

SHELBY COUNTY, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT

County Board Members
Shelby County
Shelbyville, Illinois

We have audited the accompanying combined financial statements of Shelby County, Illinois, as of and for the year ended August 31, 2001, as listed in the table of contents. These financial statements are the responsibility of Shelby County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Because of the inadequacy of fixed asset accounting records for the years prior to August 31, 2000, we were unable to form an opinion regarding the amounts at which fixed assets are recorded in the general fixed assets account group at August 31, 2001 (stated at \$265,113).

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

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had prior year records containing fixed assets for the general fixed assets group been adequate, the combined financial statements present fairly, in all material respects, the assets, liabilities and fund equities arising from cash transactions of Shelby County, Illinois as of August 31, 2001 and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2002 on our consideration of Shelby County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

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

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

March 25, 2002

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

County Board Members
Shelby County
Shelbyville, Illinois

We have audited the combined financial statements of Shelby County, Illinois, as of and for the fiscal year ended August 31, 2001, and have issued our report thereon dated March 25, 2002. In our report, our opinion was qualified because of the inadequacy of fixed asset accounting records for the years prior to August 31, 2000 for the general fixed assets account group. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

The County did not operate within the legal confines of its budget. Expenditures exceeded budgeted amounts in the Court Security, County Airport, Rescue Squad, and Law Library Funds.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Shelby County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the combined financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the combined financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Shelby County in a separate letter dated March 25, 2002.

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

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

March 25, 2002

SHELBY COUNTY, ILLINOIS
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITIES
 ARISING FROM CASH TRANSACTIONS
 ALL FUND TYPES, ACCOUNT GROUP, AND DISCRETELY PRESENTED COMPONENT UNITS
 AUGUST 31, 2001

	Governmental Fund Types				Fiduciary Fund Types			Account Group		Total Primary Government		Total Reporting Entity
	General	Special Revenue	Capital Projects	Trust	Agency	General Fixed Assets	General Long-Term Debt	(Memorandum Only)	Component Unit	(Memorandum Only)		
ASSETS												
Cash and Cash Equivalents	\$ 826,164	\$ 1,244,297	\$ 2,876	\$ 881,443	\$ 10,137,714	\$ --	\$ --	\$ 13,092,494	\$ 63,300	\$ 13,155,794		
Time Deposits	1,160,000	1,520,647	--	250,000	--	--	--	2,930,647	--	2,930,647		
Interfund Loans Receivable	268,507	3,800	--	--	30	--	--	272,337	--	272,337		
Inventory	4,144	--	--	--	--	--	--	4,144	--	4,144		
Furniture, Equipment & Vehicles	--	--	--	--	--	265,113	--	265,113	--	265,113		
Amount to be Provided for	--	--	--	--	--	--	--	--	--	--		
Long-Term Debt	--	--	--	--	--	--	1,232,519	1,232,519	--	1,232,519		
TOTAL ASSETS	\$ 2,258,815	\$ 2,766,744	\$ 2,876	\$ 1,131,443	\$ 10,137,744	\$ 265,113	\$ 1,232,519	\$ 17,797,254	\$ 63,300	\$ 17,860,554		
LIABILITIES												
Withholding Payable	\$ 338	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 338	\$ 1,197	\$ 1,535		
Due to Other Governmental Units	53,481	--	--	--	--	--	--	53,481	--	53,481		
Due to Governmental Agencies	--	--	--	497	10,137,744	--	--	10,138,241	--	10,138,241		
Interfund Loans Payable	--	272,337	--	--	--	--	--	272,337	--	272,337		
Long-Term Debt:												
Bank Note Payable	--	--	--	--	--	--	15,000	15,000	--	15,000		
Capital Lease Obligations	--	--	--	--	--	--	274,519	274,519	--	274,519		
Bonds Payable	--	--	--	--	--	--	943,000	943,000	--	943,000		
TOTAL LIABILITIES	\$ 53,819	\$ 272,337	\$ --	\$ 497	\$ 10,137,744	\$ --	\$ 1,232,519	\$ 11,696,916	\$ 1,197	\$ 11,698,113		
FUND EQUITY												
Fund Equity:												
Investment in General Fixed Assets	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 265,113	\$ --	\$ 265,113	\$ --	\$ 265,113		
Reserved:												
Reserved for Insurance	48,233	--	--	--	--	--	--	48,233	--	48,233		
Unreserved:												
Undesignated	2,156,763	2,496,407	2,876	1,130,946	--	--	--	5,786,992	62,103	5,849,095		
TOTAL FUND EQUITY	\$ 2,204,996	\$ 2,496,407	\$ 2,876	\$ 1,130,946	\$ --	\$ 265,113	\$ --	\$ 6,100,338	\$ 62,103	\$ 6,162,441		
TOTAL LIABILITIES AND FUND EQUITY	\$ 2,258,815	\$ 2,766,744	\$ 2,876	\$ 1,131,443	\$ 10,137,744	\$ 265,113	\$ 1,232,519	\$ 17,797,254	\$ 63,300	\$ 17,860,554		

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

SHELBY COUNTY, ILLINOIS
 COMBINED STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND EQUITIES
 ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS, AND DISCRETELY PRESENTED COMPONENT UNITS
 YEAR ENDED AUGUST 31, 2001

	Governmental Fund Types			Fiduciary Fund Type	Component Unit	Total Reporting Entity
	General	Special Revenue	Capital Projects			
RECEIPTS:						
Property Taxes	\$ 842,151	\$ 1,720,771	\$ 14,707	\$ 46,791	\$ 2,624,420	\$ 2,624,420
Sales Taxes	522,251	--	--	--	522,251	522,251
Other Taxes	--	--	--	--	--	86,799
Intergovernmental Revenue:						
State Sources:						
Income Taxes	784,550	--	--	--	784,550	784,550
Motor Fuel Taxes	--	455,809	--	1,642,975	2,098,784	2,098,784
Replacement Tax	30,287	68,246	--	--	98,533	98,533
Other State Sources	188,982	397,381	331,078	609,914	1,527,355	1,527,355
Federal Sources	6,141	308,915	--	169,695	484,751	484,751
County Farm	36,154	--	--	--	36,154	36,154
Loan Repayments	--	63,639	--	--	63,639	63,639
Charges for Services	37,924	65,556	--	--	103,480	103,480
Licenses and Permits	3,703	--	--	--	3,703	3,703
Fines, Fees and Forfeits	425,228	131,449	--	--	556,677	556,677
Sales of Real Estate Stamps	67,522	--	--	--	67,522	67,522
Reimbursement of Prior Year Expenditures	36,332	93,873	--	--	130,205	130,205
Interest	114,956	148,642	962	60,054	324,614	324,614
Miscellaneous Revenues	8,219	12,269	--	13,840	34,328	41,879
Total Receipts	\$ 3,104,400	\$ 3,466,550	\$ 346,747	\$ 2,543,269	\$ 9,460,966	\$ 9,591,441
DISBURSEMENTS:						
Current:						
General Government	\$ 1,132,145	\$ 512,964	\$ --	\$ --	\$ 1,645,109	\$ 1,790,646
Public Safety	902,702	35,372	--	--	938,074	938,074
Corrections	72,989	--	--	--	72,989	72,989
Judiciary	271,867	34,860	--	--	306,727	306,727
Public Works/Transportation	--	1,178,413	354,454	2,351,481	3,884,348	3,884,348
Health and Welfare	36,217	910,995	--	140,139	1,087,351	1,087,351
Debt Service	225,809	218,755	14,400	--	458,964	458,964
Capital Outlay	74,175	190,939	--	--	265,114	265,114
Total Disbursements	\$ 2,715,904	\$ 3,082,298	\$ 368,854	\$ 2,491,620	\$ 8,658,676	\$ 8,804,213
Receipts Over (Under) Disbursements	\$ 388,496	\$ 384,252	\$ (22,107)	\$ 51,649	\$ 802,290	\$ 787,228
Other Financing Sources (Uses):						
Sale of Fixed Assets	70,785	2,376	--	--	73,161	73,161
Proceeds from Lease Purchase Agreement	--	76,090	--	--	76,090	76,090
Proceeds from Bank Note Payable	--	15,000	--	--	15,000	15,000
Operating Transfers In	413,199	564,526	--	549,156	1,526,881	1,526,881
Operating Transfers Out	(504,530)	(550,222)	(8,500)	(461,149)	(1,524,401)	(1,524,401)
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ 367,950	\$ 492,022	\$ (30,607)	\$ 139,656	\$ 969,021	\$ 953,959
Fund Equity - September 1, 2000	1,837,046	2,004,385	33,483	991,290	4,866,204	4,943,369
Fund Equity - August 31, 2001	\$ 2,204,996	\$ 2,496,407	\$ 2,876	\$ 1,130,946	\$ 5,835,225	\$ 5,897,328

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

SHELBY COUNTY, ILLINOIS
 COMBINED STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND EQUITIES - BUDGET AND ACTUAL
 GENERAL AND SPECIAL REVENUE FUND TYPES
 YEAR ENDED AUGUST 31, 2001

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS:						
Property Taxes	\$ 872,670	\$ 842,151	\$ (30,519)	\$ 1,714,134	\$ 1,720,771	\$ 6,637
Sales Taxes	470,000	522,251	52,251	-	-	-
Intergovernmental Revenue:						
State Sources:						
Income Taxes	700,000	784,550	84,550	-	-	-
Motor Fuel Taxes	-	-	-	468,000	455,809	(12,191)
Replacement Tax	30,000	30,287	287	59,860	68,246	8,386
Other State Sources	209,000	188,982	(20,018)	180,700	397,381	216,681
Federal Sources	15,500	6,141	(9,359)	211,400	308,915	97,515
County Farm	20,000	36,154	16,154	-	-	-
Loan Repayment	-	-	-	63,000	63,639	639
Charges for Services	50,000	37,924	(12,076)	275,400	65,556	(209,844)
Licenses and Permits	4,000	3,703	(297)	-	-	-
Fines, Fees and Forfeits	560,000	425,228	(134,772)	151,721	131,449	(20,272)
Sales of Real Estate Stamps	59,000	67,522	8,522	-	-	-
Reimbursement of Prior Year Expenditures	-	36,332	36,332	-	93,873	93,873
Interest	62,000	114,956	52,956	75,244	148,642	73,398
Miscellaneous Revenues	18,000	8,219	(9,781)	20,560	12,269	(8,291)
Total Receipts	\$ 3,070,170	\$ 3,104,400	\$ 34,230	\$ 3,220,019	\$ 3,466,550	\$ 246,531
DISBURSEMENTS:						
Current:						
General Government	\$ 1,589,223	\$ 1,132,145	\$ 457,078	\$ 747,000	\$ 512,964	\$ 234,036
Public Safety	866,315	902,702	(36,387)	39,500	35,372	4,128
Corrections	96,831	72,989	23,842	-	-	-
Judiciary	80,761	271,867	(191,106)	26,500	34,860	(8,360)
Public Works/Transportation	-	-	-	1,456,852	1,178,413	278,439
Health and Welfare	34,275	36,217	(1,942)	858,144	910,995	(52,851)
Debt Service	51,000	225,809	(174,809)	-	218,755	(218,755)
Capital Outlay	121,285	74,175	47,110	63,000	190,939	(127,939)
Total Disbursements	\$ 2,839,690	\$ 2,715,904	\$ 123,786	\$ 3,190,996	\$ 3,082,298	\$ 108,698
Receipts Over Disbursements	\$ 230,480	\$ 388,496	\$ 158,016	\$ 29,023	\$ 384,252	\$ 355,229
Other Financing Sources (Uses):						
Sale of Fixed Assets	-	70,785	70,785	-	2,376	2,376
Proceeds from Lease Purchase Agreement	-	-	-	-	76,090	76,090
Proceeds from Bank Note Payable	-	-	-	-	15,000	15,000
Operating Transfers In	-	413,199	413,199	-	564,526	564,526
Operating Transfers Out	-	(504,530)	(504,530)	-	(550,222)	(550,222)
Receipts Over Disbursements and Other Financing Sources (Uses)	\$ 230,480	\$ 367,950	\$ 137,470	\$ 29,023	\$ 492,022	\$ 462,999
Fund Equity - September 1, 2000		1,837,046			2,004,385	
Fund Equity - August 31, 2001		\$ 2,204,996			\$ 2,496,407	

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

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2001

Note 1 - Summary of Significant Accounting Policies

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

A. Component Units

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

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

Blended Units

Financial reporting for the Shelby County Airport Commission (SCAC) is blended with the primary government financial statements. The SCAC operates a landing field. Three members of the Shelby County Board serve as trustees of the SCAC. SCAC assets and activities are reported in the Airport Special Revenue fund.

Discretely Presented Units

The discretely presented component unit included in the County's combined financial statements is the Shelby County Office of Tourism (SCOT). The SCOT encourages and promotes tourism in the Shelby County area. All members of the SCOT board are selected by the chairman of the Shelby County Board and approved by the Shelby County board members. SCOT employees manage SCOT assets.

Potential Component Units Excluded from the Combined Financial Statements

The Shelby County Public Building Commission (SCPBC) was created in 1984 by the County Board and was soon thereafter joined by the City of Shelbyville. The SCPBC entered into a noncancellable 14 year lease for the Shelby County Detention Center with Shelby County, Illinois (See Note 9). The SCPBC is excluded from the financial reporting entity for the following reasons.

1. The County Board chairman appoints five of the eight members of the SCPBC Board of Commissioners and has no budgetary or fiscal control.
2. The Board of Commissioners of SCPBC may increase the amount of the jail lease payments without County Board approval.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2001

Note 1 – Summary of Significant Accounting Policies (continued)

3. The SCPBC is a municipal corporation of the State of Illinois and constitutes a body both corporate and politic separate and apart of any other municipal corporation or any other public or governmental agency.

Audited financial statements are available from the SCPBC. The SCPBC was dissolved during fiscal year 2001.

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.

D. Fund Accounting

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue collected (cash receipts) and expenditures paid (cash disbursements). County resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The various funds are grouped, in the financial statements in this report, into five generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUNDS

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

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

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

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2001

Note 1 – Summary of Significant Accounting Policies (continued)

FIDUCIARY FUND TYPES

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

Governmental and Expendable Trust Funds – Measurement Focus

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

General Fixed Assets and General Long-Term Debt Account Group

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

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

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The County maintains all fund types on the cash basis, recognizing revenues when cash is received and expenditures when cash is disbursed. Financial statements prepared on the cash basis of accounting are not intended to present financial position and results of operations in accordance with generally accepted accounting principles.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2001

Note 1 – Summary of Significant Accounting Policies (continued)

F. Total Columns on Combined Statements - Overview

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

G. Budgets and Budgetary Accounting

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

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

H. Cash and Cash Equivalents

The County considers all certificates of deposit with an original maturity of three months or less to be cash equivalents. There were no certificates of deposit at August 31, 2001, that qualify as cash equivalents.

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

I. Time Deposits

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

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2001

Note 1 – Summary of Significant Accounting Policies (continued)

J. Inventory

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

K. Fixed Assets

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

L. Interfund Transfers

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

Total interfund Operating Transfers In of \$1,526,881 do not equal Operating Transfers Out of \$1,524,401 on the Combined Statement of Cash Receipts, Disbursements and Fund Balances due to \$2,480 of transfers between Agency Funds and other funds.

M. Risk Management

The County is exposed to various risks of loss including but not limited to, general liability, property casualty, auto liability, workers compensation and public official liability. To limit exposure to these risks, the County participates in the Illinois Counties Insurance Trust Program as explained in Note 15. The County is not aware of any liabilities associated with the risk management program at August 31, 2001. There has not been a significant reduction in the County's insurance coverage as of August 31, 2001.

N. Use of Estimates

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

SHELBY COUNTY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2001

Note 2 - Required Individual Fund Disclosures

Generally accepted accounting principles require disclosure, as part of the combined financial statements, of certain information concerning individual funds including:

A. Excess of Expenditures over Budgets in Individual Funds

The following instances of overexpending the budget were noted:

<u>Fund</u>	<u>Expenditures</u>	<u>Budgeted Amounts</u>	<u>Overexpenditure</u>
Court Security	\$ 26,238	\$ 20,500	\$ 5,738
County Airport	67,950	57,550	10,400
Rescue Squad	9,514	6,000	3,514
Law Library	8,205	6,000	2,205

B. Deficit Fund Balances of Individual Funds

The Municipal Retirement and Social Security Special Revenue Funds had negative fund balances of \$231,545 and \$36,207, respectively at August 31, 2001.

C. Individual Fund Interfund Receivable and Payable Balances

Individual fund interfund receivable and payable balances at August 31, 2001 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 268,507	\$
Special Revenue Funds:		
Municipal Retirement		232,071
Social Security		36,436
Miscellaneous County Health		3,830
Home Nursing	3,800	
Agency Fund:		
Minor and Unknown Heirs	<u>30</u>	<u> </u>
Total	<u>\$ 272,337</u>	<u>\$ 272,337</u>

SHELBY COUNTY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2001

Note 3 - Cash and Investments

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

At year-end the carrying amount of the County's deposits totaled \$16,079,447, excluding \$6,994 petty cash, and the bank balances totaled \$16,421,296. All deposits are maintained in financial institutions.

	Book Balances	Bank Balances
Category 1		
Deposits covered by federal depository insurance or collateral held by the County in the County's name	\$ 1,832,865	\$ 1,836,751
Category 2		
Deposits covered by collateral held by the pledging financial institution's trust department, or by its agent, in the County's name.	7,102,240	7,102,240
Category 3		
Deposits that are uninsured and uncollateralized	7,144,342	7,482,305
	\$ 16,079,447	\$ 16,421,296

Note 4 - Property Taxes

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

Property taxes collected in 2000 and 2001 attached as an enforceable lien on property as of January 1, 1999 and 2000, respectively. These taxes were required to be levied by the County prior to the last Tuesday in December. The 1999 and 2000 levies were adopted by the County in September, 1999 and September, 2000. Property taxes were due from property owners in two installments in August and October. The property tax receipts for the year ending August 31, 2001, as shown in the combined financial statements, consist of three distributions from the 1999 levy. Property taxes are distributed from September through February.

SHELBY COUNTY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2001

Note 4 - Property Taxes (continued)

The following are the assessed valuations and tax rates applicable to the various levies per \$100 of assessed valuation for the property tax collections included in these financial statements.

	<u>1999 Levy</u>	<u>2000 Levy</u>
Assessed Valuation	<u>\$255,025,682</u>	<u>\$234,363,069</u>
Property Tax Rates:		
Extension Education	.0303	.0291
County	.2700	.2700
County Highway	.1000	.1000
County Bridge	.0500	.0500
Federal Aid	.0500	.0500
County Health	.1240	.1240
Municipal Retirement	.1111	.1494
Airport	.0111	.0245
Mental Health	.1244	.1195
Social Security	.0822	.0841
Tort Immunity Insurance	.0378	.0405
Workers' Comp. Insurance Tax	.0400	.0435
Unemployment Insurance Act	.0089	.0085
Public Building	<u>.0889</u>	<u>--</u>
Total County Rate	<u>1.1287</u>	<u>1.0931</u>

Note 5 - Special Tax Levies and Restricted Equity

Unemployment Insurance

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the General Fund. A portion, \$48,233, 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. 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.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2001

Note 6 - Retirement Plans

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

A. Illinois Municipal Retirement Fund

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

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. Elected County Officials (ECO) members' are required to contribute 7.50 percent of their annual covered salary. Sheriff's Law Enforcement Personnel (SLEP) members are required to contribute 6.50 percent of their annual covered salary. The member rate is established by state statute. The County is required to contribute at an actuarially determined rate. The County rate for calendar year 2000 was 8.56 percent of payroll for IMRF, 1.02 percent of payroll for SLEP members and 43.45 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, 2000 were 32 years for IMRF, 10 years for SLEP members and 32 years for ECO members.

SLEP Plan

For December 31, 2000, the County's annual pension cost of \$3,492 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 1998 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 1998 actuarial valuation were based on the 1993-1995 experience study. However, the 2000 actuarial valuation information is based on the assumptions based on the 1996-1998 experience study.

SHELBY COUNTY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2001

Note 6 - Retirement Plans (continued)

ECO Plan

For December 31, 2000, the County's annual pension cost of \$148,338 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 1998 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 1998 actuarial valuation were based on the 1993-1995 experience study. However, the 2000 actuarial valuation information is based on the assumptions based on the 1996-1998 experience study.

Other County Employees' Plan

For December 31, 2000, the County's annual pension cost of \$136,455 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 1998 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increase of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 1998 actuarial valuation were based on the 1993-1995 experience study. However, the 2000 actuarial valuation information is based on the assumptions based on the 1996-1998 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>
12/31/00	3,492	100%	\$0
12/31/99	3,770	100%	0
12/31/98	25,868	100%	0
12/31/97	22,951	100%	0
12/31/96	18,906	100%	0
12/31/95	16,732	100%	0
12/31/94	18,268	100%	0
12/31/93	21,818	100%	0
12/31/92	28,024	100%	0

SHELBY COUNTY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2001

Note 6 - 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>
12/31/00	148,338	100%	\$0
12/31/99	115,340	100%	0
12/31/98	49,789	100%	0
12/31/97	15,479	100%	0
12/31/96	0	100%	0
12/31/95	0	100%	0
12/31/94	0	100%	0
12/31/93	0	100%	0
12/31/92	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>
12/31/00	136,455	100%	\$0
12/31/99	148,515	100%	0
12/31/98	138,664	100%	0
12/31/97	158,465	100%	0
12/31/96	159,421	100%	0
12/31/95	160,631	100%	0
12/31/94	166,375	100%	0
12/31/93	172,066	100%	0
12/31/92	189,737	100%	0

B. Social Security

All employees, including those covered by IMRF, are covered under Social Security. Shelby County paid \$191,566, the total required contribution for the year ended August 31, 2001.

SHELBY COUNTY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2001

Note 7 – Changes in Fixed Assets

	<u>Balance September 1, 2000</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance August 31, 2001</u>
Furniture, Equipment and Vehicles	\$ <u> --</u>	\$ <u>265,113</u>	\$ <u> --</u>	\$ <u> 265,113</u>

Note 8 - Equipment Lease Agreements

Shelby County has entered into the following equipment lease agreements with the Fidler and Chambers Company:

Real Estate and Financial Systems Hardware and Software Agreement

This original agreement dated July 9, 1998 provides for five annual payments of \$37,000 due July 14 of each year for the rental purchase of computer hardware and software for the purpose of real estate tax billing and collection and record keeping. This obligation was reduced by \$9,000 by the software provider in fiscal year 2001 to reflect cancellation of software support services. The revised annual payment is \$34,000. As of August 31, 2001, there are two annual lease payments remaining.

Land Records Indexing with Imaging Contract Agreement

This agreement dated July 9, 1998 provides for five annual payments of \$13,000 due March 10 of each year for the rental purchase of computer hardware and software for the purpose of land record management. As of August 31, 2001, there are two annual lease payments remaining.

Election Software and Services

This agreement signed August 13, 1997 provides for five annual payments of \$25,000 commencing September 1, 1997 and due September 1 of each year for election software, supplies and support and computer hardware upgrades. As of August 31, 2001 there is one annual payment 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 30, 2001, there are six annual lease payments remaining.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2001

Note 8 - Equipment Lease Agreements (continued)

2001 International Dump Truck

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

Note 9 - Airport Operating Note Payable

The note payable is a share note with First Federal Savings & Loan Association of Shelbyville for the operation of the airport. The note is signed July 11, 2001 and is due July 11, 2002. The note was secured by a certificate of deposit. The note was due in a single payment plus accrued interest at the rate of 7.45%.

Note 10 - Jail Lease Agreement

On October 19, 1987, Shelby County entered into a lease agreement with the Shelby County Public Building Commission for purposes of leasing a newly constructed facility constituting a jail.

On November 13, 1991, the Shelby County Board approved Ordinance No.91-6, an "Ordinance Authorizing a Lease Agreement with the Shelby County Public Building Commission; Providing for the Levy of Taxes for the Payment of Rent thereunder and Repealing a Prior Ordinance of the County" which provided for a revised lease rental payment schedule. The ordinance was adopted to provide a method of advance refunding of the Shelby County Public Building Commission's outstanding Public Building Revenue Bonds, Series 1986, maturing in the years 1995 to 2000.

Note 11 - Bonds Payable

A. Special Service Area Bonds

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

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

SHELBY COUNTY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2001

Note 11 - Bonds Payable (continued)

At August 31, 2001 the annual cash flow requirements of principal and interest were as follows:

<u>Year Ending</u> <u>August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 9,000	\$ 1,073	\$ 10,073
2003	<u>9,000</u>	<u>536</u>	<u>9,536</u>
	<u>\$ 18,000</u>	<u>\$ 1,609</u>	<u>\$ 19,609</u>

B. Special Service Area Bonds

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

At August 31, 2001 the annual cash flow requirements of principal and interest were as follows:

<u>Year Ending</u> <u>August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 3,000	\$ 1,455	\$ 4,455
2003	3,500	1,310	4,810
2004	3,500	1,140	4,640
2005	3,500	970	4,470
2006	4,000	800	4,800
2007	4,000	606	4,606
2008	4,000	412	4,412
2009	<u>4,500</u>	<u>218</u>	<u>4,718</u>
	<u>\$ 30,000</u>	<u>\$ 6,911</u>	<u>\$ 36,911</u>

SHELBY COUNTY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2001

Note 11 - Bonds Payable (continued)

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

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

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

At August 31, 2001 the annual cash flow requirements of principal and interest were as follows:

<u>Year Ending</u> <u>August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 135,000	\$ 36,380	\$ 171,380
2003	140,000	30,570	170,570
2004	150,000	24,333	174,333
2005	155,000	17,660	172,660
2006	165,000	10,537	175,537
2007	<u>150,000</u>	<u>3,412</u>	<u>153,412</u>
	<u>\$ 895,000</u>	<u>\$ 122,892</u>	<u>\$ 1,017,892</u>

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2001

Note 12 - Changes in Long-Term Debt

The following is a summary of changes in Long-Term Debt of Shelby County for the year ended August 31, 2001.

	<u>Payable at September 1, 2000</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance August 31, 2001</u>
Fidlar & Chambers Real Estate and Financial Package	\$ 111,000	\$ --	\$ 43,000	\$ 68,000
Fidlar & Chambers Land Record Indexing	39,000	--	13,000	26,000
Fidlar & Chambers Election Software	50,000	--	25,000	25,000
Excavator	90,037	--	10,608	79,429
2001 International Dump Truck	--	76,090	--	76,090
First Federal Savings & Loan Operating Note	--	15,000	--	15,000
Jail Lease Agreement	256,000	--	256,000	--
Carriage Park Subdivision Special Service Area Bonds	26,000	--	8,000	18,000
Garden Acres Subdivision Special Service Area Bonds	33,000	--	3,000	30,000
Refunding Self-Insurance General Obligation Bonds	<u>1,020,000</u>	<u>--</u>	<u>125,000</u>	<u>895,000</u>
	<u>\$ 1,625,037</u>	<u>\$ 91,090</u>	<u>\$ 483,608</u>	<u>\$1,232,519</u>

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2001

Note 13 - Due to Other Governmental Units

The Due to Other Governmental Units shown in the General Fund column of the Combined Statement of Assets, Liabilities and Fund Equities Arising from Cash Transactions in the amount of \$53,481 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 14 - Insurance

In accordance with PA91-0628, the County's insurance expenditures were as follows:

Commerical Liability and Workers' Compensation Insurance	\$ 25,953
Principal payments on General Obligation Bonds	125,000
Interest payment on General Obligation Bonds	<u>41,809</u>
	<u>\$ 192,762</u>

Note 15 - CEFS Agreement

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

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

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

Note 16 - Commitments and Contingencies

Illinois Counties Insurance Trust

On September 9, 1992, the county board approved membership in the Illinois Counties Insurance Trust Program (ICIT), a self-insurance pooling of counties. The membership of the trust consists of eight other central and south-central Illinois counties. Under the program, Shelby County was required to issue \$1,555,000 in self-insurance general obligation bonds to finance its initial contribution to the Initial Contribution Fund of the trust and pay a first year premium of \$160,000.

In accordance with the ICIT trust agreement, Shelby County is obligated to continue membership or participation in the trust for an initial term of five years. After this initial term, the county may voluntarily withdraw at the end of any given fiscal year, if such withdrawal is in compliance with the conditions specified in the self-insurance general obligation bond ordinance. Membership in the ICIT program requires that the county abide by the conditions in the trust agreement and specifically requires that the county initiate and maintain a stringent loss control program.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2001

Note 16 – Commitments & Contingencies (continued)

As of September 1, 2001, the County has withdrawn their membership in the ICIT Program.

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, 2001.

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, 2001 is not reflected in the financial statements but is not considered material.

Lease Agreement - County Health Building

The Shelby County Board approved allowing the County Health Department to become a party to a 25 year lease with SCCS Enterprises, Inc. for the lease of a structure to house the operations of the County Health Department. The lease provides for a minimum annual rent of \$36,000 payable in twelve monthly installments of \$3,000. The County paid \$36,000 in rental payments to SCCS Enterprises, Inc. during the year ended August 31, 2001.

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, 2001 could not be determined.

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

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2001

Note 16 – Commitments & Contingencies (continued)

Lease Agreement – County Farm

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

Note 17 – New Reporting Standard

In June, 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The County is required to implement this standard for the fiscal year ending August 31, 2003. The County does not expect to implement this standard in advance of the required implementation date. The County has not yet determined the full impact that adoption of GASB Statement 34 will have on the financial statements.

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITIES
 ARISING FROM CASH TRANSACTIONS
 GENERAL FUND
 AUGUST 31, 2001

	Fee Offices							Total
	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments		
ASSETS								
Cash and Cash Equivalents	\$ 702,399	\$ 12,988	\$ 105,585	\$ 4,794	\$ --	\$ 398	\$ 826,164	
Time Deposits	1,150,000	--	10,000	--	--	--	1,160,000	
Interfund Loans Receivable	268,507	--	--	--	--	--	268,507	
Inventory	--	4,144	--	--	--	--	4,144	
TOTAL ASSETS	\$ 2,120,906	\$ 17,132	\$ 115,585	\$ 4,794	\$ --	\$ 398	\$ 2,258,815	
LIABILITIES								
Withholding Payable	\$ 338	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 338	
Due to Other Governmental Units	--	--	53,481	--	--	--	53,481	
TOTAL LIABILITIES	\$ 338	\$ --	\$ 53,481	\$ --	\$ --	\$ --	\$ 53,819	
FUND EQUITY								
Fund Equity:								
Reserved:								
Reserved for Insurance	\$ 48,233	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 48,233	
Unreserved:								
Undesignated	2,072,335	17,132	62,104	4,794	--	398	2,156,763	
TOTAL FUND EQUITY	\$ 2,120,568	\$ 17,132	\$ 62,104	\$ 4,794	\$ --	\$ 398	\$ 2,204,996	
TOTAL LIABILITIES AND FUND EQUITY	\$ 2,120,906	\$ 17,132	\$ 115,585	\$ 4,794	\$ --	\$ 398	\$ 2,258,815	

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND EQUITIES
 GENERAL FUND
 YEAR ENDED AUGUST 31, 2001

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Total
RECEIPTS:							
Property Taxes	\$ 842,151	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 842,151
Sales Taxes	522,251	--	--	--	--	--	522,251
Intergovernmental Revenues:							
Income Taxes	784,550	--	--	--	--	--	784,550
Replacement Taxes	30,287	--	--	--	--	--	30,287
Other State Sources	188,982	--	--	--	--	--	188,982
Federal Source	6,141	--	--	--	--	--	6,141
County Farm	36,154	--	--	--	--	--	36,154
Charges for Services	37,924	--	--	--	--	--	37,924
Licenses and Permits	3,703	--	--	--	--	--	3,703
Fees, Fines and Forfeits	3,781	108,009	94,166	56,924	160,345	2,003	425,228
Sales of Real Estate Stamps	--	67,522	--	--	--	--	67,522
Reimbursement of Prior Year Expenditure	36,332	--	--	--	--	--	36,332
Interest	113,361	--	1,595	--	--	--	114,956
Miscellaneous Receipts	8,219	--	--	--	--	--	8,219
Total Receipts	\$ 2,613,836	\$ 175,531	\$ 95,761	\$ 56,924	\$ 160,345	\$ 2,003	\$ 3,104,400
DISBURSEMENTS:							
See Schedule at Page 28	\$ 2,657,761	\$ 45,135	\$ 13,008	\$ --	\$ --	\$ --	\$ 2,715,904
Receipts Over (Under) Disbursements	\$ (43,925)	\$ 130,396	\$ 82,753	\$ 56,924	\$ 160,345	\$ 2,003	\$ 388,496
Other Financing Sources (Uses):							
Sale of Fixed Assets	70,785	--	--	--	--	--	70,785
Operating Transfers In	413,199	--	--	--	--	--	413,199
Operating Transfers Out	(75,809)	(128,051)	(82,580)	(56,070)	(160,345)	(1,675)	(504,530)
Receipts Over Disbursements and Other Financing Sources (Uses)	\$ 364,250	\$ 2,345	\$ 173	\$ 854	\$ --	\$ 328	\$ 367,950
Fund Equity - September 1, 2000	1,756,318	14,787	61,931	3,940	--	70	1,837,046
Fund Equity - August 31, 2001	\$ 2,120,568	\$ 17,132	\$ 62,104	\$ 4,794	\$ --	\$ 398	\$ 2,204,996

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, 2001

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Total
DISBURSEMENTS:							
General Government:							
Operating Expenses Pertaining to the Office of:							
County Clerk	\$ 228,863	\$ 21	--	\$ --	--	\$ --	228,884
Circuit Clerk	146,599	--	2,573	--	--	--	149,172
Supervisor of Assessments	108,575	--	--	--	--	--	108,575
County Treasurer	127,752	--	--	--	--	--	127,752
County Coroner	34,229	--	--	--	--	--	34,229
Regional Superintendent of Schools	31,326	--	--	--	--	--	31,326
Farmland Assessment	28	--	--	--	--	--	28
Board of Review	24,058	--	--	--	--	--	24,058
Board of Appeals	2,291	--	--	--	--	--	2,291
Planning Commission	1,208	--	--	--	--	--	1,208
Zoning Administrator	3,765	--	--	--	--	--	3,765
Utilities	53,560	--	--	--	--	--	53,560
Maintenance, Repairs and Improvement	24,252	--	--	--	--	--	24,252
Insurance and Taxes	36,070	--	--	--	--	--	36,070
Employee Insurance	156,542	--	--	--	--	--	156,542
County Farm	2,074	--	--	--	--	--	2,074
County Board Expenses	52,149	--	--	--	--	--	52,149
Services, Supplies and Miscellaneous	51,096	--	--	--	--	--	51,096
Purchase of Real Estate Tax Stamps	--	45,114	--	--	--	--	45,114
Total General Government	\$ 1,084,437	\$ 45,135	\$ 2,573	\$ --	\$ --	\$ --	\$ 1,132,145
Public Safety:							
Operating Expenses Pertaining to the Office of:							
County Sheriff	\$ 893,562	--	--	\$ --	--	\$ --	893,562
Rescue Squad	4,639	--	--	--	--	--	4,639
ESDA	1,122	--	--	--	--	--	1,122
Merit Commission	3,379	--	--	--	--	--	3,379
Total Public Safety	\$ 902,702	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 902,702

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, 2001

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Total
Corrections:							
Operating Expenses Pertaining to the Office of: Probation Office	\$ 72,989	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 72,989
Judiciary:							
Operating Expenses Pertaining to the Office of: States Attorney	\$ 179,681	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 179,681
Public Defender	62,668	--	--	--	--	--	62,668
Appointed Counsel Fee	22,064	--	--	--	--	--	22,064
Circuit Judge Expenses	7,454	--	--	--	--	--	7,454
Total Judiciary	\$ 271,867	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 271,867
Health and Welfare:							
Operating Expenses Pertaining to the Office of: Animal Control	\$ 36,217	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 36,217
Debt Service:	\$ 225,809	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 225,809
Capital Outlay:							
Sheriff	\$ 58,184	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 58,184
Circuit Clerk	--	--	10,435	--	--	--	10,435
Rescue Squad	5,556	--	--	--	--	--	5,556
Total Capital Outlay	\$ 63,740	\$ --	\$ 10,435	\$ --	\$ --	\$ --	\$ 74,175
TOTAL DISBURSEMENTS	\$ 2,657,761	\$ 45,135	\$ 13,008	\$ --	\$ --	\$ --	\$ 2,715,904

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITIES
 ARISING FROM CASH TRANSACTIONS
 SPECIAL REVENUE FUNDS
 AUGUST 31, 2001

	Animal Control	County Health	Ambulance	Mental Health	Municipal Retirement	Social Security	Indemnity	Subtotal
ASSETS								
Cash and Cash Equivalents	\$ 4,601	\$ 54,288	\$ 38,403	\$ 16,787	\$ 526	\$ 229	\$ 4,227	\$ 119,061
Time Deposits	31,000	101,808	20,000	250,000	--	--	71,000	473,808
Interfund Loans Receivable	--	--	--	--	--	--	--	--
TOTAL ASSETS	\$ 35,601	\$ 156,096	\$ 58,403	\$ 266,787	\$ 526	\$ 229	\$ 75,227	\$ 592,869
LIABILITIES								
Interfund Loans Payable	--	--	--	--	\$ 232,071	\$ 36,436	--	\$ 268,507
FUND EQUITY								
Fund Equity:								
Unreserved - Undesignated	\$ 35,601	\$ 156,096	\$ 58,403	\$ 266,787	\$ (231,545)	\$ (36,207)	\$ 75,227	\$ 324,362
TOTAL FUND EQUITY	\$ 35,601	\$ 156,096	\$ 58,403	\$ 266,787	\$ (231,545)	\$ (36,207)	\$ 75,227	\$ 324,362
TOTAL LIABILITIES AND FUND EQUITY	\$ 35,601	\$ 156,096	\$ 58,403	\$ 266,787	\$ 526	\$ 229	\$ 75,227	\$ 592,869

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITIES
 ARISING FROM CASH TRANSACTIONS - (CONTINUED)
 SPECIAL REVENUE FUNDS
 AUGUST 31, 2001

	County Bridge	County Highway	Federal Aid Secondary Matching	County Motor Fuel Tax	Rescue Squad	Home Nursing	Probation	Subtotal
ASSETS								
Cash and Cash Equivalents	\$ 184,486	\$ 167,214	\$ 87,261	\$ 206,991	\$ --	\$ 126,239	\$ 40,585	\$ 812,776
Time Deposits	--	--	--	--	--	225,000	132,000	357,000
Interfund Loans Receivable	--	--	--	--	--	3,800	--	3,800
TOTAL ASSETS	\$ 184,486	\$ 167,214	\$ 87,261	\$ 206,991	\$ --	\$ 355,039	\$ 172,585	\$ 1,173,576
LIABILITIES								
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
FUND EQUITY								
Fund Equity:								
Undesignated	\$ 184,486	\$ 167,214	\$ 87,261	\$ 206,991	\$ --	\$ 355,039	\$ 172,585	\$ 1,173,576
TOTAL FUND EQUITY	\$ 184,486	\$ 167,214	\$ 87,261	\$ 206,991	\$ --	\$ 355,039	\$ 172,585	\$ 1,173,576
TOTAL LIABILITIES AND FUND EQUITY	\$ 184,486	\$ 167,214	\$ 87,261	\$ 206,991	\$ --	\$ 355,039	\$ 172,585	\$ 1,173,576

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITIES
 ARISING FROM CASH TRANSACTIONS - (CONTINUED)
 SPECIAL REVENUE FUNDS
AUGUST 31, 2001

	Fees to Assist Court	Law Library	Automation	Recording	Drug Traffic Prevention	Airport	Rural Transport- ation	Subtotal
ASSETS								
Cash and Cash Equivalents	\$ 40,710	\$ 8,122	\$ 26,172	\$ 3,530	\$ 5,288	\$ 12,448	\$ --	\$ 96,270
Time Deposits	200,000	--	40,000	--	--	139,839	--	379,839
Interfund Loans Receivable	--	--	--	--	--	--	--	--
TOTAL ASSETS	\$ 240,710	\$ 8,122	\$ 66,172	\$ 3,530	\$ 5,288	\$ 152,287	\$ --	\$ 476,109
LIABILITIES								
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
FUND EQUITY								
Fund Equity:								
Undesignated	\$ 240,710	\$ 8,122	\$ 66,172	\$ 3,530	\$ 5,288	\$ 152,287	\$ --	\$ 476,109
TOTAL FUND EQUITY	\$ 240,710	\$ 8,122	\$ 66,172	\$ 3,530	\$ 5,288	\$ 152,287	\$ --	\$ 476,109
TOTAL LIABILITIES AND FUND EQUITY	\$ 240,710	\$ 8,122	\$ 66,172	\$ 3,530	\$ 5,288	\$ 152,287	\$ --	\$ 476,109

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITIES
 ARISING FROM CASH TRANSACTIONS - (CONTINUED)
 SPECIAL REVENUE FUNDS
 AUGUST 31, 2001

	Public Building	Court Security	Home Confinement	Document Storage	Misc County Health	Revolving Loan	Victim Impact Panel	Subtotal
ASSETS								
Cash and Cash Equivalents	\$ 21,912	\$ 20,923	\$ --	\$ 30,642	\$ 51,406	\$ 67,092	\$ 4,543	\$ 196,518
Time Deposits	--	--	--	5,000	115,000	190,000	--	310,000
Interfund Loans Receivable	--	--	--	--	--	--	--	--
TOTAL ASSETS	\$ 21,912	\$ 20,923	\$ --	\$ 35,642	\$ 166,406	\$ 257,092	\$ 4,543	\$ 506,518
LIABILITIES								
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ 3,830	\$ --	\$ --	\$ 3,830
FUND EQUITY								
Fund Equity:								
Undesignated	\$ 21,912	\$ 20,923	\$ --	\$ 35,642	\$ 162,576	\$ 257,092	\$ 4,543	\$ 502,688
TOTAL FUND EQUITY	\$ 21,912	\$ 20,923	\$ --	\$ 35,642	\$ 162,576	\$ 257,092	\$ 4,543	\$ 502,688
TOTAL LIABILITIES AND FUND EQUITY	\$ 21,912	\$ 20,923	\$ --	\$ 35,642	\$ 166,406	\$ 257,092	\$ 4,543	\$ 506,518

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITIES
 ARISING FROM CASH TRANSACTIONS - (CONTINUED)
 SPECIAL REVENUE FUNDS
 AUGUST 31, 2001

	Attorney Forfeited	DUI Equipment	Subtotal Page 31	Subtotal Page 32	Subtotal Page 33	Subtotal Page 34	Total
ASSETS							
Cash and Cash Equivalents	\$ 201	\$ 19,471	\$ 119,061	\$ 812,776	\$ 96,270	\$ 196,518	\$ 1,244,297
Time Deposits	--	--	473,808	357,000	379,839	310,000	1,520,647
Interfund Loans Payable	--	--	--	3,800	--	--	3,800
TOTAL ASSETS	\$ 201	\$ 19,471	\$ 592,869	\$ 1,173,576	\$ 476,109	\$ 506,518	\$ 2,768,744
LIABILITIES							
Interfund Loans Payable	\$ --	\$ --	\$ 268,507	\$ --	\$ --	\$ 3,830	\$ 272,337
FUND EQUITY							
Fund Equity:							
Undesignated	\$ 201	\$ 19,471	\$ 324,362	\$ 1,173,576	\$ 476,109	\$ 502,688	\$ 2,496,407
TOTAL FUND EQUITY	\$ 201	\$ 19,471	\$ 324,362	\$ 1,173,576	\$ 476,109	\$ 502,688	\$ 2,496,407
TOTAL LIABILITIES AND FUND EQUITY	\$ 201	\$ 19,471	\$ 592,869	\$ 1,173,576	\$ 476,109	\$ 506,518	\$ 2,768,744

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND EQUITIES
 SPECIAL REVENUE FUNDS
 YEAR ENDED AUGUST 31, 2001

	Animal Control	County Health	Ambulance	Mental Health	Municipal Retirement	Social Security	Indemnity	Subtotal
RECEIPTS:								
Property Taxes	--	280,105	45,226	281,099	250,965	185,728	--	1,043,123
Intergovernmental Revenue:								
State Sources								
Motor Fuel Taxes	--	--	--	--	--	--	--	--
Replacement Taxes	--	6,939	--	13,639	14,613	--	--	35,191
Other State Sources	--	82,809	--	--	--	--	--	82,809
Federal Sources	--	400	--	--	--	--	--	400
Loan Repayments	--	--	--	--	--	--	--	--
Charges for Services	--	9,644	--	--	--	--	--	9,644
Fines and Fees	5,632	--	--	--	--	--	--	5,632
Reimbursement of Prior Year Expenditures	1,799	12,637	3,848	17,036	346	1,281	4,972	41,919
Interest	--	104	--	--	--	--	--	104
Miscellaneous Revenues	--	--	--	--	--	--	--	--
Total Receipts	\$ 7,431	\$ 392,638	\$ 49,074	\$ 311,774	\$ 265,924	\$ 187,009	\$ 4,972	\$ 1,218,822
DISBURSEMENTS:								
Current:								
General Government	--	--	--	--	293,221	191,569	152	484,942
Public Safety	--	--	--	--	--	--	--	--
Judiciary	--	--	--	--	--	--	--	--
Public Works/Transportation	--	--	--	--	--	--	--	--
Health and Welfare	250	528,764	41,080	255,338	--	--	--	825,432
Debt Service	--	--	--	--	--	--	--	--
Capital Outlay	--	1,035	--	--	--	--	--	1,035
Total Disbursements	\$ 250	\$ 529,799	\$ 41,080	\$ 255,338	\$ 293,221	\$ 191,569	\$ 152	\$ 1,311,409
Receipts Over (Under) Disbursements	\$ 7,181	\$ (137,161)	\$ 7,994	\$ 56,436	\$ (27,297)	\$ (4,560)	\$ 4,820	\$ (92,587)
Other Financing Sources (Uses):								
Sale of Fixed Assets	--	--	--	--	--	--	--	--
Proceeds from Lease Purchase Agreement	--	--	--	--	--	--	--	--
Proceeds from Bank Note Payable	--	--	--	--	--	--	--	--
Operating Transfers In	--	116,383	--	--	--	--	2,480	118,863
Operating Transfers Out	--	--	--	--	--	--	--	--
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ 7,181	\$ (20,778)	\$ 7,994	\$ 56,436	\$ (27,297)	\$ (4,560)	\$ 7,300	\$ 26,276
Fund Equity - September 1, 2000	28,420	178,874	50,409	210,351	(204,248)	(31,647)	67,927	298,086
Fund Equity - August 31, 2001	\$ 35,601	\$ 158,096	\$ 58,403	\$ 266,787	\$ (231,545)	\$ (36,207)	\$ 75,227	\$ 324,362

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND EQUITIES - (CONTINUED)
 SPECIAL REVENUE FUNDS
 YEAR ENDED AUGUST 31, 2001

	County Bridge	County Highway	Federal Aid Secondary Matching	County Motor Fuel Tax	Rescue Squad	Home Nursing	Probation	Subtotal
RECEIPTS:								
Property Taxes	\$ 112,945	\$ 225,890	\$ 112,945	\$ --	\$ --	\$ --	\$ --	\$ 451,780
Intergovernmental Revenue:								
State Sources								
Motor Fuel Taxes	--	--	--	455,809	--	--	--	455,809
Replacement Taxes	7,315	15,109	7,315	--	--	--	--	29,739
Other State Sources	--	--	--	208,414	--	31,200	--	239,614
Federal Sources	--	417	--	--	--	66,393	--	66,810
Loan Repayments	--	--	--	--	--	--	--	--
Charges for Services	--	--	--	--	--	39,174	--	39,174
Fines and Fees	--	--	--	--	--	--	31,697	31,697
Reimbursement of Prior Year Expenditures	93,873	--	--	--	--	--	--	93,873
Interest	6,034	5,545	6,071	11,957	241	19,609	11,851	61,308
Miscellaneous Revenues	--	--	--	--	--	--	--	--
Total Receipts	\$ 220,167	\$ 246,961	\$ 126,331	\$ 676,180	\$ 241	\$ 156,376	\$ 43,548	\$ 1,469,804
DISBURSEMENTS:								
Current:								
General Government	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Public Safety	--	--	--	--	9,514	--	12,066	21,580
Judiciary	--	--	--	--	--	--	--	--
Public Works/Transportation	32,514	470,825	59,266	332,652	--	--	--	895,257
Health and Welfare	--	--	--	--	--	72,966	--	72,966
Debt Service	--	5,755	--	--	--	--	--	5,755
Capital Outlay	--	99,501	--	--	--	--	1,798	101,299
Total Disbursements	\$ 32,514	\$ 576,081	\$ 59,266	\$ 332,652	\$ 9,514	\$ 72,966	\$ 13,864	\$ 1,096,857
Receipts Over (Under) Disbursements	\$ 187,653	\$ (329,120)	\$ 67,065	\$ 343,528	\$ (9,273)	\$ 83,410	\$ 29,684	\$ 372,947
Other Financing Sources (Uses):								
Sale of Fixed Assets	--	2,376	--	--	--	--	--	2,376
Proceeds from Lease Purchase Agreement	--	76,090	--	--	--	--	--	76,090
Proceeds from Bank Note Payable	--	--	--	--	--	--	--	--
Operating Transfers In	--	354,138	--	--	--	--	194	354,332
Operating Transfers Out	(103,831)	--	(100,000)	(275,000)	--	--	--	(478,831)
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ 83,822	\$ 103,484	\$ (32,935)	\$ 68,528	\$ (9,273)	\$ 83,410	\$ 29,878	\$ 326,914
Fund Equity - September 1, 2000	100,664	63,730	120,196	138,463	9,273	271,629	142,707	846,662
Fund Equity - August 31, 2001	\$ 184,486	\$ 167,214	\$ 87,261	\$ 206,991	\$ --	\$ 355,039	\$ 172,585	\$ 1,173,576

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND EQUITIES - (CONTINUED)
 SPECIAL REVENUE FUNDS
 YEAR ENDED AUGUST 31, 2001

	Fees to Assist Court	Law Library	Automation	Recording	Drug Traffic Prevention	Airport	Rural Transportation	Subtotal
RECEIPTS:								
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 25,096	\$ --	\$ 25,096
Intergovernmental Revenue:								
State Sources								
Motor Fuel Taxes	--	--	--	--	--	--	--	--
Replacement Taxes	--	--	--	--	--	3,316	--	3,316
Other State Sources	--	--	--	--	--	--	--	--
Federal Sources	--	--	6,900	--	--	--	231,805	238,705
Loan Repayments	--	--	--	--	--	--	--	--
Charges for Services	--	--	--	--	--	12,705	--	12,705
Fines and Fees	26,336	6,655	14,729	--	--	--	--	47,720
Reimbursement of Prior Year Expenditures	12,441	255	3,111	1,118	203	7,868	--	24,996
Interest	--	--	--	--	10,370	1,200	--	11,570
Miscellaneous Revenues	--	--	--	--	--	--	--	--
Total Receipts	\$ 38,777	\$ 6,910	\$ 24,740	\$ 1,118	\$ 10,573	\$ 50,185	\$ 231,805	\$ 364,108
DISBURSEMENTS:								
Current:								
General Government	\$ --	\$ --	\$ 10,884	\$ 11,692	\$ --	\$ --	\$ --	\$ 22,576
Public Safety	--	--	--	--	13,792	--	--	13,792
Judiciary	--	8,205	--	--	--	--	--	8,205
Public Works/Transportation	--	--	--	--	--	51,351	231,805	283,156
Health and Welfare	--	--	--	--	--	--	--	--
Debt Service	--	--	--	13,000	--	--	--	13,000
Capital Outlay	--	--	1,450	9,110	155	16,599	--	27,314
Total Disbursements	\$ --	\$ 8,205	\$ 12,334	\$ 33,802	\$ 13,947	\$ 67,950	\$ 231,805	\$ 368,043
Receipts Over (Under) Disbursements	\$ 38,777	\$ (1,295)	\$ 12,406	\$ (32,684)	\$ (3,374)	\$ (17,765)	\$ --	\$ (3,935)
Other Financing Sources (Uses):								
Sale of Fixed Assets	--	--	--	--	--	--	--	--
Proceeds from Lease Purchase Agreement	--	--	--	--	--	--	--	--
Proceeds from Bank Note Payable	--	--	--	--	--	15,000	--	15,000
Operating Transfers In	--	--	--	14,502	1,020	--	--	15,522
Operating Transfers Out	--	--	--	--	--	--	--	--
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ 38,777	\$ (1,295)	\$ 12,406	\$ (18,182)	\$ (2,354)	\$ (2,765)	\$ --	\$ 26,587
Fund Equity - September 1, 2000	201,933	9,417	53,766	21,712	7,642	155,052	--	449,522
Fund Equity - August 31, 2001	\$ 240,710	\$ 8,122	\$ 66,172	\$ 3,530	\$ 5,288	\$ 152,287	\$ --	\$ 476,109

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND EQUITIES - (CONTINUED)
 SPECIAL REVENUE FUNDS
 YEAR ENDED AUGUST 31, 2001

	Public Building	Court Security	Home Confinement	Document Storage	Misc County Health	Revolving Loan	Victim Impact Panel	Subtotal
Property Taxes	\$ 200,772	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 200,772
Intergovernmental Revenue:								
State Sources								
Motor Fuel Taxes	--	--	--	--	--	--	--	--
Replacement Taxes	--	--	--	--	--	--	--	--
Other State Sources	--	--	--	--	74,958	--	--	74,958
Federal Sources	--	--	--	--	3,000	--	--	3,000
Loan Repayments	--	--	--	--	--	63,639	--	63,639
Charges for Services	--	--	--	--	4,033	--	--	4,033
Fines and Fees	--	26,732	--	13,875	--	--	2,050	42,657
Reimbursement of Prior Year Expenditures	--	--	--	--	--	--	--	--
Interest	1,801	595	6	1,058	8,580	7,764	89	19,893
Miscellaneous Revenues	--	--	--	--	595	--	--	595
Total Receipts	\$ 202,573	\$ 27,327	\$ 6	\$ 14,933	\$ 91,166	\$ 71,403	\$ 2,139	\$ 409,547

DISBURSEMENTS:

Current:								
General Government	\$ --	\$ --	\$ --	\$ 5,446	\$ --	\$ --	\$ --	\$ 5,446
Public Safety	--	--	--	--	--	--	--	--
Judiciary	--	26,238	--	--	--	--	417	26,655
Public Works/Transportation	--	--	--	--	--	--	--	--
Health and Welfare	--	--	--	--	12,597	--	--	12,597
Debt Service	200,000	--	--	--	--	--	--	200,000
Capital Outlay	--	--	--	--	--	--	--	--
Total Disbursements	\$ 200,000	\$ 26,238	\$ --	\$ 5,446	\$ 12,597	\$ --	\$ 417	\$ 244,698
Receipts Over (Under) Disbursements	\$ 2,573	\$ 1,089	\$ 6	\$ 9,487	\$ 78,569	\$ 71,403	\$ 1,722	\$ 164,849
Other Financing Sources (Uses):								
Sale of Fixed Assets	--	--	--	--	--	--	--	--
Proceeds from Lease Purchase Agreement	--	--	--	--	--	--	--	--
Proceeds from Bank Note Payable	--	--	--	--	--	--	--	--
Operating Transfers In	--	--	--	--	--	--	--	--
Operating Transfers Out	--	--	(194)	--	(71,197)	--	--	(71,391)
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ 2,573	\$ 1,089	\$ (188)	\$ 9,487	\$ 7,372	\$ 71,403	\$ 1,722	\$ 93,458
Fund Equity - September 1, 2000	19,339	19,834	188	26,155	155,204	185,689	2,821	409,230
Fund Equity - August 31, 2001	\$ 21,912	\$ 20,923	\$ --	\$ 35,642	\$ 162,576	\$ 257,092	\$ 4,543	\$ 502,688

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND EQUITIES - (CONTINUED)
 SPECIAL REVENUE FUNDS
 YEAR ENDED AUGUST 31, 2001

	Attorney Forfeited	DUI Equipment	Subtotal Page 36	Subtotal Page 37	Subtotal Page 38	Subtotal Page 39	Total
RECEIPTS:							
Property Taxes	\$ --	\$ --	\$ 1,043,123	\$ 451,780	\$ 25,096	\$ 200,772	\$ 1,720,771
Intergovernmental Revenue:							
State Sources							
Motor Fuel Taxes	--	--	--	455,809	--	--	455,809
Replacement Taxes	--	--	35,191	29,739	3,316	--	68,246
Other State Sources	--	--	82,809	239,614	--	74,958	397,381
Federal Sources	--	--	400	66,810	238,705	3,000	308,915
Loan Repayments	--	--	--	--	--	63,639	63,639
Charges for Services	--	--	9,644	39,174	12,705	4,033	65,556
Fines and Fees	891	2,852	5,632	31,697	47,720	42,657	131,449
Reimbursement of Prior Year Expenditures							
Interest	13	513	41,919	93,873	--	--	93,873
Miscellaneous Revenues	--	--	104	61,308	11,570	19,893	148,642
	--	--	--	--	--	595	12,269
Total Receipts	\$ 904	\$ 3,365	\$ 1,218,822	\$ 1,469,804	\$ 364,108	\$ 409,547	\$ 3,466,550
DISBURSEMENTS:							
Current:							
General Government	\$ --	\$ --	\$ 484,942	--	\$ 22,576	\$ 5,446	\$ 512,964
Public Safety	--	--	--	21,580	13,792	--	35,372
Judiciary	--	--	--	--	8,205	26,655	34,860
Public Works/Transportation	--	--	--	895,257	283,156	--	1,178,413
Health and Welfare	--	--	825,432	72,966	--	12,597	910,995
Debt Service	--	--	--	5,755	13,000	200,000	218,755
Capital Outlay	1,100	60,191	1,035	101,299	27,314	--	190,939
Total Disbursements	\$ 1,100	\$ 60,191	\$ 1,311,409	\$ 1,096,857	\$ 368,043	\$ 244,698	\$ 3,082,298
Receipts Over (Under) Disbursements	\$ (196)	\$ (56,826)	\$ (92,587)	\$ 372,947	\$ (3,935)	\$ 164,849	\$ 384,252
Other Financing Sources (Uses):							
Sale of Fixed Assets	--	--	--	2,376	--	--	2,376
Proceeds from Lease Purchase Agreement	--	--	--	76,090	--	--	76,090
Proceeds from Bank Note Payable	--	--	--	--	15,000	--	15,000
Operating Transfers In	--	75,809	118,863	354,332	15,522	--	564,526
Operating Transfers Out	--	--	--	(478,831)	--	(71,391)	(550,222)
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ (196)	\$ 18,983	\$ 26,276	\$ 326,914	\$ 26,587	\$ 93,458	\$ 492,022
Fund Equity - September 1, 2000	397	488	298,086	846,862	449,522	409,230	2,004,385
Fund Equity - August 31, 2001	\$ 201	\$ 19,471	\$ 324,362	\$ 1,173,576	\$ 476,109	\$ 502,688	\$ 2,486,407

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITIES
 ARISING FROM CASH TRANSACTIONS
 CAPITAL PROJECTS FUNDS
AUGUST 31, 2001

	Carriage Park	Findlay Road	Garden Acres	Total
ASSETS				
Cash and Cash Equivalents	\$ 110	\$ 2,154	\$ 612	\$ 2,876
TOTAL ASSETS	\$ 110	\$ 2,154	\$ 612	\$ 2,876
LIABILITIES				
Interfund Loan Payable	\$ --	\$ --	\$ --	\$ --
FUND EQUITY				
Fund Equity: Unreserved - Undesignated	\$ 110	\$ 2,154	\$ 612	\$ 2,876
TOTAL FUND EQUITY	\$ 110	\$ 2,154	\$ 612	\$ 2,876
TOTAL LIABILITIES AND FUND EQUITY	\$ 110	\$ 2,154	\$ 612	\$ 2,876

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND EQUITIES
 CAPITAL PROJECTS FUNDS
YEAR ENDED AUGUST 31, 2001

	Carriage Park	Findlay Road	Garden Acres	Total
RECEIPTS:				
Property Taxes	\$ 10,090	\$ --	\$ 4,617	\$ 14,707
Intergovernmental Revenues:				
Other State Sources	--	331,078	--	331,078
Interest	20	910	32	962
Total Receipts	\$ 10,110	\$ 331,988	\$ 4,649	\$ 346,747
DISBURSEMENTS:				
Current:				
Public Works/Transportation	\$ --	\$ 354,454	\$ --	\$ 354,454
Debt Service	9,799	--	4,601	14,400
Total Disbursements	\$ 9,799	\$ 354,454	\$ 4,601	\$ 368,854
Receipts Over (Under) Disbursements	\$ 311	\$ (22,466)	\$ 48	\$ (22,107)
Other Financing Sources (Uses):				
Operating Transfers Out	--	(8,500)	--	(8,500)
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ 311	\$ (30,966)	\$ 48	\$ (30,607)
Fund Equity - September 1, 2000	(201)	33,120	564	33,483
Fund Equity - August 31, 2001	\$ 110	\$ 2,154	\$ 612	\$ 2,876

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITIES
 ARISING FROM CASH TRANSACTIONS
 TRUST FUNDS
 AUGUST 31, 2001

	County Health WIC	Drainage	Local Bridge Program	Township Bridge Supervisory Engineering	Township Construction	Township Motor Fuel Tax	Inmate Commissary	Total
Cash and Cash Equivalents	\$ 22,430	\$ 91,154	\$ 54,484	\$ 39,368	\$ 756	\$ 664,994	\$ 8,257	\$ 881,443
Time Deposits	--	--	--	--	--	250,000	--	250,000
TOTAL ASSETS	\$ 22,430	\$ 91,154	\$ 54,484	\$ 39,368	\$ 756	\$ 914,994	\$ 8,257	\$ 1,131,443
LIABILITIES								
Due to Inmates	--	--	--	--	--	--	\$ 497	\$ 497
FUND EQUITY								
Fund Equity - Unreserved	\$ 22,430	\$ 91,154	\$ 54,484	\$ 39,368	\$ 756	\$ 914,994	\$ 7,760	\$ 1,130,946
TOTAL LIABILITIES AND FUND EQUITY	\$ 22,430	\$ 91,154	\$ 54,484	\$ 39,368	\$ 756	\$ 914,994	\$ 8,257	\$ 1,131,443

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND EQUITIES
 TRUST FUNDS
 YEAR ENDED AUGUST 31, 2001

	County Health WIC	Drainage	Local Bridge Program	Township Bridge Supervisory Engineering	Township Construction	Township Motor Fuel Tax	Inmate Commissary	Total
RECEIPTS:								
Property Taxes	\$ --	\$ 46,791	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 46,791
Intergovernmental Revenues:								
State Sources:								
Motor Fuel Taxes	--	--	--	--	--	1,642,975	--	1,642,975
Other State Sources	--	--	290,959	--	--	318,955	--	609,914
Federal Sources	169,695	--	--	--	--	--	--	169,695
Interest	--	2,817	4,534	--	--	52,703	--	60,054
Miscellaneous Revenues	--	--	--	--	--	--	13,840	13,840
Total Receipts	\$ 169,695	\$ 49,608	\$ 295,493	\$ --	\$ --	\$ 2,014,633	\$ 13,840	\$ 2,543,269
DISBURSEMENTS:								
Current:								
Public Works/Transportation Health and Welfare	\$ --	\$ 30,382	\$ 116,712	\$ 127,188	\$ 385,392	\$ 1,691,807	\$ --	\$ 2,351,481
Total Disbursements	\$ 125,221	\$ 30,382	\$ 116,712	\$ 127,188	\$ 385,392	\$ 1,691,807	\$ 14,918	\$ 2,491,620
Receipts Over (Under) Disbursements	\$ 44,474	\$ 19,226	\$ 178,781	\$ (127,188)	\$ (385,392)	\$ 322,826	\$ (1,078)	\$ 51,649
Other Financing Sources (Uses):								
Operating Transfers In	--	--	--	163,764	385,392	--	--	549,156
Operating Transfers Out	(45,186)	--	(336,825)	--	--	(79,136)	--	(461,149)
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ (712)	\$ 19,226	\$ (158,044)	\$ 36,576	\$ --	\$ 243,688	\$ (1,078)	\$ 139,656
Fund Equity - September 1, 2000	23,142	71,928	212,528	2,792	756	671,306	8,838	991,290
Fund Equity - August 31, 2001	\$ 22,430	\$ 91,154	\$ 54,484	\$ 39,368	\$ 756	\$ 914,994	\$ 7,760	\$ 1,130,946

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
YEAR ENDED AUGUST 31, 2001

	Balance September 1, 2000	Additions	Deductions	Balance August 31, 2001
<u>CIRCUIT CLERK'S CASH BAIL</u>				
ASSETS				
Cash and Cash Equivalents	\$ 82,343	\$ 25,755	\$ 31,623	\$ 76,475
LIABILITIES				
Due to Court Defendants	\$ 82,343	\$ 25,755	\$ 31,623	\$ 76,475
<u>PROPERTY TAX FUND</u>				
ASSETS				
Cash and Cash Equivalents	\$ 9,237,774	\$ 17,418,982	\$ 16,665,569	\$ 9,991,187
LIABILITIES				
Due to Other Taxing Units	\$ 9,237,774	\$ 17,418,982	\$ 16,665,569	\$ 9,991,187
<u>TAXES IN LITIGATION</u>				
ASSETS				
Cash and Cash Equivalents	\$ 24,602	\$ 836	\$ --	\$ 25,438
LIABILITIES				
Due to Other Taxing Units	\$ 24,602	\$ 836	\$ --	\$ 25,438
<u>INHERITANCE TAX</u>				
ASSETS				
Cash and Cash Equivalents	\$ 1,235	\$ 308,616	\$ 308,040	\$ 1,811
LIABILITIES				
Due to Other Governmental Agencies	\$ 1,235	\$ 308,616	\$ 308,040	\$ 1,811
<u>MINOR AND UNKNOWN HEIRS</u>				
ASSETS				
Cash and Cash Equivalents	\$ 45,258	\$ 2,176	\$ 7,906	\$ 39,528
Interfund Loan Receivable	30	--	--	30
	<u>\$ 45,288</u>	<u>\$ 2,176</u>	<u>\$ 7,906</u>	<u>\$ 39,558</u>
LIABILITIES				
Due to Other Governmental Agencies	\$ 45,288	\$ 2,176	\$ 7,906	\$ 39,558

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - (CONTINUED)
 AGENCY FUNDS
 YEAR ENDED AUGUST 31, 2001

	Balance September 1, 2000	Additions	Deductions	Balance August 31, 2001
<u>COUNTY CLERK'S REAL ESTATE REDEMPTION</u>				
ASSETS				
Cash and Cash Equivalents	\$ 792	\$ 80,073	\$ 80,827	\$ 38
LIABILITIES				
Due to Purchasers of Real Estate Taxes	\$ 792	\$ 80,073	\$ 80,827	\$ 38
<u>SHERIFF'S TRUST FUND</u>				
ASSETS				
Cash and Cash Equivalents	\$ 764	\$ 7,319	\$ 4,846	\$ 3,237
LIABILITIES				
Due to Other Taxing Units	\$ 764	\$ 7,319	\$ 4,846	\$ 3,237
<u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and Cash Equivalents	\$ 9,392,768	\$ 17,843,757	\$ 17,098,811	\$ 10,137,714
Interfund Loan Receivable	30	--	--	30
TOTAL ASSETS	\$ 9,392,798	\$ 17,843,757	\$ 17,098,811	\$ 10,137,744
LIABILITIES				
Due to Other Taxing Units	\$ 9,263,140	\$ 17,427,137	\$ 16,670,415	\$ 10,019,862
Due to Other Governmental Agencies	46,523	310,792	315,946	41,369
Due to Court Defendants	82,343	25,755	31,623	76,475
Due to Purchasers of Real Estate Taxes	792	80,073	80,827	38
TOTAL LIABILITIES	\$ 9,392,798	\$ 17,843,757	\$ 17,098,811	\$ 10,137,744

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, 2000 TO JUNE 30, 2001
CONTRACT NUMBER IL-18-XO16 & IL-18-X017

<u>Line Item</u>	<u>Revenue</u>	
401.01	Passenger Fare / Donations	\$ 14,128
402.00	Special Transit Fares	108,029
409.00	Local Cash Grants	42,517
431.00	Contributed Cash	<u>18,452</u>
Total Revenue		<u>\$ 183,126</u>

<u>Expenses</u>		Actual Administrative Expenses	Actual Operating Expenses	Total
501.00	Labor	\$ 43,724	\$ 164,783	\$ 208,507
502.00	Fringe Benefits	9,451	52,097	61,548
503.00	Services	3,322	40,228	43,550
504.01	Fuel and Oil	--	36,927	36,927
504.02	Tires and Tubes	--	646	646
504.99	Other Materials	3,709	2,775	6,484
505.00	Utilities	4,085	428	4,513
506.00	Casualty and Liability	15,240	--	15,240
509.00	Miscellaneous	3,857	10,955	14,812
512.00	Lease and Rentals	<u>3,463</u>	<u>--</u>	<u>3,463</u>
Total Direct Expense		\$ 86,851	\$ 308,839	\$ 395,690
Total Indirect Expense		<u>21,367</u>	<u>--</u>	<u>21,367</u>
Total Expense		<u>\$ 108,218</u>	<u>\$ 308,839</u>	<u>\$ 417,057</u>

Section 5311 Grant Reimbursement

	Administrative Expenses	Operating Expenses	Total	Grant Total
Expenses:	\$ 108,218	\$ 308,839	\$ 417,057	
Less: Ineligible Expense	<u>--</u>	<u>--</u>	<u>--</u>	
Net Eligible Expenses	\$ 108,218	\$ 308,839	\$ 417,057	
Less: Total Operating Revenues	<u>--</u>	<u>14,128</u>	<u>14,128</u>	
Section 5311 Operating Deficit	108,218	\$ 294,711	\$ 402,929	
Section 5311 Reimbursement	<u>X 80%</u>	<u>X 50%</u>		
Eligible Reimbursement Per Percentages	\$ 86,575	\$ 147,356		\$ 233,931
Funding Limits Per Contract				245,333
Maximum Section 5311 Reimbursement			<u>233,931</u>	233,931
Less: IDOT Payments - Section 5311 Reimbursement to Grantee				233,931
Amount Under Paid				<u>\$ 11,402</u>
Grantee Local Match Requirement			<u>\$ 168,998</u>	

Grantee Match Sources

Special Transit Fares	\$ 108,029
Local Cash Grants	42,517
Contributed Cash	<u>18,452</u>
Total Grantee Local Match	<u>\$ 168,998</u>

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

SHELBY COUNTY, ILLINOIS
 REQUIRED SUPPLEMENTAL INFORMATION
 IMRF SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED AUGUST 31, 2001

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)
12/31/00	1,285,668	824,737	(460,931)	155.89%	342,350	0.00%
12/31/99	1,134,665	745,320	(389,345)	152.24%	366,055	0.00%
12/31/98	1,093,884	630,629	(463,255)	173.46%	364,332	0.00%
12/31/97	879,030	498,260	(380,770)	176.42%	340,910	0.00%
12/31/96	910,105	618,862	(291,243)	147.06%	356,726	0.00%
12/31/95	793,520	509,070	(284,450)	155.88%	327,445	0.00%
12/31/94	574,971	284,712	(290,259)	201.95%	258,384	0.00%
12/31/93	498,136	219,818	(278,318)	226.61%	263,819	0.00%
12/31/92	436,792	283,370	(153,422)	154.14%	257,333	0.00%

B. ECO Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/00	(279,902)	1,350,815	1,630,717	0.00%	341,401	477.65%
12/31/99	106,420	1,255,925	1,149,505	8.47%	303,928	378.22%
12/31/98	(364,006)	581,443	945,449	0.00%	248,947	379.78%
12/31/97	(322,101)	460,401	782,502	0.00%	208,290	375.68%
12/31/96	0	0	0	0.00%	0	N/A
12/31/95	0	0	0	0.00%	0	N/A
12/31/94	0	0	0	0.00%	0	N/A
12/31/93	0	0	0	0.00%	0	N/A
12/31/92	0	0	0	0.00%	0	N/A

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)
12/31/00	4,731,814	4,262,002	(469,812)	111.02%	1,594,097	0.00%
12/31/99	4,022,812	3,909,768	(113,044)	102.89%	1,485,154	0.00%
12/31/98	3,260,197	3,417,363	157,237	95.40%	1,390,813	11.31%
12/31/97	3,323,197	4,092,179	768,982	81.21%	1,294,194	59.42%
12/31/96	2,818,458	3,265,389	446,931	86.31%	1,480,153	30.19%
12/31/95	2,461,577	3,173,511	711,934	77.57%	1,432,925	49.68%
12/31/94	2,414,264	3,138,654	724,390	76.92%	1,388,770	52.16%
12/31/93	2,061,942	2,991,363	929,421	68.93%	1,448,364	64.17%
12/31/92	1,875,310	3,031,309	1,155,999	61.86%	1,466,280	78.84%

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

SHELBY COUNTY, ILLINOIS
REQUIRED SUPPLEMENTAL INFORMATION
IMRF SCHEDULE OF FUNDING PROGRESS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2001

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2000 were changed due to the 1996-1998 Experience Study. The principal changes were:

- More members are expected to take refunds early in their career.
- For both Regular and SLEP members, more normal and early retirements are expected to occur.
- Expected salary increases due to longevity for employees with less than 6 years of service are increased.

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

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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 each of its major federal programs for the year ended August 31, 2001. Shelby County, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs 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 each of its major federal programs for the year ended August 31, 2001.

Internal Control Over Compliance

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

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

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

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

March 25, 2002

SHELBY COUNTY
SHELBYVILLE, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2001

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Disbursements/ Expenditures
<u>U. S. Department of Justice</u>			
Bulletproof Vest Partnership Program	16.607	Not applicable	\$ 1,641
<u>Federal Emergency Management Agency</u>			
Passed through Illinois Ememergency Management Agency			
Public Assistance Grant	83.544	Not applicable	\$ 417
<u>U.S. Department of Transportation</u>			
Passed through Illinois Department of Transportation			
Public Transportation	20.509	RPT-01-019	\$ 231,805
<u>U.S. Department of Health & Human Services</u>			
Passed through Illinois Department of Human Services			
Social Service Block Grant	93.667	824084400	\$ 3,000
Abstinence Education Block Grant	93.325	82872490	20,100
Diabetes Program	93.988	82592440A	10,800
Total passed through the Illinois Department Human Services			\$ 33,900
Passed through Illinois Department of Public Aid			
Child Support/Computer Interface	93.563		\$ 6,900
Passed through Illinois Department of Public Health			
Preventive Initiative	93.991	873-48230-4400-2300	\$ 3,379
Health Protection	93.268	000283	32,114
Total passed through the Illinois Department of Public Health			\$ 35,493
Total U.S. Department of Health and Human Services			\$ 76,293
<u>U.S. Department of Agriculture</u>			
Passed through the Illinois Department of Human Services			
Special Supplemental Nutrition Prgoram for Women, Infants, and Children	10.557	82700440A	\$ 169,695
<u>Environmental Protection Agency</u>			
Passed through the Illinois Department of Public Health			
Performance Partnership Grant	66.454	063-48250-1900-0000	\$ 400
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 480,251

See accompnaying independent auditor's report.

SHELBY COUNTY
SHELBYVILLE, ILLINOIS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2001

Note 1 – Significant Accounting Policies

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

Note 2 – Commodity Credit

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed.

SHELBY COUNTY
SHELBYVILLE, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2001

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses a qualified opinion on the financial statements of Shelby County.
2. No reportable condition relating to the audit of the financial statements is reported in the Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements performed on accordance with *Government Auditing Standards*.
3. 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 programs tested as major programs include:

Name	CFDA No.
Public Transportation	20.509
Special Supplemental Nutrition Program for Women, Infants and Children	10.557

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Shelby County was not 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 the Court Security, Airport, Rescue Squad and Law Library.

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.

Marjorie J. Strohl

Shelby County Clerk & Recorder
301 E. Main
P.O. Box 230
Shelbyville, Illinois 62565

Phone:
217/774-4421
FAX:
217/774-5291
Office Hours: 8-4 Monday-Friday

CORRECTIVE ACTION PLAN

March 25, 2002

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, 2001.

Name and address of independent public accounting firm:

Mose, Yockey, Brown & Kull, CPA's
230 North Morgan
P. O. Box 317
Shelbyville, IL 62565

Audit Period: Year ended August 31, 2001

The findings from the Fiscal Year 2001 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

B. FINDINGS – FINANCIAL STATEMENT AUDITS

Material Noncompliance

1. Expenditures exceeded the budgeted amounts

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

Action Taken: We concur with the recommendation, and it was implemented effective March 25, 2002.

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

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

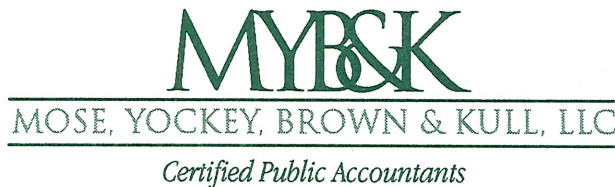
If the Illinois Department of Transportation has questions regarding this plan, please call Shelby County.

Sincerely,

A handwritten signature in cursive script that reads "Marjorie Strohl". The signature is written in black ink and is positioned above the printed name.

Marjorie Strohl
County Clerk

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



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

WILLIAM R. MOSE, CPA

County Board Members
Shelby County
Shelbyville, Illinois

In planning and performing our audit of the combined financial statements of Shelby County, Illinois, as of and for the year ended August 31, 2001, we considered the County's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the combined financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls. The following paragraphs summarize our comments and suggestions regarding these matters. This letter does not affect our report dated March 25, 2002 on the combined financial statements of Shelby County.

Petty cash funds used by the various county offices are not being maintained on an imprest basis. Cash receipts should not be commingled with the funds and reimbursements to the funds should serve to replenish the funds to their established amounts.

Various reimbursements of prior year expenditures were coded to current year expenditure accounts. These reimbursements should be recorded as revenue and only reimbursements for current year expenditures should be recorded to expenditure accounts.

Various proceeds from the sale of fixed assets were coded to expenditure accounts. Proceeds from the sale of fixed assets should be recorded as revenue.

The County has not established a policy to distinguish between capital expenditures and supplies. Low dollar supply items are being classified as capital outlay. The County should establish and adhere to a formal capitalization policy.

The County needs to quantify the amount of compensated absence at the end of each fiscal year. Department heads should provide Mose, Yockey, Brown & Kull the number of vacation days earned by not used as of August 31 for each employee.

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
Mose, Yockey, Brown & Kull
Certified Public Accountants

March 25, 2002