscal year. It is a particularly useful indicator of net resources. When coupled with future resources, these resources shape the programs and the disbursements in future years. Per the Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance, the County's Governmental Funds reported a combined fund balance of \$7,269,582 and \$5,820,424 as of August 31, 2005 and 2004, respectively. Of these amounts, \$206,862 and \$169,979 are reserved for insurance and \$2,753,728 and \$483,989 are reserved for future capital improvement projects as of August 31, 2005 and 2004, respectively. Of the total Governmental funds fund balance, \$4,308,992 and \$5,166,456 are unreserved and were available for appropriations as of August 31, 2005 and 2004, respectively.

The fund balance for all Governmental Funds at the fiscal years ended August 31, 2005 and 2004 had positive net change of \$1,449,158 and \$482,352, respectively. The total fund balance increase for the General Fund is \$1,214,077 due to the sale of the coal rights to BPI for the year ended August 31, 2005. The total fund balance decrease for the General Fund was \$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 for the year ended August 31, 2004. The remainder of the Governmental Funds had an increase in fund balance of \$235,081 and \$632,385 for the years ended August 31, 2005 and 2004, respectively.

Per the Statement of Revenues Received, Expenditures Disbursed and Change in Fund Balance, total Governmental receipts for the fiscal years 2005 and 2004 were \$7,861,250 and \$7,665,011, respectively and total disbursements were \$8,034,526 and \$7,180,011, respectively. The County also had total net transfers out of Government funds to it Fiduciary Funds in the amount of \$512,433 and \$185,451 for the years ended August 31, 2005 and 2004, respectively.

GENERAL FUND

The County Board concentrates its financial oversight on the General Fund because it is the core operating fund and allows the most discretion in allocations. At the end of fiscal year 2005 and 2004, the unreserved and undesignated fund balances in the General Fund were \$794,652 and \$1,593,341, respectively; the reserved portions for insurance commitments were \$206,862 and \$169,979, respectively and the designated portions were \$2,075,983 and \$100,100 for capital improvements, respectively. The unreserved fund balance represents 19 and 50 percent of the General Fund's total disbursements for the years ended August 31, 2005 and 2004, respectively. For the year ended August 31, 2005, receipts of \$3,835,462 less disbursement of \$4,198,217 resulted in an decrease in fund of \$362,755. After proceeds from the coal rights net of transfers of \$1,576,832, the result was a net increase in the General Fund balance of \$1,214,077. For the year ended August 31, 2004, 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.

The largest receipt sources for the General Fund are property taxes, sales taxes, and income taxes which account for 70 and 65 percent of receipts for the years ended August 31, 2005 and 2004, respectively. General government and public safety are the primary operations of the general fund. Approximately 72 percent of the General Fund's disbursements are for general government and public safety activities for the years ended August 31, 2005 and 2004.

COUNTY HEALTH FUND

The largest receipt source for the County Health Fund is grant receipts from State of Illinois agencies which accounts for 52 and 55 percent of receipts for the years ended August 31, 2005 and 2004, respectively. The County Health Fund's basic purpose is the protection and improvement of the public health in the County.

COUNTY HIGHWAY FUND

The largest receipt source for the County Highway Fund is Motor Fuel Tax and other transportation grants from the Illinois Department of Transportation which accounts for 43 and 52 percent of receipts for the years ended August 31, 2005 and 2004, respectively. The County Highway Fund accounts for the maintenance and construction of roads and bridges in the County.

BUGETARY HIGHLIGHTS

The County prepares an appropriation for the General Fund and all of the Special Revenue Funds using the modified cash basis of accounting. The County's Fiduciary Funds are not required to prepare budgets. The County amended the budget by \$407,742 to ensure all governmental funds were included in the budget. The General Fund's actual receipts were more than budgeted amounts by \$615,639 and actual disbursements were more than budgeted amounts by \$67,132, resulting in a positive budget variance of \$548,507. Required Supplementary Information section contains the Budgetary Comparison Schedule – Modified Cash Basis for the General Fund, County Health Fund, and County Highway Fund on pages 43 through 45.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

The County's investments in capital assets as of August 31, 2005 and 2004 (net of accumulated depreciation), are summarized below for Governmental-Type Activities:

	Capital Assets Governmental Activities (Net of Depreciation) August 31, 2005 and 2004	
	<u>2005</u>	<u>2004</u>
Land	\$ 3,303,690	\$ 3,303,690
Buildings and Improvements	1,967,736	2,042,056
Vehicles	410,038	335,089
Maintenance Vehicles	172,559	201,440
Infrastructure	1,368,070	998,136
Equipment	<u>565,948</u>	<u>694,032</u>
Total Capital Assets, net of depreciation	<u>\$ 7,788,041</u>	<u>\$ 7,574,443</u>

During fiscal years 2005 and 2004, total capital assets for the County had a net increase (including additions, decreases, and depreciation) of \$213,598 and \$600,283, respectively. These increases reflect the current spending for infrastructure and other vehicles. The County recorded \$489,051 and \$425,782 of depreciation expense for the fiscal years 2005 and 2004, respectively and its accumulated depreciation are \$2,667,235 and \$2,178,184 as of August 31, 2005 and 2004, respectively. 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 approximately 18 million dollars, and is substantially greater than current outstanding debt principal.

The following is a summary of the County's gross outstanding long-term debt as of August 31, 2005 and 2004:

Outstanding Long-Term Debt
Governmental Activities
August 31, 2005 and 2004

<u>Debt Description</u>	<u>2005</u>	<u>2004</u>
Refunding Self-Insurance General Obligation Bonds	\$ --	\$ 470,000
Special Service Area Bonds	16,500	20,000
Lease Purchase Agreements	<u>349,321</u>	<u>623,455</u>
Total County Outstanding Debt	<u>\$ 365,821</u>	<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.

Basic Financial Statements

Government-Wide Financial Statements (GWFS)

SHELBY COUNTY, ILLINOIS
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
AUGUST 31, 2005

	Primary Government Governmental Activities	Component Unit
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 4,938,132	\$ 22,354
Certificates of Deposit	2,398,322	--
Notes Receivable		
Due within one year	55,762	--
Inventory	12,471	--
	<hr/>	<hr/>
Total Current Assets	\$ 7,404,687	\$ 22,354
Noncurrent Assets:		
Notes Receivable		
Due in more than one year	\$ 127,108	\$ --
Capital Assets		
Land	3,303,690	--
Buildings	2,913,086	--
Vehicles	1,209,660	--
Maintenance Vehicles	344,888	--
Equipment	1,263,652	4,820
Infrastructure	1,420,300	--
Less: Accumulated Depreciation	(2,667,235)	(2,066)
	<hr/>	<hr/>
Total Noncurrent Assets	\$ 7,915,149	\$ 2,754
	<hr/>	<hr/>
TOTAL ASSETS	\$ 15,319,836	\$ 25,108
LIABILITIES:		
Current Liabilities:		
Withholding Payable	\$ 386	\$ 980
Due to Other Governmental Units	78,957	--
Current Portion of Long-term Debt	223,977	--
	<hr/>	<hr/>
Total Current Liabilities	\$ 303,320	\$ 980
Noncurrent Liabilities		
Lease Purchase Payable	\$ 129,344	--
Special Service Area Bonds	12,500	--
	<hr/>	<hr/>
Total Noncurrent Liabilities	\$ 141,844	\$ --
	<hr/>	<hr/>
TOTAL LIABILITIES	\$ 445,164	\$ 980
NET ASSETS		
Investment in Capital Assets, Net of Related Debt	\$ 7,438,708	\$ 2,754
Restricted for:		
Insurance	206,862	--
Unrestricted	7,229,102	21,374
	<hr/>	<hr/>
	<u>\$ 14,874,672</u>	<u>\$ 24,128</u>

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

SHELBY COUNTY, ILLINOIS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED AUGUST 31, 2005

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					
Public Safety	\$ 2,166,938	\$ 516,889	\$ 72,860	\$ --	\$ (1,577,189)
Corrections	1,613,710	257,642	--	--	(1,356,068)
Judiciary	116,086	--	40,790	--	(75,296)
Public Works/Transportation	442,775	237,328	92,647	--	(112,800)
Health and Welfare	1,721,308	90,171	381,434	400,664	(849,039)
Interest on long-term debt	1,386,088	79,093	541,371	--	(765,624)
	27,053	--	--	--	(27,053)
Total Governmental Activities	\$ 7,473,958	\$ 1,181,123	\$ 1,129,102	\$ 400,664	\$ (4,763,069)
TOTAL PRIMARY GOVERNMENT	\$ 7,473,958	\$ 1,181,123	\$ 1,129,102	\$ 400,664	\$ (4,763,069)
Component Unit:					
Shelby County Tourism	\$ 88,935	\$ 18,093	\$ --	\$ --	\$ (70,842)
General Receipts:					
Taxes - Property					\$ 3,629,012
Taxes - Sales					499,495
Taxes - Income					718,675
Taxes - Motor Fuel					447,924
Taxes - Replacement & Other					128,987
Unrestricted Interest					80,555
Sale of Fixed Asset					1,540
Miscellaneous					37,515
Special Item					2,133,327
Sale of Coal Rights					(512,433)
Transfers					--
Total General Receipts and Transfers					\$ 7,164,597
Change in Net Assets					\$ 77,257
Net Assets - September 1, 2004					6,415
Net Assets - August 31, 2005					12,473,144
					17,713
					\$ 14,874,672
					\$ 24,128

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

Fund Financial Statements

SHELBY COUNTY, ILLINOIS
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
AUGUST 31, 2005

	General Fund	County Health Fund	County Highway Fund	Other Governmental Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,294,351	\$ 786,666	\$ 922,935	\$ 1,934,180	\$ 4,938,132
Certificates of Deposit	1,741,082	231,169	--	426,071	2,398,322
Interfund Loans Receivable	437,251	9,990	--	--	447,241
Inventory	12,471	--	--	--	12,471
TOTAL ASSETS	\$ 3,485,155	\$ 1,027,825	\$ 922,935	\$ 2,360,251	\$ 7,796,166
LIABILITIES					
Withholding Payable	\$ 386	--	--	--	386
Due to Other Governmental Units	78,957	--	--	--	78,957
Interfund Loans Payable	328,315	3,800	--	115,126	447,241
TOTAL LIABILITIES	\$ 407,658	\$ 3,800	\$ --	\$ 115,126	\$ 526,584
FUND BALANCE					
Fund Balance:					
Reserved:					
Reserved for Insurance	\$ 206,862	--	--	--	206,862
Reserved for Future Projects	--	--	677,745	--	677,745
Unreserved - Designated for Capital Improvements	2,075,983	--	--	--	2,075,983
Unreserved - Undesignated reported in: General Fund	794,652	--	--	--	794,652
Special Revenue Funds	--	1,024,025	245,190	2,243,646	3,512,861
Capital Projects Funds	--	--	--	1,479	1,479
TOTAL FUND BALANCE	\$ 3,077,497	\$ 1,024,025	\$ 922,935	\$ 2,245,125	\$ 7,269,582
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,485,155	\$ 1,027,825	\$ 922,935	\$ 2,360,251	\$ 7,796,166

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, 2005

Total Fund Balance for Governmental Funds	\$ 7,269,582
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.	182,870
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds:	
Land	3,303,690
Other Capital Assets	4,484,351
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not payable in the funds.	<u>(365,821)</u>
Net Assets of Governmental Activities	<u>\$ 14,874,672</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, 2005

	General Fund	County Health Fund	County Highway Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS:					
Property Taxes	\$ 1,470,286	\$ 403,158	\$ 650,256	\$ 1,105,312	\$ 3,629,012
Sales Taxes	499,495	--	--	--	499,495
Intergovernmental Revenue:					
State Sources:					
Income Taxes	718,675	--	--	--	718,675
Motor Fuel Taxes	--	--	447,924	--	447,924
Replacement Tax	35,233	8,073	34,597	36,724	114,627
Other State Sources	216,780	230,663	134,470	--	581,913
Federal Sources	--	310,708	--	250,841	561,549
County Farm	21,525	--	--	--	21,525
Loan Repayments	--	--	--	10,606	10,606
Charges for Services	52,075	72,963	76,896	13,275	215,209
Licenses and Permits	3,777	--	--	--	3,777
Fines, Fees and Forfeits	673,439	--	--	170,465	843,904
Sales of Real Estate Stamps	96,708	--	--	--	96,708
Interest	32,132	11,674	12,584	22,421	78,811
Miscellaneous Revenues	15,337	48	1	22,129	37,515
Total Receipts	\$ 3,835,462	\$ 1,037,287	\$ 1,356,728	\$ 1,631,773	\$ 7,861,250
DISBURSEMENTS:					
Current:					
General Government	\$ 1,914,638	\$ --	\$ --	\$ 669,512	\$ 2,584,150
Public Safety	1,091,759	--	--	100,877	1,192,636
Corrections	84,991	--	--	--	84,991
Judiciary	315,710	--	--	15,125	330,835
Public Works/Transportation	--	--	1,156,272	307,607	1,463,879
Health and Welfare	40,382	917,109	--	343,871	1,301,362
Debt Service	559,863	--	71,515	143,309	774,687
Capital Outlay	190,874	--	21,448	89,664	301,986
Total Disbursements	\$ 4,198,217	\$ 917,109	\$ 1,249,235	\$ 1,669,965	\$ 8,034,526
Receipts Over (Under) Disbursements	\$ (362,755)	\$ 120,178	\$ 107,493	\$ (38,192)	\$ (173,276)
Other Financing Sources (Uses):					
Sale of Fixed Asset	--	--	--	1,540	1,540
Operating Transfers In	586,200	--	150,000	238,751	974,951
Operating Transfers Out	(1,142,695)	--	(150,000)	(194,689)	(1,487,384)
Special Item					
Sale of Coal Rights	2,133,327	--	--	--	2,133,327
Net Change in Fund Balance	\$ 1,214,077	\$ 120,178	\$ 107,493	\$ 7,410	\$ 1,449,158
Fund Balance - September 1, 2004	1,863,420	903,847	815,442	2,237,715	5,820,424
Fund Balance - August 31, 2005	\$ 3,077,497	\$ 1,024,025	\$ 922,935	\$ 2,245,125	\$ 7,269,582

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, 2005

Net Change in Fund Balances - Total Governmental Funds	\$ 1,449,158
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 (\$301,985) exceeded depreciation (\$489,051) in the current period.	(187,066)
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 reduce Notes Receivable and do not effect the Statement of Activities - modified cash basis.	(8,862)
Federal and State on-behalf of payments for a county road are reported as capital grants and contributions in the Statement of Net Assets - modified cash basis, however they are not recognized as receipts in the governmental funds report	400,664
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 transaction, 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 \$747,634 and debt proceeds were \$0.	<u>747,634</u>
Change in Net Assets of Governmental Activities	<u>\$ 2,401,528</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, 2005

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 4,244,864</u>
TOTAL ASSETS	<u>\$ 4,244,864</u>
LIABILITIES	
Trust Funds due Others	<u>\$ 4,244,864</u>
TOTAL LIABILITIES	<u>\$ 4,244,864</u>
TOTAL NET ASSETS	<u><u>\$ --</u></u>

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

Notes to the Basic Financial Statements

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2005

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, 2005

Note 1 – Summary of Significant Accounting Policies (continued)

D. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2005

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, 2005.

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, 2005

Note 1 – Summary of Significant Accounting Policies (continued)

F. Budgets and Budgetary Accounting

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

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

The original budget was passed on September 8, 2004 and was amended on May 3, 2005.

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, 2005, 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, 2005

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 basis.

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, 2005

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, 2005, the County had \$206,862 of restricted net assets for insurance.

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 \$974,951 do not equal Operating Transfers Out of \$1,487,384 on the Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance - Governmental Funds due to \$512,433 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, 2005. 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, 2005

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 2004 and 2005 attached as an enforceable lien on property as of January 1, 2003 and 2004, respectively. These taxes were required to be levied by the County prior to the last Tuesday in December. The 2003 and 2004 levies were adopted by the County in September, 2003 and September, 2004. Property taxes were due from property owners in two installments in August and October. The property tax receipts for the year ending August 31, 2005, as shown in the financial statements, consist of three distributions from the 2003 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.

	<u>2004 Maximum</u>	<u>2005 Levy</u>	<u>2004 Levy</u>
Assessed Valuation		<u>\$311,870,046</u>	<u>\$324,013,547</u>
Property Tax Rates:			
Extension Education	.05000	.02255	.02315
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	.13200	.12346
Airport	.25000	.01602	.01605
Mental Health	.15000	.15000	.09877
Social Security	Unlimited	.07766	.08488
Tort Immunity Insurance	Unlimited	.04970	.04630
Workers' Comp. Insurance Tax	Unlimited	.04349	.04630
Unemployment Insurance Act	Unlimited	.00466	.00618
Bonded Debt	Unlimited	.03258	.05455
Prior Year Adjustment	Unlimited	<u>.05032</u>	<u>--</u>
Total County Rate		<u>1.17298</u>	<u>1.09364</u>

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2005

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, \$71,217, 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, \$135,645, 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, 2005

Note 4 - Cash and Investments

Cash and investments as of August 31, 2005 consist of the following:

	<u>Primary Government</u>	<u>Component Unit</u>
Petty Cash	\$ 7,461	\$ 250
Deposits with financial institutions	<u>7,328,993</u>	<u>22,104</u>
Sub-Total Governmental Activities	\$ 7,336,454	\$ 22,354
Fiduciary Funds	<u>4,244,864</u>	<u>--</u>
Total	<u>\$ 11,581,318</u>	<u>\$ 22,354</u>

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

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the County manages its exposure to interest rate risk is by limiting its purchases of long term investments. At August 31, 2005 the County's investments were deposits in financial institutions. The deposits are all demand deposits with the exception of the following:

		<u>Maturity Date</u>
Certificate of Deposit	\$ 6,550	September 13, 2005
Certificate of Deposit	13,031	September 27, 2005
Certificate of Deposit	1,000,000	October 13, 2005
Certificate of Deposit	15,000	October 23, 2005
Certificate of Deposit	10,540	October 29, 2005
Certificate of Deposit	10,000	January 18, 2006
Certificate of Deposit	106,169	February 5, 2006
Certificate of Deposit	900,000	February 15, 2006
Certificate of Deposit	45,000	February 17, 2006
Certificate of Deposit	5,578	February 21, 2006
Certificate of Deposit	125,000	February 23, 2006
Certificate of Deposit	15,000	March 22, 2006
Certificate of Deposit	13,816	March 22, 2006
Certificate of Deposit	13,631	April 8, 2006
Certificate of Deposit	14,007	April 8, 2006
Certificate of Deposit	20,000	April 12, 2006
Certificate of Deposit	10,000	April 14, 2006
Certificate of Deposit	10,000	April 18, 2006
Certificate of Deposit	55,000	April 25, 2006
Certificate of Deposit	<u>10,000</u>	June 5, 2006
	<u>\$2,398,322</u>	

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2005

Note 4 - Cash and Investments (Continued)

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

Disclosure Relating to Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

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

As of August 31, 2005, \$906,895 of the County's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

Foreign Currency Risk

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

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2005

Note 5 – Capital Assets

Capital assets activity for the year ended August 31, 2005 was as follows:

	Balance September 1, 2004	Increases	Decreases	Balance August 31, 2005
Primary Government				
Government activities:				
Capital assets not being depreciated:				
Land	\$ 3,303,690	\$ --	\$ --	\$ 3,303,690
Capital assets being depreciated:				
Buildings & Improvements	\$ 2,913,086	\$ --	\$ --	\$ 2,913,086
Vehicles	999,497	210,163	--	1,209,660
Maintenance Vehicles	331,888	13,000	--	344,888
Infrastructure	1,019,636	400,664	--	1,420,300
Equipment	1,184,830	78,822	--	1,263,652
Total Capital Assets Being Depreciated	\$ 6,448,937	\$ 702,649	\$ --	\$ 7,151,586
Less: Accumulated Depreciation:				
Buildings & Improvements	\$ (871,030)	\$ (74,320)	\$ --	\$ (945,350)
Vehicles	(664,408)	(135,214)	--	(799,622)
Maintenance Vehicles	(130,448)	(41,881)	--	(172,329)
Infrastructure	(21,500)	(30,730)	--	(52,230)
Equipment	(490,798)	(206,906)	--	(697,704)
Total Accumulated Depreciation	\$(2,178,184)	\$ (489,051)	\$ --	\$(2,667,235)
Total Capital Assets being Depreciated net	\$ 4,270,753	\$ 213,598	\$ --	\$ 4,484,351
Governmental Activities Capital Assets, net	\$ 7,574,443	\$ 213,598	\$ --	\$ 7,788,041

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

Governmental activities:	
General Government	\$180,635
Public Safety	130,759
Corrections	1,543
Public Works/Transportation	175,412
Health and Welfare	702
	<u>\$489,051</u>

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2005

Note 5 – Capital Assets (Continued)

Capital assets activity of Shelby County Office of Tourism for the year ended August 31, 2005 was as follows:

	Balance September 1, 2004	Increase	Decrease	Balance August 31, 2005
Capital assets being Depreciated:				
Equipment	\$ 4,820	\$ --	\$ --	\$ 4,820
Less: Accumulated Depreciation				
Equipment	\$ (1,377)	\$ (689)	\$ --	\$ (2,066)
Capital assets, net	<u>\$ 3,443</u>	<u>\$ (689)</u>	<u>\$ --</u>	<u>\$ 2,754</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, 2005.

	Balance September 1, 2004	Additions	Reductions	Balance August 31, 2005	Due Within One Year
Governmental activities:					
Fidlar Doubleday Election Software	\$ 40,773	\$ --	\$ 32,619	\$ 8,154	\$ 8,154
Devnet Real Estate Package	87,480	--	38,880	48,600	38,880
Geographic Information System	339,392	--	138,839	200,553	123,414
Excavator	43,290	--	13,607	29,683	29,683
2001 International Dump Truck	29,352	--	29,352	--	--
2004 International Dump Truck	83,168	--	20,837	62,331	19,846
Garden Acres Subdivision Special Service Area Bonds	20,000	--	3,500	16,500	4,000
Refunding Self-Insurance General Obligation Bonds	<u>470,000</u>	<u>--</u>	<u>470,000</u>	<u>--</u>	<u>--</u>
	<u>\$ 1,113,455</u>	<u>\$ --</u>	<u>\$ 747,634</u>	<u>\$ 365,821</u>	<u>\$ 223,977</u>

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2005

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, 2005, there is one quarterly payment remaining.

Real Estate Tax Hardware and Software Agreement

This original agreement dated February 1, 2003 with Devnet, Inc provides for quarterly payments of \$9,720 commencing on February 1, 2003 and ending on November 1, 2006 for the purchase of real estate tax billing and collection hardware and software. As of August 31, 2005, there are five quarterly payments remaining.

Geographic Information System

This original agreement in the amount of \$493,659 dated March 12, 2003 with Bruce Harris & Associates provides for quarterly payments of \$30,854 plus support services commencing on April 1, 2003 for the creation and implementation of a Geographic Information System. As of August 31, 2005, there are six 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, 2005, there are two annual lease payments remaining. The Shelby County Highway Department is currently making additional principal payments.

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. This obligation was paid in full as of August 31, 2005.

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, 2005 there are three lease payments remaining.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2005

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. This obligation was paid in full as of August 31, 2005.

Debt service requirements on long-term debt at August 31, 2005 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>
2006	\$ 219,977	\$ 4,845	\$ 4,000	\$ 800
2007	107,628	1,971	4,000	605
2008	21,716	1,009	4,000	412
2009	--	--	4,500	218
Total	<u>\$ 349,321</u>	<u>\$ 7,825</u>	<u>\$ 16,500</u>	<u>\$ 2,035</u>

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2005

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

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 2004 was 7.25 percent of payroll for IMRF, 9.23 percent of payroll for SLEP members and 48.46 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, 2004 were 10 years for IMRF, 28 years for SLEP members and 28 years for ECO members.

SLEP Plan

For December 31, 2004, the County's annual pension cost of \$43,744 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2004 actuarial valuation were based on the 1999-2001 experience study.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2005

Note 7 - Retirement Plans (continued)

ECO Plan

For December 31, 2004, the County's annual pension cost of \$93,979 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2004 actuarial valuation were based on the 1999-2001 experience study.

Other County Employees' Plan

For December 31, 2004, the County's annual pension cost of \$143,648 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increase of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2004 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>
12/31/04	\$ 43,744	100%	\$0
12/31/03	4,074	100%	0
12/31/02	3,724	100%	0
12/31/01	3,810	100%	0
12/31/00	3,492	100%	0
12/31/99	3,770	100%	0
12/31/98	25,868	100%	0
12/31/97	22,951	100%	0
12/31/96	18,906	100%	0
12/31/95	16,732	100%	0

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2005

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>
12/31/04	\$ 93,979	100%	\$0
12/31/03	175,780	100%	0
12/31/02	174,690	100%	0
12/31/01	158,534	100%	0
12/31/00	148,338	100%	0
12/31/99	115,340	100%	0
12/31/98	49,789	100%	0
12/31/97	15,479	100%	0
12/31/96	0	100%	0
12/31/95	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>
12/31/04	\$ 143,648	100%	\$0
12/31/03	80,508	100%	0
12/31/02	89,516	100%	0
12/31/01	122,858	100%	0
12/31/00	136,455	100%	0
12/31/99	148,515	100%	0
12/31/98	138,664	100%	0
12/31/97	158,465	100%	0
12/31/96	159,421	100%	0
12/31/95	160,631	100%	0

B. Social Security

All employees, including those covered by IMRF, are covered under Social Security. Shelby County paid \$222,267, the total required contribution for the year ended August 31, 2005.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2005

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>
General Fund	\$ 4,198,217	\$4,131,085	\$ 67,132
County Airport	69,482	51,550	17,932
Social Security	222,273	210,000	12,273
Municipal Retirement	423,230	400,000	23,230
Drug Traffic Prevention	14,104	11,318	2,786
GIS	174,124	100,624	73,500

B. Deficit Fund Balances of Individual Funds

The Municipal Retirement Fund had a deficit fund balance of \$78,685 at August 31, 2005.

C. Individual Fund Interfund Receivable and Payable Balances

Individual fund interfund receivable and payable balances at August 31, 2005 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 115,126	\$ 328,315
Coal Rights	322,125	--
Special Revenue Funds:		
County Health	6,190	--
Miscellaneous County Health	--	3,800
Home Nursing	3,800	--
Municipal Retirement	--	80,126
GIS	--	35,000
Total	<u>\$ 447,241</u>	<u>\$ 447,241</u>

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2005

Note 8 - Required Individual Fund Disclosures (Continued)

D. Transfer within the Reporting Entity

The composition of interfund transfers for the year ended August 31, 2005 is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds:		
General Fund	\$ 586,200	\$ 824,951
County Highway Fund	150,000	150,000
Non-major governmental funds	<u>238,751</u>	<u>--</u>
Total	<u>\$ 974,951</u>	<u>\$ 974,951</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, 2005 is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Fund:		
General	\$ --	\$ 317,744
Ambulance	--	15,181
Municipal Retirement	--	106,374
Social Security	--	73,134
Fiduciary Fund		
Taxes in Litigation	<u>512,433</u>	<u>--</u>
Total	<u>\$ 512,433</u>	<u>\$ 512,433</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.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2005

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	\$ 319,712
Mobile Home Tax Collected	604
Interest	<u>316</u>
	<u>\$ 320,632</u>
Tort Expenditures:	
Commercial Liability Insurance	\$ 150,535
Unemployment tax	13,433
Workers' Compensation Insurance	<u>119,781</u>
Total Expenditures	<u>\$ 283,749</u>
Receipts over expenditures	\$ 36,883
Restricted at September 1, 2004	<u>169,979</u>
Restricted at August 31, 2005	<u>\$ 206,862</u>

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 \$78,957 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.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2005

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, 2005.

Highway Department

The Shelby County Board approves township petitions and commits county funds on a cost-sharing basis for sundry projects. The amount committed to townships at August 31, 2005 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, 2005.

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, 2005 was \$56,964. 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, 2005.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2005

Note 12 - Commitments and Contingencies (Continued)

Reliant Energy and Holland Energy Assessment Appeals

Reliant Energy and Holland Energy have filed with the State of Illinois Property Tax Appeal Board concerning their 2001, 2002, and 2003 assessed valuations. A final order was issued by the Property Tax Board reducing the assessed valuation of Reliant Energy from \$13,148,395 to \$1,397,490 for the 2001 assessment year and the State Appellate Court did not change this decision. The County will be required to refund approximately \$167,725 of 2001 property taxes plus interest to Reliant Energy.

The 2002 and 2003 assessed valuations for Reliant Energy and Holland Energy have not been finalized. The County has transferred a total of \$789,420 of the General, Ambulance, Municipal Retirement, and Social Security Fund's property taxes to the Taxes In Litigation Fund for the potential repayment based on the outcome of the appeals.

Note 13 - Special Item

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 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 had an expiration date in November, 2004. The option receipts were received by the County from BPI Industry in October, 2004 and January, 2005.

Required Supplementary Information
(Part 2 of 2)

SHELBY COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
YEAR ENDED AUGUST 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS:				
Property Taxes	\$ 1,102,823	\$ 1,102,823	\$ 1,470,286	\$ 367,463
Sales Taxes	462,000	462,000	499,495	37,495
Intergovernmental Revenue:				
State Sources:				
Income Taxes	675,000	675,000	718,675	43,675
Replacement Tax	23,000		35,233	12,233
Other State Sources	198,000	198,000	216,780	18,780
Federal Sources	--	--	--	0
County Farm	21,000	21,000	21,525	525
Charges for Services	40,000	40,000	52,075	12,075
Licenses and Permits	3,500	3,500	3,777	277
Fines, Fees and Forfeits	580,000	580,000	673,439	93,439
Sales of Real Estate Stamps	66,000	66,000	96,708	30,708
Interest	43,000	43,000	32,132	(10,868)
Miscellaneous Revenues	5,500	5,500	15,337	9,837
Total Receipts	\$ 3,219,823	\$ 3,219,823	\$ 3,835,462	\$ 615,639
DISBURSEMENTS:				
Current:				
General Government	\$ 1,847,413	\$ 1,847,413	\$ 1,914,638	\$ (67,225)
Public Safety	1,087,289	1,087,289	1,091,759	(4,470)
Corrections	114,590	114,590	84,991	29,599
Judiciary	322,113	322,113	315,710	6,403
Health and Welfare	40,075	40,075	40,382	(307)
Debt Service	239,725	239,725	559,863	(320,138)
Capital Outlay	479,880	479,880	190,874	289,006
Total Disbursements	\$ 4,131,085	\$ 4,131,085	\$ 4,198,217	\$ (67,132)
Receipts Under Disbursements	\$ (911,262)	\$ (911,262)	\$ (362,755)	\$ 548,507
Other Financing Sources (Uses):				
Operating Transfers In	--	--	586,200	586,200
Operating Transfers Out	--	--	(1,142,695)	(1,142,695)
Special Item				
Sale of Coal Rights	--	--	2,133,327	2,133,327
Net Change in Fund Balance	\$ (911,262)	\$ (911,262)	\$ 1,214,077	\$ 2,125,339
Fund Balance - September 1, 2004			1,863,420	
Fund Balance - August 31, 2005			\$ 3,077,497	

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, 2005

	Original Budget	Amended Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS:				
Property Taxes	\$ 394,884	\$ 394,884	\$ 403,158	\$ 8,274
Intergovernmental Revenue:				
State Sources:				
Replacement Tax	7,907	7,907	8,073	166
Other State Sources	225,929	225,929	230,663	4,734
Federal Sources	304,332	304,332	310,708	6,376
Charges for Services	71,466	71,466	72,963	1,497
Interest	11,434	11,434	11,674	240
Miscellaneous Revenues	48	48	48	--
Total Receipts	\$ 1,016,000	\$ 1,016,000	\$ 1,037,287	\$ 21,287
DISBURSEMENTS:				
Current:				
Health and Welfare	957,885	957,885	917,109	40,776
Net Change in Fund Balance	\$ 58,115	\$ 58,115	\$ 120,178	\$ 62,063
Fund Balance - September 1, 2004			903,847	
Fund Balance - August 31, 2005			\$ 1,024,025	

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, 2005

	Original Budget	Amended Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS:				
Property Taxes				
Intergovernmental Revenue:				
State Sources:				
Motor Fuel Tax	442,731	442,731	447,924	5,193
Replacement Taxes	34,196	34,196	34,597	401
Other State Sources	132,911	132,911	134,470	1,559
Charges for Services	76,005	76,005	76,896	891
Interest	12,438	12,438	12,584	146
Miscellaneous Revenues	5	5	1	(4)
Total Receipts	\$ 1,341,000	\$ 1,341,000	\$ 1,356,728	\$ 15,728
DISBURSEMENTS:				
Current:				
Public Works/Transportation	\$ 1,177,814	\$ 1,177,814	\$ 1,156,272	\$ 21,542
Debt Service	--	--	71,515	(71,515)
Capital Outlay	302,122	302,122	21,448	280,674
Total Disbursements	\$ 1,479,936	\$ 1,479,936	\$ 1,249,235	\$ 230,701
Receipts Over (Under) Disbursements	\$ (138,936)	\$ (138,936)	\$ 107,493	\$ 246,429
Other Financing Sources (Uses):				
Transfers In	--	--	150,000	(150,000)
Transfers Out	--	--	(150,000)	150,000
Net Change in Fund Balance	\$ (138,936)	\$ (138,936)	\$ 107,493	\$ 246,429
Fund Balance - September 1, 2004			815,442	
Fund Balance - August 31, 2005			\$ 922,935	

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, 2005

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)
12/31/04	1,552,440	1,552,116	(324)	100.02%	473,933	0.00%
12/31/03	1,422,805	1,310,850	(111,955)	108.54%	433,375	0.00%
12/31/02	1,420,101	1,142,403	(277,698)	124.31%	409,247	0.00%
12/31/01	1,412,921	959,942	(452,979)	147.19%	381,027	0.00%
12/31/00	1,285,668	824,737	(460,931)	155.89%	342,350	0.00%
12/31/99	1,134,665	745,320	(389,345)	152.24%	366,055	0.00%
12/31/98	1,093,884	630,629	(463,255)	173.46%	364,332	0.00%
12/31/97	879,030	498,260	(380,770)	176.42%	340,910	0.00%
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%

On a market basis the actuarial value of assets as of December 31, 2004 is \$1,555,698. On a market basis, the funded ratio would be 100.23%.

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)
12/31/04	(110,994)	2,281,331	2,392,325	0.00%	190,549	1255.49%
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

On a market basis the actuarial value of assets as of December 31, 2004 is (\$108,453). 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, 2005

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)
12/31/04	5,177,953	5,882,950	704,997	88.02%	1,981,350	35.58%
12/31/03	5,480,520	5,567,792	82,272	98.43%	1,789,069	4.88%
12/31/02	5,544,866	5,287,624	(257,242)	104.86%	1,751,783	0.00%
12/31/01	5,351,480	4,726,617	(624,863)	113.22%	1,662,493	0.00%
12/31/00	4,731,814	4,262,002	(469,812)	111.02%	1,594,097	0.00%
12/31/99	4,022,812	3,909,768	(113,044)	102.89%	1,485,154	0.00%
12/31/98	3,260,197	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%

On a market value basis the actuarial value of assets as of December 31, 2004 is \$5,191,569. On a market basis, the funded ratio would be 88.25%.

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2004 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
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
AUGUST 31, 2005

Note – Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

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

The General Fund overexpended the budget by \$67,132. This was the result of the County Board approving the early retirement of the Advance Refunding Self-Insurance Obligation Bonds in February, 2005. The budget was not amended for the early retirements of the Bonds.

Other Supplementary Information

SHELBY COUNTY, ILLINOIS
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
- MODIFIED CASH BASIS
GENERAL FUND
AUGUST 31, 2005

	Fee Offices							Total
	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Coal Rights	
ASSETS								
Cash and Cash Equivalents	\$ 1,085,639	\$ 12,996	\$ 160,769	\$ 11,790	\$ --	\$ 381	\$ 22,776	\$ 1,294,351
Certificates of Deposit	--	--	10,000	--	--	--	1,731,082	1,741,082
Interfund Loans Receivable	115,126	--	--	--	--	--	322,125	437,251
Inventory	--	12,471	--	--	--	--	--	12,471
TOTAL ASSETS	\$ 1,200,765	\$ 25,467	\$ 170,769	\$ 11,790	\$ --	\$ 381	\$ 2,075,983	\$ 3,485,155
LIABILITIES								
Withholding Payable	\$ 386	--	--	--	--	--	--	\$ 386
Interfund Loans Payable	328,315	--	--	--	--	--	--	328,315
Due to Other Governmental Units	--	--	78,957	--	--	--	--	78,957
TOTAL LIABILITIES	\$ 328,701	\$ --	\$ 78,957	\$ --	\$ --	\$ --	\$ --	\$ 407,658
FUND BALANCE								
Fund Balance:								
Reserved:								
Reserved for Insurance	\$ 206,862	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 206,862
Unreserved:								
Designated for Capital Improvement	--	--	--	--	--	--	2,075,983	2,075,983
Undesignated	665,202	25,467	91,812	11,790	--	381	--	794,652
TOTAL FUND BALANCE	\$ 872,064	\$ 25,467	\$ 91,812	\$ 11,790	\$ --	\$ 381	\$ 2,075,983	\$ 3,077,497
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,200,765	\$ 25,467	\$ 170,769	\$ 11,790	\$ --	\$ 381	\$ 2,075,983	\$ 3,485,155

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, 2005

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Coal Rights	Total
RECEIPTS:								
Property Taxes	\$ 1,470,286	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	1,470,286
Sales Taxes	499,495	--	--	--	--	--	--	499,495
Intergovernmental Revenues:								
Income Taxes	718,675	--	--	--	--	--	--	718,675
Replacement Taxes	35,233	--	--	--	--	--	--	35,233
Other State Sources	216,780	--	--	--	--	--	--	216,780
Federal Source	--	--	--	--	--	--	--	--
County Farm	21,525	--	--	--	--	--	--	21,525
Charges for Services	52,075	--	--	--	--	--	--	52,075
Licenses and Permits	3,777	--	--	--	--	--	--	3,777
Fees, Fines and Forfeits	24,378	169,649	162,054	109,329	205,294	2,735	--	673,439
Sales of Real Estate Stamps	--	96,708	--	--	--	--	--	96,708
Interest	20,788	--	788	--	--	--	10,556	32,132
Miscellaneous Receipts	15,337	--	--	--	--	--	--	15,337
Total Receipts	\$ 3,078,349	\$ 266,357	\$ 162,842	\$ 109,329	\$ 205,294	\$ 2,735	\$ 10,556	\$ 3,835,462
DISBURSEMENTS:								
See Schedule at Page 50	\$ 4,129,162	\$ 65,067	\$ 3,988	\$ --	\$ --	\$ --	\$ --	\$ 4,198,217
Receipts Over (Under) Disbursements	\$ (1,050,813)	\$ 201,290	\$ 158,854	\$ 109,329	\$ 205,294	\$ 2,735	\$ 10,556	\$ (362,755)
Other Financing Sources (Uses):								
Operating Transfers In	586,200	--	--	--	--	--	--	586,200
Operating Transfers Out	(419,345)	(194,284)	(147,964)	(105,008)	(205,294)	(2,900)	(67,900)	(1,142,695)
Special Item	--	--	--	--	--	--	--	--
Sale of Coal Rights	--	--	--	--	--	--	2,133,327	2,133,327
Net Change in Fund Balance	\$ (883,958)	\$ 7,006	\$ 10,890	\$ 4,321	\$ --	\$ (165)	\$ 2,075,983	\$ 1,214,077
Fund Balance - September 1, 2004	1,756,022	18,461	80,922	7,469	--	546	--	1,863,420
Fund Balance - August 31, 2005	\$ 872,064	\$ 25,467	\$ 91,812	\$ 11,790	\$ --	\$ 381	\$ 2,075,983	\$ 3,077,497

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, 2005

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Coal Rights	Total
DISBURSEMENTS:								
General Government:								
Operating Expenses Pertaining to the Office of:								
County Clerk	\$ 262,421	\$ 528	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 262,949
Circuit Clerk	169,272	--	3,988	--	--	--	--	173,260
Supervisor of Assessments	140,651	--	--	--	--	--	--	140,651
County Treasurer	145,975	--	--	--	--	--	--	145,975
County Coroner	41,791	--	--	--	--	--	--	41,791
Regional Superintendent of Schools	44,547	--	--	--	--	--	--	44,547
Farmland Assessment	40	--	--	--	--	--	--	40
Board of Review	27,149	--	--	--	--	--	--	27,149
Board of Appeals	2,232	--	--	--	--	--	--	2,232
Planning Commission	1,511	--	--	--	--	--	--	1,511
Zoning Administrator	28,804	--	--	--	--	--	--	28,804
Utilities	50,150	--	--	--	--	--	--	50,150
Maintenance, Repairs and Improvement	38,035	--	--	--	--	--	--	38,035
Insurance and Taxes	298,345	--	--	--	--	--	--	298,345
Employee Insurance	233,464	--	--	--	--	--	--	233,464
County Farm	1,419	--	--	--	--	--	--	1,419
County Board Expenses	53,346	--	--	--	--	--	--	53,346
Services, Supplies and Miscellaneous	306,431	--	--	--	--	--	--	306,431
Purchase of Real Estate Tax Stamps	--	64,539	--	--	--	--	--	64,539
Total General Government	\$ 1,845,583	\$ 65,067	\$ 3,988	\$ --	\$ --	\$ --	\$ --	\$ 1,914,638
Public Safety:								
Operating Expenses Pertaining to the Office of:								
County Sheriff	\$ 1,060,271	--	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,060,271
Rescue Squad	6,866	--	--	--	--	--	--	6,866
ESDA	3,823	--	--	--	--	--	--	3,823
911 Emergency Services	17,213	--	--	--	--	--	--	17,213
Merit Commission	3,586	--	--	--	--	--	--	3,586
Total Public Safety	\$ 1,091,759	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,091,759

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, 2005

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Coal Rights	Total
Corrections:								
Operating Expenses Pertaining to the Office of:								
Probation Office	\$ 84,991	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 84,991
Judiciary:								
Operating Expenses Pertaining to the Office of:								
States Attorney	\$ 208,257	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 208,257
Public Defender	74,209	--	--	--	--	--	--	74,209
Appointed Counsel Fee	27,462	--	--	--	--	--	--	27,462
Circuit Judge Expenses	5,782	--	--	--	--	--	--	5,782
Total Judiciary	\$ 315,710	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 315,710
Health and Welfare:								
Operating Expenses Pertaining to the Office of:								
Animal Control	\$ 40,382	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 40,382
Debt Service:	\$ 559,863	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 559,863
Capital Outlay:								
Sheriff	\$ 180,249	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 180,249
Rescue Squad	5,000	--	--	--	--	--	--	5,000
Computer Equipment	5,625	--	--	--	--	--	--	5,625
Total Capital Outlay	\$ 190,874	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 190,874
TOTAL DISBURSEMENTS	\$ 4,129,162	\$ 65,067	\$ 3,988	\$ --	\$ --	\$ --	\$ --	\$ 4,198,217

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, 2005

	Original Budget	Amended Budget	Disbursements	Variance with Final Budget Positive (Negative)
DISBURSEMENTS:				
General Government:				
Operating Expenses Pertaining to the Office of:				
County Clerk	\$ 313,545	\$ 313,545	\$ 262,949	\$ 50,596
Circuit Clerk	191,730	191,730	173,260	18,470
Supervisor of Assessments	189,090	189,090	140,651	48,439
County Treasurer	144,881	144,881	145,975	(1,094)
County Coroner	47,350	47,350	41,791	5,559
Regional Superintendent of Schools	44,547	44,547	44,547	0
Farmland Assessment	150	150	40	110
Board of Review	33,300	33,300	27,149	6,151
Board of Appeals	3,715	3,715	2,232	1,483
Planning Commission	2,725	2,725	1,511	1,214
Zoning Administrator	19,510	19,510	28,804	(9,294)
Utilities	50,000	50,000	50,150	(150)
Maintenance, Repairs and Improvement	32,000	32,000	38,035	(6,035)
Insurance and Taxes	316,000	316,000	298,345	17,655
Employee Insurance	238,118	238,118	233,464	4,654
County Farm	4,800	4,800	1,419	3,381
County Board Expenses	58,000	58,000	53,346	4,654
Services, Supplies and Miscellaneous	157,952	157,952	306,431	(148,479)
Purchase of Real Estate Tax Stamps	--	--	64,539	(64,539)
Total General Government	\$ 1,847,413	\$ 1,847,413	\$ 1,914,638	\$ (67,225)
Public Safety:				
Operating Expenses Pertaining to the Office of:				
County Sheriff	\$ 1,038,164	\$ 1,038,164	\$ 1,060,271	\$ (22,107)
Rescue Squad	12,000	12,000	6,866	5,134
ESDA	1,550	1,550	3,823	(2,273)
911 Emergency Services	25,000	25,000	17,213	7,787
Merit Commission	10,575	10,575	3,586	6,989
Total Public Safety	\$ 1,087,289	\$ 1,087,289	\$ 1,091,759	\$ (4,470)

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, 2005

	Original Budget	Amended Budget	Disbursements	Variance with Final Budget Positive (Negative)
Corrections:				
Operating Expenses Pertaining to the Office of: Probation Office	\$ 114,590	\$ 114,590	\$ 84,991	\$ 29,599
Judiciary:				
Operating Expenses Pertaining to the Office of:				
States Attorney	\$ 206,552	\$ 206,552	\$ 208,257	\$ (1,705)
Public Defender	77,821	77,821	74,209	3,612
Appointed Counsel Fee	20,000	20,000	27,462	(7,462)
Circuit Judge Expenses	17,740	17,740	5,782	11,958
Total Judiciary	\$ 322,113	\$ 322,113	\$ 315,710	\$ 6,403
Health and Welfare:				
Operating Expenses Pertaining to the Office of: Animal Control	\$ 40,075	\$ 40,075	\$ 40,382	\$ (307)
Debt Service:	\$ 239,725	\$ 239,725	\$ 559,863	\$ (320,138)
Capital Outlay:				
Public Safety	\$ 233,000	\$ 233,000	\$ 185,249	\$ 47,751
General and Administrative	246,880	246,880	5,625	241,255
Total Capital Outlay	\$ 479,880	\$ 479,880	\$ 190,874	\$ 289,006
TOTAL DISBURSEMENTS	\$ 4,131,085	\$ 4,131,085	\$ 4,198,217	\$ (67,132)

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, 2005

	County Health	Miscellaneous County Health	Home Nursing	County Health WIC	Total County Health Fund
ASSETS					
Cash and Cash Equivalents	\$ 189,312	\$ 89,321	\$ 487,702	\$ 20,331	\$ 786,666
Certificates of Deposits	106,169	--	125,000	--	231,169
Interfund Loans Receivable	6,190	--	3,800	--	9,990
TOTAL ASSETS	\$ 301,671	\$ 89,321	\$ 616,502	\$ 20,331	\$ 1,027,825
LIABILITIES					
Interfund Loans Payable	\$ --	\$ 3,800	\$ --	\$ --	\$ 3,800
FUND BALANCE					
Fund Balance:					
Unreserved:					
Undesignated	\$ 301,671	\$ 85,521	\$ 616,502	\$ 20,331	\$ 1,024,025
TOTAL FUND BALANCE	\$ 301,671	\$ 85,521	\$ 616,502	\$ 20,331	\$ 1,024,025
TOTAL LIABILITIES AND FUND BALANCE	\$ 301,671	\$ 89,321	\$ 616,502	\$ 20,331	\$ 1,027,825

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, 2005

	County Health	Miscellaneous County Health	Home Nursing	County Health WIC	Total County Health Fund
RECEIPTS:					
Property Taxes	\$ 403,158	\$ --	\$ --	\$ --	\$ 403,158
Intergovernmental Revenues:					
Replacement Taxes	8,073	--	--	--	8,073
Other State Sources	103,703	78,200	48,760	--	230,663
Federal Source	100	9,811	71,048	229,749	310,708
Charges for Services	13,814	3,425	55,724	--	72,963
Interest	3,385	1,058	7,231	--	11,674
Miscellaneous Receipts	48	--	--	--	48
Total Receipts	\$ 532,281	\$ 92,494	\$ 182,763	\$ 229,749	\$ 1,037,287
DISBURSEMENTS:					
Current:					
Health and Welfare:					
Personnel and Fringe Benefits	\$ 375,142	\$ 89,331	\$ --	\$ 58,841	\$ 523,314
Commodities	14,393	4,103	104,234	169,687	292,417
Contractual Services	77,433	21,450	706	1,789	101,378
Total Disbursements	\$ 466,968	\$ 114,884	\$ 104,940	\$ 230,317	\$ 917,109
Net Change in Fund Balance	\$ 65,313	\$ (22,390)	\$ 77,823	\$ (568)	\$ 120,178
Fund Balance - September 1, 2004	236,358	107,911	538,679	20,899	903,847
Fund Balance - August 31, 2005	\$ 301,671	\$ 85,521	\$ 616,502	\$ 20,331	\$ 1,024,025

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, 2005

	County Bridge	County Highway	County Motor Fuel Tax Fund	Federal Aid Secondary Matching	Total County Highway Fund
ASSETS					
Cash and Cash Equivalents	\$ 191,459	\$ 53,731	\$ 413,082	\$ 264,663	\$ 922,935
TOTAL ASSETS	\$ 191,459	\$ 53,731	\$ 413,082	\$ 264,663	\$ 922,935
LIABILITIES					
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --
FUND BALANCE					
Fund Balance:					
Reserved:					
Reserved for Future Projects	\$ --	\$ --	\$ 413,082	\$ 264,663	\$ 677,745
Unreserved:					
Undesignated	191,459	53,731	--	--	245,190
TOTAL FUND BALANCE	\$ 191,459	\$ 53,731	\$ 413,082	\$ 264,663	\$ 922,935
TOTAL LIABILITIES AND FUND BALANCE	\$ 191,459	\$ 53,731	\$ 413,082	\$ 264,663	\$ 922,935

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, 2005

RECEIPTS:

Property Taxes	\$	162,564	\$	325,128	\$	--	\$	162,564	\$	650,256
Intergovernmental Revenues:										
Motor Fuel Tax		--		--		447,924		--		447,924
Replacement Taxes		8,510		17,577		--		8,510		34,597
Other State Sources		--		--		134,470		--		134,470
Charges for Services		--		76,896		--		--		76,896
Interest		3,485		741		5,249		3,109		12,584
Miscellaneous Receipts		--		1		--		--		1
Total Receipts	\$	174,559	\$	420,343	\$	587,643	\$	174,183	\$	1,356,728

DISBURSEMENTS:

Current:										
Public Works/Transportation										
Personnel and Fringe Benefits										
Commodities										
Contractual Services										
Debt Service										
Capital Outlay										
	\$	--	\$	354,621	\$	46,888	\$	--	\$	401,509
		215,800		55,754		--		70,402		341,956
		--		113,311		299,496		--		412,807
		--		70,231		1,284		--		71,515
		--		21,448		--		--		21,448
Total Disbursements	\$	215,800	\$	615,365	\$	347,668	\$	70,402	\$	1,249,235
Receipts Over (Under) Disbursements	\$	(41,241)	\$	(195,022)	\$	239,975	\$	103,781	\$	107,493
Other Financing Sources (Uses):										
Lease Purchase Proceeds										
Transfers In										
Transfers Out										
		--		--		--		--		--
		--		150,000		--		--		150,000
		--		--		(150,000)		--		(150,000)
Net Change in Fund Balance	\$	(41,241)	\$	(45,022)	\$	89,975	\$	103,781	\$	107,493
Fund Balance - September 1, 2004		232,700		98,753		323,107		160,882		815,442
Fund Balance - August 31, 2005	\$	191,459	\$	53,731	\$	413,082	\$	264,663	\$	922,935

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, 2005

	Special Revenue								
	Animal Control	Ambulance	Mental Health	Municipal Retirement	Social Security	Indemnity	Rescue Squad	Capital Improvement	Probation
ASSETS									
Cash and Cash Equivalents	\$ 40,720	\$ 74,139	\$ 458,442	\$ 1,441	\$ 15,680	\$ 45,610	\$ 6,860	\$ --	\$ 169,016
Certificates of Deposit	--	--	--	--	--	45,000	--	168,918	--
Interfund Loans Receivable	--	--	--	--	--	--	--	--	--
TOTAL ASSETS	\$ 40,720	\$ 74,139	\$ 458,442	\$ 1,441	\$ 15,680	\$ 90,610	\$ 6,860	\$ 168,918	\$ 169,016
LIABILITIES									
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ 80,126	\$ --	\$ --	\$ --	\$ --	\$ --
FUND BALANCE									
Fund Balance:									
Unreserved - Undesignated	\$ 40,720	\$ 74,139	\$ 458,442	\$ (78,685)	\$ 15,680	\$ 90,610	\$ 6,860	\$ 168,918	\$ 169,016
TOTAL FUND BALANCE	\$ 40,720	\$ 74,139	\$ 458,442	\$ (78,685)	\$ 15,680	\$ 90,610	\$ 6,860	\$ 168,918	\$ 169,016
TOTAL LIABILITIES AND FUND BALANCE	\$ 40,720	\$ 74,139	\$ 458,442	\$ 1,441	\$ 15,680	\$ 90,610	\$ 6,860	\$ 168,918	\$ 169,016

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

SHELBY COUNTY, ILLINOIS
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
MODIFIED CASH BASIS - (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2005

	Special Revenue							
	Fees to Assist Court	Automation	Recording	Drug Traffic Prevention	Airport	Rural Transportation	Court Security	GIS
ASSETS								
Cash and Cash Equivalents	\$ 296,011	\$ 92,858	\$ 41,493	\$ 11,953	\$ 80,730	\$ --	\$ 27,488	\$ 1,637
Certificates of Deposit	55,000	--	--	--	157,153	--	--	--
Interfund Loans Receivable	--	--	--	--	--	--	--	--
TOTAL ASSETS	<u>\$ 351,011</u>	<u>\$ 92,858</u>	<u>\$ 41,493</u>	<u>\$ 11,953</u>	<u>\$ 237,883</u>	<u>\$ --</u>	<u>\$ 27,488</u>	<u>\$ 1,637</u>
LIABILITIES								
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 35,000
FUND BALANCE								
Fund Balance:								
Unreserved - Undesignated	\$ 351,011	\$ 92,858	\$ 41,493	\$ 11,953	\$ 237,883	\$ --	\$ 27,488	\$ (33,363)
TOTAL FUND BALANCE	<u>\$ 351,011</u>	<u>\$ 92,858</u>	<u>\$ 41,493</u>	<u>\$ 11,953</u>	<u>\$ 237,883</u>	<u>\$ --</u>	<u>\$ 27,488</u>	<u>\$ (33,363)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 351,011</u>	<u>\$ 92,858</u>	<u>\$ 41,493</u>	<u>\$ 11,953</u>	<u>\$ 237,883</u>	<u>\$ --</u>	<u>\$ 27,488</u>	<u>\$ 1,637</u>

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

SHELBY COUNTY, ILLINOIS
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
MODIFIED CASH BASIS - (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2005

	Special Revenue							Total Special Revenue
	Law Library	Document Storage	Revolving Loan	Victim Impact Panel	Attorney Forfeited	Shelby County Flame	DUI Equipment	
ASSETS								
Cash and Cash Equivalents	\$ 7,294	\$ 64,697	\$ 479,694	\$ 7,961	\$ 374	\$ --	\$ 8,603	\$ 1,932,701
Certificates of Deposit	--	--	--	--	--	--	--	426,071
Interfund Loans Receivable	--	--	--	--	--	--	--	--
TOTAL ASSETS	\$ 7,294	\$ 64,697	\$ 479,694	\$ 7,961	\$ 374	\$ --	\$ 8,603	\$ 2,358,772
LIABILITIES								
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 115,126
FUND BALANCE								
Fund Balance:								
Unreserved - Undesignated	\$ 7,294	\$ 64,697	\$ 479,694	\$ 7,961	\$ 374	\$ --	\$ 8,603	\$ 2,243,646
TOTAL FUND BALANCE	\$ 7,294	\$ 64,697	\$ 479,694	\$ 7,961	\$ 374	\$ --	\$ 8,603	\$ 2,243,646
TOTAL LIABILITIES AND FUND BALANCE	\$ 7,294	\$ 64,697	\$ 479,694	\$ 7,961	\$ 374	\$ --	\$ 8,603	\$ 2,358,772

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 MODIFIED CASH BASIS - (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2005

	Capital Projects			Total Capital Projects	Total Nonmajor Governmental Funds
	Carriage Park	Findlay Road	Garden Acres		
ASSETS					
Cash and Cash Equivalents	\$ 179	\$ 602	\$ 698	\$ 1,479	\$ 1,934,180
Certificates of Deposit	--	--	--	--	426,071
Interfund Loans Receivable	--	--	--	--	--
TOTAL ASSETS	\$ 179	\$ 602	\$ 698	\$ 1,479	\$ 2,360,251
LIABILITIES					
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ 115,126
FUND BALANCE					
Fund Balance:					
Unreserved - Undesignated	\$ 179	\$ 602	\$ 698	\$ 1,479	\$ 2,245,125
TOTAL FUND BALANCE	\$ 179	\$ 602	\$ 698	\$ 1,479	\$ 2,245,125
TOTAL LIABILITIES AND FUND BALANCE	\$ 179	\$ 602	\$ 698	\$ 1,479	\$ 2,360,251

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, 2005

	Animal Control	Ambulance	Mental Health	Municipal Retirement	Social Security	Indemnity	Rescue Squad	Capital Improvement	Probation
RECEIPTS:									
Property Taxes									
Intergovernmental Revenue:									
State Sources									
Replacement Taxes									
Other State Sources									
Federal Sources									
Loan Repayments									
Charges for Services									
Fines and Fees									
Interest									
Miscellaneous Revenues									
	6,130					6,280			52,270
	517	615	6,164	699	569	1,123	27	918	1,545
	--	--	--	--	--	--	1,450	--	--
Total Receipts	\$ 6,647	\$ 50,815	\$ 343,159	\$ 419,101	\$ 276,536	\$ 7,403	\$ 1,477	\$ 918	\$ 53,815
DISBURSEMENTS:									
Current:									
General Government									
Public Safety									
Judiciary									
Public Works/Transportation									
Health and Welfare									
Debt Service									
Capital Outlay									
	164	42,500	301,207	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
	19,723	--	--	--	--	--	--	--	--
Total Disbursements	\$ 19,887	\$ 42,500	\$ 301,207	\$ 423,230	\$ 222,273	\$ 870	\$ --	\$ --	\$ 52,475
Receipts Over (Under) Disbursements	\$ (13,240)	\$ 8,315	\$ 41,952	\$ (4,129)	\$ 54,263	\$ 6,533	\$ 1,477	\$ 918	\$ 1,340
Other Financing Sources (Uses):									
Sale of Fixed Asset	1,540	--	--	--	--	--	--	--	--
Operating Transfers In	--	--	--	--	--	--	--	168,000	--
Operating Transfers Out	--	(15,181)	--	(106,374)	(73,134)	--	--	--	--
Net Change in Fund Balance	\$ (11,700)	\$ (6,866)	\$ 41,952	\$ (110,503)	\$ (18,871)	\$ 6,533	\$ 1,477	\$ 168,918	\$ 1,340
Fund Balance - September 1, 2004	52,420	81,005	416,490	31,818	34,551	84,077	5,383	--	167,676
Fund Balance - August 31, 2005	\$ 40,720	\$ 74,139	\$ 458,442	\$ (78,685)	\$ 15,680	\$ 90,610	\$ 6,860	\$ 168,918	\$ 169,016

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, 2005

	Special Revenue							
	Fees to Assist Court	Automation	Recording	Drug Traffic Prevention	Airport	Rural Transportation	Court Security	GIS
RECEIPTS:								
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ 52,184	\$ --	\$ --	\$ --
Intergovernmental Revenue:								
State Sources	--	--	--	--	--	--	--	--
Replacement Taxes	--	--	--	--	3,857	--	--	--
Other State Sources	--	--	--	--	--	--	--	--
Federal Sources	--	3,877	--	--	--	246,964	--	--
Loan Repayments	--	--	--	--	--	--	--	--
Charges for Services	--	--	--	--	13,275	--	--	--
Fines and Fees	25,594	15,131	--	--	2,899	--	43,968	--
Interest	2,988	431	148	83	7,486	--	111	499
Miscellaneous Revenues	--	--	--	--	13,193	--	--	--
Total Receipts	\$ 28,582	\$ 19,439	\$ 148	\$ 7,569	\$ 85,408	\$ 246,964	\$ 44,079	\$ 499
DISBURSEMENTS:								
Current:								
General Government	\$ --	\$ 12,974	\$ 918	\$ --	\$ --	\$ --	\$ --	\$ 678
Public Safety	--	--	--	8,913	--	--	36,877	--
Judiciary	6,489	--	--	--	--	--	--	--
Public Works/Transportation	--	--	--	--	60,643	246,964	--	--
Health and Welfare	--	--	--	--	--	--	--	--
Debt Service	--	--	--	--	--	--	--	138,839
Capital Outlay	--	--	--	5,191	8,839	--	--	34,607
Total Disbursements	\$ 6,489	\$ 12,974	\$ 918	\$ 14,104	\$ 69,482	\$ 246,964	\$ 36,877	\$ 174,124
Receipts Over (Under) Disbursements	\$ 22,093	\$ 6,465	\$ (770)	\$ (6,535)	\$ 15,926	\$ --	\$ 7,202	\$ (173,625)
Other Financing Sources (Uses):								
Sale of Fixed Asset	--	--	--	--	--	--	--	--
Operating Transfers In	--	--	18,219	2,266	--	--	--	47,063
Operating Transfers Out	--	--	--	--	--	--	--	--
Net Change in Fund Balance	\$ 22,093	\$ 6,465	\$ 17,449	\$ (4,269)	\$ 15,926	\$ --	\$ 7,202	\$ (126,562)
Fund Balance - September 1, 2004	328,918	86,393	24,044	16,222	221,957	--	20,286	93,199
Fund Balance - August 31, 2005	\$ 351,011	\$ 92,858	\$ 41,493	\$ 11,953	\$ 237,883	\$ --	\$ 27,488	\$ (33,363)

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, 2005

	Capital Projects				Total Capital Projects	Total Nonmajor Governmental Funds
	Carriage Park	Findlay Road	Garden Acres			
RECEIPTS:						
Property Taxes	\$ --	\$ --	\$ 4,431		\$ 4,431	\$ 1,105,312
Intergovernmental Revenue:						
State Sources						
Replacement Taxes	--	--	--		--	36,724
Other State Sources	--	--	--		--	--
Federal Sources	--	--	--		--	250,841
Loan Repayments	--	--	--		--	10,606
Charges for Services	--	--	--		--	13,275
Fines and Fees	--	--	--		--	170,465
Interest	--	4	7		11	22,421
Miscellaneous Revenues	--	--	--		--	22,129
Total Receipts	\$ --	\$ 4	\$ 4,438		\$ 4,442	\$ 1,631,773
DISBURSEMENTS:						
Current:						
General Government	\$ --	\$ --	\$ --		\$ --	669,512
Public Safety	--	--	--		--	100,877
Judiciary	--	--	--		--	15,125
Public Works/Transportation	--	--	--		--	307,607
Health and Welfare	--	--	--		--	343,871
Debt Service	--	--	4,470		4,470	143,309
Capital Outlay	--	--	--		--	89,664
Total Disbursements	\$ --	\$ --	\$ 4,470		\$ 4,470	\$ 1,669,965
Receipts Over (Under) Disbursements	\$ --	\$ 4	\$ (32)		\$ (28)	\$ (38,192)
Other Financing Sources (Uses):						
Sale of Fixed Asset	--	--	--		--	1,540
Operating Transfers In	--	--	--		--	238,751
Operating Transfers Out	--	--	--		--	(194,669)
Net Change in Fund Balance	\$ --	\$ 4	\$ (32)		\$ (28)	7,410
Fund Balance - September 1, 2004	179	598	730		1,507	2,237,715
Fund Balance - August 31, 2005	\$ 179	\$ 602	\$ 698		\$ 1,479	\$ 2,245,125

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, 2005

[illegible]

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 - (CONTINUED)
FIDUCIARY FUNDS
AUGUST 31, 2005

		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		\$ --	\$ 2,391,430	\$ 789,420	\$ 1,090	\$ 60,236	\$ 2,111	\$ 100	4,244,864
TOTAL ASSETS		\$ --	\$ 2,391,430	\$ 789,420	\$ 1,090	\$ 60,236	\$ 2,111	\$ 100	4,244,864
LIABILITIES									
Trust Funds due Others		\$ --	\$ 2,391,430	\$ 789,420	\$ 1,090	\$ 60,236	\$ 2,111	\$ 100	4,244,864
TOTAL LIABILITIES		\$ --	\$ 2,391,430	\$ 789,420	\$ 1,090	\$ 60,236	\$ 2,111	\$ 100	4,244,864
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, 2004 TO JUNE 30, 2005
CONTRACT NUMBER IL-18-XO21

Line Item	Revenue	
401.01	Passenger Fare / Donations	
402.00	Special Transit Fares	\$ 13,328
409.00	Local Cash Grants	122,240
431.00	Contributed Cash	46,730
		<u>12,686</u>
	Total Revenue	<u>\$ 194,984</u>

	Actual Administrative Expenses	Actual Operating Expenses	Total
501.00	Labor	\$ 67,865	\$ 170,050
502.00	Fringe Benefits	14,390	59,738
503.00	Services	5,092	33,751
504.01	Fuel and Oil	--	35,682
504.02	Tires and Tubes	--	816
504.99	Other Materials	2,598	169
505.00	Utilities	4,760	--
506.00	Casualty and Liability	24,862	--
509.00	Miscellaneous	4,762	7,746
512.00	Lease and Rentals	--	--
	Total Direct Expense	\$ 124,329	\$ 307,952
	Total Indirect Expense	6,589	16,321
	Total Expense	<u>\$ 130,918</u>	<u>\$ 324,273</u>

Section 5311 Grant Reimbursement

	Administrative Expenses	Operating Expenses	Total	Grant Total
Expenses:	\$ 130,918	\$ 324,273	\$ 455,191	
Less: Ineligible Expense	--	--	--	
Net Eligible Expenses	\$ 130,918	\$ 324,273	\$ 455,191	
Less: Total Operating Revenues	--	13,328	13,328	
Section 5311 Operating Deficit	130,918	\$ 310,945	\$ 441,863	
Section 5311 Reimbursement	X 80%	X 50%		
Eligible Reimbursement Per Percentages	\$ 104,735	\$ 155,472		\$ 260,207
Funding Limits Per Contract				289,711
Maximum Section 5311 Reimbursement			260,207	260,207
Less: IDOT Payments - Section 5311				
Reimbursement to Grantee				260,207
Amount Under Paid				<u>\$ 29,504</u>
Grantee Local Match Requirement			<u>\$ 181,656</u>	

Grantee Match Sources

Special Transit Fares	\$ 122,240
Local Cash Grants	46,730
Contributed Cash	<u>12,686</u>
Total Grantee Local Match	<u>\$ 181,656</u>

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

Single Audit

SHELBY COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2005

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 (M) Highway Planning and Construction	20.205		\$ 320,531
Passed through Illinois Department of Transportation Public Transportation		RPT-04-019	56,803
Public Transportation		RPT-05-019	190,161
Total Public Transportation	20.509		\$ 246,964
Total U.S. Department of Transportation			\$ 567,495
<u>U.S. Department of General Service Administration</u>			
Passed through Illinois State Board of Elections Help America Vote Act	39.011	Sect 102	\$ 2,807
<u>U.S. Department of Health & Human Services</u>			
Passed through Illinois Department of Public Health Medical Assistance Program	93.994	3040	\$ 100
Passed through Illinois Department of Human Services Abstinence Education Block Grant	93.235	511G5454201	\$ 3,391
Passed through Illinois Department of Human Services Diabetes Program		511G5454660	\$ 11,948
Diabetes Program		611G6454660	310
Total Diabetes Program	93.988		\$ 12,258
Passed through Illinois Department of Healthcare and Family Services Child Support/Computer Interface	93.563		\$ 3,326
Passed through Illinois Department of Public Health Federal Bioterrorism Preparedness	93.283	1,310	\$ 9,811
Passed through Illinois State Board of Elections EAID Polling Place Accessibility	93.617		\$ 1,437
Passed through Illinois Department of Healthcare and Family Services Medical Assistance	93.778		\$ 40,963
Passed through Illinois Department of Public Health Health Protection	93.268	000283	\$ 63,609
Total U.S. Department of Health and Human Services			\$ 134,895
<u>U.S. Department of Agriculture</u>			
Passed through the Illinois Department of Human Services			
WIC Administration		11G4454000	\$ 50,720
WIC Administration		11G5454000	11,203
WIC Special Supplemental Nutrition Program			166,849
Total Women, Infants and Children Program	10.557		\$ 228,772
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 933,969

(M) denotes major program.

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

SHELBY COUNTY, ILLINOIS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2005

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>\$246,964</u>

SHELBY COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2005

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. One instance of noncompliance material to the financial statements of Shelby County was 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>
Highway Planning and Construction	20.205
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.

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

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

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

CORRECTIVE ACTION PLAN

February 24, 2006

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, 2005.

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, 2005

The findings from the Fiscal Year 2005 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 was implemented effective August 31, 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, 2005

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

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

MYB&K
MOSE, YOCKEY, BROWN & KULL, LLC
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, 2005, we considered the County's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.

However, during our audit we became aware of 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 February 24, 2006 on the financial statements of Shelby County, Illinois.

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.

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

February 24, 2006