

SHELBY COUNTY, ILLINOIS
TABLE OF CONTENTS
AUGUST 31, 2002

	<u>PAGES</u>
Independent Auditor's Report	1-2
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	3-4
<u>Combined Statements – Overview:</u>	
Combined Statement of Assets, Liabilities and Fund Equities Arising from Cash Transactions – All Fund Types, Account Group, and Discretely Presented Component Units	5
Combined Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Equities – All Governmental Fund Types, Expendable Trust Funds, and Discretely Presented Component Units	6
Combined Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Equities – Budget and Actual – General and Special Revenue Fund Types	7
Notes to Financial Statements	8-25
<u>Supplemental Information – Combining Statements:</u>	
<u>General Fund</u>	
Combining Statement of Assets, Liabilities and Fund Equities Arising from Cash Transactions	26
Combining Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Equities	27
Combining Statement of Cash Disbursements	28-29
<u>Special Revenue Funds</u>	
Combining Statement of Assets, Liabilities and Fund Equities Arising from Cash Transactions	30-34
Combining Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Equities	35-39

SHELBY COUNTY, ILLINOIS
TABLE OF CONTENTS
AUGUST 31, 2002

Capital Projects Funds

Combining Statement of Assets, Liabilities and Fund Equities Arising from Cash Transactions	40
Combining Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Equities	41

Trust Funds

Combining Statement of Assets, Liabilities and Fund Equities Arising from Cash Transactions	42
Combining Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Equities	43

Agency Fund

Combining Statement of Changes in Assets and Liabilities	44-45
--	-------

Supplemental Schedules

Section 5311 Annual Financial Report	46
IMRF Schedule of Funding Progress	47-48

Single Audit

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	49-50
Schedule of Expenditures of Federal Awards	51
Notes to the Schedule of Expenditures of Federal Awards	52
Schedule of Findings and Questioned Costs	53-54
Corrective Action Plan	55-56
Summary Schedule of Prior Audit Findings	57

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

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, 2002, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2002 (stated at \$425,133).

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, 2002 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 4, 2003 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, LLC
Mose, Yockey, Brown & Kull, LLC
Certified Public Accountants

March 4, 2003

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

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, 2002, and have issued our report thereon dated March 4, 2003. 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; 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*.

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 and County Airport 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 4, 2003.

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, LLC

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

March 4, 2003

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, 2002

	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)	(Memorandum Only)	
ASSETS											
Cash and Cash Equivalents	\$ 582,178	\$ 1,854,772	\$ 1,385	\$ 8,419,114	\$ 761,097	\$ 8,419,114	\$ --	\$ --	\$ 11,618,546	\$ 14,129	\$ 11,632,675
Time Deposits	1,527,826	1,279,918	--	--	256,464	--	--	--	3,064,208	--	3,064,208
Interfund Loans Receivable	170,632	5,285	--	--	--	--	--	--	175,917	--	175,917
Inventory	4,245	--	--	--	--	--	--	--	4,245	--	4,245
Furniture, Equipment & Vehicles	--	--	--	--	--	--	425,133	--	425,133	--	425,133
Amount to be Provided for Long-Term Debt	--	--	--	--	--	--	--	1,071,618	1,071,618	--	1,071,618
TOTAL ASSETS	\$ 2,284,881	\$ 3,139,975	\$ 1,385	\$ 8,419,114	\$ 1,017,561	\$ 8,419,114	\$ 425,133	\$ 1,071,618	\$ 16,359,667	\$ 14,129	\$ 16,373,796
LIABILITIES											
Withholding Payable	\$ 227	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 227	\$ 1,101	\$ 1,328
Due to Other Governmental Units	63,559	--	--	--	--	--	--	--	63,559	--	63,559
Due to Governmental Agencies	--	--	--	8,419,114	210	8,419,114	--	--	8,419,324	--	8,419,324
Interfund Loans Payable	--	175,917	--	--	--	--	--	--	175,917	--	175,917
Long-Term Debt:											
Capital Lease Obligations	--	--	--	--	--	--	--	275,618	275,618	--	275,618
Bonds Payable	--	--	--	--	--	--	--	796,000	796,000	--	796,000
TOTAL LIABILITIES	\$ 63,786	\$ 175,917	\$ --	\$ 8,419,114	\$ 210	\$ 8,419,114	\$ --	\$ 1,071,618	\$ 9,730,645	\$ 1,101	\$ 9,731,746
FUND EQUITY											
Fund Equity:											
Investment in General Fixed Assets Reserved:	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 425,133	\$ --	\$ 425,133	\$ --	\$ 425,133
Reserved for Insurance Unreserved:	60,495	--	--	--	--	--	--	--	60,495	--	60,495
Undesignated	2,160,600	2,964,058	1,385	--	1,017,351	--	--	--	6,143,394	13,028	6,156,422
TOTAL FUND EQUITY	\$ 2,221,095	\$ 2,964,058	\$ 1,385	\$ --	\$ 1,017,351	\$ --	\$ 425,133	\$ --	\$ 6,629,022	\$ 13,028	\$ 6,642,050
TOTAL LIABILITIES AND FUND EQUITY	\$ 2,284,881	\$ 3,139,975	\$ 1,385	\$ 8,419,114	\$ 1,017,561	\$ 8,419,114	\$ 425,133	\$ 1,071,618	\$ 16,359,667	\$ 14,129	\$ 16,373,796

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, 2002

	Governmental Fund Types			Fiduciary Fund Type	Total Primary Government	Total Reporting Entity
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)	(Memorandum Only)
RECEIPTS:						
Property Taxes	\$ 892,902	\$ 1,692,853	\$ 14,818	\$ 51,701	\$ 2,652,274	\$ 2,652,274
Sales Taxes	502,828	--	--	--	502,828	502,828
Other Taxes	--	--	--	--	--	71,791
Intergovernmental Revenue:						
State Sources:						
Income Taxes	654,922	--	--	--	654,922	654,922
Motor Fuel Taxes	--	447,569	--	1,666,963	2,114,529	2,114,529
Replacement Tax	25,452	57,353	--	--	82,805	82,805
Other State Sources	191,439	367,880	--	609,320	1,168,639	1,168,639
Federal Sources	3,601	341,836	--	152,054	497,491	497,491
County Farm	21,525	--	--	--	21,525	21,525
Loan Repayments	--	63,639	--	--	63,639	63,639
Charges for Services	28,465	70,417	--	2,252	101,134	101,134
Licenses and Permits	4,459	--	--	--	4,459	4,459
Fines, Fees and Forfeits	501,909	140,266	--	--	642,175	642,175
Sales of Real Estate Stamps	67,346	--	--	--	67,346	67,346
Reimbursement of Prior Year Expenditures	57,022	6,842	--	--	63,864	63,864
Interest	10,146	92,674	54	30,973	180,728	181,568
Miscellaneous Revenues	--	30,950	--	20,392	61,398	61,398
Total Receipts	\$ 2,962,016	\$ 3,312,279	\$ 14,872	\$ 2,533,567	\$ 8,822,734	\$ 8,918,217

	Governmental Fund Types			Fiduciary Fund Type	Total Primary Government	Total Reporting Entity
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)	(Memorandum Only)
DISBURSEMENTS:						
Current:						
General Government	\$ 1,279,404	\$ 504,887	--	--	\$ 1,784,291	\$ 1,923,031
Public Safety	908,980	20,833	--	--	929,813	929,813
Corrections	72,426	--	--	--	72,426	72,426
Judiciary	274,234	29,040	--	--	303,274	303,274
Public Works/Transportation	--	1,195,040	42,585	2,554,530	3,792,214	3,792,214
Health and Welfare	32,645	916,262	--	130,415	1,079,322	1,079,322
Debt Service	262,999	38,118	--	--	315,895	315,895
Capital Outlay	123,938	53,220	--	2,857	180,015	185,833
Total Disbursements	\$ 2,954,626	\$ 2,757,400	\$ 57,363	\$ 2,687,831	\$ 8,457,250	\$ 8,601,808
Receipts Over (Under) Disbursements	\$ 7,390	\$ 554,879	\$ (42,491)	\$ (154,264)	\$ 365,484	\$ (49,075)
Other Financing Sources (Uses):						
Operating Transfers In	520,596	569,522	41,000	404,630	1,535,752	1,535,752
Operating Transfers Out	(511,887)	(656,750)	--	(363,931)	(1,532,572)	(1,532,572)
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ 16,099	\$ 467,651	\$ (1,491)	\$ (113,561)	\$ 368,664	\$ (49,075)
Fund Equity - September 1, 2001	2,204,996	2,496,407	2,876	1,130,945	5,835,225	5,897,328
Fund Equity - August 31, 2002	\$ 2,221,095	\$ 2,964,058	\$ 1,385	\$ 1,017,331	\$ 6,203,869	\$ 6,216,917

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, 2002

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS:						
Property Taxes	\$ --	\$ 892,902	\$ 892,902	\$ --	\$ 1,692,853	\$ 1,692,853
Sales Taxes	--	502,828	502,828	--	--	--
Intergovernmental Revenue:						
State Sources:						
Income Taxes	--	654,922	654,922	--	--	--
Motor Fuel Taxes	--	--	--	--	447,569	447,569
Replacement Tax	--	25,452	25,452	--	57,353	57,353
Other State Sources	--	191,439	191,439	--	367,880	367,880
Federal Sources	--	3,601	3,601	--	341,836	341,836
County Farm	--	21,525	21,525	--	--	--
Loan Repayment	--	--	--	--	63,639	63,639
Charges for Services	--	28,465	28,465	--	70,417	70,417
Licenses and Permits	--	4,459	4,459	--	--	--
Fines, Fees and Forfeits	--	501,909	501,909	--	--	--
Sales of Real Estate Stamps	--	67,346	67,346	--	140,266	140,266
Reimbursement of Prior Year Expenditures	--	--	--	--	--	--
Interest	--	57,022	57,022	--	6,842	6,842
Miscellaneous Revenues	--	10,146	10,146	--	92,674	92,674
					30,950	30,950
Total Receipts	\$ --	\$ 2,962,016	\$ 2,962,016	\$ --	\$ 3,312,279	\$ 3,312,279
DISBURSEMENTS:						
Current:						
General Government	\$ 1,712,868	\$ 1,279,404	\$ 433,464	\$ 547,000	\$ 504,887	\$ 42,113
Public Safety	885,604	908,980	(23,376)	55,700	20,833	34,867
Corrections	99,031	72,426	26,605	--	--	--
Judiciary	77,321	274,234	(196,913)	26,000	29,040	(3,040)
Public Works/Transportation	--	--	--	1,555,253	1,195,040	360,213
Health and Welfare	36,275	32,645	3,630	937,508	916,262	21,246
Debt Service	28,000	262,999	(234,999)	--	38,118	(38,118)
Capital Outlay	124,325	123,938	387	52,200	53,220	(1,020)
Total Disbursements	\$ 2,963,424	\$ 2,954,626	\$ 8,798	\$ 3,173,661	\$ 2,757,400	\$ 416,261
Receipts Over (Under) Disbursements	\$ (2,963,424)	\$ 7,390	\$ 2,970,814	\$ (3,173,661)	\$ 554,879	\$ 3,728,540
Other Financing Sources (Uses):						
Operating Transfers In	--	520,596	520,596	--	569,522	569,522
Operating Transfers Out	--	(511,887)	(511,887)	--	(656,750)	(656,750)
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	<u>\$ (2,963,424)</u>	<u>\$ 16,099</u>	<u>\$ 2,979,523</u>	<u>\$ (3,173,661)</u>	<u>\$ 467,651</u>	<u>\$ 3,641,312</u>
Fund Equity - September 1, 2001		2,204,996			2,496,407	
Fund Equity - August 31, 2002		<u>\$ 2,221,095</u>			<u>\$ 2,964,058</u>	

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

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

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.

B. Related Organizations

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

C. Jointly Governed Organizations

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

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

Note 1 – Summary of Significant Accounting Policies (continued)

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).

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.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

Note 1 – Summary of Significant Accounting Policies (continued)

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 accounting principles generally accepted in the United States of America.

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. 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.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

Note 1 – Summary of Significant Accounting Policies (continued)

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, 2002, 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.

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 \$1,535,752 do not equal Operating Transfers Out of \$1,532,572 on the Combined Statement of Cash Receipts, Disbursements and Fund Balances due to \$3,180 of transfers between Agency Funds and other funds.

SHELBY COUNTY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

Note 1 – Summary of Significant Accounting Policies (continued)

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 purchased commercial insurance. There has not been a significant reduction in the County's insurance coverage as of August 31, 2002. Also, there have been no settlement amounts which exceeded insurance coverage in the past three years.

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.

Note 2 - Required Individual Fund Disclosures

Accounting principles generally accepted in the United States of America 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	\$ 22,703	\$ 20,000	\$ 2,703
County Airport	67,825	57,550	10,275

B. Deficit Fund Balances of Individual Funds

The Municipal Retirement and Social Security Special Revenue Funds had negative fund balances of \$138,285 and \$31,387, respectively at August 31, 2002.

SHELBY COUNTY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

Note 2 - Required Individual Fund Disclosures (continued)

C. Individual Fund Interfund Receivable and Payable Balances

Individual fund interfund receivable and payable balances at August 31, 2002 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 170,632	\$
Special Revenue Funds:		
Municipal Retirement		138,540
Social Security		32,092
Miscellaneous County Health		3,800
Home Nursing	3,800	
Fees to Assist Court		1,485
Automation	<u>1,485</u>	
Total	<u>\$ 175,917</u>	<u>\$ 175,917</u>

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 \$14,689,524, excluding \$7,359 petty cash, and the bank balances totaled \$15,057,492. All deposits are maintained in financial institutions.

	<u>Book Balances</u>	<u>Bank Balances</u>
Category 1		
Deposits covered by federal depository insurance or collateral held by the County in the County's name	\$ 1,840,868	\$ 1,842,022
Category 2		
Deposits covered by collateral held by the pledging financial institution's trust department, or by its agent, in the County's name.	6,065,058	6,065,058
Category 3		
Deposits that are uninsured and uncollateralized	<u>6,783,598</u>	<u>7,150,412</u>
	<u>\$ 14,689,524</u>	<u>\$ 15,057,492</u>

SHELBY COUNTY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

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 2001 and 2002 attached as an enforceable lien on property as of January 1, 2000 and 2001, respectively. These taxes were required to be levied by the County prior to the last Tuesday in December. The 2000 and 2001 levies were adopted by the County in September, 2000 and September, 2001. Property taxes were due from property owners in two installments in August and October. The property tax receipts for the year ending August 31, 2002, as shown in the combined financial statements, consist of three distributions from the 2000 levy. Property taxes are distributed from September through February.

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

	<u>2000 Levy</u>	<u>2001 Levy</u>
Assessed Valuation	<u>\$234,363,069</u>	<u>\$234,363,069</u>
Property Tax Rates:		
Extension Education	.0291	.02695
County	.2700	.26039
County Highway	.1000	.09645
County Bridge	.0500	.04823
Federal Aid	.0500	.04823
County Health	.1240	.11959
Municipal Retirement	.1494	.15717
Airport	.0245	.02270
Mental Health	.1195	.11053
Social Security	.0841	.08999
Tort Immunity Insurance	.0405	.03880
Workers' Comp. Insurance Tax	.0435	.04164
Unemployment Insurance Act	.0085	.00817
Bond	--	.06766
Total County Rate	<u>1.0931</u>	<u>1.13650</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, \$60,495, of the General Fund's equity represents the excess of cumulative receipts over cumulative disbursements which is restricted for future unemployment tax disbursements in accordance with the Illinois Compiled Statutes.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

Note 5 - Special Tax Levies and Restricted Equity (continued)

Liability Insurance

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

Workers' Compensation Insurance

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the General Fund. 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.

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 2001 was 7.39 percent of payroll for IMRF, 1.00 percent of payroll for SLEP members and 42.95 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, 2001 were 10 years for IMRF, 9 years for SLEP members and 31 years for ECO members.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

Note 6 - Retirement Plans (continued)

SLEP Plan

For December 31, 2001, the County's annual pension cost of \$3,810 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 1999 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 2001 actuarial valuation were based on the 1996-1998 experience study.

ECO Plan

For December 31, 2001, the County's annual pension cost of \$158,534 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 1999 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 2001 actuarial valuation were based on the 1996-1998 experience study.

Other County Employees' Plan

For December 31, 2001, the County's annual pension cost of \$122,858 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 1999 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 2001 actuarial valuation were based on the 1996-1998 experience study.

SHELBY COUNTY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

Note 6 - Retirement Plans (continued)

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>
12/31/01	\$ 3,810	100%	\$0
12/31/00	3,492	100%	0
12/31/99	3,770	100%	0
12/31/98	25,368	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

ECO Plan

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/01	\$ 158,534	100%	\$0
12/31/00	148,338	100%	0
12/31/99	115,340	100%	0
12/31/98	49,789	100%	0
12/31/97	15,479	100%	0
12/31/96	0	100%	0
12/31/95	0	100%	0
12/31/94	0	100%	0
12/31/93	0	100%	0
12/31/92	0	100%	0

SHELBY COUNTY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

Note 6 - Retirement Plans (continued)

Other County Employees' Plan

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/01	\$ 122,858	100%	\$0
12/31/00	136,455	100%	0
12/31/99	148,515	100%	0
12/31/98	138,664	100%	0
12/31/97	158,465	100%	0
12/31/96	159,421	100%	0
12/31/95	160,631	100%	0
12/31/94	166,375	100%	0
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 \$193,478, the total required contribution for the year ended August 31, 2002.

Note 7 - Changes in Fixed Assets

	<u>Balance September 1, 2001</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance August 31, 2002</u>
Furniture, Equipment and Vehicles	<u>\$ 265,113</u>	<u>\$160,020</u>	<u>\$ --</u>	<u>\$ 425,133</u>

Note 8 - Equipment Lease Agreements

Shelby County has entered into the following equipment lease agreements with the Fidar 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, 2002, there is one annual lease payment remaining.

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

Note 8 - Equipment Lease Agreements (continued)

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, 2002, there is one annual lease payment 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, 2002 the obligation is paid in full.

Election Software and Service Contract

This original agreement dated October 10, 2001 provides for sixteen quarterly payments for election software supplies and support and computer hardware upgrade. As of August 31, 2002, there are twelve quarterly payments remaining.

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

Excavator

The agreement, approved November 1, 1999 provides for seven annual payments of \$16,363 including 6.4% interest due November 1 of each year for the lease/purchase of a 1997 Caterpillar 320BL Excavator. The County has an option to purchase the equipment before the expiration of the lease. As of August 30, 2002, there are five annual lease payments remaining.

2001 International Dump Truck

The agreement approved January 3, 2001 provides for five annual payments of \$18,273 including 6.424% interest due January 3 of each year for the lease/purchase of a 2001 International Dump Truck. The County has the option to purchase the truck before the expiration of the lease. As of August 31, 2002, there are four 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%. The County Airport has paid this obligation in full as of August 31, 2002.

SHELBY COUNTY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

Note 10 - 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.

At August 31, 2002 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>
2003	<u>\$ 9,000</u>	<u>\$ 536</u>	<u>\$ 9,536</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, 2002 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>
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>\$ 27,000</u>	<u>\$ 5,456</u>	<u>\$ 32,456</u>

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

Note 10 - 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, 2002 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>
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>\$ 760,000</u>	<u>\$ 86,512</u>	<u>\$ 846,512</u>

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

Note 11 - 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, 2002.

	<u>Payable at September 1, 2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance August 31, 2002</u>
Fidlar & Chambers Real Estate and Financial Package	\$ 68,000	\$ --	\$ 34,000	\$ 34,000
Fidlar & Chambers Land Record Indexing	26,000	--	13,000	13,000
Fidlar & Chambers Election Software	25,000	--	25,000	--
Fidlar Doubleday Election Software	--	130,475	32,619	97,856
Excavator	79,429	--	11,372	68,057
2001 International Dump Truck	76,090	--	13,385	62,705
First Federal Savings & Loan Operating Note	15,000	--	15,000	--
Carriage Park Subdivision Special Service Area Bonds	18,000	--	9,000	9,000
Garden Acres Subdivision Special Service Area Bonds	30,000	--	3,000	27,000
Refunding Self-Insurance General Obligation Bonds	<u>895,000</u>	<u>--</u>	<u>135,000</u>	<u>760,000</u>
	<u>\$ 1,232,519</u>	<u>\$ 130,475</u>	<u>\$ 291,376</u>	<u>\$ 1,071,618</u>

SHELBY COUNTY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

Note 12 - 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 \$63,559 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 13 - Insurance

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

Tort Immunity Receipts:	
Property Tax Collected	\$ 94,733
Mobile Home Tax Collected	151
Other Payments in Lieu of Taxes	96
Interest	<u>258</u>
	\$ 95,238
Tort Expenditures:	
Commercial Liability Insurance	<u>95,238</u>
Receipts over expenditures	\$ --
Restricted at September 1, 2001	<u> --</u>
Restricted at August 31, 2002	<u>\$ --</u>

Note 14 - CEFS Agreement

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

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

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

SHELBY COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

Note 15 - Commitments and Contingencies

Airport Operator's Agreement

On June 7th, 1994, the Shelby County Airport and Landing Fields Commission entered into an "Airport Operator's Agreement" with B & M Aviation, Inc. for the operation and management of Shelby County Airport. This was for a two year term, expiring in June 1996, requiring a monthly rent of \$1,500. The Shelby County Airport continued to operate under the terms of the expired agreement through August 31, 2002.

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, 2002 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, 2002.

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, 2002 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, 2002

Note 15 – 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 \$21,525 in rent income from Jim Hampton during the year ended August 31, 2002.

Note 16 – Subsequent Events

The County's health insurance provider has filed bankruptcy. In February, 2003, the County was required to pay \$114,585 for unpaid employees' insurance claims.

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, 2004. 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, 2002

Fee Offices

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Total
ASSETS							
Cash and Cash Equivalents	\$ 441,426	\$ 11,720	\$ 124,948	\$ 3,586	\$ --	\$ 498	\$ 582,178
Time Deposits	1,517,826	--	10,000	--	--	--	1,527,826
Interfund Loans Receivable	170,632	--	--	--	--	--	170,632
Inventory	--	4,245	--	--	--	--	4,245
TOTAL ASSETS	\$ 2,129,884	\$ 15,965	\$ 134,948	\$ 3,586	\$ --	\$ 498	\$ 2,284,881
LIABILITIES							
Withholding Payable	\$ 227	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 227
Due to Other Governmental Units	--	--	63,559	--	--	--	63,559
TOTAL LIABILITIES	\$ 227	\$ --	\$ 63,559	\$ --	\$ --	\$ --	\$ 63,786
FUND EQUITY							
Fund Equity:							
Reserved:							
Reserved for Insurance	\$ 60,495	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 60,495
Unreserved:							
Undesignated	2,069,162	15,965	71,389	3,586	--	498	2,160,600
TOTAL FUND EQUITY	\$ 2,129,657	\$ 15,965	\$ 71,389	\$ 3,586	\$ --	\$ 498	\$ 2,221,095
TOTAL LIABILITIES AND FUND EQUITY	\$ 2,129,884	\$ 15,965	\$ 134,948	\$ 3,586	\$ --	\$ 498	\$ 2,284,881

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, 2002

	Other than Fee Offices	County Clerk	Circuit Clerk	Sheriff	States Attorney	Supervisor of Assessments	Total
RECEIPTS:							
Property Taxes	\$ 892,902	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 892,902
Sales Taxes	502,828	--	--	--	--	--	502,828
Intergovernmental Revenues:							
Income Taxes	654,922	--	--	--	--	--	654,922
Replacement Taxes	25,452	--	--	--	--	--	25,452
Other State Sources	191,439	--	--	--	--	--	191,439
Federal Source	3,601	--	--	--	--	--	3,601
County Farm	21,525	--	--	--	--	--	21,525
Charges for Services	28,465	--	--	--	--	--	28,465
Licenses and Permits	4,459	--	--	--	--	--	4,459
Fees, Fines and Forfeits	4,661	136,670	99,543	53,416	205,769	1,850	501,909
Sales of Real Estate Stamps	--	67,346	--	--	--	--	67,346
Interest	55,820	--	1,202	--	--	--	57,022
Miscellaneous Receipts	10,146	--	--	--	--	--	10,146
Total Receipts	\$ 2,396,220	\$ 204,016	\$ 100,745	\$ 53,416	\$ 205,769	\$ 1,850	\$ 2,962,016
DISBURSEMENTS:							
See Schedule at Page 30	\$ 2,907,727	\$ 45,283	\$ 1,616	\$ --	\$ --	\$ --	\$ 2,954,626
Receipts Over (Under) Disbursements	\$ (511,507)	\$ 158,733	\$ 99,129	\$ 53,416	\$ 205,769	\$ 1,850	\$ 7,390
Other Financing Sources (Uses):							
Operating Transfers In	520,596	--	--	--	--	--	520,596
Operating Transfers Out	--	(159,900)	(89,844)	(54,624)	(205,769)	(1,750)	(511,887)
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ 9,089	\$ (1,167)	\$ 9,285	\$ (1,208)	\$ --	\$ 100	\$ 16,099
Fund Equity - September 1, 2001	2,120,568	17,132	62,104	4,794	--	398	2,204,996
Fund Equity - August 31, 2002	\$ 2,129,657	\$ 15,965	\$ 71,389	\$ 3,586	\$ --	\$ 498	\$ 2,221,095

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, 2002

	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	\$ 181,597	\$ 378	--	\$ --	--	\$ --	\$ 181,975
Circuit Clerk	148,038	--	1,616	--	--	--	149,654
Supervisor of Assessments	102,452	--	--	--	--	--	102,452
County Treasurer	129,797	--	--	--	--	--	129,797
County Coroner	30,995	--	--	--	--	--	30,995
Regional Superintendent of Schools	32,593	--	--	--	--	--	32,593
Farmland Assessment	--	--	--	--	--	--	--
Board of Review	24,745	--	--	--	--	--	24,745
Board of Appeals	1,927	--	--	--	--	--	1,927
Planning Commission	1,199	--	--	--	--	--	1,199
Zoning Administrator	3,829	--	--	--	--	--	3,829
Utilities	45,778	--	--	--	--	--	45,778
Maintenance, Repairs and Improvement	30,286	--	--	--	--	--	30,286
Insurance and Taxes	208,878	--	--	--	--	--	208,878
Employee Insurance	176,586	--	--	--	--	--	176,586
County Farm	4,572	--	--	--	--	--	4,572
County Board Expenses	54,737	--	--	--	--	--	54,737
Services, Supplies and Miscellaneous	54,496	--	--	--	--	--	54,496
Purchase of Real Estate Tax Stamps	--	44,905	--	--	--	--	44,905
Total General Government	\$ 1,232,505	\$ 45,283	\$ 1,616	\$ --	\$ --	\$ --	\$ 1,279,404
Public Safety:							
Operating Expenses Pertaining to the Office of:							
County Sheriff	\$ 902,081	--	--	\$ --	--	\$ --	\$ 902,081
Rescue Squad	3,457	--	--	--	--	--	3,457
ESDA	917	--	--	--	--	--	917
911 Emergency Services	462	--	--	--	--	--	462
Merit Commission	2,063	--	--	--	--	--	2,063
Total Public Safety	\$ 908,980	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 908,980

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, 2002

	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	\$ 72,426	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 72,426
Judiciary: Operating Expenses Pertaining to the Office of: States Attorney Public Defender Appointed Counsel Fee Circuit Judge Expenses	\$ 191,903	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 191,903
	66,974	--	--	--	--	--	66,974
	10,269	--	--	--	--	--	10,269
	5,088	--	--	--	--	--	5,088
Total Judiciary	\$ 274,234	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 274,234
Health and Welfare: Operating Expenses Pertaining to the Office of: Animal Control	\$ 32,645	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 32,645
Debt Service:	\$ 262,999	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 262,999
Capital Outlay: Sheriff Circuit Judge Computer Equipment 911 Equipment and Furniture Rescue Squad	\$ 47,935	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 47,935
	1,760	--	--	--	--	--	1,760
	41,698	--	--	--	--	--	41,698
	31,996	--	--	--	--	--	31,996
	549	--	--	--	--	--	549
Total Capital Outlay	\$ 123,938	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 123,938
TOTAL DISBURSEMENTS	\$ 2,907,727	\$ 45,283	\$ 1,616	\$ --	\$ --	\$ --	\$ 2,954,626

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, 2002

	Animal Control	County Health	Ambulance	Mental Health	Municipal Retirement	Social Security	Indemnity	Subtotal
ASSETS								
Cash and Cash Equivalents	\$ 15,384	\$ 74,792	\$ 47,014	\$ 182,860	\$ 255	\$ 705	\$ 6,957	\$ 327,967
Time Deposits	26,672	105,694	20,517	133,361	--	--	71,672	357,916
Interfund Loans Receivable	--	--	--	--	--	--	--	--
TOTAL ASSETS	\$ 42,056	\$ 180,486	\$ 67,531	\$ 316,221	\$ 255	\$ 705	\$ 78,629	\$ 685,883
LIABILITIES								
Interfund Loans Payable	--	--	--	--	\$ 138,540	\$ 32,092	--	\$ 170,632
FUND EQUITY								
Fund Equity:								
Unreserved - Undesignated	\$ 42,056	\$ 180,486	\$ 67,531	\$ 316,221	\$ (138,285)	\$ (31,387)	\$ 78,629	\$ 515,251
TOTAL FUND EQUITY	\$ 42,056	\$ 180,486	\$ 67,531	\$ 316,221	\$ (138,285)	\$ (31,387)	\$ 78,629	\$ 515,251
TOTAL LIABILITIES AND FUND EQUITY	\$ 42,056	\$ 180,486	\$ 67,531	\$ 316,221	\$ 255	\$ 705	\$ 78,629	\$ 685,883

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, 2002

	County Bridge	County Highway	Federal Aid Secondary Matching	County Motor Fuel Tax	Rescue Squad	Home Nursing	Probation	Subtotal
ASSETS								
Cash and Cash Equivalents	\$ 173,224	\$ 248,270	\$ 87,948	\$ 224,201	\$ 465	\$ 191,323	\$ 54,961	\$ 980,392
Time Deposits	--	--	--	--	--	227,586	133,248	360,834
Interfund Loans Receivable	--	--	--	--	--	3,800	--	3,800
TOTAL ASSETS	\$ 173,224	\$ 248,270	\$ 87,948	\$ 224,201	\$ 465	\$ 422,709	\$ 188,209	\$ 1,345,026
LIABILITIES								
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
FUND EQUITY								
Fund Equity:								
Unreserved - Undesignated	\$ 173,224	\$ 248,270	\$ 87,948	\$ 224,201	\$ 465	\$ 422,709	\$ 188,209	\$ 1,345,026
TOTAL FUND EQUITY	\$ 173,224	\$ 248,270	\$ 87,948	\$ 224,201	\$ 465	\$ 422,709	\$ 188,209	\$ 1,345,026
TOTAL LIABILITIES AND FUND EQUITY	\$ 173,224	\$ 248,270	\$ 87,948	\$ 224,201	\$ 465	\$ 422,709	\$ 188,209	\$ 1,345,026

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, 2002

	Fees to Assist Court	Law Library	Automation	Recording	Drug Traffic Prevention	Airport	Rural Transport- ation	Subtotal
Cash and Cash Equivalents	\$ 113,502	\$ 9,046	\$ 67,140	\$ 5,383	\$ 10,374	\$ 48,836	\$ --	\$ 254,281
Time Deposits	166,819	--	--	--	--	127,795	--	294,614
Interfund Loans Receivable	--	--	1,485	--	--	--	--	1,485
TOTAL ASSETS	\$ 280,321	\$ 9,046	\$ 68,625	\$ 5,383	\$ 10,374	\$ 176,631	\$ --	\$ 550,380
LIABILITIES								
Interfund Loans Payable	\$ 1,485	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,485
FUND EQUITY								
Fund Equity:								
Unreserved - Undesignated	\$ 278,836	\$ 9,046	\$ 68,625	\$ 5,383	\$ 10,374	\$ 176,631	\$ --	\$ 548,895
TOTAL FUND EQUITY	\$ 278,836	\$ 9,046	\$ 68,625	\$ 5,383	\$ 10,374	\$ 176,631	\$ --	\$ 548,895
TOTAL LIABILITIES AND FUND EQUITY	\$ 280,321	\$ 9,046	\$ 68,625	\$ 5,383	\$ 10,374	\$ 176,631	\$ --	\$ 550,380

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, 2002

	Public Building	Court Security	GIS	Document Storage	Misc County Health	Revolving Loan	Victim Impact Panel	Subtotal
ASSETS								
Cash and Cash Equivalents	\$ --	\$ 27,580	\$ 10,956	\$ 50,038	\$ 55,258	\$ 136,912	\$ 7,781	\$ 288,525
Time Deposits	--	--	--	--	71,810	194,744	--	266,554
Interfund Loans Receivable	--	--	--	--	--	--	--	--
TOTAL ASSETS	\$ --	\$ 27,580	\$ 10,956	\$ 50,038	\$ 127,068	\$ 331,656	\$ 7,781	\$ 555,079
LIABILITIES								
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ --	\$ 3,800	\$ --	\$ --	\$ 3,800
FUND EQUITY								
Fund Equity:								
Undesignated	\$ --	\$ 27,580	\$ 10,956	\$ 50,038	\$ 123,268	\$ 331,656	\$ 7,781	\$ 551,279
TOTAL FUND EQUITY	\$ --	\$ 27,580	\$ 10,956	\$ 50,038	\$ 123,268	\$ 331,656	\$ 7,781	\$ 551,279
TOTAL LIABILITIES AND FUND EQUITY	\$ --	\$ 27,580	\$ 10,956	\$ 50,038	\$ 127,068	\$ 331,656	\$ 7,781	\$ 555,079

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, 2002

	Attorney Forfeited	Shelby County Flame	DUI Equipment	Subtotal Page 30	Subtotal Page 31	Subtotal Page 32	Subtotal Page 33	Total
ASSETS								
Cash and Cash Equivalents	\$ 827	\$ 106	\$ 2,674	\$ 327,967	\$ 330,392	\$ 254,281	\$ 288,525	\$ 1,854,772
Time Deposits	--	--	--	357,916	330,834	294,614	266,554	1,279,918
Interfund Loans Payable	--	--	--	--	3,800	1,485	--	5,285
TOTAL ASSETS	\$ 827	\$ 106	\$ 2,674	\$ 685,883	\$ 1,345,026	\$ 550,380	\$ 555,079	\$ 3,139,975
LIABILITIES								
Interfund Loans Payable	\$ --	\$ --	\$ --	\$ 170,632	\$ --	\$ 1,485	\$ 3,800	\$ 175,917
FUND EQUITY								
Fund Equity:								
Unreserved - Undesignated	\$ 827	\$ 106	\$ 2,674	\$ 515,251	\$ 1,345,026	\$ 548,895	\$ 551,279	\$ 2,964,058
TOTAL FUND EQUITY	\$ 827	\$ 106	\$ 2,674	\$ 515,251	\$ 1,345,026	\$ 548,895	\$ 551,279	\$ 2,964,058
TOTAL LIABILITIES AND FUND EQUITY	\$ 827	\$ 106	\$ 2,674	\$ 685,883	\$ 1,345,026	\$ 550,380	\$ 555,079	\$ 3,139,975

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, 2002

	Animal Control	County Health	Ambulance	Mental Health	Municipal Retirement	Social Security	Indemnity	Subtotal
RECEIPTS:								
Property Taxes	\$ --	\$ 291,266	\$ 45,104	\$ 280,633	\$ 330,941	\$ 197,469	\$ --	\$ 1,165,413
Intergovernmental Revenue:								
State Sources								
Motor Fuel Taxes	--	--	--	--	--	--	--	--
Replacement Taxes	--	5,832	--	11,462	12,281	--	--	29,575
Other State Sources	--	85,366	--	--	--	--	--	85,366
Federal Sources	--	475	--	--	--	--	--	475
Loan Repayments	--	--	--	--	--	--	--	--
Charges for Services	--	7,853	--	--	--	--	--	7,853
Fines and Fees	5,571	--	--	--	--	--	--	5,571
Reimbursement of Prior Year Expenditures	--	--	--	--	--	--	--	--
Interest	884	6,124	1,584	12,567	322	831	2,216	24,528
Miscellaneous Revenues	--	60	--	--	--	--	--	60
Total Receipts	\$ 6,455	\$ 396,976	\$ 46,688	\$ 304,662	\$ 363,544	\$ 198,300	\$ 2,216	\$ 1,318,841
DISBURSEMENTS:								
Current:								
General Government	\$ --	\$ --	\$ --	\$ --	\$ 270,284	\$ 193,480	\$ 1,994	\$ 465,758
Public Safety	--	--	--	--	--	--	--	--
Judiciary	--	--	--	--	--	--	--	--
Public Works/Transportation	--	--	--	--	--	--	--	--
Health and Welfare	--	526,601	37,560	255,228	--	--	--	819,389
Debt Service	--	--	--	--	--	--	--	--
Capital Outlay	--	889	--	--	--	--	--	889
Total Disbursements	\$ --	\$ 527,490	\$ 37,560	\$ 255,228	\$ 270,284	\$ 193,480	\$ 1,994	\$ 1,286,036
Receipts Over (Under) Disbursements	\$ 6,455	\$ (130,514)	\$ 9,128	\$ 49,434	\$ 93,260	\$ 4,820	\$ 222	\$ 32,805
Other Financing Sources (Uses):								
Operating Transfers In	--	154,904	--	--	--	--	3,180	158,084
Operating Transfers Out	--	--	--	--	--	--	--	--
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ 6,455	\$ 24,390	\$ 9,128	\$ 49,434	\$ 93,260	\$ 4,820	\$ 3,402	\$ 190,889
Fund Equity - September 1, 2001	35,601	156,096	58,403	266,787	(231,545)	(36,207)	75,227	324,362
Fund Equity - August 31, 2002	\$ 42,056	\$ 180,486	\$ 67,531	\$ 316,221	\$ (138,285)	\$ (31,387)	\$ 78,629	\$ 515,251

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND EQUITIES - (CONTINUED)
 SPECIAL REVENUE FUNDS
 YEAR ENDED AUGUST 31, 2002

	County Bridge	County Highway	Federal Aid Secondary Matching	County Motor Fuel Tax	Rescue Equity	Home Nursing	Probation	Subtotal
RECEIPTS:								
Property Taxes	\$ 117,446	\$ 234,892	\$ 117,446	\$ --	\$ --	\$ --	\$ --	\$ 469,784
Intergovernmental Revenue:								
State Sources								
Motor Fuel Taxes	--	--	--	447,569	--	--	--	447,569
Replacement Taxes	6,147	12,697	6,148	--	--	--	--	24,992
Other State Sources	--	--	--	175,864	--	34,250	--	210,114
Federal Sources	--	--	--	--	--	70,538	--	70,538
Loan Repayments	--	--	--	--	--	--	--	--
Charges for Services	--	--	--	--	--	44,203	--	44,203
Fines and Fees	--	--	--	--	--	--	30,486	30,486
Reimbursement of Prior Year Expenditures	--	--	6,842	--	--	--	--	6,842
Interest	5,073	5,727	2,883	6,266	--	9,972	4,220	34,141
Miscellaneous Revenues	--	--	--	--	465	--	--	465
Total Receipts	\$ 128,666	\$ 253,316	\$ 133,319	\$ 629,699	\$ 465	\$ 159,963	\$ 34,706	\$ 1,339,134

DISBURSEMENTS:

Current:								
General Government	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Public Safety	--	--	--	--	--	--	18,276	18,276
Judiciary	--	--	--	--	--	--	--	--
Public Works/Transportation:	57,989	483,900	15,132	342,489	--	--	--	899,510
Health and Welfare	--	--	--	--	--	85,252	--	85,252
Debt Service	--	9,879	--	--	--	--	--	9,879
Capital Outlay	--	25,219	--	--	--	6,041	806	32,066
Total Disbursements	\$ 57,989	\$ 518,998	\$ 15,132	\$ 342,489	\$ --	\$ 91,293	\$ 19,082	\$ 1,044,983
Receipts Over (Under) Disbursements	\$ 70,677	\$ (265,682)	\$ 118,187	\$ 287,210	\$ 465	\$ 67,670	\$ 15,624	\$ 294,151
Other Financing Sources (Uses):								
Operating Transfers In	20,190	357,885	--	--	--	--	--	378,075
Operating Transfers Out	(102,129)	(11,147)	(117,500)	(270,000)	--	--	--	(500,776)
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ (11,262)	\$ 81,056	\$ 687	\$ 17,210	\$ 465	\$ 67,670	\$ 15,624	\$ 171,450
Fund Equity - September 1, 2001	184,486	167,214	87,261	206,991	--	355,039	172,585	1,173,576
Fund Equity - August 31, 2002	\$ 173,224	\$ 248,270	\$ 87,948	\$ 224,201	\$ 465	\$ 422,709	\$ 186,209	\$ 1,345,026

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, 2002

	Fees to Assist Court	Law Library	Automation	Recording	Dog Traffic Prevention	Airport	Rural Transportation	Subtotal
RECEIPTS:								
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 57,656	\$ --	\$ 57,656
Intergovernmental Revenue:								
State Sources								
Motor Fuel Taxes	--	--	--	--	--	--	--	--
Replacement Taxes	--	--	--	--	--	2,786	--	2,786
Other State Sources	--	--	--	--	--	--	--	--
Federal Sources	--	--	4,879	--	--	--	242,944	247,823
Loan Repayments	--	--	--	--	--	--	--	--
Charges for Services	--	--	--	--	--	12,825	--	12,825
Fines and Fees	30,435	6,675	15,796	--	190	--	--	53,096
Reimbursement of Prior Year Expenditures	--	--	--	--	--	--	--	--
Interest	7,691	153	2,040	124	154	6,731	--	16,893
Miscellaneous Revenues	--	--	--	--	6,674	12,171	--	18,845
Total Receipts	\$ 38,126	\$ 6,828	\$ 22,715	\$ 124	\$ 7,018	\$ 92,169	\$ 242,944	\$ 409,924
DISBURSEMENTS:								
Current:								
General Government	\$ --	\$ --	\$ 20,262	\$ 7,103	\$ --	\$ --	\$ --	\$ 27,365
Public Safety	--	--	--	--	2,557	--	--	2,557
Judiciary	--	5,904	--	--	--	--	--	5,904
Public Works/Transportation	--	--	--	--	--	52,566	242,944	295,530
Health and Welfare	--	--	--	--	--	--	--	--
Debt Service	--	--	--	13,000	--	15,239	--	28,239
Capital Outlay	--	--	--	--	--	--	--	--
Total Disbursements	\$ --	\$ 5,904	\$ 20,262	\$ 20,103	\$ 2,557	\$ 67,825	\$ 242,944	\$ 359,595
Receipts Over (Under) Disbursements	\$ 38,126	\$ 924	\$ 2,453	\$ (19,979)	\$ 4,461	\$ 24,344	\$ --	\$ 50,329
Other Financing Sources (Uses):								
Operating Transfers In	--	--	--	21,832	625	--	--	22,457
Operating Transfers Out	--	--	--	--	--	--	--	--
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ 38,126	\$ 924	\$ 2,453	\$ 1,853	\$ 5,086	\$ 24,344	\$ --	\$ 72,786
Fund Equity - September 1, 2001	240,710	8,122	66,172	3,530	5,288	152,287	--	476,109
Fund Equity - August 31, 2002	\$ 278,836	\$ 9,046	\$ 68,625	\$ 5,383	\$ 10,374	\$ 176,631	\$ --	\$ 548,895

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, 2002

	Public Building	Court Security	GIS	Document Storage	Misc. County Health	Revolving Loan	Victim Impact Panel	Subtotal
RECEIPTS:								
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental Revenue:								
State Sources								
Motor Fuel Taxes	--	--	--	--	--	--	--	--
Replacement Taxes	--	--	--	--	--	--	--	--
Other State Sources	--	--	--	72,400	--	--	--	72,400
Federal Sources	--	--	--	23,000	--	--	--	23,000
Loan Repayments	--	--	--	--	63,639	--	--	63,639
Charges for Services	--	--	--	5,536	--	--	--	5,536
Fines and Fees	--	28,926	--	14,846	--	--	3,580	47,352
Reimbursement of Prior Year Expenditures	--	--	--	814	4,280	10,925	91	16,753
Interest	159	434	50	--	1,000	--	--	1,000
Miscellaneous Revenues	--	--	--	--	--	--	--	--
Total Receipts	\$ 159	\$ 29,360	\$ 50	\$ 15,660	\$ 106,216	\$ 74,564	\$ 3,671	\$ 229,680

DISBURSEMENTS:								
Current:								
General Government	\$ --	\$ --	\$ --	\$ 1,264	\$ --	\$ --	\$ --	\$ 1,264
Public Safety	--	--	--	--	--	--	--	--
Judiciary	--	22,703	--	--	--	--	433	23,136
Public Works/Transportation	--	--	--	--	--	--	--	--
Health and Welfare	--	--	--	--	11,621	--	--	11,621
Debt Service	--	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--	--
Total Disbursements	\$ --	\$ 22,703	\$ --	\$ 1,264	\$ 11,621	\$ --	\$ 433	\$ 36,021

Receipts Over (Under) Disbursements	\$ 159	\$ 6,657	\$ 50	\$ 14,396	\$ 94,595	\$ 74,564	\$ 3,238	\$ 193,659
Other Financing Sources (Uses):								
Operating Transfers In	--	--	10,906	--	--	--	--	10,906
Operating Transfers Out	(22,071)	--	--	--	(133,903)	--	--	(155,974)

Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ (21,912)	\$ 6,657	\$ 10,956	\$ 14,396	\$ (39,308)	\$ 74,564	\$ 3,238	\$ 48,591
Fund Equity - September 1, 2001	21,912	20,923	--	35,642	132,576	257,092	4,543	502,688
Fund Equity - August 31, 2002	\$ --	\$ 27,580	\$ 10,956	\$ 50,038	\$ 132,268	\$ 331,656	\$ 7,781	\$ 551,279

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, 2002

	Attorney Forfeited	Shelby County Firm	DUI Equipment	Subtotal Page 35	Subtotal Page 36	Subtotal Page 37	Subtotal Page 38	Total
RECEIPTS:								
Property Taxes	\$ --	\$ --	\$ --	\$ 1,165,413	\$ 469,784	\$ 57,656	\$ --	\$ 1,692,853
Intergovernmental Revenue:								
State Sources								
Motor Fuel Taxes	--	--	--	--	447,569	--	--	447,569
Replacement Taxes	--	--	--	29,575	24,992	2,786	--	57,353
Other State Sources	--	--	--	85,366	210,114	--	72,400	367,880
Federal Sources	--	--	--	475	70,538	247,823	23,000	341,836
Loan Repayments	--	--	--	--	--	--	63,639	63,639
Charges for Services	--	--	--	7,853	44,203	12,825	5,536	70,417
Fines and Fees	620	--	3,141	5,571	30,486	53,096	47,352	140,266
Reimbursement of Prior Year Expenditures	6	26	327	24,528	3,842	16,893	16,753	6,842
Interest	--	10,580	--	60	465	18,845	1,000	92,674
Miscellaneous Revenues	--	--	--	--	--	--	--	30,950
Total Receipts	\$ 626	\$ 10,606	\$ 3,468	\$ 1,318,841	\$ 1,339,134	\$ 409,924	\$ 229,680	\$ 3,312,279

DISBURSEMENTS:

Current:								
General Government	\$ --	\$ 10,500	\$ --	\$ 465,758	\$ --	\$ 27,365	\$ 1,264	\$ 504,887
Public Safety	--	--	--	--	13,276	2,557	--	20,833
Judiciary	--	--	--	--	--	5,904	23,136	29,040
Public Works/Transportation	--	--	--	--	899,510	295,530	--	1,195,040
Health and Welfare	--	--	--	819,389	83,252	--	11,621	916,262
Debt Service	--	--	--	--	3,879	28,239	--	38,118
Capital Outlay	--	--	20,265	889	32,066	--	--	53,220
Total Disbursements	\$ --	\$ 10,500	\$ 20,265	\$ 1,286,036	\$ 1,044,983	\$ 359,595	\$ 36,021	\$ 2,757,400
Receipts Over (Under) Disbursements	\$ 626	\$ 106	\$ (16,797)	\$ 32,805	\$ 294,151	\$ 50,329	\$ 193,659	\$ 554,879
Other Financing Sources (Uses):								
Operating Transfers In	--	--	--	158,084	378,075	22,457	10,906	569,522
Operating Transfers Out	--	--	--	--	(503,776)	--	(155,974)	(656,750)
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ 626	\$ 106	\$ (16,797)	\$ 190,889	\$ 171,450	\$ 72,786	\$ 48,591	\$ 467,651
Fund Equity - September 1, 2001	201	--	19,471	324,362	1,173,576	476,109	502,688	2,496,407
Fund Equity - August 31, 2002	\$ 827	\$ 106	\$ 2,674	\$ 515,251	\$ 1,345,026	\$ 548,895	\$ 551,279	\$ 2,964,058

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, 2002

	Carriage Park	Findlay Road	Garden Acres	Total
ASSETS				
Cash and Cash Equivalents	\$ 152	\$ 588	\$ 645	\$ 1,385
TOTAL ASSETS	\$ 152	\$ 588	\$ 645	\$ 1,385
LIABILITIES				
	\$ --	\$ --	\$ --	\$ --
FUND EQUITY				
Fund Equity:				
Unreserved - Undesignated	\$ 152	\$ 588	\$ 645	\$ 1,385
TOTAL FUND EQUITY	\$ 152	\$ 588	\$ 645	\$ 1,385
TOTAL LIABILITIES AND FUND EQUITY	\$ 152	\$ 588	\$ 645	\$ 1,385

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, 2002

	Carriage Park	Findlay Road	Garden Acres	Total
RECEIPTS:				
Property Taxes	\$ 10,351	\$ --	\$ 4,467	\$ 14,818
Interest	14	19	21	54
Total Receipts	\$ 10,365	\$ 19	\$ 4,488	\$ 14,872
DISBURSEMENTS:				
Current:				
Public Works/Transportation	\$ --	\$ 42,585	\$ --	\$ 42,585
Debt Service	10,323	--	1,455	14,778
Total Disbursements	\$ 10,323	\$ 42,585	\$ 4,455	\$ 57,363
Receipts Over (Under) Disbursements	\$ 42	\$ (42,566)	\$ 33	\$ (42,491)
Other Financing Sources (Uses):				
Operating Transfers In	--	41,000	--	41,000
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ 42	\$ (1,566)	\$ 33	\$ (1,491)
Fund Equity - September 1, 2001	110	2,154	612	2,876
Fund Equity - August 31, 2002	\$ 152	\$ 588	\$ 645	\$ 1,385

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, 2002

	County Health WIC	Drainage	Local Bridge Program	Township Bridge Supervisory Engineering	Township Construction	Township Motor Fuel Tax	Inmate Commissary	Total
Cash and Cash Equivalents	\$ 21,089	\$ 76,528	\$ 129,823	\$ 39,336	\$ 756	\$ 486,171	\$ 7,394	\$ 761,097
Time Deposits	--	--	--	--	--	256,464	--	256,464
TOTAL ASSETS	\$ 21,089	\$ 76,528	\$ 129,823	\$ 39,336	\$ 756	\$ 742,635	\$ 7,394	\$ 1,017,561
LIABILITIES								
Due to Inmates	--	--	--	--	--	--	210	210
FUND EQUITY								
Fund Equity - Unreserved	\$ 21,089	\$ 76,528	\$ 129,823	\$ 39,336	\$ 756	\$ 742,635	\$ 7,184	\$ 1,017,351
TOTAL LIABILITIES AND FUND EQUITY	\$ 21,089	\$ 76,528	\$ 129,823	\$ 39,336	\$ 756	\$ 742,635	\$ 7,394	\$ 1,017,561

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

SHELBY COUNTY, ILLINOIS
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND EQUITIES
 TRUST FUNDS
 YEAR ENDED AUGUST 31, 2002

	County Health WIC	Drainage	Local Bridge Program	Township Bridge Supervisory Engineering	Township Construction	Township Motor Fuel Tax	Inmate Commissary	Total
RECEIPTS:								
Property Taxes	\$ --	\$ 51,701	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 51,701
Intergovernmental Revenues:								
State Sources:								
Motor Fuel Taxes	--	--	--	--	--	1,666,960	--	1,666,960
Other State Sources	--	--	290,365	--	--	318,955	--	609,320
Federal Sources	152,054	--	--	--	--	--	--	152,054
Charges for Services	--	--	--	2,252	--	--	--	2,252
Interest	--	2,010	2,063	--	--	26,905	--	30,978
Miscellaneous Revenues	--	--	--	--	--	--	20,302	20,302
Total Receipts	\$ 152,054	\$ 53,711	\$ 292,428	\$ 2,252	\$ --	\$ 2,012,820	\$ 20,302	\$ 2,533,567
DISBURSEMENTS:								
Current:								
Public Works/Transportation	\$ --	\$ 68,337	\$ 2,231	\$ 124,284	\$ 271,487	\$ 2,088,250	\$ --	\$ 2,554,589
Health and Welfare	109,537	--	--	--	--	--	20,878	130,415
Capital Outlay	2,857	--	--	--	--	--	--	2,857
Total Disbursements	\$ 112,394	\$ 68,337	\$ 2,231	\$ 124,284	\$ 271,487	\$ 2,088,250	\$ 20,878	\$ 2,687,861
Receipts Over (Under) Disbursements	\$ 39,660	\$ (14,626)	\$ 290,197	\$ (122,032)	\$ (271,487)	\$ (75,430)	\$ (576)	\$ (154,294)
Other Financing Sources (Uses):								
Operating Transfers In	--	--	--	122,000	271,487	11,147	--	404,634
Operating Transfers Out	(41,001)	--	(214,858)	--	--	(108,076)	--	(363,935)
Receipts Over (Under) Disbursements and Other Financing Sources (Uses)	\$ (1,341)	\$ (14,626)	\$ 75,339	\$ (32)	\$ --	\$ (172,359)	\$ (576)	\$ (113,595)
Fund Equity - September 1, 2001	22,430	91,154	54,484	39,368	756	914,984	7,760	1,130,946
Fund Equity - August 31, 2002	\$ 21,089	\$ 76,528	\$ 129,823	\$ 39,336	\$ 756	\$ 742,635	\$ 7,184	\$ 1,017,351

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, 2002

	Balance September 1, 2001	Additions	Deductions	Balance August 31, 2002
<u>CIRCUIT CLERK'S CASH BAIL</u>				
ASSETS				
Cash and Cash Equivalents	\$ 76,475	\$ 35,259	\$ 30,840	\$ 80,894
LIABILITIES				
Due to Court Defendants	\$ 76,475	\$ 35,259	\$ 30,840	\$ 80,894
<u>PROPERTY TAX FUND</u>				
ASSETS				
Cash and Cash Equivalents	\$ 9,991,187	\$ 16,124,701	\$ 17,854,239	\$ 8,261,649
LIABILITIES				
Due to Other Taxing Units	\$ 9,991,187	\$ 16,124,701	\$ 17,854,239	\$ 8,261,649
<u>TAXES IN LITIGATION</u>				
ASSETS				
Cash and Cash Equivalents	\$ 25,438	\$ 508	\$ --	\$ 25,946
LIABILITIES				
Due to Other Taxing Units	\$ 25,438	\$ 508	\$ --	\$ 25,946
<u>INHERITANCE TAX</u>				
ASSETS				
Cash and Cash Equivalents	\$ 1,811	\$ 369,615	\$ 369,430	\$ 1,996
LIABILITIES				
Due to Other Governmental Agencies	\$ 1,811	\$ 369,615	\$ 369,430	\$ 1,996
<u>MINOR AND UNKNOWN HEIRS</u>				
ASSETS				
Cash and Cash Equivalents	\$ 39,528	\$ 1,848	\$ --	\$ 41,376
Interfund Loan Receivable	30	--	30	--
	<u>\$ 39,558</u>	<u>\$ 1,848</u>	<u>\$ 30</u>	<u>\$ 41,376</u>
LIABILITIES				
Due to Other Governmental Agencies	\$ 39,558	\$ 1,848	\$ 30	\$ 41,376

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, 2002

	Balance September 1, 2001	Additions	Deductions	Balance August 31, 2002
<u>COUNTY CLERK'S REAL ESTATE REDEMPTION</u>				
ASSETS				
Cash and Cash Equivalents	\$ 38	\$ 155,977	\$ 148,862	\$ 7,153
LIABILITIES				
Due to Purchasers of Real Estate Taxes	\$ 38	\$ 155,977	\$ 148,862	\$ 7,153
<u>SHERIFF'S TRUST FUND</u>				
ASSETS				
Cash and Cash Equivalents	\$ 3,237	\$ 50,902	\$ 54,039	\$ 100
LIABILITIES				
Due to Other Taxing Units	\$ 3,237	\$ 50,902	\$ 54,039	\$ 100
<u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and Cash Equivalents	\$ 10,137,714	\$ 16,738,810	\$ 18,457,410	\$ 8,419,114
Interfund Loan Receivable	30	--	30	--
TOTAL ASSETS	\$ 10,137,744	\$ 16,738,810	\$ 18,457,440	\$ 8,419,114
LIABILITIES				
Due to Other Taxing Units	\$ 10,019,862	\$ 16,176,111	\$ 17,908,278	\$ 8,287,695
Due to Other Governmental Agencies	41,369	371,463	369,460	43,372
Due to Court Defendants	76,475	35,259	30,840	80,894
Due to Purchasers of Real Estate Taxes	38	155,977	148,862	7,153
TOTAL LIABILITIES	\$ 10,137,744	\$ 16,738,810	\$ 18,457,440	\$ 8,419,114

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, 2001 TO JUNE 30, 2002
CONTRACT NUMBER IL-18-XO16 & IL-18-X017

Line Item	Revenue		
401.01	Passenger Fare / Donations		\$ 12,085
402.00	Special Transit Fares		103,086
409.00	Local Cash Grants		39,495
431.00	Contributed Cash		17,889
			<hr/>
	Total Revenue		<u>\$ 172,555</u>

<u>Expenses</u>		Actual Administrative Expenses	Actual Operating Expenses	Total
501.00	Labor	\$ 53,105	\$ 164,629	\$ 217,734
502.00	Fringe Benefits	11,458	54,731	66,189
503.00	Services	4,647	31,729	36,376
504.01	Fuel and Oil	--	29,226	29,226
504.02	Tires and Tubes	--	1,104	1,104
504.99	Other Materials	2,038	1,096	3,134
505.00	Utilities	5,245	--	5,245
506.00	Casualty and Liability	16,798	--	16,798
509.00	Miscellaneous	4,509	4,610	9,119
512.00	Lease and Rentals	1,831	--	1,831
				<hr/>
	Total Direct Expense	\$ 99,631	\$ 287,125	\$ 386,756
	Total Indirect Expense	20,320	--	20,320
				<hr/>
	Total Expense	<u>\$ 119,951</u>	<u>\$ 287,125</u>	<u>\$ 407,076</u>

Section 5311 Grant Reimbursement

	Administrative Expenses	Operating Expenses	Total	Grant Total
Expenses:	\$ 119,951	\$ 287,125	\$ 407,076	
Less: Ineligible Expense	--	--	--	
				<hr/>
Net Eligible Expenses	\$ 119,951	\$ 287,125	\$ 407,076	
Less: Total Operating Revenues	--	12,085	12,085	
				<hr/>
Section 5311 Operating Deficit	119,951	\$ 275,040	\$ 394,991	
Section 5311 Reimbursement	X 80%	X 50%		
				<hr/>
Eligible Reimbursement Per Percentages	\$ 95,961	\$ 137,521		\$ 233,482
Funding Limits Per Contract				255,146
Maximum Section 5311 Reimbursement				233,482
Less: IDOT Payments - Section 5311				<hr/>
Reimbursement to Grantee				233,482
Amount Under Paid				<u>\$ 21,664</u>
Grantee Local Match Requirement			<u>\$ 161,509</u>	

Grantee Match Sources

Special Transit Fares	\$ 103,086
Local Cash Grants	40,534
Contributed Cash	17,889
	<hr/>
Total Grantee Local Match	<u>\$ 161,509</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, 2002

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)
12/31/01	1,412,921	959,942	(452,979)	147.19%	381,027	0.00%
12/31/00	1,285,668	824,737	(460,931)	155.89%	342,350	0.00%
12/31/99	1,134,665	745,320	(389,345)	152.24%	366,055	0.00%
12/31/98	1,093,884	630,629	(463,255)	173.46%	364,332	0.00%
12/31/97	879,030	498,260	(380,770)	176.42%	340,910	0.00%
12/31/96	910,105	618,862	(291,243)	147.06%	356,725	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)
12/31/01	(152,955)	1,663,360	1,816,315	0.00%	369,114	492.07%
12/31/00	(279,902)	1,350,815	1,630,717	0.00%	341,401	477.65%
12/31/99	106,420	1,255,925	1,149,505	8.47%	303,928	378.22%
12/31/98	(364,006)	581,443	945,449	0.00%	248,947	379.78%
12/31/97	(322,101)	460,401	782,502	0.00%	208,290	375.68%
12/31/96	0	0	0	0.00%	0	N/A
12/31/95	0	0	0	0.00%	0	N/A
12/31/94	0	0	0	0.00%	0	N/A
12/31/93	0	0	0	0.00%	0	N/A
12/31/92	0	0	0	0.00%	0	N/A

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, 2002

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)
12/31/01	5,351,480	4,726,617	(624,863)	113.22%	1,662,493	0.00%
12/31/00	4,731,814	4,262,002	(469,812)	111.02%	1,594,097	0.00%
12/31/99	4,022,812	3,909,768	(113,044)	102.89%	1,485,154	0.00%
12/31/98	3,260,197	3,417,363	157,237	95.40%	1,390,813	11.31%
12/31/97	3,323,197	4,092,179	768,982	81.21%	1,294,194	59.42%
12/31/96	2,818,458	3,265,389	446,931	86.31%	1,480,153	30.19%
12/31/95	2,461,577	3,173,511	711,934	77.57%	1,432,925	49.68%
12/31/94	2,414,264	3,138,654	724,390	76.92%	1,388,770	52.16%
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%

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.

230 N. Morgan Street

P.O. Box 317

Shelbyville, IL 62565

Tel: 217.774.9587

Fax: 217.774.9589

Email: mybkcpas@bmmhnet.com

MYB&K

MOSE, YOCKEY, BROWN & KULL, LLC

Certified Public Accountants

ROBIN R. YOCKEY, CPA

HOPE M. BROWN, CPA

KENT D. KULL, CPA

WILLIAM R. MOSE, CPA

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, 2002. 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, 2002.

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

March 4, 2003

SHELBY COUNTY, ILLINOIS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED AUGUST 31, 2002

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Disbursements/ Expenditures
<u>U.S. Department of Transportation</u>			
Passed through Illinois Department of Transportation			
Public Transportation	20.509	RPT-01-019	\$ 242,944
<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	15,050
Diabetes Program	93.988	82592440A	11,300
Total passed through the Illinois Department Human Services			\$ 29,350
Passed through Illinois Department of Public Aid			
Child Support/Computer Interface	93.563		\$ 8,480
Passed through Illinois Department of Public Health			
Federal Bioterrorism Preparedness	93.283	1310	\$ 20,000
Health Protection	93.268	000283	44,188
Total passed through the Illinois Department of Public Health			\$ 64,188
Total U.S. Department of Health and Human Services			\$ 102,018
<u>U.S. Department of Agriculture</u>			
Passed through the Illinois Department of Human Services			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	82700440A	\$ 152,054
<u>Environmental Protection Agency</u>			
Passed through the Illinois Department of Public Health			
Performance Partnership Grant	66.605	4740	\$ 475
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 497,491

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

SHELBY COUNTY, ILLINOIS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2002

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 – Nonmonetary Assistance

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

SHELBY COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2002

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 in 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:

<u>Name</u>	<u>CFDA No.</u>
Public Transportation	20.509
Health Protection	93.268

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 4, 2003

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, 2002.

Name and address of independent public accounting firm:

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

Audit Period: Year ended August 31, 2002

The findings from the Fiscal Year 2002 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 4, 2003.

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 black ink that reads "Marjorie Strohl". The signature is written in a cursive style with a large, looped initial "M".

Marjorie Strohl
County Clerk

SHELBY COUNTY, ILLINOIS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2002

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

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

MYB&K
MOSE, YOCKEY, BROWN & KULL, LLC
Certified Public Accountants

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

WILLIAM R. MOSE, CPA

County Board Members
Shelby County
Shelbyville, Illinois

In planning and performing our audit of the combined financial statements of Shelby County, Illinois, as of and for the year ended August 31, 2002, 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 4, 2003 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.

The County has not established a policy to distinguish between capital expenditures and supplies. A capitalization policy is required by GASB No. 34 which establishes a dollar threshold for capital items, a method of depreciation and asset class lives.

The County needs to quantify the amount of compensated absences at the end of each fiscal year. Department heads should provide Mose, Yockey, Brown & Kull the number of vacation days earned but 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, LLC
Mose, Yockey, Brown & Kull, LLC
Certified Public Accountants

March 4, 2003