

Subject to compliance by the County with certain covenants, in the opinion of Cunningham, Vogel & Rost, P.C., St. Louis, Missouri, Bond Counsel, under present law, interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. See "TAX EXEMPTION" and "BOND PREMIUM AND ORIGINAL ISSUE DISCOUNT" herein for a more complete discussion. Interest on the Bonds is not exempt from Illinois income taxes.

THE COUNTY OF JEFFERSON, ILLINOIS

\$7,375,000 General Obligation Alternate Bonds, Series 2003-A (Jefferson County, Illinois Jail and Administrative Office Center Project) **and** **\$7,375,000 General Obligation Alternate Bonds, Series 2003-B** (Jefferson County, Illinois Jail and Administrative Office Center Project)

Dated: February 15, 2003

Due: Serially, January 15, 2007 through 2024

The \$7,375,000 General Obligation Alternate Bonds, Series 2003-A (Jefferson County, Illinois Jail and Administrative Office Center Project) (the "Series 2003-A Bonds"), and \$7,375,000 General Obligation Alternate Bonds, Series 2003-B (Jefferson County, Illinois Jail and Administrative Office Project) (the "Series 2003-B Bonds"), are being issued by The County of Jefferson, Illinois (the "County"). BNY Trust Company of Missouri, St. Louis, Missouri will act as the Paying Agent and Bond Registrar for the Bonds (the "Paying Agent" and "Bond Registrar"). Interest is payable semiannually on January 15 and July 15 of each year, commencing July 15, 2003. The Bonds will be issued using a global book-entry only system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. Individual purchases will be made in book-entry form only in denominations of \$5,000 each or any authorized integral multiple thereof. The Bonds will mature in the on January 15 years and amounts set forth on page iii of the Official Statement.

Series 2003-A Bonds maturing on and after January 15, 2014 shall be subject to optional redemption prior to maturity on January 15, 2013 and on any date thereafter in whole or in part in any order of maturity designated by the County, but in inverse order if none is specified, at a redemption price of par, plus accrued interest to the date fixed for redemption. See "THE BONDS - Optional Redemption" herein.

Series 2003-B Bonds maturing on and after January 15, 2009 shall be subject to optional redemption prior to maturity on January 15, 2008 and on any date thereafter in whole or in part in any order of maturity designated by the County, but in inverse order if none is specified, at a redemption price of par, plus accrued interest to the date fixed for redemption. See "THE BONDS - Optional Redemption" herein.



**Financial Guaranty Insurance
Company**

FGIC is a registered service mark used by Financial Guaranty Insurance Company, a private company not affiliated with any U.S. Government agency.

PURPOSE AND SECURITY

The Bonds are being issued to provide funds for the acquisition, construction, furnishing and equipping of a new County jail (the "Jail"), administrative office facility, renovation to the existing County courthouse (collectively, the "Facility"), capitalized interest until January 15, 2006 and to pay the costs of issuance of the Bonds. See "THE PROJECT" herein. Principal of and interest on the Bonds will be payable from (i) fee revenues expected to be received by the County from per diem prisoners incarceration services pursuant to intergovernmental agreements between the County and local and federal corrections agencies (the "Fee Revenues") and (ii) previously unencumbered sales taxes imposed by and expected to be received by the County (the "Sales Tax Revenues") ((i) and (ii) constituting "Pledged Revenues") and (iii) ad valorem taxes of the County for which its full faith and credit have been irrevocably pledged, unlimited as to rate or amount (the "Pledged Direct Taxes"), except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See "THE BONDS - Authority and Purpose" herein.

THE BONDS HAVE NOT BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR PURPOSES OF SECTION 265(b) OF THE INTERNAL REVENUE CODE OF 1986.

The Bonds are offered subject to prior sale, when, as and if issued by the County and accepted by the Underwriter, and subject to the approval of the legality by Cunningham, Vogel & Rost, P.C., St. Louis, Missouri, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its Counsel, Evans, Froehlich, Beth & Chamley, Champaign, Illinois. It is expected that the Bonds will be available for delivery in definitive form through the facilities of DTC on or about February 25, 2003.

BERNARDI SECURITIES, INC.

MUNICIPAL BOND SPECIALIST

105 West Adams Street, Suite 1900, Chicago, Illinois 60603
(312) 726-7324 / (800) 367-8757 / www.bernardisecurities.com

This Official Statement is dated February 20, 2003

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this Official Statement, may be supplemented or corrected by the County from time to time (collectively the "Official Statement"), shall be treated as an Official Statement with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the County.

This Official Statement should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports, or other documents are referred to herein, reference should be made to such statutes, reports, or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

No dealer, broker, salesman or other person has been authorized by the County or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County and from other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date as of which information is given in this Official Statement.

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified to their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement they will be furnished by the County on request.

MATURITIES, INTEREST RATES AND YIELDS

\$7,375,000 General Obligation Alternate Bonds, Series 2003-A (Jefferson County, Illinois Jail and Administrative Office Center Project)

The 2003-A Bonds will mature in the following years and amounts (1):

| <u>Amount</u> | <u>Due January 15,</u> | <u>Interest Rate</u> | <u>Yield</u> | <u>Amount</u> | <u>Due January 15,</u> | <u>Interest Rate</u> | <u>Yield</u> |
|---------------|------------------------|----------------------|--------------|---------------|------------------------|----------------------|--------------|
| \$295,000 | 2007 | 2.75% | 2.30% | \$370,000 | 2014 | 4.00% | 4.20% |
| 300,000 | 2008 | 3.00 | 2.70 | 385,000 | 2015 | 4.15 | 4.35 |
| 310,000 | 2009 | 3.40 | 3.15 | 400,000 | 2016 | 4.30 | 4.50 |
| 320,000 | 2010 | 3.70 | 3.45 | 420,000 | 2017 | 4.40 | 4.60 |
| 330,000 | 2011 | 3.75 | 3.75 | 440,000 | 2018 | 4.50 | 4.70 |
| 345,000 | 2012 | 3.90 | 3.90 | 460,000 | 2019 | 4.60 | 4.80 |
| 355,000 | 2013 | 4.00 | 4.00 | 2,645,000 | 2024 | 5.25 | 4.90 TERM 1* |

Term 1 – Term bond subject to mandatory sinking fund redemption beginning January 15, 2020.

*Term Bond – See “THE BONDS - Mandatory Sinking Fund Redemption”

Series 2003-A Bonds maturing on and after January 15, 2014 shall be subject to optional redemption prior to maturity on January 15, 2013 and on any date thereafter in whole or in part in any order of maturity designated by the County, but in inverse order if none is specified, at a redemption price of par, plus accrued interest to the date fixed for redemption. See “THE BONDS - Optional Redemption” herein.

\$7,375,000 General Obligation Alternate Bonds, Series 2003-B (Jefferson County, Illinois Jail and Administrative Office Center Project)

The 2003-B Bonds will mature in the following years and amounts (1):

| <u>Amount</u> | <u>Due January 15,</u> | <u>Interest Rate</u> | <u>Yield</u> | <u>Amount</u> | <u>Due January 15,</u> | <u>Interest Rate</u> | <u>Yield</u> |
|---------------|------------------------|----------------------|--------------|---------------|------------------------|----------------------|--------------|
| \$285,000 | 2007 | 3.95% | 2.30% | \$385,000 | 2015 | 4.20% | 4.35% |
| 295,000 | 2008 | 4.00 | 2.70 | 400,000 | 2016 | 4.50 | 4.52 |
| 305,000 | 2009 | 4.00 | 3.15 | 420,000 | 2017 | 4.50 | 4.62 |
| 315,000 | 2010 | 4.00 | 3.46 | 440,000 | 2018 | 4.70 | 4.72 |
| 325,000 | 2011 | 4.30 | 3.80 | 945,000 | 2020 | 4.70 | 4.85 TERM 1* |
| 340,000 | 2012 | 4.10 | 3.90 | 1,045,000 | 2022 | 4.75 | 4.90 TERM 2* |
| 355,000 | 2013 | 4.00 | 4.10 | 1,150,000 | 2024 | 5.00 | 5.07 TERM 3* |
| 370,000 | 2014 | 4.20 | 4.30 | | | | |

Term 1 – Term bond subject to mandatory sinking fund redemption beginning January 15, 2019.

Term 2 – Term bond subject to mandatory sinking fund redemption beginning January 15, 2021.

Term 3 – Term bond subject to mandatory sinking fund redemption beginning January 15, 2023.

*Term Bond – See “THE BONDS - Mandatory Sinking Fund Redemption”

Series 2003-B Bonds maturing on and after January 15, 2009 shall be subject to optional redemption prior to maturity on January 15, 2008 and on any date thereafter in whole or in part in any order of maturity designated by the County, but in inverse order if none is specified, at a redemption price of par, plus accrued interest to the date fixed for redemption. See “THE BONDS - Optional Redemption” herein.

(1) See “BOND PREMIUM AND ORIGINAL ISSUE DISCOUNT” herein.

BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Official Statement which should be reviewed in its entirety by potential investors.

Issuer: The County of Jefferson, Illinois.

Issue: \$7,375,000 General Obligation Alternate Bonds, Series 2003-A (Jefferson County, Illinois Jail and Administrative Office Center Project) and \$7,375,000 General Obligation Alternate Bonds, Series 2003-B (Jefferson County, Illinois Jail and Administrative Office Center Project).

Dated Date: February 15, 2003

Interest Due: Semiannually on January 15 and July 15 of each year, commencing July 15, 2003.

Principal Due: Serially on January 15, 2007 through 2024.

Optional Redemption: Series 2003-A Bonds maturing on and after January 15, 2014 shall be subject to optional redemption prior to maturity on January 15, 2013 and on any date thereafter in whole or in part in any order of maturity designated by the County, but in inverse order if none is specified, at a redemption price of par, plus accrued interest to the date fixed for redemption. See "THE BONDS - Optional Redemption" herein.

Series 2003-B Bonds maturing on and after January 15, 2009 shall be subject to optional redemption prior to maturity on January 15, 2008 and on any date thereafter in whole or in part in any order of maturity designated by the County, but in inverse order if none is specified, at a redemption price of par, plus accrued interest to the date fixed for redemption. See "THE BONDS - Optional Redemption" herein.

Security: Principal of and interest on the Bonds will be payable from (i) fee revenues expected to be received by the County from per diem prisoners incarceration services pursuant to intergovernmental agreements between the County and local and federal corrections agencies (the "Fee Revenues") and (ii) previously unencumbered sales taxes imposed by and expected to be received by the County (the "Sales Tax Revenues") ((i) and (ii) constituting "Pledged Revenues") and (iii) ad valorem taxes of the County for which its full faith and credit have been irrevocably pledged, unlimited as to rate or amount (the "Pledged Direct Taxes"), except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See "THE BONDS - Authority and Purpose" herein

Purpose: The Bonds are being issued to provide funds for the acquisition, construction, furnishing and equipping of a new County jail (the "Jail"), administrative office facility, renovation to the existing County courthouse (collectively, the "Facility"), capitalized interest until January 15, 2006 and to pay the costs of issuance of the Bonds. See "THE PROJECT" on page 9 herein.

Tax Exemption: Cunningham, Vogel & Rost, P.C., St. Louis, Missouri, Bond Counsel, will provide an opinion as to the legality and tax exemption of the Bonds as discussed under "TAX EXEMPTION" in this Official Statement. Interest on the Bonds is not exempt from present State of Illinois income taxes.

No Bank Qualification: The Bonds have not been designated as "Qualified Tax-Exempt Obligations" for purposes of Section 265(b) of the Internal Revenue Code of 1986.

Insurance: FGIC Insured. See **BOND INSURANCE** herein.

Rating: Standard & Poor's AAA Rated. See **BOND RATING** herein.

Paying Agent and Bond Registrar: BNY Trust Company of Missouri, St. Louis, Missouri will act as Paying Agent and Bond Registrar (the "Paying Agent" and "Bond Registrar"). The County reserves the right to appoint a replacement paying agent and bond registrar in the future.

Underwriter's Counsel: Evans, Froehlich, Beth & Chamley, Champaign, Illinois

Underwriter: Bernardi Securities, Inc., Chicago, Illinois.

Statement of Long-Term Bonded Indebtedness (as of January 9, 2003)

| | Amount | Per Capita (2000 Pop. est. 40,045) | Percent of | |
|---|-----------------|--|------------------------------------|-------------------------|
| | Applicable | | Equalized Assessed Valuation | Estimated True Value |
| Equalized Assessed Valuation, 2001..... | \$ 290,839,357 | \$ 7,262.81 | 100.00% | 33.33% |
| Estimated True Value, 2001..... | \$ 872,518,071 | \$21,788.44 | 300.00% | 100.00% |
| Direct Debt (including this issue)..... | \$ 14,750,000 | \$ 368.34 | 5.07% | 1.69% |
| Less: Self-Supported Bonded Debt (1)..... | \$ (14,750,000) | \$ (368.34) | (5.07)% | (1.69)% |
| Total Direct Debt..... | \$ 0.00 | \$ 0.00 | 0.00% | 0.00% |
| Total Overlapping Bonded Debt..... | \$ 6,960,000 | \$ 173.80 | 2.39% | 0.80% |
| Total Direct & Overlapping Debt..... | \$ 6,960,000 | \$ 173.80 | 2.39% | 0.80% |

(1) Pursuant to the provisions of the Debt Reform Act, self supporting bonds such as the Bonds, do not count against the County's overall 2.875% of E.A.V. statutory debt limitation unless the County fails to abate the property tax levies made for the payment therein.

Source: Jefferson County Clerks Office

THE COUNTY OF JEFFERSON, ILLINOIS

CHAIRMAN

Clarence Scarbrough

COUNTY BOARD

Buddy Allen
Edgar Elliot
Curt Grothoff
Brian Keck
James Malone
Mark Marlow
Gale "Wayne" Mooney

Scott Rogers
William Armstrong
Marvin Scott
Richard Shurtz
Jeff Williams
Russell Wilton
Kathy Wood

COUNTY CLERK

Don Rector

COUNTY TREASURER

Debbie Elliot Marlow

STATE'S ATTORNEY

Gary G. Duncan, Esq.
Mt. Vernon, Illinois

BOND COUNSEL

Cunningham, Vogel & Rost, P.C.
St. Louis, Missouri

UNDERWRITER'S COUNSEL

Evans, Froehlich, Beth & Chamley
Champaign, Illinois

UNDERWRITER

Bernardi Securities, Inc.
Chicago, Illinois

THE COUNTY OF JEFFERSON, ILLINOIS

\$7,375,000 General Obligation Alternate Bonds, Series 2003-A
(Jefferson County, Illinois Jail and Administrative Office Center Project)
and
7,375,000 General Obligation Alternate Bonds, Series 2003-B
(Jefferson County, Illinois Jail and Administrative Office Center Project)

INTRODUCTION

This Official Statement, including the cover page and Appendices hereto, is provided by The County of Jefferson, Illinois (the "County"), to furnish information in connection with its issuance of \$7,375,000 General Obligation Alternate Bonds, Series 2003-A (Jefferson County, Illinois Jail and Administrative Office Center Project) (the "Series 2003-A Bonds"), and \$7,375,000 General Obligation Alternate Bonds, Series 2003-B (Jefferson County, Illinois Jail and Administrative Office Project) (the "Series 2003-B Bonds") (collectively, the "Bonds").

Brief descriptions of the Bonds and the County are included in this Official Statement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Bond Ordinance and any other documents are qualified in their entirety by reference to such documents, and references herein to each series of the Bonds are qualified in their entirety by reference to the form thereof included in the authorizing ordinance for the Bonds (the "Bond Ordinance").

THE BONDS

Authority and Purpose

The Bonds are issued pursuant to applicable sections of the Counties Code (55 ILCS 5/1-1001 et seq.), as supplemented and amended (the "Counties Code"), the Local Government Debt Reform Act, as supplemented and amended (the "Debt Reform Act"), and the Bond Ordinance.

The Bonds are being issued to provide funds for the acquisition, construction, furnishing and equipping of a new County jail (the "Jail"), administrative office facility, renovation to the existing County courthouse (collectively, the "Facility"), capitalized interest until January 15, 2006 and to pay the costs of issuance of the Bonds. See "THE PROJECT" herein.

Description

The Bonds are dated February 15, 2003 and will mature on in each of the years and in the amounts shown on the cover of this Official Statement. Interest on the Bonds will be payable semiannually on January 15 and July 15, commencing on July 15, 2003.

BNY Trust Company of Missouri, St. Louis, Missouri, will act as the Paying Agent and Bond Registrar for the Bonds (the "Paying Agent" and "Bond Registrar"). The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal office of the Paying Agent. The Bonds will be registered using a global book-entry only system. The Depository Trust Company (DTC), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. Interest on the Bonds shall be payable on each interest payment date to the registered owners of record appearing on the registration books maintained by the Bond Registrar on behalf of the County for such purpose, at the principal corporate trust office of the Bond Registrar as of the close of business on the last day (whether or not a business day) of the calendar month next preceding the applicable interest payment date. Interest on the Bonds shall be paid by check or draft mailed by the Paying Agent to such registered owners at their addresses appearing on the registration books.

Security

Principal of and interest on the Bonds will be payable from from (i) fee revenues expected to be received by the County from per diem prisoners incarceration services pursuant to intergovernmental agreements between the County and local and federal corrections agencies (the "Fee Revenues") and (ii) previously unencumbered sales taxes imposed by and expected to be received by the County (the "Sales Tax Revenues") ((i) and (ii) constituting "Pledged Revenues") and (iii) ad valorem taxes of the County for which its full faith and credit have been irrevocably pledged, unlimited as to rate or amount (the "Pledged Direct Taxes"), except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See "THE BONDS - Authority and Purpose" above.

The County must demonstrate that the Pledged Revenues are sufficient in each year to provide for amounts sufficient to meet any fund or account requirements with respect to any outstanding bonds payable from Pledged Revenues, other contractual or tort liability obligations, if any, payable from the Pledged Revenues and in each year an amount not less than 1.25 times debt service on the Bonds and any other alternate bonds payable from Pledged Revenues. See **"DEBT SERVICE COVERAGE"** herein.

In the Bond Ordinance, the County has levied upon all of the taxable property within the City a direct annual tax in amounts sufficient to pay debt service on the Bonds (the "Pledged Direct Taxes") in the years for which any of the Bonds are outstanding. As provided in the Act and the Bond Ordinance, whenever the Pledged Revenues are irrevocably on deposit in the County's Debt Service Account in an amount sufficient to pay debt service on the Bonds, the County Board or officers of the County acting with proper authority, are to direct the abatement of the Pledged Direct Taxes to the extent of such deposit, and proper certification of such abatement is to be filed with the Jefferson County Clerk in a timely manner to effect such abatement.

Alternate Revenue Source Bonds

Section 15 of the Debt Reform Act provides that whenever a revenue source other than enterprise revenues from which revenue bonds maybe paid, a local government unit may issue its general obligation alternate bonds payable from such revenue sources. Such general obligation bonds may be issued as "alternate bonds." Alternate bonds may be issued payable from either enterprise revenues or revenue sources or both. Such bonds are general obligation debt payable from the pledged revenues with the general obligation of the issuer acting as back-up security. The Debt Reform Act prescribes several conditions that must be met before alternate bonds may be issued.

First, alternate bonds must be issued for a lawful corporate purpose. If issued in lieu of revenue bonds, the alternate bonds must be authorized under applicable law. If payable from a revenue source that is limited in its purposes and applications, then alternate bonds may be issued only for such limited purposes or applications. The Bonds in this case will be payable from general revenue sources: Fee Revenues and Sales Tax revenues. These revenue sources are not limited in purpose and application.

Second, the question of issuance must be submitted to referendum if, within thirty (30) days after publication of an authorizing ordinance and notice of intent to issue alternate bonds, a petition signed by at least 7.5% of the registered voters in the County is filed. The County adopted such an authorizing ordinance on November 11, 2002, for not to exceed \$14,750,000 of general obligation alternate bonds payable from Pledged Revenues, as defined herein. The authorizing ordinance, together with notice of intent to issue bonds, was published in the *Mt. Vernon Register - News*, a local newspaper, on November 19, 2002. No petitions in excess of 7.5% of registered voters in the County were filed during the 30-day petition period. Accordingly, the County is now authorized to issue its alternate revenue bonds.

Third, the issuer must determine that the pledged revenue source or sources are sufficient in each year to provide, among other things, no less than 1.25 times debt service of the alternate bonds. To the extent payable from enterprise revenues, such revenues shall have been determined by the governing body to be sufficient to provide for or pay in each year to final maturity of such alternate bonds all of the following: (1) costs of operation and maintenance of the utility or enterprise, but not including depreciation, (2) debt service on all outstanding revenue bonds payable from such enterprise revenues, (3) all amounts required to meet any fund or account requirements with respect to such outstanding revenue bonds, (4) other contractual or tort liability obligations, if any, payable from such enterprise revenues, and (5) in each year, an amount not less than 1.25 times debt service of all (i) alternate bonds payable from such enterprise revenues previously issued and outstanding and (ii) alternate bonds proposed to be issued. To the extent payable from one or more revenue sources, as here, such sources shall have been determined by the governing body to provide in each year an amount not less than 1.25 times debt service on all alternate bonds payable from such revenue sources previously issued and outstanding and the alternate bonds proposed to be issued. See **"DEBT SERVICE COVERAGE"** herein.

Fourth, the issuer must in fact pledge and covenant, to the extent it is empowered to do so, to provide for, collect and apply the pledged alternate enterprise revenues or revenue sources to the payment of the alternate bonds and the provision of not less than an additional 0.25 times debt service coverage.

Certain Risk Factors

There are certain risks associated with the source of the revenue stream, its size, and the ability to secure timely payment of the Bonds. Among such risks are the following:

1. The ability of the County to pay the Bonds from the Pledged Revenues may be limited by circumstances beyond the control of the County, including, in the case of Sales Tax Revenues, reduced economic activity due to recessions or a depression. In this case, Sales Tax Revenues generated may be less than anticipated.
2. There can be no assurance that the Illinois General Assembly will not reduce or repeal sales taxes or direct that sales taxes collected be distributed to units of local government other than the County or retained by the State.
3. Other governmental entities may not use a sufficient amount of the Jail facility, reducing Fee Revenues. All agreements for use of the Jail depend on other governmental units effectively appropriating funds therefor. There presently are no contracts with any prospective users of the Jail. There is no certainty that there ever will be such contracts.
4. To the extent that the Pledged Revenues are insufficient to pay the Bonds, the Bonds are to be paid from the Pledged Direct Taxes. If the Pledged Direct Taxes are ever extended for the payment of the Bonds, the principal amount of the Bonds then outstanding will be included in the computation of indebtedness of the County until an audit shows that the Bonds have been paid from the Pledged Revenues for a complete fiscal year. The inclusion of the Bonds in such computations of indebtedness could prevent the County from incurring additional indebtedness for essential governmental purposes.
5. In the Bond Ordinance, the County will reserve the right to issue additional alternate bonds which will be payable from the Pledged Revenues, subject to the conditions for the issuance of alternate bonds under the Local Government Debt Reform Act, as from time to time amended. See "The Bonds" – "Additional Bonds" herein.
6. The use of the Jail by Federal government agencies has to comply with applicable Income Tax Regulations or the Bonds would lose the federal tax-exempt status for the interest thereon.
7. The Jail has to be constructed on time in compliance with applicable standards such that the Jail can be used by other governmental entities and agencies.

Creation of Funds and Accounts

Under the Bond Ordinance there are created and ordered to be established in the treasury of the County the following separate funds, which funds shall be held and administered by the County Treasurer pursuant to the Bond Ordinance:

- a) The County of Jefferson General Obligation Alternate Bonds Bond Fund (the "Bond Fund", which shall be a separate fund therefor within the County's general fund) and within the Bond Fund the following accounts and subaccount:
 - i. the "Series 2003-A Account", and within such Series 2003-A Account, a "Debt Service Subaccount" (and within such Debt Service Subaccount, a separate "Pledged Direct Taxes Subaccount"); and
 - ii. the "Series 2003-B Account", and within such Series 2003-B Account, a "Debt Service Subaccount" (and within such Debt Service Subaccount, a separate "Pledged Direct Taxes Subaccount"); and
 - iii. the Surplus Account;
- b) the County of Jefferson General Obligation Alternate Bonds Series 2003 (the "Costs of Issuance Fund", within which there shall be a separate "Series 2003-A Account" and "Series 2003-B Account");
- c) the County of Jefferson General Obligation Alternate Bonds Series 2003 Project Fund (the "Project Fund", within which there shall be a separate "Series 2003-A Account" and "Series 2003-B Account");
- d) the County of Jefferson General Obligation Alternate Bonds Series 2003 Rebate Fund (the "Rebate Fund", within which there shall be a separate "Series 2003-A Account" and "Series 2003-B Account").

Such funds and accounts shall be maintained and administered solely for the purposes and in the manner as provided in the Bond Ordinance so long as any of the Bonds remain Outstanding hereunder.

Deposit of Bond Proceeds

The net proceeds received from the sale of the Bonds shall be deposited simultaneously with the delivery of the Bonds, as follows:

- a) Any premium on the Bonds, any amounts received on account of accrued interest on the Bonds and all capitalized interest on the Bonds shall be deposited in the Debt Service Account of the Bond Fund.
- b) Certain proceeds of the Bonds shall be deposited in the Costs of Issuance Fund, and used to pay the costs of issuing the Bonds.
- c) The remaining balance of the proceeds of the Bonds shall be deposited in the Project Fund and applied to Project costs.

Application of Moneys in Costs of Issuance Fund

Moneys in the Costs of Issuance Fund shall be used for the sole purpose of paying the costs and expenses incident to the issuance of the Bonds.

Application of Moneys in the Project Fund

Moneys in the Project Fund shall be used for the sole purpose of paying the costs of the Project. The County Treasurer shall make withdrawals from the Project Fund only upon duly authorized and executed order of the County Board for such withdrawals accompanied by a certificate executed by the County's architects that such payment is being made for a purpose within the scope of the Bond Ordinance and that the amount of such payment represents the contract price for the property, equipment, labor, materials or service being paid for, or if such payment is not in excess of the reasonable value thereof. Upon written certification by the County Board to the County Treasurer that the Project has been completed and that all costs of the incurred in connection with the Facilities have been paid, the County Treasurer shall file a copy such certification in the records of the County and shall thereafter transfer any surplus amounts remaining in the Project Fund to the Debt Service Account within the Bond Fund.

Application of Moneys in the Rebate Fund

There shall be deposited in the Rebate Fund such amounts as a re-required to be deposited therein pursuant to the Arbitrage Instructions. All moneys at any time deposited in the Rebate Fund shall be held in trust, to the extent required to satisfy the Rebate Amount, for payment to the United States of America, and neither the County nor the owner of any Bonds shall have any rights in or claim to such moneys.

Deposits to the Debt Service Account

There shall be credited and paid into the Debt Service Account, on or before the first day of each month, by the County Treasurer or other appropriate financial officer of the County subject to the requirements of any account having a prior claim and after the initial deposits required by the Bond Ordinance, and held, in cash investments, a fractional amount (not less than 1/6) of the interest becoming due on the next succeeding interest payment date on all Bonds then Outstanding and also a fractional amount (not less than 1/12) of the principal becoming due (or subject to mandatory redemption) on the next succeeding maturity date of all of the Bonds then Outstanding until there shall have been accumulated and held in cash and investments in such Debt Service Account on or before the month preceding such interest payment date or maturity date, as applicable, an amount sufficient to pay principal of and interest on the Bonds then due.

Credits and deposits into such Debt Service Account may be suspended in any Bond Year at such time as there shall be a sufficient sum held in cash and investments in such Debt Service Account to meet principal and interest requirements in such Account for the balance of such Bond Year, but such credits shall again be resumed at the beginning of the next Bond Year. All moneys deposited in such Debt Service Account shall be used only for the purpose of paying interest and principal and applicable premium on Outstanding Bonds.

Surplus Account

All moneys remaining in the Bond Fund, after crediting the required amounts to the Debt Service Account and after making up any deficiency in the Debt Service Account, shall be credited to the Surplus Account and then, such surplus shall be used, if at all, for one or more of the following purposes, without any priority among them:

- 1) For any general or specific corporate purpose; or
- 2) For the purpose of calling and redeeming Outstanding Bonds; or
- 3) For the purpose of paying principal and interest and applicable premium on any subordinate bonds or obligations; or
- 4) For any other lawful purpose.

Security for the Bonds; Treatment of the Bonds as Debt

The Bonds shall be payable from Pledged Revenues and do not and shall not constitute an indebtedness of the County within the meaning of any constitutional or statutory limitation unless the Pledged Direct Taxes shall be extended pursuant to the general obligation, full faith and credit promise supporting the Bonds as set forth in the Bond Ordinance, in which case the amount of the Bonds then Outstanding shall be included in the computation of indebtedness of the County for purposes of all statutory provisions or limitation until such time as an audit of the County shall have shown that the Bonds shall have been paid from the Pledged Revenues for a complete fiscal year of the County.

Pledge of Certain Revenues

The Pledged Revenues as received by the County are pledged to the payment when due of principal of and interest on the Bonds. The County shall provide for, collect and apply the Pledged Revenues to the payment of the Bonds and to provide not less than an additional 0.25 times debt service, all in accordance with Section 15 of the Debt Reform Act.

The covenants and agreements of, and pledge by, the County contained in the Bond Ordinance and in the Bonds shall be for the equal benefit, protection and security of the owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in the Bond Ordinance.

Additional Bonds

The County reserves the right to issue

- a) Parity Bonds without limit provided that the Pledged Revenues as determined as hereinbelow set out shall be sufficient to provide for or pay all of the following: (i) debt service on all Outstanding bonds payable from the Pledged Revenues (including the Bonds) computed immediately after the issuance of any proposed Parity Bonds, (ii) all amounts required to meet any fund or account requirements with respect to such Outstanding bonds, (iii) other contractual or tort liability obligations then due and payable, if any, and (iv) an additional amount not less than 0.25 times debt service (as provided in Section 15 of the Alternate Bond Act) on such of the bonds (including the Bonds) as shall remain Outstanding after the issuance of the proposed Parity Bonds. Such sufficiency shall be calculated for each year to the final maturity of such bonds which shall remain Outstanding after the issuance of the proposed Parity Bonds. The determination of the sufficiency of Pledged Revenues with respect to the Parity Bonds shall be supported by reference to the most recent audit of the Bond Fund, which audit shall be for a Fiscal Year ending not earlier than eighteen (18) months previous to the time of issuance of the proposed Parity Bonds.

If such audit shows such Pledged Revenues to be insufficient, then the determination of sufficiency may be made the following way:

The determination of sufficiency of the Pledged Revenues may be supported by the report of an independent accountant or feasibility analyst, the latter having a national reputation for expertise in such matters, demonstrating the sufficiency of the Pledged Revenues and explaining by what means they will be greater than as shown in the audit.

The reference to and acceptance of an audit, and adjusted statement of the Pledged Revenues, or a report, as the case may be, and the determination of the County Board of the sufficiency of the Pledged Revenues shall be conclusive evidence that the conditions have been met and that the Parity Bonds have been properly issued, and no right to challenge such determination is granted to the owners of the Bonds.

- b) Bonds or other obligations payable from Pledged Revenues subordinate to the lien of any Bonds which remain Outstanding after the issuance of such bonds or other obligations.

General Covenants

The County in the Bond Ordinance further covenants and agrees with the owners of the Bonds, so long as there are any Bonds Outstanding, as follows:

- a) The County will take all action necessary either to impose and collect or to maintain the right to receive and apply the Pledged Revenues and Pledged Direct Taxes in the manner contemplated by the Bond Ordinance and such Pledged Revenues shall not be less than as shall be required under Section 15 of the Debt Reform Act to maintain the Bonds as "Alternate Bonds" (as that term is defined and used in the Alternate Bond Act).
- b) The County covenants that the County will, while any of the Bonds shall remain Outstanding, apply sufficient Pledged Revenues to provide for or pay each of the following in any given year: (i) debt service on all Outstanding Bonds payable from the Pledged Revenues; (ii) all amounts required to meet any fund or account requirements with respect to the Bonds or any other bonds payable from the Pledged Revenues; (iii) any other contractual or tort liability obligations, if any, payable from such Pledged Revenues; and (iv) in each year, in an amount not less than 1.25 times the debt service for all (1) Alternate Bonds payable from the Pledged Revenues, including the Bonds Outstanding; and (2) all Alternate Bonds proposed to be issued and payable from the Pledged Revenues.
- c) The County will make and keep or cause to be made and kept proper books and accounts (separate and apart from all other records and accounts of the County), in which complete entries shall be made of all transactions relating to the Pledged Revenues, and hereby covenants that within one hundred and eighty (180) days following the close of each Fiscal Year, the County will cause the books and accounts related to the Pledged Revenues to be audited by independent certified public accountants. Such audit will be available for inspection by the owners of any of the Bonds. Each such audit, in addition to whatever matters may be thought proper by the accountants to be included therein, shall, without limiting the generality of the foregoing, include the following:
 - (i) A balance sheet as of the end of such Fiscal Year, including a statement of the amount held in each of the accounts under this ordinance.
 - (ii) The amount and details of all Outstanding Bonds.
 - (iii) The accountant's comments regarding the manner in which the County has carried out the accounting requirements of the Bond Ordinance (including as to the Alternate Bond status of the Bonds) and has complied with Section 15 of the Debt Reform Act, and the accountant's recommendations for any changes.
- d) The County will keep its books and accounts in accordance with generally accepted fund reporting practices for local government entities, provided, however, that the monthly credits to the Debt Reform Account shall be in cash, and such funds shall be held separate and apart in cash and investments. For the purpose of determining whether sufficient cash and investments are on deposit in such Debt Service Account under the terms and requirements of the Bond Ordinance, investments shall be valued at the lower of the cost or market price on the valuation date thereof, which valuation date shall be not less frequently than annually.
- e) The County will take no action in relation to the Pledged Revenues or the Pledged Direct Taxes which would unfavorably affect the security of any of the Bonds Outstanding or the prompt payment of the principal and interest thereon.
- f) The owner of any Bond may proceed by civil action to compel performance of all duties required by law in the Bond Ordinance and the Disclosure Agreement.
- g) The County will comply with the special covenants concerning Alternate Bonds as required by Section 15 of the Debt Reform Act and with the Bond Ordinance.
- h) While any of the Bonds shall remain Outstanding, the County covenants and agrees that before entering into any contract or agreement for per diem prisoner incarceration services at the Facilities the term of which, including all "renewal options" (as that term is used and defined in Treas. Reg. §1.141-1(b) of the Code) the County shall obtain an opinion of Bond Counsel to the effect that such contract or agreement will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.
- i) After their issuance, to the extent lawful the Bonds shall be incontestable by the County.

Defeasance

When all of the Bonds (together with any Parity Bonds issued by the County) have been paid and discharged, then the requirements contained in the Bond Ordinance and the pledge of the County's full faith and credit made hereunder and all other rights granted hereby shall terminate. The Bonds shall be deemed to have been paid and discharged within the meaning of the Bond Ordinance if there has been deposited with any bank or trust company located in the State and having full trust powers, at or prior to the maturity date or redemption date of said Bonds, in trust for and irrevocably appropriated thereto, moneys and/or non-callable Government Obligations which, together with the interest to be earned on any such obligations, will be sufficient for the payment of the principal of such Bonds, the redemption premium thereon, if any, and interest to accrue to the date of maturity or redemption, as the case may be, or if default in such payment has occurred on such date, then to the date of the tender of such payments. Any moneys and obligations which at any time are deposited with such bank or trust company by or on behalf of the County, for the purpose of paying and discharging any portion of the Bonds, shall be and are assigned, transferred and set over to such bank or trust company in trust for the respective Registered Owners of the Bonds, and such moneys shall be and are irrevocably appropriated to the payment and discharge thereof. All moneys deposited with such bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions contained in the Bond Ordinance.

Mandatory Sinking Fund Redemption

Series 2003-A Bonds

Term Bonds maturing on January 15, 2024 are required to be redeemed in part prior to maturity on January 15 at the principal amount thereof plus accrued interest to the redemption date, in the amounts set forth below.

| <u>Year</u> | <u>Amount</u> |
|------------------|--------------------------|
| January 15, 2020 | \$480,000 |
| January 15, 2021 | 500,000 |
| January 15, 2022 | 530,000 |
| January 15, 2023 | 555,000 |
| January 15, 2024 | 580,000 (Final Maturity) |

Series 2003-B Bonds

Term Bonds maturing on January 15, 2020 are required to be redeemed in part prior to maturity on January 15 at the principal amount thereof plus accrued interest to the redemption date, in the amounts set forth below.

| <u>Year</u> | <u>Amount</u> |
|------------------|--------------------------|
| January 15, 2019 | \$460,000 |
| January 15, 2020 | 485,000 (Final Maturity) |

Term Bonds maturing on January 15, 2022 are required to be redeemed in part prior to maturity on January 15 at the principal amount thereof plus accrued interest to the redemption date, in the amounts set forth below.

| <u>Year</u> | <u>Amount</u> |
|------------------|--------------------------|
| January 15, 2021 | \$510,000 |
| January 15, 2022 | 535,000 (Final Maturity) |

Term Bonds maturing on January 15, 2024 are required to be redeemed in part prior to maturity on January 15 at the principal amount thereof plus accrued interest to the redemption date, in the amounts set forth below.

| <u>Year</u> | <u>Amount</u> |
|------------------|--------------------------|
| January 15, 2023 | \$560,000 |
| January 15, 2024 | 590,000 (Final Maturity) |

Optional Redemption

Series 2003-A Bonds maturing on and after January 15, 2014 shall be subject to optional redemption prior to maturity on January 15, 2013 and on any date thereafter in whole or in part in any order of maturity designated by the County, but in inverse order if none is specified, at a redemption price of par, plus accrued interest to the date fixed for redemption.

Series 2003-B Bonds maturing on and after January 15, 2009 shall be subject to optional redemption prior to maturity on January 15, 2008 and on any date thereafter in whole or in part in any order of maturity designated by the County, but in inverse order if none is specified, at a redemption price of par, plus accrued interest to the date fixed for redemption

Notice of Redemption

Notice of the call for any redemption identifying the Bonds, or portions of the Bonds, to be redeemed shall be given by the Bond Registrar by mailing a copy of the redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond (or part thereof) to be redeemed at the address of the registered owner shown on the registration books, provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of Bonds as to which there was not such failure or defect. Whenever any Bond is called for redemption and payment as provided in the Bond Ordinance, all interest on such Bond shall cease from and after the date for which such call is made, provided funds are available for its payment at the price specified in the Bond Ordinance.

ESTIMATED SOURCES AND USES OF FUNDS

\$7,375,000 General Obligation Alternate Bonds, Series 2003-A (Jefferson County, Illinois Jail and Administrative Office Center Project)

The estimated sources and uses of funds are set forth below:

Sources of Funds:

| | |
|-----------------------------|-----------------|
| Par Amount of Bonds..... | \$7,375,000.00 |
| Re-Offering Premium..... | 40,252.00 |
| Accrued Interest | <u>9,050.07</u> |
| Total Sources of Funds..... | \$7,424,302.07 |

Uses of Funds:

| | |
|--|-----------------|
| Deposit to Project Funds and County Reimbursement Fund..... | \$6,322,500.00 |
| Capitalized Interest until January 15, 2006 | 919,558.91 |
| Costs of Issuance (including underwriters discount and insurance premium) .. | 173,193.09 |
| Accrued Interest | <u>9,050.07</u> |
| Total Uses of Funds | \$7,424,302.07 |

\$7,375,000 General Obligation Alternate Bonds, Series 2003-B (Jefferson County, Illinois Jail and Administrative Office Center Project)

The estimated sources and uses of funds are set forth below:

Sources of Funds:

| | |
|-----------------------------|-----------------|
| Par Amount of Bonds..... | \$7,375,000.00 |
| Re-Offering Premium..... | 67.10 |
| Accrued Interest | <u>9,189.31</u> |
| Total Sources of Funds..... | \$7,384,256.41 |

Uses of Funds:

| | |
|--|-----------------|
| Deposit to Project Funds and County Reimbursement Fund..... | \$6,270,500.00 |
| Capitalized Interest until January 15, 2006 | 933,706.39 |
| Costs of Issuance (including underwriters discount and insurance premium) .. | 170,860.71 |
| Accrued Interest | <u>9,189.31</u> |
| Total Uses of Funds | \$7,384,256.41 |

JEFFERSON COUNTY

General

The County of Jefferson is located in the southern part of Illinois, approximately 80 miles east of the City of St. Louis, Missouri and 273 miles south of Chicago, Illinois. The County encompasses a land area of approximately 571 square miles. The County has an economic base, which includes government, retail trade, manufacturing, service industries and farming. The City of Mount Vernon is the County Seat.

The County is intersected by Interstate Highway 57, which provides north-south access and Interstate 64, which provides east-west access for county residents.

Air transportation is provided by Mount Vernon Airport located in Mount Vernon, IL. Commercial airport service is provided by O'Hare International Airport located in Chicago, IL approximately 278 east of the County and 90 miles north of Lambert International Airport located in St. Louis, MO.

Railroad service is provided by Norfolk Southern and Union Pacific.

Government

The County operates under a County Board (the "County Board") form of government. Board members are elected for two year staggered terms. The County President is elected by the County Board members and is the Chief Executive Officer of the County Board. Elected County officials include the County Clerk and Recorder, Treasurer and Collector, State's Attorney, Circuit Clerk, Circuit Judges, Coroner, Sheriff and the Regional Superintendent of Education.

Community Services

Utilities

Electrical service and natural gas services are provided by Illinois Power Company. Tri-County Electric Co-op also supplies electrical services.

Water and Sewer Services

The water for the County is provided by municipally owned water systems and private owned water systems. Sewer collection and treatment is provided by municipally owned sewer systems and by septic systems in unincorporated areas of the County.

Telephone

Telecommunications services are provided by Ameritech. Long distance service is provided by AT&T, Sprint and MCI.

Public Safety

Fire prevention and safety are provided by 24 municipally owned fire departments. Staffing is totally comprised of full-time and part-time employees and part-time volunteers. Police protection is provided by the County Sheriff's Department and municipal police departments.

Medical Services

Acute health care services are provided by the Good Samaritan Hospital in Mount Vernon and 2 Community hospitals in the County.

Education

The County is served by 19 primary and secondary school districts. County residents have easy access to several community colleges and technical schools including Rend Lake Community College located in Ina, IL. Southern Illinois University – Carbondale is located approximately 58 miles south of the County and Western Illinois University is located approximately 60 miles south of the County.

THE PROJECT

General Description

The new Facility will encompass approximately 59,000 square feet and will be located at the corner of 10th Street and Casey Avenue in the City of Mount Vernon, Jefferson County, Illinois. The Facility is to provide: housing for 249 inmates, sheriff's offices, county probation offices and a 911 dispatch center. The Jail design incorporates a structural steel frame with masonry veneer and a standing-seam metal roof. Secure areas have hollow-core concrete plank roof structures. The Jail complies with applicable codes, regulations and standards applicable for the housing of state, local and federal prisoners.

The purpose of the Jail is to provide detention needs of the County, and to provide detention beds for rental to Federal law enforcement agencies, such as the Immigration Naturalization Service (the "INS") and the United States Marshals Service (the "USMS"), and to other county and municipal governments. The County is working with the INS and USMS to develop use arrangements and has already received letters of interest from certain county governments located in the State of Illinois. Such use arrangements shall comply with federal tax law so as not to adversely affect the tax-exempt status of the interest on the Bonds.

The Jail is to have a capacity to house a total of 249 inmates. Of this, 224 secure beds can be used to house the County prisoners and can be rented out. The remaining 25 beds are holding cells and are not available to be rented out.

Please see **APPENDIX C** for the Jefferson County Justice Center Market Demand Analysis prepared by Development Specialties, Carbondale, Illinois.

SOCIO-ECONOMIC INFORMATION

Population Trend

| | <u>1980</u> | <u>1990</u> | <u>2000</u> |
|----------------------------|-------------|-------------|-------------|
| Jefferson County | 35,667 | 37,020 | 40,045 |
| City of Mount Vernon | 17,193 | 17,080 | 16,269 |
| State of Illinois | 11,427,414 | 11,430,602 | 12,419,293 |

Median Home Value

| | <u>1980</u> | <u>1990</u> | <u>2000</u> |
|----------------------------|-------------|-------------|-------------|
| Jefferson County | \$31,400 | \$41,500 | \$63,800 |
| City of Mount Vernon | 27,100 | 39,700 | 57,700 |
| State of Illinois | 52,800 | 80,900 | 130,800 |

Source: U.S. Census Bureau.

Median Family Income

| | <u>1980</u> | <u>1990</u> | <u>2000</u> |
|----------------------------|-------------|-------------|-------------|
| Jefferson County | \$17,759 | \$28,750 | \$41,141 |
| City of Mount Vernon | 15,813 | 25,432 | 36,660 |
| State of Illinois | 22,748 | 38,664 | 55,545 |

Source: U.S. Census Bureau.

Average Annual Unemployment Rates

| <u>Year</u> | <u>State of Illinois</u> | <u>Jefferson County</u> |
|---------------------|--------------------------|-------------------------|
| 1996 | 5.3% | 8.7% |
| 1997 | 4.7 | 7.7 |
| 1998 | 4.5 | 6.5 |
| 1999 | 4.2 | 5.9 |
| 2000 | 4.4 | 6.0 |
| 2001 | 5.4 | 6.9 |
| As of October, 2002 | 6.4 | 6.4 |

Source: Illinois Department of Employment Security.

Major Area Employers

| <u>Name</u> | <u>Product/Service</u> | <u>Number of Employees</u> |
|--|------------------------|----------------------------|
| 1. Continental General Tire & Rubber Co. | Tire Manufacturer | 2,100 |
| 2. Walgreen's | Warehouse/Distribution | 1,250 |
| 3. St. Mary's Good Samaritan, Inc. | Healthcare | 852 |
| 4. Big Muddy Correctional Center | Correctional Facility | 520 |
| 5. Rend Lake Community College | University | 400 |
| 6. Wal-Mart | Retail | 400 |
| 7. Mount Vernon SD No. 80 | Education | 275 |
| 8. Crossroad Community Hospital | Healthcare | 240 |
| 9. City of Mount Vernon | Government | 205 |
| 10. Joy Mining Machinery | Mining Equipment | 166 |

Source: Illinois Department of Commerce.

Sales Tax Collections

| <u>Fiscal Year</u> | <u>Sales Tax Collected</u> |
|--------------------|----------------------------|
| 2001 | \$1,784,817 |
| 2000 | 1,733,078 |
| 1999 | 1,850,659 |
| 1998 | 1,828,332 |
| 1997 | 1,657,702 |

Source: The County's Annual Financial Statements.

DEBT INFORMATION

Legal Debt Margin (1) (as of January 9, 2003)

| | |
|---|------------------------|
| 2001 Equalized Assessed Valuation (E.A.V.)..... | \$ 290,839,357 |
| Statutory Debt Limit (2.875% of E.A.V.) | \$ 8,361,632 |
| Less: Direct Debt: | |
| The Bonds | \$ 14,750,000 |
| Less Self-Supporting Bonded Debt (1) | <u>\$ (14,750,000)</u> |
| Total Direct Debt Outstanding | \$ 0 |
| Available Legal Debt Margin..... | <u>\$ 8,361,632</u> |

(1) Pursuant to the provisions of the Debt Reform Act, self supporting bonds such as the Bonds, do not count against the County's overall 2.875% of E.A.V. statutory debt limitation unless the County fails to abate the property tax levies made for the payment therein.

Source: Jefferson County Clerk's Office and the County's Annual Financial Statements.

Detailed Overlapping Bonded Debt (as of January 9, 2003)

| <u>TAXING BODY:</u> | <u>Outstanding</u> | <u>Applicable to County</u> | |
|---|--------------------|-----------------------------|----------------|
| | <u>Debt</u> | <u>Percent</u> | <u>Amount</u> |
| City of Mount Vernon | \$1,500,000 | 100.00% | \$1,500,000 |
| City of Mount Vernon Airport Authority | 535,000 | 100.00 | 535,000 |
| Jefferson County CCSD No. 3 | 350,000 | 100.00 | 350,000 |
| Jefferson County SD No. 80 – Mt. Vernon | 3,250,000 | 100.00 | 3,250,000 |
| Jefferson County CCSD No. 114 | 200,000 | 100.00 | 200,000 |
| Jefferson County CCSD No. 12 | 125,000 | 100.00 | 125,000 |
| Jefferson County SD | 285,000 | 100.00 | 285,000 |
| Jefferson County CCSD No. 4 – Woodlawn..... | 365,000 | 100.00 | 365,000 |
| Jefferson County CCSD No. 79 – Summersville | 350,000 | 100.00 | <u>350,000</u> |
| Total Overlapping Debt | | | \$6,960,000 |

Source: Jefferson County Clerk Office

Statement of Long-Term Bonded Indebtedness (1)
(as of January 9, 2003)

| | Amount <u>Applicable</u> | Per Capita (2000 Pop. 40,045 est.) | <u>Percent of</u> | |
|--|-----------------------------|--|---|---------------------------------|
| | | | <u>Equalized Assessed Valuation</u> | <u>Estimated True Value</u> |
| Equalized Assessed Valuation, 2001..... | \$ 290,839,357 | \$ 7,262.81 | 100.00% | 33.33% |
| Estimated True Value, 2001..... | \$ 872,518,071 | \$21,788.44 | 300.00% | 100.00% |
| Direct Debt (including this issue)..... | \$ 14,750,000 | \$ 368.34 | 5.07% | 1.69% |
| Less: Self-Supported Bonded Debt (1) | <u>\$ (14,750,000)</u> | <u>\$ (368.34)</u> | <u>(5.07)%</u> | <u>(1.69)%</u> |
| Total Direct Debt | \$ 0.00 | \$ 0.00 | 0.00% | 0.00% |
| Total Overlapping Bonded Debt..... | <u>\$ 6,960,000</u> | <u>\$ 173.80</u> | <u>2.39%</u> | <u>0.80%</u> |
| Total Direct & Overlapping Debt..... | \$ 6,960,000 | \$ 173.80 | 2.39% | 0.80% |

(1) Pursuant to the provisions of the Debt Reform Act, self supporting bonds such as the Bonds, do not count against the County's overall 2.875% of E.A.V. statutory debt limitation unless the County fails to abate the property tax levies made for the payment therein.

Source: Jefferson County Clerks Office.

HISTORY OF DEBT PAYMENT

The County has always promptly paid principal and interest on its debt obligations when due.

FUTURE FINANCING

The County does not anticipate issuing additional debt within the next six months.

EQUALIZED ASSESSED VALUATION

Equalized Assessed Valuation (E.A.V.) is estimated at 33-1/3% of fair market value.

Equalized Assessed Valuation – By Category

| <u>Property Type</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> |
|----------------------|------------------|------------------|------------------|------------------|------------------|
| Farm | \$ 60,513,449 | \$ 62,311,511 | \$ 65,691,728 | \$ 65,668,990 | \$ 65,951,674 |
| Residential | 120,603,251 | 122,114,131 | 126,242,702 | 130,342,550 | 135,691,113 |
| Commercial | 51,990,342 | 54,251,488 | 56,111,398 | 60,934,295 | 62,697,839 |
| Industrial | 15,134,940 | 14,039,056 | 12,788,782 | 13,423,259 | 16,978,078 |
| Mineral | 2,288,246 | 2,386,347 | 1,890,736 | 1,645,413 | 1,991,048 |
| Railroad – Local | 22,386 | 23,049 | 23,514 | 23,761 | 24,310 |
| Railroad – State | <u>7,194,236</u> | <u>7,515,282</u> | <u>7,698,417</u> | <u>7,157,435</u> | <u>7,505,295</u> |
| Total | \$257,746,850 | \$262,640,864 | \$270,447,277 | \$279,195,703 | \$290,839,357 |

Source: Jefferson County Clerk's Office.

TAX ASSESSMENT AND COLLECTION PROCEDURES

Under state law, local assessment officers are responsible for determining the assessed valuation of taxable real property including railroad property not used for transportation purposes. Certain other types of taxable property, including railroad property used for transportation purposes and pollution control equipment, are assessed by the Illinois Department of Revenue (the "Department"). Valuations determined by local assessment officers are subject to appeal and review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair market value. Farmland is assessed according to a statutory formula which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization. Certain statutory exemptions provide for reductions in assessed valuation or for limitations upon increases in assessed valuation to qualifying taxpayers.

Property tax levies of each taxing body, such as the County, are filed in the office of the county clerk of each county in which territory of the taxing body is located. The county clerk computes the rates and amounts of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to the respective parcels of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes in respect to the various parcels therein.

After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes not paid when due are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes constitute a lien against the property subject to the tax.

Tax Extensions and Collections

| <u>Levy Year</u> | <u>Extension</u> | <u>Collection</u> | <u>Percent Collected</u> |
|----------------------|------------------|-------------------|--------------------------|
| 1997 | \$1,418,662 | \$1,410,287 | 99.40% |
| 1998 | 1,476,378 | 1,469,973 | 99.57% |
| 1999 | 1,788,070 | 1,776,843 | 99.37% |
| 2000 | 1,813,902 | 1,802,648 | 99.38% |
| 2001 | 1,778,215 | 1,767,720 | 99.41% |

Sources: Jefferson County Clerk's Office and County Treasurer's Office

County Tax Rate Trend (Per \$100 of Equalized Assessed Valuation)

| <u>FUND</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> |
|---------------------------|---------------|---------------|---------------|---------------|---------------|
| General..... | \$0.0187 | \$0.0491 | \$0.0477 | \$0.0462 | \$0.0444 |
| IMRF | 0.1048 | 0.1380 | 0.1384 | 0.1184 | 0.0934 |
| County Highway | 0.0970 | 0.1070 | 0.1040 | 0.1007 | 0.0967 |
| JT Bridge | 0.0447 | 0.0484 | 0.0470 | 0.0455 | 0.0437 |
| Mental Health | 0.0371 | 0.0369 | 0.0366 | 0.0365 | 0.0361 |
| TB Sanitarium..... | 0.0210 | 0.0206 | 0.0200 | 0.0194 | 0.0186 |
| Matching Tax..... | 0.0447 | 0.0484 | 0.0470 | 0.0455 | 0.0437 |
| County Health | 0.0388 | 0.0457 | 0.0444 | 0.0430 | 0.0413 |
| Liability..... | 0.0434 | 0.0549 | 0.0514 | 0.0482 | 0.0585 |
| Social Security | 0.0562 | 0.0682 | 0.0707 | 0.0755 | 0.0765 |
| Extension Education | 0.0272 | 0.0267 | 0.0259 | 0.0251 | 0.0246 |
| Workers Compensation..... | 0.0260 | 0.0209 | 0.0207 | 0.0149 | 0.0327 |
| Medicare | <u>0.0132</u> | <u>0.0160</u> | <u>0.0169</u> | <u>0.0180</u> | <u>0.0182</u> |
| Total..... | \$0.5728 | \$0.6808 | \$0.6707 | \$0.6369 | \$0.6284 |

Source: Jefferson County Clerk's Office.

Representative Tax Rate (Per \$100 of Equalized Assessed Valuation)

| <u>ENTITY</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| County | \$0.5728 | \$0.6808 | \$0.6707 | \$0.6369 | \$0.6284 |
| Mount Vernon Township | 0.3444 | 0.3493 | 0.3330 | 0.3211 | 0.2997 |
| Mount Vernon Road | 0.3893 | 0.3994 | 0.3924 | 0.3882 | 0.3942 |
| City of Mount Vernon | 1.0542 | 1.0648 | 1.0869 | 1.0797 | 1.0700 |
| Mount Vernon SD 80 | 2.6553 | 2.5979 | 2.5926 | 2.5513 | 2.4800 |
| Mount Vernon HSD No. 201 | 1.8758 | 1.9224 | 1.9243 | 1.8937 | 1.7965 |
| Rend Lake Community JC No. 521 | 0.6020 | 0.6066 | 0.6149 | 0.6056 | 0.5987 |
| Rend Lake Cons. Dist. | 0.1489 | 0.1432 | 0.1446 | 0.1360 | 0.1331 |
| Special Service Area No. 1 | 2.1011 | 2.1789 | 2.1534 | 0.8144 | 0.8058 |
| Mt. Vernon Airport Authority | 0.3691 | 0.2181 | 0.2119 | 0.2079 | 0.1910 |
| CE Brehm Memorial Library | <u>0.1892</u> | <u>0.2444</u> | <u>0.2066</u> | <u>0.2049</u> | <u>0.2034</u> |
| Total | \$10.3021 | \$10.4058 | \$10.3313 | \$8.8397 | \$8.6008 |

Source: Jefferson County Treasurer's Office.

Largest County Taxpayers⁽¹⁾

| <u>Name</u> | <u>Product/Service</u> | <u>2001 E.A.V.</u> | <u>% of County's E.A.V.</u> |
|--|--------------------------|--------------------|-----------------------------|
| Continental General Tire, Inc. | Tire Manufacturing | \$10,785,689 | 3.71% |
| Walgreen Co. | Distribution | 8,515,390 | 2.93 |
| Wal-Mart Stores..... | Retail..... | 3,377,118 | 1.16 |
| Developers Diversified F Corp. | Mall Retail | 3,240,328 | 1.11 |
| Garden Glen Apartments | Apartments..... | 2,524,065 | 0.87 |
| Lowe's Home Center | Retail..... | 2,301,983 | 0.79 |
| McHugh Hospitality of Mt. Vernon | Hotel | 2,018,863 | 0.69 |
| DLC Management Corp..... | Mall Retail | 1,874,048 | 0.64 |
| Anheuser Busch, Inc. | Warehousing | 1,704,011 | 0.59 |
| Consolidation Coal Co. | Coal Mine | 1,649,373 | <u>0.57</u> |
| Total:..... | | | 13.06% |

(1) Every effort has been made to include all taxable property of the taxpayers listed and to seek out and report the largest taxpayers within the County. Many of the taxpayers listed contain multiple parcels and it is possible that some of the parcels may not have been included.

Source: Jefferson County Assessor's Office.

SELECTED FINANCIAL INFORMATION

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.

All governmental funds and expendable trust funds of the County are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Under a modified accrual basis method, taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their availability seems certain. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due. See APPENDIX D for a copy of the County's November 30, 2001 audited financial statements.

GENERAL FUND SUMMARY (Modified Accrual Basis) For Years Ending November 30th

| | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> |
|---|--------------------------------|-----------------------------|-----------------------------------|---------------------|
| <u>Revenues:</u> | | | | |
| Taxes | \$ 2,128,784 | \$ 2,199,612 | \$2,080,858 | \$ 2,128,078 |
| Intergovernmental Revenue | 1,325,154 | 1,596,781 | 2,102,380 | 1,894,350 |
| Fines & Fees | - | - | - | 1,859 |
| Revenue for Service | 955,468 | 946,888 | 1,034,095 | 1,053,554 |
| Interest Income | 78,999 | 79,255 | 139,974 | 114,818 |
| Other | <u>83,560</u> | <u>129,628</u> | <u>99,719</u> | <u>106,855</u> |
| Total Revenues: | \$ 4,571,965 | \$ 4,952,164 | \$ 5,457,026 | \$ 5,299,514 |
| <u>Expenditures:</u> | | | | |
| General Government | \$ 1,976,327 | \$ 1,809,646 | \$ 2,115,730 | \$ 2,529,416 |
| Public Safety | 1,513,632 | 1,685,108 | 1,719,242 | 1,882,399 |
| Judicial and Courts | 1,026,631 | 1,208,550 | 1,232,653 | 1,315,509 |
| Other | <u>41,880</u> | <u>48,511</u> | <u>62,953</u> | <u>60,386</u> |
| Total Expenditures | \$ 4,558,470 | \$ 4,751,815 | \$ 5,130,578 | \$ 5,787,710 |
| Excess of Revenue Over (Under) Expenditures | \$ 13,495 | \$ 200,349 | \$ 326,448 | \$ (488,196) |
| Other Financial Sources (Uses) | | | | |
| Operating Transfers In | \$ 38,631 | \$ - | \$ - | \$ - |
| Operating Transfers Out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Other Financial Sources (Uses) | \$ 38,631 | \$ - | \$ - | \$ - |
| Excess of Revenue and Other Sources Over (Under) Expenditures & Other Uses | \$ 52,126 | \$ 200,349 | \$ 326,448 | \$ (488,196) |
| Prior Period Adjustment | \$ 31,937⁽¹⁾ | \$ 386⁽²⁾ | \$ (130,847)⁽³⁾ | \$ - |
| Fund Balance Beginning of Year | \$ 1,763,040 | \$ 1,815,552 | \$ 1,885,054 | \$ 2,211,502 |
| Fund Balance End of Year | \$ 1,815,166 | \$ 2,015,901 | \$ 2,211,502 | \$ 1,723,306 |

(1) Prior to November 30, 1998 the ESTB 911 Fund was classigied as a Special Revenue Fund. During fiscal year 1998 the ETSV 911 Fund started receiving revenues for services provided to customers. As a result the ETSB 911 Fund was reclassified as an Enterprise Fund.

(2) Prior to November 30, 1999 the Sheriff's emergency funds were not included on the County books. A prior period adjustment was required in order to record the prior accumulated activities.

(3) Adjustment to correct prior period accounting error related to interfund receivables/payables accounts receivable, and cash.

Source: Auditors Report from November 30, 1998 through November 30, 2001.

DEBT SERVICE COVERAGE

The following table indicates debt services coverage based solely on historical receipts of Sales Tax Revenues. Historical of Sales Tax Revenue provide at least 1.25x debt service coverage annually throughout the life of the Bonds. The Bonds are also secured by and payable from Fee Revenues of the Jail described herein. Please see **APPENDIX C** for a project description of the Jefferson County Justice Center - Market Demand Analysis prepared by Development Specialties, Carbondale, Illinois.

| | 1998 | 1999 | 2000 | 2001 |
|---------------------------------------|-------------|-------------|-------------|-------------|
| Fiscal Year Sales Tax Receipts (1) | \$1,828,332 | \$1,850,659 | \$1,733,078 | \$1,784,817 |
| Maximum Annual Debt Service | \$1,236,618 | \$1,236,618 | \$1,236,618 | \$1,236,618 |
| Annual Debt Service Coverage (actual) | 1.48x | 1.50x | 1.40x | 1.44x |

- (1) Based on historical requests of Sales Tax Revenues from the County's audited financial statements dated November 30, 2001. See **APPENDIX D** for a copy of the County's 2001 audited financial statements.

RETIREMENT FUND COMMENTS

Note 8 of the County's November 30, 2001 Annual Financial Statement summarizes the retirement commitments in full detail.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Cunningham, Vogel & Rost, P.C., St. Louis, MO, Bond Counsel. In its capacity as Bond Counsel, Cunningham, Vogel & Rost, P.C. has reviewed the information under the portions of this Official Statement describing the Bonds and under the captions "**THE BONDS**", and "**TAX EXEMPTION**" and "**RESOLUTIONS, TRANSFER AND EXCHANGE.**" Bond Counsel accordingly expresses no opinion as to the accuracy or sufficiency of other portions of this Official Statement or as to the financial statements contained herein.

NO LITIGATION CERTIFICATE

Simultaneously with the delivery of the Bonds, the County will furnish to the Underwriter a certificate which shall state, among other things, that there is no controversy, suit or other proceeding of any kind pending or to its knowledge, threatened in any court (either State or Federal) restraining or enjoining the issuance or delivery of the Bonds or questioning (i) the proceedings under which the Bonds are to be issued, (ii) the validity of the Bonds, (iii) the pledge by the County of the moneys under the Bond Ordinance or (iv) the legal existence of the County or the title to office of the present officials of the County.

BOND INSURANCE

Concurrently with the issuance of the Bonds, Financial Guaranty Insurance Company* ("Financial Guaranty") will issue its Municipal Bond New Issue Insurance Policy for the Bonds (the "Policy"). The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the issuer of the Bonds (the "Issuer"). Financial Guaranty will make such payments to State Street Bank and Trust Company, N.A., or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of Bonds or the Paying Agent of the nonpayment of such amount by the Issuer. The Fiscal Agent will disburse such amount due on any Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal and interest due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal and interest shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Bond includes any payment of principal or interest made to an owner of a Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Bonds. The Policy covers failure to pay principal of the Bonds on their respective stated maturity dates or dates on which the same shall have been duly called for mandatory sinking fund redemption, and not on any other date on which the Bonds may have been otherwise called for redemption, accelerated or advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

This Official Statement contains a section regarding the ratings assigned to the Bonds and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the Bonds. Reference should be made to the description of the County for a discussion of the ratings, if any, assigned to such entity's outstanding parity debt that is not secured by credit enhancement.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a subsidiary of General Electric Capital Corporation ("GE Capital"). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of September 30, 2002, the total capital and surplus of Financial Guaranty was approximately \$1.1 billion. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 125 Park Avenue, New York, New York 10017, Attention: Communications Department (telephone number: 212-312-3000) or to the New York State Insurance Department at 25 Beaver Street, New York, New York 10004-2319, Attention: Financial Condition Property/Casualty Bureau (telephone number: 212-480-5187). See **Appendix B** herein for a copy of the Bond Insurance Specimen.

See **APPENDIX B** for a copy of the bond insurance specimen.

BOND RATING

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") has assigned its municipal bond rating of "AAA" to this issue of Bonds. This rating reflects only the view of S&P and the significance of such rating can only be obtained from S&P. There is no assurance that such rating will continue for any period of time or that it will not be revised or withdrawn entirely, if, in its judgement, circumstances so warrant. Any revision or withdrawal of such rating may have an effect on the market price of the Bonds. A further explanation of the rating by S&P may be obtained from such agency at 25 Broadway, New York, New York, 10004.

BOND PREMIUM AND ORIGINAL ISSUE DISCOUNT

The difference (if any) between the initial price at which a substantial amount of each maturity of the Bonds is sold to the public (the "Offering Price") and the principal amount payable at maturity of such Bonds is given special treatment for Federal income tax purposes. If the Offering Price is higher than the maturity value of a Bond, the difference between the two is known as "bond premium;" if the Offering Price is lower than the maturity value of a Bond, the difference between the two is known as "original issue discount."

Bond premium and original issue discount are amortized over the term of a Bond on the basis of the owner's yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is subtracted from the owner's tax basis in the Bond. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Bond for Federal income tax purposes, to the same extent and with the same limitations as current interest, and is added to the owner's tax basis in the Bonds.

A Bond's adjusted tax basis is used to determine whether, and to what extent, the owner realized taxable gain or loss upon the disposition of the Bond (whether by reason of sale, acceleration, redemption prior to maturity or payment at maturity of the Bonds.)

Owners who purchase Bonds at the price other than the Offering Price, after the termination of the initial public offering or at a market discount should consult their tax advisors with respect to the tax consequences of their ownership of the Bonds. In addition, owners of Bonds should consult their tax advisors with respect to the state and local tax consequences of owning the Bonds; under the applicable provisions of state or local income tax law, bond premium and original issue discount may give rise to taxable income at different times and in different amounts than they do for Federal income tax purposes.

CONTINUING DISCLOSURE

The County will enter into a Continuing Disclosure Certificate and Agreement (the "*Undertaking*") for the benefit of the registered owners and beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "*Rule*") adopted by the Securities and Exchange Commission (the "*Commission*") under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below under "**THE UNDERTAKING.**"

A failure by the County to comply with the Undertaking will not constitute a default under the Bond Ordinance and registered owners of the Bonds and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See "THE UNDERTAKING—Consequences of Failure of the County to Provide Information." A failure by the County to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the County and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the County.

ANNUAL FINANCIAL INFORMATION DISCLOSURE

The County covenants that within 180 days after the end of each fiscal year it will disseminate its Annual Financial Information and its Audited Financial Statements, (as described below), to each Nationally Recognized Municipal Securities Information Repository (a "NRMSIR") then recognized by the Securities and Exchange Commission for purposes of the Rule and to the repository, if any, designated by the State of Illinois as the state information depository (the "SID") and recognized as such by the Commission for purposes of the Rule. The County is required to deliver such information so that such entities receive the information by the dates specified in the Undertaking. Presently Illinois has no SID.

"Annual Financial Information" means information of the type contained in the following tables, headings and exhibits of the Final Official Statement:

DEBT INFORMATION;
FINANCIAL INFORMATION;
RETIREMENT FUND COMMITMENTS.

"Audited Financial Statements" means the combined financial statements of the County prepared in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States.

MATERIAL EVENTS DISCLOSURE

The County covenants that it will disseminate to each NRMSIR or to the Municipal Securities Rulemaking Board (the "MSRB") and to the SID, if any, in a timely manner the disclosure of the occurrence of an Event (as described below) with respect to the Bonds that is material, as materiality is interpreted under the Securities Exchange Act of 1934, as amended. The "Events" are:

- Principal and interest payment delinquencies
- Non-payment related defaults
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions or events affecting the tax-exempt status of the security
- Modifications to the rights of security holders
- Bond calls
- Defeasances
- Release, substitution or sale of property securing repayment of the securities
- Rating changes

CONSEQUENCES OF FAILURE OF THE COUNTY TO PROVIDE INFORMATION

The County shall give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any, of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking. In the event of a failure of the County to comply with any provision of the Undertaking, the registered owner and beneficial owner of any Bond may seek mandamus or specific performance by court order to cause the County to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Ordinance, and the sole remedy under the Undertaking in the event of any failure of the County to comply with the Undertaking shall be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the County by ordinance or resolution authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

- (a) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County, or type of business conducted;
- (b) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the County (such as Bond Counsel).

TERMINATION OF UNDERTAKING

The Undertaking shall be terminated if the County shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Ordinance. The County shall give notice to each NRMSIR or to the MSRB and to the SID, if any, in a timely manner if this paragraph is applicable.

ADDITIONAL INFORMATION

Nothing in the Undertaking shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a material Event, in addition to that which is required by the Undertaking. If the County chooses to include any information from any document or notice of occurrence of a material Event in addition to that which is specifically required by the Undertaking, the County shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a material Event.

DISSEMINATION AGENT

The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent for the County is the County Clerk.

County Clerk
Jefferson County Courthouse
100 South 10th Street
Mt. Vernon, Illinois 62864
(618) 244-8020

REGISTRATION, TRANSFER AND EXCHANGE

See also APPENDIX A, "BOOK-ENTRY FORM" for information on registration, transfer and exchange of book-entry bonds.

The County shall cause books (the "Bond Register") for the registration and for the transfer of the Bonds to be kept at the principal corporate trust office of the Bond Registrar.

For provisions applicable to the Bonds while they are in the Book-Entry System, see APPENDIX A. Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Bond Ordinance. Upon surrender for transfer or exchange of any Bond at the principal office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such owner's attorney duly authorized in writing, the County shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denomination, for a like aggregate principal amount.

The execution by the County of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less Bonds previously retired.

The Bond Registrar shall not be required to exchange or transfer any Bond during the period from the last day of the calendar month next preceding any interest payment date to such interest payment date, nor to transfer or exchange each Bond after notice calling such Bond for repayment has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of repayment and redemption of such Bond.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bonds shall be made only to or upon the order of the registered owner thereof or such owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the County or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The County has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludible from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the County's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is not includible in the gross income of the owners thereof for federal income tax purposes and is not included in the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporation. Interest on Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations and in computing the "branch profits tax" imposed on certain foreign corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the County with respect to certain material facts solely within the County's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "Code") includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustments items used in computing the AMTI of a corporation (excluding S Corporations, Regulated Investment Companies, Real Estate Investment Trusts, REMICs and FASITs) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earning" would include all tax-exempt interest, including interest on the Bonds.

Under the provisions of Section 884 of the Code, a branch profits tax is levied on the "effectively connected earnings and profits" of certain foreign corporations, which include tax-exempt interest such as interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimus* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rule may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service will treat the County as the taxpayer and the Bondholders may have no right to participate in such procedure.

Certain State and Local Income Tax Considerations

Interest on the Bonds is subject to Illinois state income taxation in the case of the holders subject to the Illinois state income tax and may be includable in gross income for purposes of state and local income taxation in other states. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

Not Qualified Tax-Exempt Obligations

In the opinion of Bond Counsel, The Bonds have not been designated as "Qualified Tax-Exempt Obligations" for purposes of Section 265(b) of the Internal Revenue Code of 1986.

Certain Legal Matters

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Cunningham, Vogel & Rost, P.C., St. Louis, Missouri, as Bond Counsel (the "Bond Counsel") who has been retained by, and acts as, Bond Counsel to the County. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in the Official Statement.

UNDERWRITING

Bernardi Securities, Inc., (the "Underwriter") has agreed to purchase the Series 2003-A Bonds from the County at a price of 99.5458% of the principal amount thereof plus accrued interest to the date of delivery. The Underwriter intends to reoffer the Series 2003-A Bonds at a price of 100.5458% of the principal amount of the 2003-A Bonds.

The Underwriter has agreed to purchase the 2003-B Bonds from the County at a price of 99.0009% of the principal amount thereof plus accrued interest to the date of delivery. The Underwriter intends to reoffer the Bonds at a price of 100.0009% of the principal amount of the 2003-B Bonds.

The Underwriter must purchase and pay for all of the Bonds if any are purchased. The Bonds are being offered for sale at initial prices stated on the cover of the Official Statement, plus accrued interest. After the initial offer, the offering price and other selling terms may be changed. The Underwriter reserves the right to offer any of the Bonds to one or more purchasers.

The Underwriter may engage in secondary market trading in the Bonds subject to applicable securities laws. However, the Underwriter is not obligated to repurchase any of the Bonds at the request of any owner thereof.

DISTRIBUTION OF OFFICIAL STATEMENT

This Official Statement for the Bonds has been approved for distribution to prospective purchasers and the Underwriter by the County Board of Jefferson County, Illinois. All statements and data presented herein have been obtained from reliable sources and are believed to be correct but are not guaranteed by the County.

CERTIFICATION OF OFFICIAL STATEMENT

The County Board, acting through any County officer, will provide to the Underwriter simultaneously with the delivery of the Bonds, a certificate which shall state, among other things, that to the best of the knowledge and belief of such officer, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Bonds, was true and correct in all material respects and does not contain any untrue statement of a material fact and does not omit to state a material fact required to be stated therein or necessary to make the statement herein, in light of the circumstances under which they were made, not misleading in any material respect.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion is intended merely as an opinion and not as a representation of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

/s/ Clarence Scarbrough
Board Chairman
Jefferson County, Illinois

APPENDIX A BOOK-ENTRY SYSTEM-DTC

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds herein (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.
2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.
5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Paying Agent and Bond Registrar. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, which the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

APPENDIX B

Insurance Specimen

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001



A GE Capital Company

Municipal Bond New Issue Insurance Policy

Issuer:

Policy Number:

Control Number: 0010001

Bonds:

Premium:

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to State Street Bank and Trust Company, N.A., or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001



A GE Capital Company

Municipal Bond New Issue Insurance Policy

for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

Richard M. Reif

President

Effective Date:

Authorized Representative

State Street Bank and Trust Company, N.A., acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

[Signature]

Authorized Officer

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company



Endorsement
To Financial Guaranty Insurance Company
Insurance Policy

Policy Number:

Control Number: 0010001

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

A handwritten signature in cursive script, reading "Deborah M. Reif".

President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:

A handwritten signature in cursive script, likely belonging to the Authorized Officer.

Authorized Officer
State Street Bank and Trust Company, N.A., as Fiscal Agent

APPENDIX C

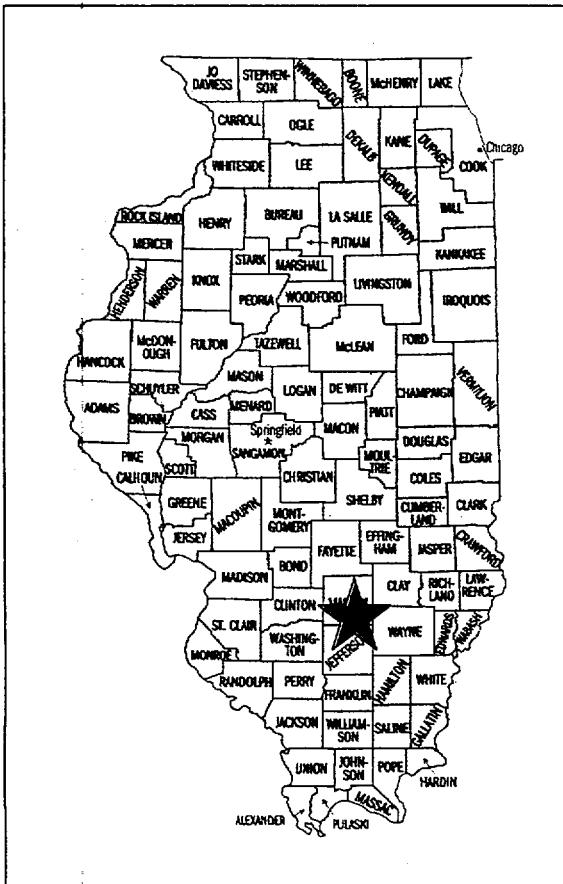
The Jefferson County Justice Center

Market Demand Analysis

Prepared by
Development Specialties
Carbondale, Illinois

February 5, 2003

The Jefferson County Justice Center



Market Demand Analysis

February 5, 2003

Prepared for:
The County of Jefferson
Jefferson County Courthouse
100 South Tenth Street
Mount Vernon, Illinois

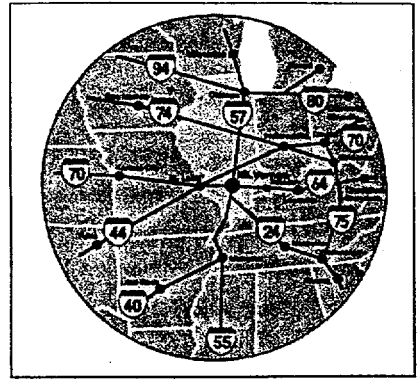
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1111 West Hill Street
Carbondale, Illinois 62901
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Introduction

The Jefferson County Justice Center Market Demand Analysis is to identify potential and likely market usage for an expanded criminal detention center in Jefferson County. Plans and specifications for a 249 bed facility have been developed by Jefferson County. The analysis assesses overall demand usage for this proposed modern jail facility. This analysis begins with an overview of the community, project components and the practice of detention bed rental. It then examines historical jail trends, including federal and local demand usage, and proceeds to an analysis of projected demand. It then summarizes demand usage potential and reasonable market capture. The analysis concludes with Jail Pro Forma Financial Projections based on cost data provided by the Jefferson County Sheriff's Department.

This report is to assess the demand for a new jail in Jefferson County. The proposed jail is titled the Jefferson County Justice Center. The proposed Jefferson County Justice Center will serve two primary purposes. The first purpose is to provide needed relief for the existing Jefferson County Jail located in the Jefferson County Courthouse in Mount Vernon, Illinois. The current jail facility was originally designed to hold 42 prisoners. This facility is now beyond capacity, averaging 72 prisoners in 2002. The current jail facility is located in the basement of the Courthouse and expansion of the existing jail is not considered feasible. An alternative use plan for the existing jail space is underway.

The second purpose of the Jefferson County Justice Center is to provide secure detention beds available to Federal, State and Local governments. Revenue would be provided to Jefferson County from rental of secure detention beds. Two Federal agencies, the Immigration and Naturalization Service (INS) and the United States Marshals Service (USMS) have an expressed interest and commitment to this facility. The existing Jefferson County Jail has an existing contract with USMS to provide up to 20 beds per night for USMS prisoners.

Jefferson County is a county of 40,045 residents located in southern Illinois. The Census 2000 Report further indicates that Mount Vernon, the county seat, has a population of 16,269 people. Mount Vernon sits on a major east-west and north-south transportation hub. Interstate 64 travels east-west with direct connections to St. Louis, Missouri and Louisville, Kentucky. Interstate 57 travels north-south with direct connections to Chicago and Memphis, Tennessee. Major employers in Jefferson County include Continental Tire, with over 2,000 employees and Walgreen's Distribution with over 1,300 employees.

Illinois witnessed a population increase of 8.6 percent from 1990 to 2000. At the same time, Jefferson County increased 8.2 percent. Jefferson County and the contiguous counties of Hamilton, Franklin, Perry and Washington represent a population base of

125,926 according to the Census 2000 Report. This represents an increase of 3 percent from the previous decade. Illinois further projects a 10 percent increase for those residents age 18-65 from 2000 to 2020.

Role of the Analysis and the Consultant

Officials with Jefferson County believe that the project is economically feasible and there will be sufficient demand to fill 149 available detention beds for rent in addition to 100 beds for the County's increasing jail population and have developed plans for such a facility. However, no formal market demand assessment has taken place to review the viability of this facility. It is the consultant's role to evaluate the demand at the local and federal agency level. Therefore, to assure independence of *Development Specialties* work, the fee will be paid in full and is not contingent upon the project obtaining financing.

The consultant informs the reader that:

- The historical increases for detention bed rental and increased correctional facility usage does not guarantee continued trends into the future.
- The demand for available beds from the U.S. Immigration & Naturalization Service (INS) and U.S. Marshals Service is subject to national policy changes and other uncertainties such as increased or decreased crime and detention.
- There will be competition from other public correctional facilities and the "for profit" sector for INS and USMS detention beds.
- While the study provides a pro forma financial statement, this is not a financial feasibility report. All cost and revenue information for the financial statement was provided by the Jefferson County Sheriff's office and the financial pro forma assume the validity of this data and the stated assumptions as the basis for the financial projections.

Project Components

The proposed facility is a \$14.75 million County Jail Facility. Financing is anticipated to be provided through General Obligation (Alternate Revenue Source) Bonds. The primary objectives of the proposed facility are to serve the needs of Jefferson County and provide detention bed rentals to various Federal, State and local agencies. The U.S. Department of Justice indicates that jails are locally-operated correctional facilities that confine persons before or after adjudication. Inmates sentenced to jail usually have a sentence of a year or less, but jails also incarcerate persons in a wide variety of other categories including federal Immigration and Naturalization Service (INS) detainees and detainees of the United State Marshals Service (USMS).

The proposed facility will have 249 beds. A total of 224 beds will be secured and the remaining beds will be for holding cells and work release prisoners. The County will commit to 100 beds for its increasing population and the remaining 149 beds will be available for detention bed rental.

Practice of Detention Bed Rental

It is now common practice to rent detention beds to other governmental jurisdictions by city and county governments and private companies. It is anticipated by Jefferson County that beds in the proposed facility will be contracted for by the INS and other agencies through an Intergovernmental Service Agreement (IGSA). According to a Project of the National Institute of Corrections and the National Institute of Justice a report titled "Building on Experience: A Case Study of Advanced Construction and Financing Methods for Corrections" indicates that in all but rare examples, modern jails and prisons are financed through borrowing. States and local governments typically raise money by selling securities in the bond market. The practice of detention bed rental supplements local government budgets.

Mississippi County, Missouri completed construction of a new jail facility in 1998. The jail was funded through a General Obligation bond issue. Mississippi County is located in rural southeastern Missouri and experienced a population decline of 7.0 percent from 1990 to 2000. Current population is now 13,427. Charleston is the county seat and has a population of 5,000 people. Declining population in Mississippi County took place at a time when the state of Missouri saw a population increase of 9.3 percent.

The previous jail facility was attached to the Mississippi County Courthouse and had beds for 32 to 37 detainees. In the previous facility, the practice of detention bed rental did not exist. A fire destroyed the previous courthouse and jail facility in the mid 1990's. It was decided to construct a new jail facility and utilize detention bed rental as a revenue source. According to Mississippi County Sheriff Larry Turley, the jail facility was completed in 1998. The new facility originally contained 80 beds. However, the success of detention bed rental encouraged the conversion of an attached gymnasium to hold an additional 40 detainees. During 2002 there was an average of 117 beds occupied on a daily basis. Approximately 75 percent of the usage was for detention rental. Most of this usage was attributed to the U.S. Immigration & Naturalization Service (INS), Kansas City District/St. Louis Sub District. INS paid an average of \$55 per night for detention beds to Mississippi County.

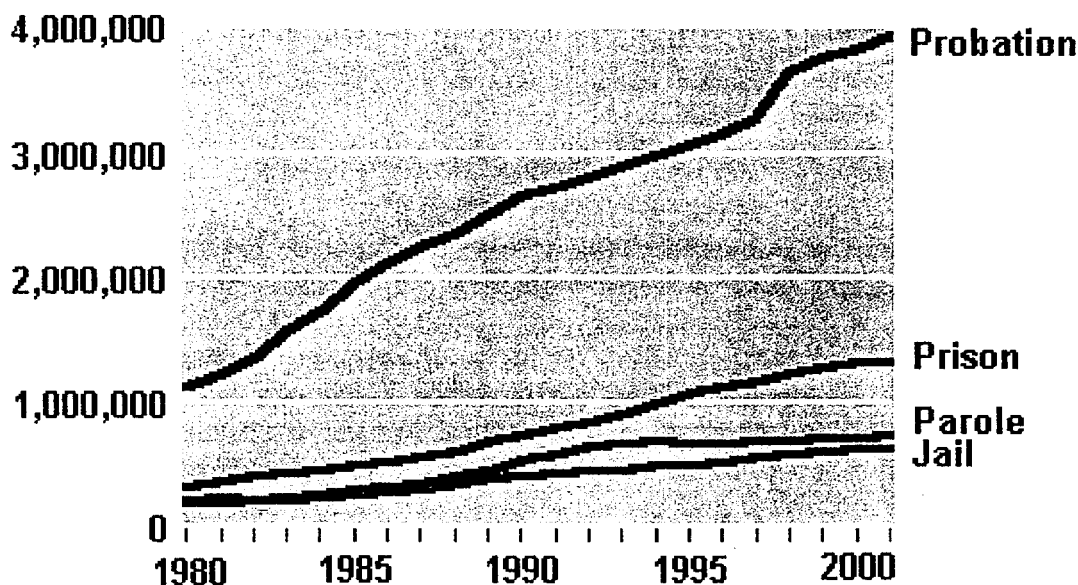
History and Trends of Jail and Prison Populations

General population trends in the United States and populations of jails and prisons do not necessarily track one another. The United States had an overall population increase of 13.1 percent from 1990 to 2000. The United States Bureau of Justice Statistics indicate

substantial increases the past twenty years in both new court commitments and sentenced prisoners admitted to State or Federal Jurisdiction. From 1977 through 1998 new court commitments in the United States increased from 128,050 to 381,646 and sentenced prisoners increased from 163,203 to 615,226, both three-fold increases. The state of Illinois court commitments increased from 5,092 at year end 1977 to 19,655 at the end of 1998. During this same time frame sentenced prisoners admitted to State or Federal jurisdiction increased from 6,319 to 27,362 in Illinois, both four-fold increases.

More recent reports suggest that the trend continues. The U.S. Department of Justice indicated that for the 12 months ending at midyear 2001, federal, state and local governments had to find room for 30,505 inmates. This report includes only limited data trends since the terrorist attacks of September 11, 2001. During the first six months of 2001, the federal system added 7,372 inmates, making this the largest six month growth period in the federal system. Between July 1, 2000 and June 30, 2001, the federal prison population rose 7.2 percent. Federal prisons were at 31 percent above capacity as of April, 2002. Figure 1 represents the increases in correctional populations the past twenty years.

Figure 1: U.S. Adult correctional populations, 1980-2001



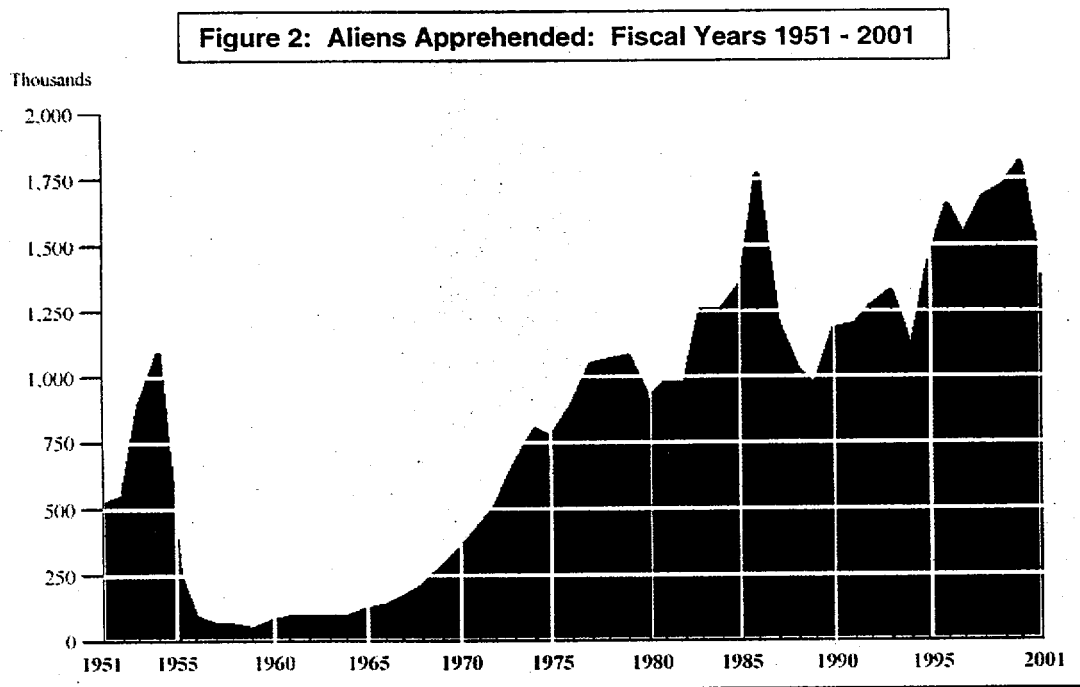
Source: Bureau of Justice Statistics Correctional Surveys
 (The Annual Probation Survey, National Prisoner Statistics,
 Survey of Jails, and The Annual Parole Survey) as presented
 in *Correctional Populations in the United States, Annual, Prisoners in 2001 and
 Probation and Parole in the United States, 2001.*

Federal Agencies Historical Needs

The analysis of Federal Agencies Historical Needs focuses on the two agencies primarily responsible for federal detention and bed space rental: 1) the Immigration and Naturalization Service (INS) and 2) the United States Marshals Service (USMS).

The Justice Department Bureau of Justice Statistics noted that approximately 73 percent of the 106,139 federal arrests made during fiscal year 1998 were made by the Department of Justice law enforcement agencies – the Federal Bureau of Investigation, the Immigration and Naturalization Service, the Drug Enforcement Agency and the Marshals Services. The 2001 U.S. Department of Justice, Executive Office for Immigration Review indicated that receipts by the immigration courts increased by 12 percent between FY 2000 and FY 2001.

Since 1965 the number of aliens apprehended and removed has been on a historic rise. In 1965 approximately 125,000 aliens were apprehended. By 2000 the number of aliens taken into custody reached 1.8 million. While the total number of aliens apprehended fell to 1.4 million in 2001, statistics in 2002 are expected to be higher. The overall historical trend demonstrates a sharp increase in apprehensions and detentions the past thirty years. This historic trend is demonstrated in Figure 2.



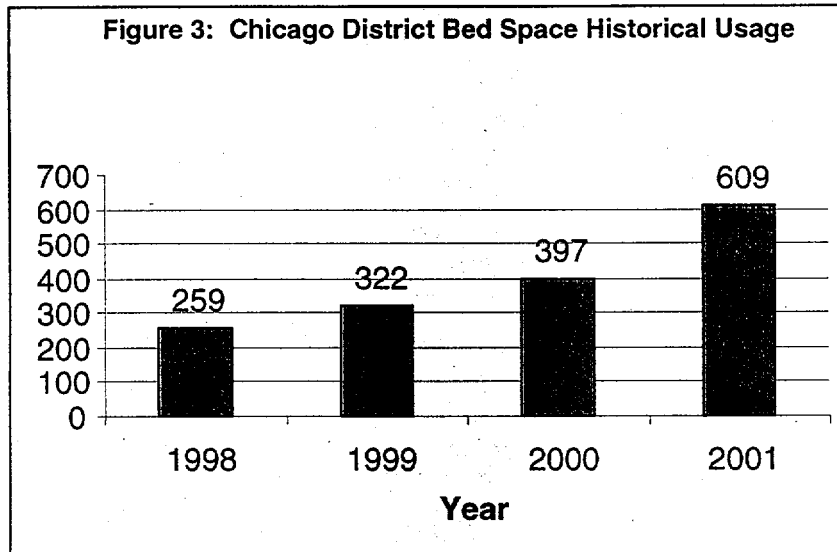
Source: 2001 Statistical Yearbook of the Immigration and Naturalization Service

The number of people prosecuted for immigration offenses in federal courts more than doubled from 1996 through the year 2000 according to an August 6, 2002 news release provided by the U.S. Department of Justice Bureau of Justice Statistics. The news release further stated that the number of immigration offenders serving federal prison sentences increased almost ninefold between 1985 and 2000 – from 1,593 to 13,676 adult men and women – more than twice the rate of increase for the entire federal prison population. Increases were attributed to changes in a federal sentencing law and increased sentences and time actually served. A logical conclusion is that the attractiveness of the United States to illegal aliens apprehended (96% Mexican) combined with increased INS law enforcement has led to a growing population apprehended who then become detainees.

Chicago District Historical Trends

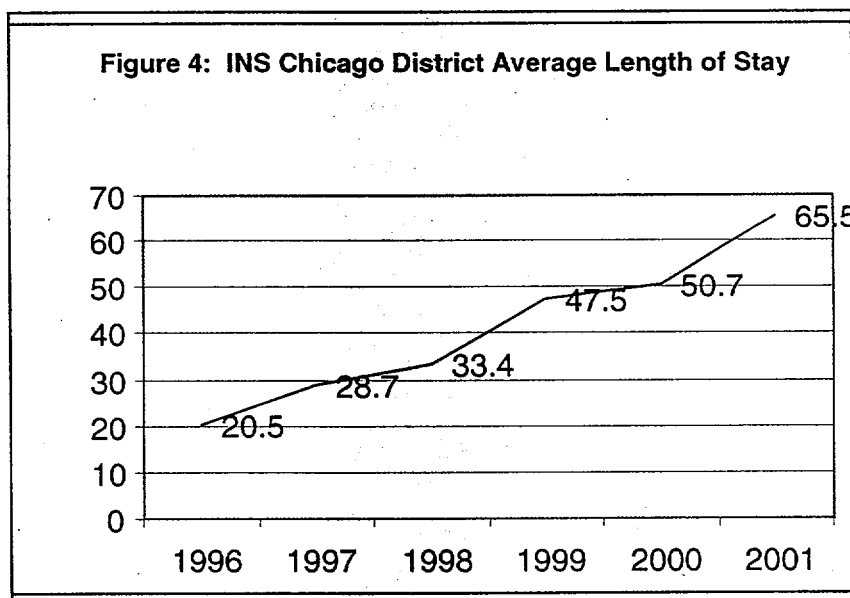
The Chicago District Office of INS encompasses the three states of Illinois, Wisconsin and Indiana, an area spanning more than 148,683 square miles with a total population of over 23 million people (INS website). The Chicago District Office processes international travelers arriving at Chicago O'Hare International Airport, Chicago Midway International Airport and the Great Lake seaports, and performs a full range of enforcement activities. The office is also responsible for the detention of individuals in formal removal proceedings and their removal from the United States (INS website).

While national trends show a dramatic increase in apprehension and detainees the primary target market for Jefferson County Justice Center detention bed demand is primarily within the Chicago District. INS District offices prefer to locate detainees "within the District" according to Deborah Achim, Chicago INS District Coordinator for Detention and Deportation. While the primary national growth of INS apprehensions and detentions has been of Mexicans captured by Border Patrol along the southwest U.S. border, there has been a dramatic increase of apprehensions and detentions in America's Heartland and the Chicago INS District as well. Daily bed space for the Chicago District INS has more than doubled in three years; from 259 detainees per day in 1998 to 609 detainees per day in 2001. As demonstrated later, this historic trend leads to similar projections in future growth demand.



Source: Chicago INS District Office, 2003

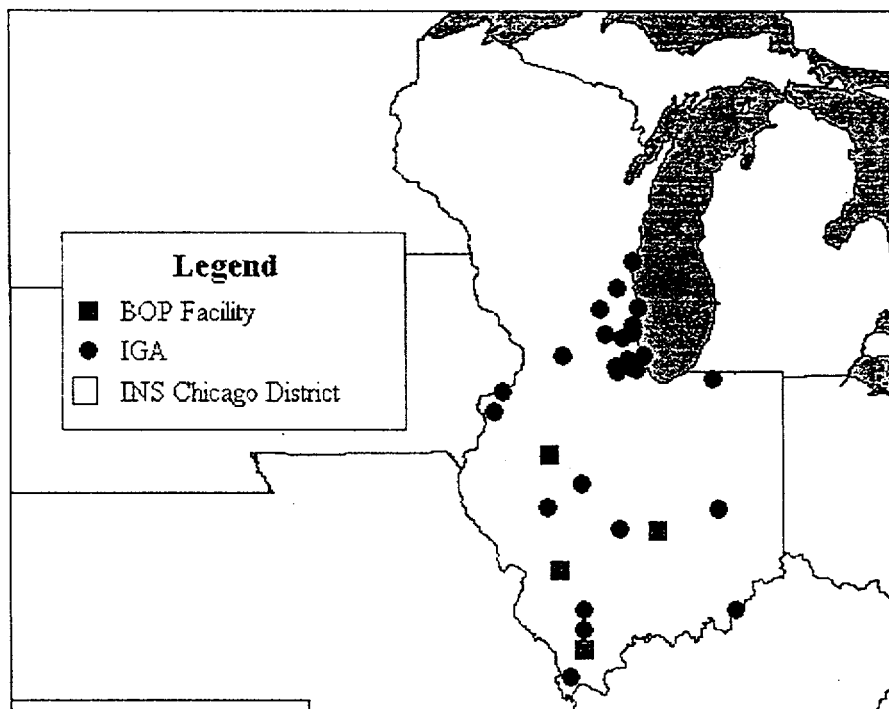
The historic growth in the INS Chicago District demand for bed spaces in recent years is highlighted in Figure 3 above. This is due to detention increases and a 300 percent increase in average length of stay of detainees remaining in custody from 1996 to 2001. Figure 4 demonstrates the average length of stay for INS Chicago District detainees grew from 20.5 days in 1996 to 65.5 days in 2001.



Source: DACS, Chicago District Office, 2003

Another aspect of historic and current need/demand of Chicago INS is the current usage pattern for detention of Chicago District INS detainees. A Chicago District INS Fact Sheet indicates the Chicago INS office currently “contracts with 34 different city and county jails in Wisconsin, Illinois and Indiana.” Furthermore, the Fact Sheet states that 60 percent of Chicago INS detainees are in two major jails, with one of these jails located 1,100 miles from Chicago in the state of Texas. The remaining 40 percent of the detainees are divided into 10 different jails. Both the Fact Sheet and Chicago INS Assistant Director Achim emphasize the desire to contain all detainees within the district and consolidate all detainees into facilities with at least 50 to 100 beds. The following map (Figure 5) shows the current detainee facility use pattern for the Chicago INS office.

Figure 5: INS Chicago District Facility Location Map



Source: Chicago INS District Office, 2003

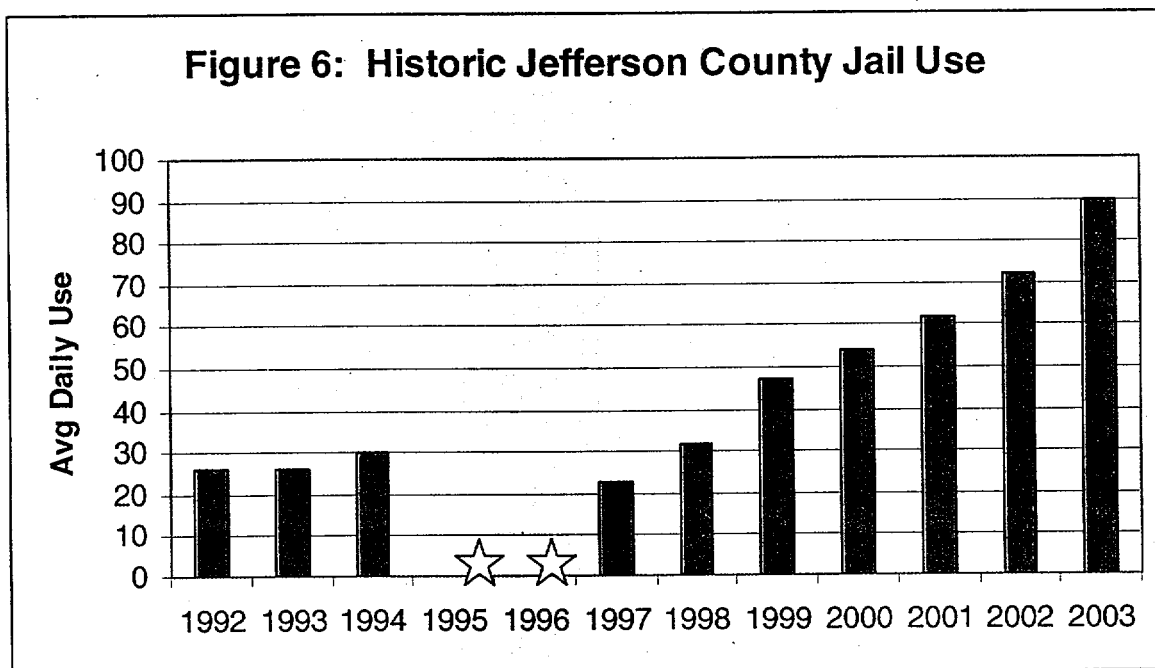
United States Marshals Service (USMS) Historic Demand Analysis

The United States Marshals Service (USMS) mission is to protect the Federal courts and ensure the effective operation of the judicial system. According to the USMS, there are more than 250,000 federal prisoner movements per year. An average of 34,528 prisoners are in custody daily and the number of prisoners received yearly is 138,531. Those prisoners are housed in federal, state, and local jails throughout the nation. The USMS states that there are 1,200 intergovernmental service agreement jails, receiving an average daily jail rate of \$56.57 from USMS (USMS Fact Sheet).

Local demand from USMS for bed space has declined according to Jefferson County Sheriff Roger Mulch. While Jefferson County has an agreement with USMS for 20 beds, they have not been fully utilized due to 1) lack of existing space from the existing jail facility, and 2) USMS demand has decreased due to changes in federal sentencing guidelines.

Local Jefferson County Jail Capacity and Use

The current Jefferson County Jail Facility was originally designed for 42 prisoners. However, last year the facility served an average of 72 prisoners per day. As Figure 6: Historic Jefferson County Jail Use demonstrate average prisoner usage has grown steadily the past ten years. This usage is primarily local, including primary usage from Jefferson County and the City of Mount Vernon, Illinois. Some United States Marshals Service and other local usage are also reflected in these numbers.



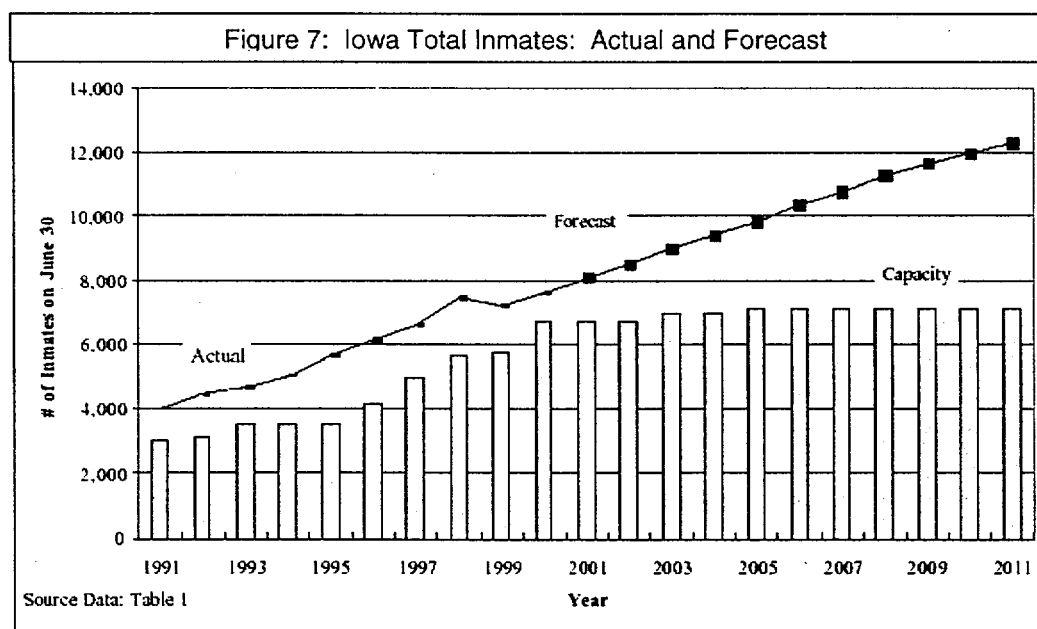
Source: Jefferson County Sheriff's Office, 2003

Note: Some of the usage includes fee paying customers of the City of Mount Vernon and USMS detainees. USMS usage in 2003 was estimated by Jail Administrator Charlie McNeely to be 5 beds per day in 2003. McNeely also estimated FY 2003 usage.

☆ Data not available

Projections of Jail Populations

The state of Illinois Department of Corrections has little data available regarding population projections. However, when historical data is viewed, the regression line would indicate a positive linear trend indicating an increase in jail populations. The State of Iowa conducted a forecast of inmate population from 2001 to 2011. While neither Illinois nor the United States have the same demographic composition, Iowa is representative of Midwestern states in historical growth. As of 2000, there were 2,926,324 Iowans. This represents a 5.4 percent increase over the previous decade. It is predicted that Illinois and the Midwest will parallel increases projected for Iowa. This projection a growing gap between demand usage and capacity or supply.



Source: Iowa Population Forecast FY 200-2011. Division of Criminal & Juvenile Justice Planning
Iowa Department of Human Rights

Federal Agencies Future Needs Analysis

Historic Immigration and Naturalization Service (INS) detention bed demand is a key component of the Jefferson County Justice Center (JCJC) demand analysis. This analysis reviews two elements of historic INS demand components: 1) national historical trends and 2) INS Chicago district historical trends. A summary of projected INS demand for the JCJC is also provided. Federal Agencies Future Needs Analysis is also focused on the same two agencies primarily responsible for federal bed space demand, namely INS and USMS. Each demand projection flows naturally from historic trends and demand projection data from the two agencies and related sources.

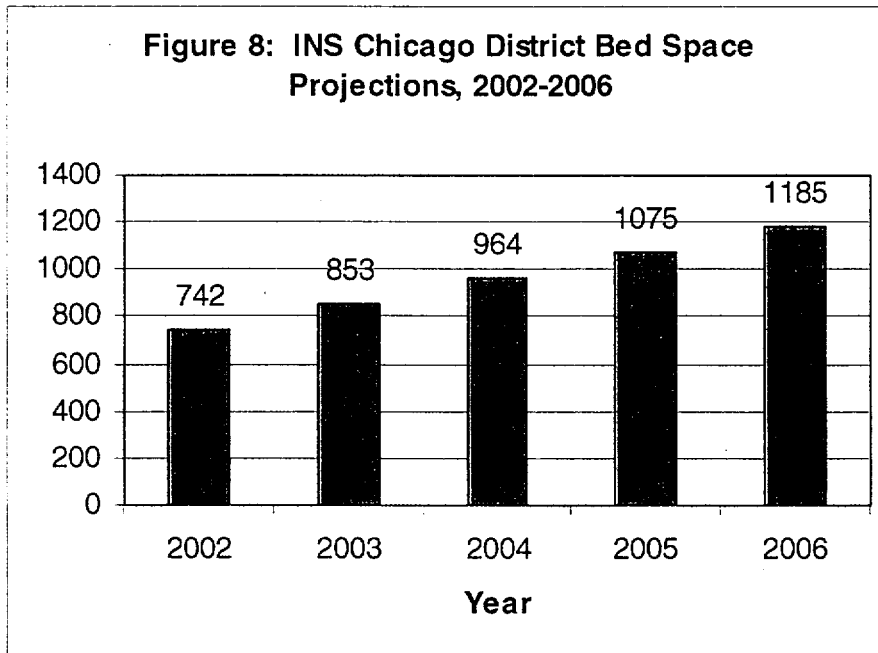
INS Demand Projections

National INS apprehension and detention projections are limited for public usage. However, likely trends can be inferred from official INS data and comments from INS and other law enforcement officials. One source of information that is insightful is the "President's Fiscal 2003 Immigration Budget" (now under the newly created Homeland Security Administration). The INS budget will increase \$1.24 Billion in 2003 based on the budget proposal. An additional 1,790 employees will be added, resulting in a 19 percent increase in INS operations. More than 570 new Border Patrol Agents will be added with an increased emphasis on the northern border with 285 new agents targeted there. Agents will also be increased at air and sea entry points. Chicago, Milwaukee and Indianapolis will likely be areas of increased enforcement within the District as well as St. Louis, Kansas City, Memphis, and New Orleans in neighboring districts.

Interior enforcement will get renewed emphasis with 137 new positions being added nationally. Increased agents and enforcement will likely mean increased apprehension. Significantly, the budget for detention and removals is also likely to increase. Discussion with INS enforcement and detention officials support the view that both apprehensions and detentions are likely to increase nationally in the next five to ten years. These officials refrained, however, from making specific predictions on future needs or projections.

Chicago District INS Demand Projections

Fortunately specific Chicago District INS Projections exist for detention bed space needs. Figure 8 demonstrates a 94.6% increase, increasing from 609 beds in 2001 to 1,185 beds in 2003. Additionally, Assistant District Director for Detention and Deportation Achim indicates that 100 beds are 1,100 miles away in Texas – out of the District. There are presently 100 to 200 detainees currently housed in facilities within the District that are less than desirable. These "less than desirable" facilities include those without outdoor recreation options, support programs, desired physical accommodations, or those that can hold less than 50 detainees at a time (thus creating transportation and administrative cost and travel complications for INS). Future projected INS detainee demand projections combined with existing demand that is unmet by larger quality facilities within the district indicate strong demand from INS assuming contracts can be executed and performance is delivered on time.

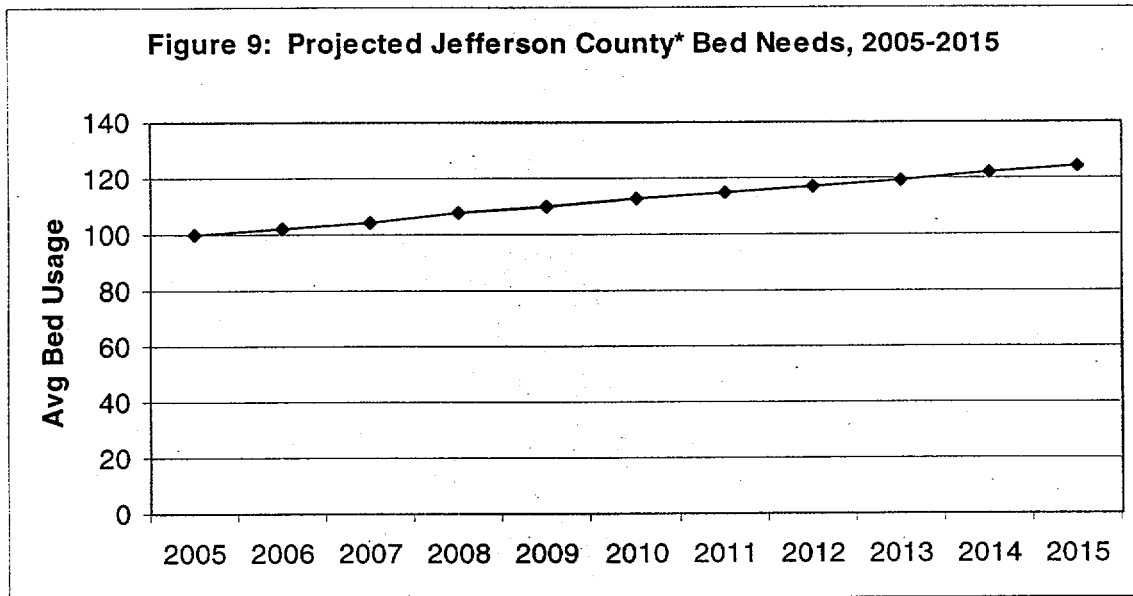


Source: Chicago INS District Office Fact Sheet, 2003

Potential Usage Patterns of Local Agencies

Potential usage demand patterns of local agencies are projected primarily from Jefferson County needs. They include the following components: 1) Jefferson County and Mt. Vernon, and 2) other local law enforcement agencies.

The local projections are shown in Figure 9: Projected Jefferson County Bed and are a reasonable projection based on historic population and crime trends. These projections show a moderate and steady increase in local prisoners beyond the current average of 90 prisoners daily to 100 daily prisoners by the 2005 JCJC completion date to 120 daily prisoners by 2010. By combining the increased number of detainees in 2005 over 2002 (i.e., $1,075 - 742 = 333$) and adding an estimated 200 detainees that could be relocated from Texas and within the District, it is concluded that INS District will have demand for 533 beds in 2005. This demand is projected to grow by 50 percent to 800 beds by 2010. INS "Border Districts" are projected to have a demand pool of approximately 50 percent of the Chicago District numbers – 267 beds in 2005 and 400 beds in 2010.

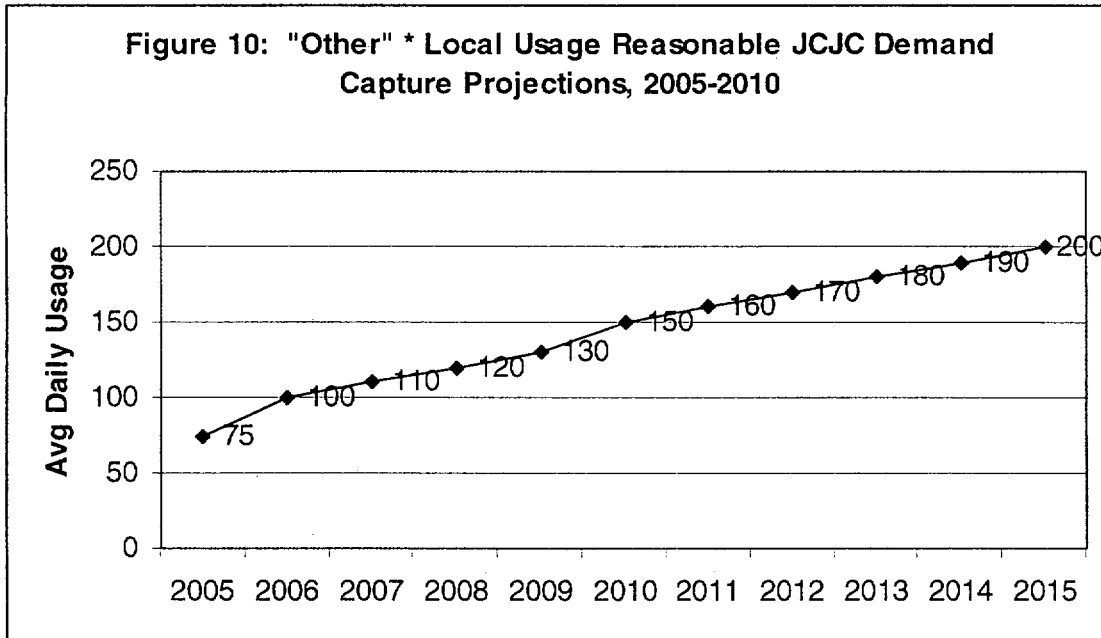


Source: Jefferson County Sheriff and other administrators

- Includes Jefferson County and City of Mount Vernon
- Based on 2 percent annual increase from Jefferson County

Other Local Law Enforcement Agencies

Other local law enforcement agencies will also have periodic excess local demand and be willing to contract with the JCJC for bed needs. As an example, Kane County, Illinois has an unmet need for 75 to 100 beds and anticipates a contract with the JCJC if beds are available. Other local agencies could also reasonably be expected to contribute to the overall local demand. It is estimated that the "Other Local" demand in Illinois and borders of neighboring states to be at least 300 percent of this number, with would be 225 beds. This is the larger pool from which total potential demand capture is estimated. This pool is also projected to grow by 50 percent in the Year 2010 to a total of 338 beds. Reasonable projections for other local law enforcement agencies are shown in Figure 10: "Other" Local Usage Demand Capture Projections.



- "Other" Local Usage is jail bed usage by other local governments (cities and counties) in Illinois and surrounding states of Missouri, Kentucky and Indiana. Note: Initial demand based on statements made by Sheriff Mulch to analyst referencing correspondence and conversations with Kane County, Illinois.

Summary of Demand Projections

Total demand for the Jefferson County Justice Center (JCJC) is calculated by combining and summarizing the estimated and potential demand for the individual components of demand. In other words, by combining Jefferson County demand with other local and federal demand, the potential demand can be estimated for total beds for the Jefferson County Center. This summary is shown in Table 1: Projected Jefferson County Justice Center (JCJC) Reasonable Demand Capture Potential, 2005-2010.

| Table 1: Projected Jefferson County Justice Center (JCJC) | | | | |
|--|---------------------|--------------|---|-------------|
| Reasonable Demand Capture Potential | | | | |
| User | Total Demand | | Reasonable JCJC Capture Demand Potential | |
| | 2005 | 2010 | 2005 | 2010 |
| Jefferson County ⁽¹⁾ | 100 | 110 | 100 | 110 |
| "Other Local" ⁽²⁾ | 225 | 338 | 75 | 113 |
| Federal | | | | |
| INS - Chicago District ⁽³⁾ | 533 | 800 | 100 | 169 |
| INS - "Border" Districts ⁽⁴⁾ | 267 | 400 | 12 | 20 |
| USMS - Regional ⁽⁵⁾ | 40 | 40 | 10 | 10 |
| Totals | 1,165 | 1,688 | 297 | 422 |

(1) Jefferson County includes City of Mt. Vernon needs/demands.

(2) Other Local refers to other counties and cities having needs for beds on a continuing or spot basis in Illinois and near portions of surrounding states.

(3) INS - Chicago District statistics are derived from previous analysis.

(4) INS - Non-District refers to potential usage/demand from neighboring districts.

(5) USMS -Regional will anticipate a decline due to policy changes

Note: Reasonable JCJC Demand Capture Projections are shown only for the first five years of occupancy. This table demonstrates that by Year 5 demand capture potential is well in excess of number of beds in proposed project.

Table 1 projects final total demand and final reasonable capture potential. The total demand figures show the total number of additional beds that will be needed by the three categories of 1) Jefferson County, 2) "Other Local and 3) Federal. This is the total number of additional beds needed in the geographic market area where the user would reasonably consider placement in the Jefferson County (JCJC) facility. This is the total available market for which the JCJC might "reasonably compete." The total market in 2005 is estimated at 1) Jefferson County – 100, 2) "Other Local" – 225, and 3) Federal – 840. The combined total demand pool is projected at 1,165. Similar total demand numbers are projected at 1,688 by the year 2015.

Reasonable JCJC Demand Capture Potential is defined as a reasonable number of user beds that JCJC could actually capture assuming a strong marketing program, combined with a high quality professional operation of the JCJC facility. For the first year of operation (projected to be 2005) total "reasonable capture potential" is projected to be 1) Jefferson County – 100, 2) "Other Local" – 75, and 3) Federal – 122, for a total demand

capture potential in 2005 of 297 beds. This demand capture potential grows to 422 beds by Year 5. Again, these bed usage numbers for paying customers are based on the assumptions of an effective JCJC marketing program and ongoing professional and effective operation of the facility. This will build a reputation to garner ongoing contacts and usage. Table 1 effectively indicates that a strong market exists for the JCJC facility assuming it is effectively implemented and operated.

Jail Pro Forma Financial Projections

The proposed facility is based on a 249 bed occupancy level. A total of 224 beds will be secured. The County will initially commit to at least 100 beds for its increasing population and the remaining 149 beds will be available for detention bed rental. Jefferson County has an existing contract with the United States Marshals Service. The existing contract has a federal daily rate of \$39.71. It should be noted that federal daily rates are based on actual historical costs of the facility providing detention bed rentals. Therefore, the additional operating costs and bond costs associated with a new facility would increase the federal daily rate for the proposed facility. It is predicted that the maximum allowable federal daily rate will be in the \$50-60 per day range and three scenarios are projected at \$50, \$55, and \$60 per night per prisoner.

The Pro-Formas under the three scenarios of \$50, \$55 and \$60 reimbursement rates are based calculated based on a number of assumptions: 1) assumes no appropriation increase of the county except 3% inflationary adjustments, 2) assumes full rental of the 149 beds targeted for paying customers, 3) assumes and accepts Jefferson County Sheriff Roger Mulch's cost estimates, provided to the consultants by Sheriff Mulch, and 4) assumes a Year 1 bond payment of \$1,308,000 based on a bond sizing by the investment banker.

Based on these assumptions Table 2 shows total net operating revenue after expenses of \$277,845.57. The \$50 scenario requires a "break-even" occupancy of 133 paying customers per day. Table 3 (\$55/bed/day) shows net operating revenues of \$549,770. It requires a significantly lower break-even occupancy of 121 paying customers per day. Table 4 (\$60/bed/day) shows a net operating balance of \$821,696. This scenario requires a break-even occupancy of 111 per day.

| Table 2: JCJC Pro-Formas @ \$ 50/Bed/Day for FY '05 | | Daily Average Breakeven Cell Usage Required |
|--|----------------|--|
| Income | | 133 |
| Present Budget (2003) ⁽¹⁾ | \$646,944.37 | |
| Detention Bed Rental (149/day X \$50) ⁽²⁾ | \$2,719,250.00 | |
| Total Income | \$3,366,194.37 | |
| Jail Facility Expenses ⁽³⁾ | \$1,780,348.80 | |
| Annual Bond Payment ⁽⁴⁾ | \$1,308,000.00 | |
| Net Operating Balance | \$277,845.57 | |

| Table 3: JCJC Pro-Formas @ \$ 55/Bed/Day for FY '05 | | |
|--|----------------|------------|
| Income | | 121 |
| Present Budget (2003) ⁽¹⁾ | \$646,944.37 | |
| Detention Bed Rental (149/day X \$55) ⁽²⁾ | \$2,991,175.00 | |
| Total Income | \$3,638,119.37 | |
| Jail Facility Expenses ⁽³⁾ | \$1,780,348.80 | |
| Annual Bond Payment ⁽⁴⁾ | \$1,308,000.00 | |
| Net Operating Balance | \$549,770.57 | |

| Table 4: JCJC Pro-Formas @ \$ 60/Bed/Day for FY '05 | | |
|--|----------------|------------|
| Income | | 111 |
| Present Budget (2003) ⁽¹⁾ | \$646,944.37 | |
| Detention Bed Rental (149/day X \$60) ⁽²⁾ | \$3,263,100.00 | |
| Total Income | \$3,910,044.37 | |
| Jail Facility Expenses ⁽³⁾ | \$1,780,348.80 | |
| Annual Bond Payment ⁽⁴⁾ | \$1,308,000.00 | |
| Net Operating Balance | \$821,695.57 | |

⁽¹⁾ Assumes no appropriation increase from County Board except 3% inflation for next two years

⁽²⁾ Maximum number of detention rental beds is 149

⁽³⁾ Source: Jefferson Co Sheriff's Office. Cost calculations, Roger Mulch, 2002 (Added 3% Ann. Inflation)

⁽⁴⁾ First Bond Payment Anticipated at 1/15/2006

Conclusion

This analysis concludes that there is more than sufficient demand for the proposed 249 bed Jefferson County Justice Center facility. The expanding needs of Jefferson County combined with jail capacity shortfalls among "other local" units of government and growing bed space needs of federal agencies (in particular INS) provide numerous opportunities to secure near-capacity bed placements and reimbursements for 149 of the beds in the JCJC facility. This conclusion, however, is based on a number of observations and assumptions discussed next.

There are a number of observations and assumptions implicit in the pro-forma calculations presented above that are worthy of noting explicitly at this point:

1. Implicit in the observations and assumptions is the presumption of overall effective implementation and operation of the JCJC facility.
2. This analysis includes the assumption that Jefferson County will complete a detailed business plan for JCJC facility. This analysis provides limited pro-formas for Year 1 (2005) based on data provided by Jefferson County, federal agencies, and the project analysts. While this analysis clearly shows that market demand is sufficient to operate the facility, a more refined and rigorous business plan is needed before the facility opens. This JCJC business plan should be completed during the projected 18-month construction period.
3. Implicit is the assumption that this detailed JCJC business plan will be used to calculate and negotiate the most favorable federal reimbursement rates possible. The \$50-\$55-\$60 reimbursement scenarios are reasonable numbers based on current cost calculations and reimbursement rates currently being received at other facilities in the Chicago INS District. Chicago INS Director Achim stated current reimbursement rates within the District range from \$40 to \$107 per day. The lower rates are for smaller, older facilities. Discussions within the industry indicate rates for newer facilities are averaging approximately \$60 per day. It is imperative that JCJC calculate its final costs accurately and negotiate the highest reimbursement rate possible within current policies and procedures.
4. As stated in the notes to demand projections, an effective marketing and sales program for the JCJC facility is also assumed. While demand clearly exists, "closing" on placement and reimbursement from "other local" and "Federal" sources is predicated on actually securing contracts and placements.

5. Effective operation of the facility is assumed such that it meets evolving standards for physical facilities and detention administration and programming.

6. It is assumed that Jefferson County will make timely adjustments and refinements in operation over the life of the facility's financing. This includes professional cost and risk control as well as necessary adjustments in income sources. Specifically, this study assumes timely renegotiation of Federal, "Other Local" and any other reimbursement rates during the life of the facility's operation.

If Jefferson County acts effectively regarding the observations and assumptions presented above, there is no logical reason that the Jefferson County Justice Center (JCJC) should not be a successful operation. The JCJC's overall plan and cost structures are consistent with growing demand for jail and detention bed space. As such it is likely to effectively serve important national, state and local law enforcement and social needs at this time.

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Consultant Qualifications

Development Specialties is an Economic Development Consulting Firm, located in Carbondale since 1994. Primary project consultants are Dr. Raymond Lenzi and Mr. Kyle Harfst.

Dr. Raymond Lenzi is Associate Chancellor for Economic Development for the Office of Economic and Regional Development at Southern Illinois University's Carbondale campus and is the Executive Director of the Southern Illinois Research Park. He has led numerous economic development projects in Wisconsin, Missouri and Illinois ranging from rural/agribusiness to finance and hi-tech. Previously, Dr. Lenzi served as Vice-Chancellor for Institutional Advancement at SIU.

Dr. Lenzi has been co-editor of one book, Downtown Revitalization and Small City Development, and authored scores of refereed publications and monographs or applied research studies. He will shortly be co-author of I-FARRM: Rural Innovation in the Heartland. His publications include works on such topics as development finance and Bank CDCs, existing business retention and expansion, community economic analysis and economic development planning and have been utilized and cited by regional and national economic development practitioners, academics and state and federal policymakers. Dr. Lenzi also holds several professional certifications including: 1) Certified Economic Developer (CED), 2) Economic Development Finance Professional (EDFP) and 3) Certified Fundraising Executive (CFRE). Dr. Lenzi is a frequent speaker and lecturer on a wide array of economic and community development topics ranging from workforce development to financing and leadership. Dr. Lenzi's Ph.D from Southern Illinois University Carbondale is in the field of Community Development.

Mr. Kyle L. Harfst is Manager of the Small Business Incubator Program at Southern Illinois University Carbondale (SIUC) and also serves as Interim Director of SouthernTECH, one of seven Illinois Technology Enterprise Centers. He has also held positions at SIUC as a Business Counselor within the Small Business Development Center and as a Research Project Specialist. Prior to his tenure at Southern Illinois University, he was a banker in the state of Iowa for nine years.

Mr. Harfst also holds several professional certifications including: 1) Certified Business Retention and Expansion International (BREI) Master Consultant, 2) Certified Credit Union Executive, and 3) a graduate of the Economic Development Institute at the University of Oklahoma. He has written reports and given presentations across the country in subjects ranging from Marketing Strategies and Business Plan Development for emerging Wineries to Clustering Strategies for Small Business Incubators. His projects have also included several market assessments in the Rend Lake area, located in Franklin and Jefferson Counties in Illinois. Mr. Harfst has a Masters in Business Administration from Southern Illinois University Carbondale and a Bachelors Degree in Marketing from the University of Northern Iowa.

APPENDIX D

Jefferson County, Illinois
Annual Financial Statements

November 30, 2001

JEFFERSON COUNTY, ILLINOIS

FINANCIAL REPORT

November 30, 2001

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Jefferson County, Illinois

We have audited the accompanying general purpose financial statements of Jefferson County, Illinois, as of and for the year ended November 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

The general purpose financial statements referred to above do not include financial data of the Jefferson County Mental Health (708) Board, which should be included in order to conform with accounting principles generally accepted in the United States. If the omitted component unit had been included, based on unaudited information, the assets and revenues of the component units would have increased by \$149,004 and \$108,419, respectively, there would have been an excess of revenues over expenditures in the component unit of \$8,035 for the year, and the discretely presented component unit column Fund balance would have been \$1,033,948.

The general purpose financial statements referred to above do not include the fixed asset account group, which should be included in order to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the general fixed assets account group is not known.

In our opinion, except for the effects on the financial statements of the omissions described in the preceding paragraphs, the general purpose financial statements, referred to above, present fairly in all material respects, the financial position of Jefferson County, Illinois as of November 30, 2001, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2002 on our consideration of Jefferson County, Illinois' 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 purposes of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Jefferson County, Illinois. The combining and individual fund statements have been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in our opinion, are fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The accompanying required supplemental information on pages to are presented for purposes of additional analysis. Such information has not been subjected to the procedures applied in the audit of the general purpose financial statements and, accordingly, we express no opinion on it.

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 general purpose financial statements of Jefferson County, Illinois. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Clarke CPA & Consulting d+kl

May 31, 2002

COMBINED FINANCIAL STATEMENTS

JEFFERSON COUNTY, ILLINOIS
 COMBINED BALANCE SHEET
 ALL FUND TYPES, ACCOUNT GROUPS AND
 DISCRETELY PRESENTED COMPONENT UNIT
 November 30, 2001

| | Governmental | | Proprietary | Fiduciary |
|--|---------------------|---------------------|-------------------|---------------------|
| | General | Special Revenue | Enterprise | Trust and Agency |
| Assets | | | | |
| Cash | \$ 1,005,811 | \$ 4,011,930 | \$ 124,604 | \$ 6,128,804 |
| Investments | 656,566 | - | - | 237,267 |
| Accounts receivable | 441,382 | 276,541 | 34,824 | 99,708 |
| Capital improvement advance | 553,392 | | | |
| Due from other funds | 1,573 | 6,914 | | |
| Inventory | 11,879 | | 388,880 | |
| Fixed assets | | | | |
| Amount to be provided for retirement of general long-term debt | | | | |
| Total Assets | <u>\$ 2,670,603</u> | <u>\$ 4,295,385</u> | <u>\$ 548,308</u> | <u>\$ 6,465,779</u> |
| Liabilities | | | | |
| Accounts payable | \$ 896,045 | \$ - | \$ 54,648 | \$ 6,465,779 |
| Accrued liabilities | 50,500 | 13,700 | | |
| Due to other funds | 752 | | | |
| Leases payable | | | | |
| Total Liabilities | <u>947,297</u> | <u>13,700</u> | <u>54,648</u> | <u>6,465,779</u> |
| Equity | | | | |
| Fund balances: | | | | |
| Reserved | | | | |
| Unreserved: | | | | |
| Designated for liability insurance | 1,723,306 | 4,281,685 | 493,660 | |
| Undesignated | | | | |
| Retained earnings | | | | |
| Total Equity | <u>1,723,306</u> | <u>4,281,685</u> | <u>493,660</u> | |
| Total Liabilities and Equity | <u>\$ 2,670,603</u> | <u>\$ 4,295,385</u> | <u>\$ 548,308</u> | <u>\$ 6,465,779</u> |

The accompanying notes are an integral part of this statement.

| Account Group General Long-Term Debt | Totals-Primary Government (Memorandum Only) | Discretely Presented Component Unit | Totals-Reporting Entity (Memorandum Only) |
|---|---|---|---|
| \$ | \$ 11,271,149 | \$ 311,288 | \$ 11,582,437 |
| | 893,833 | 462,540 | 1,356,373 |
| | 852,455 | 151,250 | 1,003,705 |
| | 553,392 | | 553,392 |
| | 8,487 | | 8,487 |
| | 11,879 | | 11,879 |
| | 388,880 | | 388,880 |
| 93,636 | 93,636 | | 93,636 |
| <u>\$ 93,636</u> | <u>\$ 14,073,711</u> | <u>\$ 925,078</u> | <u>\$ 14,998,789</u> |
| \$ | \$ 7,416,472 | \$ 22,661 | \$ 7,439,133 |
| 57,600 | 121,800 | 23,238 | 145,038 |
| | 752 | 7,735 | 8,487 |
| 36,036 | 36,036 | | 36,036 |
| 93,636 | 7,575,060 | 53,634 | 7,628,694 |
| | | 5,831 | 5,831 |
| | | 45,000 | 45,000 |
| | 6,004,991 | 820,613 | 6,825,604 |
| | 493,660 | | 493,660 |
| | 6,498,651 | 871,444 | 7,370,095 |
| <u>\$ 93,636</u> | <u>\$ 14,073,711</u> | <u>\$ 925,078</u> | <u>\$ 14,998,789</u> |

JEFFERSON COUNTY, ILLINOIS
 COMBINED STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 For the Year Ended November 30, 2001

| | Governmental | | Totals-Primary Government (Memorandum Only) |
|---|---------------------|---------------------|---|
| | General | Special Revenue | |
| Revenues | | | |
| Taxes | \$ 2,128,078 | \$ 1,324,356 | \$ 3,452,434 |
| Intergovernmental revenue | 1,894,350 | 745,054 | 2,639,404 |
| Fines & fees | 1,859 | 293,506 | 295,365 |
| Revenue for services | 1,053,554 | | 1,053,554 |
| Interest income | 114,818 | 98,135 | 212,953 |
| Rental | - | 130,000 | 130,000 |
| Other | 106,855 | 231,301 | 338,156 |
| Total Revenues | <u>5,299,514</u> | <u>2,822,352</u> | <u>8,121,866</u> |
| Expenditures | | | |
| General government | 2,529,416 | 43,571 | 2,572,987 |
| Public safety | 1,882,399 | | 1,882,399 |
| Judicial and courts | 1,315,509 | 60,108 | 1,375,617 |
| Public service | | 126,031 | 126,031 |
| Transportation | | 1,420,445 | 1,420,445 |
| Public health | | | |
| Other | 60,386 | 855,484 | 915,870 |
| Total Expenditures | <u>5,787,710</u> | <u>2,505,639</u> | <u>8,293,349</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(488,196)</u> | <u>316,713</u> | <u>(171,483)</u> |
| Other Financing Sources (Uses) | | | |
| Transfer to long-term debt account group | | 36,036 | 36,036 |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>(488,196)</u> | <u>352,749</u> | <u>(135,447)</u> |
| Fund Balance, December 1, 2000 | <u>2,211,502</u> | <u>3,928,936</u> | <u>6,140,438</u> |
| Fund Balance, November 30, 2001 | <u>\$ 1,723,306</u> | <u>\$ 4,281,685</u> | <u>\$ 6,004,991</u> |

The accompanying notes are an integral part of this statement.

| Discretely Presented Component Unit | Totals-Reporting Entity (Memorandum Only) |
|---|--|
| \$ 258,110 | \$ 3,710,544 |
| 567,363 | 3,206,767 |
| | 295,365 |
| 240,050 | 1,293,604 |
| 40,945 | 253,898 |
| | 130,000 |
| 4,857 | 343,013 |
| <u>1,111,325</u> | <u>9,233,191</u> |
| | 2,572,987 |
| | 1,882,399 |
| | 1,375,617 |
| | 126,031 |
| | 1,420,445 |
| 997,412 | 997,412 |
| | 915,870 |
| <u>997,412</u> | <u>9,290,761</u> |
| 113,913 | (57,570) |
| | 36,036 |
| 113,913 | (21,534) |
| <u>757,531</u> | <u>6,897,969</u> |
| <u>\$ 871,444</u> | <u>\$ 6,876,435</u> |

JEFFERSON COUNTY, ILLINOIS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
 GENERAL AND SPECIAL REVENUE FUNDS
 For the Year Ended November 30, 2001

| | General Fund | | Variance |
|---|---------------------|---------------------|----------------------------|
| | Budget | Actual | Favorable (Unfavorable) |
| Revenues | | | |
| Taxes | \$ 2,321,016 | \$ 2,128,078 | \$ (192,938) |
| Intergovernmental revenue | 1,662,969 | 1,894,350 | 231,381 |
| Fines & fees | 6,150 | 1,859 | (4,291) |
| Revenue for services | 929,050 | 1,053,554 | 124,504 |
| Interest income | 70,000 | 114,818 | 44,818 |
| Rental | | | - |
| Other | 95,000 | 106,855 | 11,855 |
| Total Revenues | <u>5,084,185</u> | <u>5,299,514</u> | <u>215,329</u> |
| Expenditures | | | |
| General government | 2,488,147 | 2,529,416 | (41,269) |
| Public safety | 1,927,825 | 1,882,399 | 45,426 |
| Judicial and courts | 1,155,464 | 1,315,509 | (160,045) |
| Public service | | | - |
| Transportation | | | - |
| Public health | 60,748 | 60,386 | 362 |
| Other | <u>5,632,184</u> | <u>5,787,710</u> | <u>(155,526)</u> |
| Total Expenditures | | | |
| Excess of Revenues Over (Under) Expenditures | <u>\$ (547,999)</u> | <u>(488,196)</u> | <u>\$ 370,855</u> |
| Other Financing Sources (Uses) | | | |
| Transfer to long-term debt account group | | | - |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | | (488,196) | |
| Fund Balance, December 1, 2000 | | <u>2,211,502</u> | |
| Fund Balance, November 30, 2001 | | <u>\$ 1,723,306</u> | |

The accompanying notes are an integral part of this statement.

Special Revenue Funds

| Budget | Actual | Variance Favorable (Unfavorable) |
|-------------------|---------------------|--|
| \$ 1,375,000 | \$ 1,324,356 | \$ (50,644) |
| 445,000 | 745,054 | 300,054 |
| 291,958 | 293,506 | 1,548 |
| 54,351 | 98,135 | 43,784 |
| 62,000 | 130,000 | 68,000 |
| 211,432 | 231,301 | 19,869 |
| <u>2,439,741</u> | <u>2,822,352</u> | <u>382,611</u> |
| 11,000 | 43,571 | (32,571) |
| 37,100 | 60,108 | (23,008) |
| 61,050 | 126,031 | (64,981) |
| 1,161,341 | 1,420,445 | (259,104) |
| 879,500 | 855,484 | 24,016 |
| <u>2,149,991</u> | <u>2,505,639</u> | <u>(355,648)</u> |
| <u>\$ 289,750</u> | 316,713 | <u>\$ 738,259</u> |
| | <u>36,036</u> | |
| | 352,749 | |
| | <u>3,928,936</u> | |
| | <u>\$ 4,281,685</u> | |

JEFFERSON COUNTY, ILLINOIS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN RETAINED EARNINGS
 PROPRIETARY FUND TYPE
 For the Year Ended November 30, 2001

| | Proprietary Fund Type Enterprise Fund |
|--------------------------------------|--|
| Operating Revenues | \$ 288,198 |
| Telephone surcharge | |
| Insurance proceeds | <u>288,198</u> |
| Total Revenues | |
| Operating Expenditures | 2,553 |
| Insurance | 75,307 |
| Labor | 246,234 |
| Depreciation expense | 12,881 |
| Maintenance/Equipment | 3,438 |
| Telephone | 2,906 |
| Travel | 21,645 |
| Other | <u>364,964</u> |
| Total Operating Expenditures | |
| Operating Income (Loss) | (76,766) |
| Non-operating Revenue (Expenses) | 13,336 |
| Interest income | <u>(14,851)</u> |
| Interest expense | <u>(1,515)</u> |
| Net non-operating revenues(expenses) | |
| Net Income | (78,281) |
| Retained Earnings, December 1, 2000 | <u>571,941</u> |
| Retained Earnings, November 30, 2001 | <u>\$ 493,660</u> |

The accompanying notes are an integral part of this statement.

JEFFERSON COUNTY, ILLINOIS
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 For the Year Ended November 30, 2001

| | Proprietary Fund Type |
|--|----------------------------|
| | <u>Enterprise Fund</u> |
| Cash Flows from Operating Activities | \$ 290,655 |
| Cash received from customers | |
| Other operating receipts | (20,659) |
| Cash payments to employees | (43,422) |
| Payments for other operating costs | <u>226,574</u> |
| Net Cash Provided (used) by Operating Activities | |
| Cash Flows from Capital and Related Financing Activities | (357,400) |
| Note principal paid | (14,851) |
| Interest paid | <u>(372,251)</u> |
| Net Cash Provided by Capital and Related Financing Activities | |
| Cash Flows from Investing Activities | 222,176 |
| Proceeds of sale of investments | 6,972 |
| Interest income | (94,083) |
| Purchase equipment | <u>135,065</u> |
| Net Cash Provided from Investing Activities | (10,612) |
| Net Increase in Cash and Restricted Cash | 135,216 |
| Cash and Restricted Cash December 1, 2000 | <u>\$ 124,604</u> |
| Cash and Restricted Cash November, 30 2001 | |
| Reconcilitaion of operating income (loss) to net cash provided (used) by operating activities | \$ (22,118) |
| Operating Income | |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | 246,234 |
| Depreciation | |
| Changes in Assets and Liabilities: | 2,458 |
| (Increase) decrease in accounts receivable | |
| Increase (decrease) in accounts payable | |
| Increase (decrease) in compensated absences | <u>248,692</u> |
| Total adjustments | <u>\$ 226,574</u> |
| Net Cash Provided (used) by Operating Activities | |

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

JEFFERSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
November 30, 2001

NOTE 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. A blended component unit, although legally a separate entity, is, in substance, part of the government's operations and so data from this unit is combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. Based upon the applications of these criteria, the following is a list of the County's Discretely Presented Component Units.

Discretely Presented Component Units:

The County Board of Health is responsible for providing various health services to the residents of Jefferson County. The members of the Board of Health are appointed by the County Board. The County Board sets the annual tax levy and approves the Board of Health's budget. The County Board of Health is presented as a governmental fund type.

The Mental Health (708) Board is responsible for providing grants to other social service agencies in Jefferson County. The Mental Health Board members are appointed by the County Board. The County Board sets the annual tax levy and approves the 708 Board's budget. The Mental Health (708) Board Fund is not presented.

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

Jefferson County Health Department- #1 Doctors Park Road, Suite F, Mt. Vernon, IL 62864.

Jefferson County Mental Health (708) Board- Linda McNeil, P.O. Box 55, Mt. Vernon, IL 62864.

B. Basis of Presentation - Fund Accounting

The accounts of the County are organized and operated on the basis of funds and account groups, 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 equity, revenues, and expenditures or expenses, as appropriate. Government 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 summarized by type in the financial statements. The fund types and account groups used by the County are described below:

Governmental Fund Types - Governmental funds are those through which most governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination. The following are the County's

JEFFERSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
November 30, 2001

NOTE 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

governmental fund types:

General Fund - The General Fund is the primary operating fund of the County. It is used to account for all financial resources of the general government, 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 trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Proprietary Fund Type - These funds account for operations that are organized to be self-supporting through user charges. The government applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. The following is the County's proprietary fund:

Enterprise Fund - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs (including depreciation) of providing services to the general public on a continuing basis be recovered through user charges.

Fiduciary Fund Types - These funds account for assets held by the County as a trustee or agent for individuals, private organizations, and other units of governments. These funds are as follows:

Agency Funds - Agency funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups - The general long-term debt account group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

C. Basis of Accounting

All governmental and agency funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual, i.e. when they are measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. State Income Tax and Sales Taxes are considered measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: principal and interest on general long-term debt which is recognized when due and employee benefits such as accumulated sick pay and other employee benefits.

JEFFERSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
November 30, 2001

JEFFERSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
November 30, 2001

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The accrual basis of accounting is used for the proprietary fund type. Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

D. Budget and Budgetary Accounting

An operating budget is adopted each fiscal year for the County Funds. The operating budget is prepared on the cash basis of accounting, which differs from the financial statement presentation. The Fiscal Committee is authorized to transfer budget amounts between departments within any fund. Any supplemental appropriations that amend the total expenditures of any fund require County Board resolution. Budgetary appropriations lapse at the end of the fiscal year. The budget must be filed with the County Clerk so that it can be available to the public for fifteen days prior to adoption. The budget must be adopted prior to December 1.

E. Encumbrances

The County does not maintain information concerning encumbrances. Therefore, no amounts for encumbrances are reported in the financial statements.

F. Investments

All investments are stated at fair value.

G. Inventories

Inventory is valued at cost.

H. Property Tax

A tax levy ordinance is prepared and adopted by the County Board and filed with the County Clerk during the Board's September Board session. The taxes upon real property, together with all penalties, interest and costs that may accrue thereon, become a prior and first lien on such real property, superior to all other liens and encumbrances, from and including the first day of January in the year in which the taxes are levied until the taxes, penalties, interest, and costs are paid.

The tax bills for the 2000 levy year were mailed June 29, 2001. The first installment was due August 10, 2001, with penalty accruing after that date. The second installment was due October 10, 2001 with penalty accruing after that date. Notice of delinquent taxes was published on December 10, 2001, and the tax sale was held on January 7, 2002.

I. Fixed Assets

The cost of general fixed assets is charged to the current expenditures of the purchasing fund. No provision has been made for recording fixed asset transactions in a General Fixed Assets Group of Accounts. The omission of the General Fixed Assets Account Group is a departure from general accepted accounting principles.

The Enterprise Fund, ETSB 911, records and capitalizes the purchase of equipment on its balance sheet and records depreciation expense using the straight-line method. Estimated useful lives, in years, for its depreciable assets are as follows:

JEFFERSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
November 30, 2001

NOTE 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

| Assets | Years |
|------------|---------------|
| 911 System | 5 to 40 years |
| Equipment | 5 to 10 years |

J. Compensated Absences

Accrued vacation pay in the amount of \$138,891 has been reflected in the financial statements as of November 30, 2001. At November 30, 2001 accumulated sick pay amounted to \$397,655; since sick pay not taken is lost upon termination of employment this amount is not reflected on the financial statements.

K. Motor Fuel Tax Fund

The County receives allotments of motor fuel taxes from the State of Illinois. This money is restricted to specific programs approved by the State. Therefore, cash balances on hand are restricted for use in these approved projects.

L. Total Columns of Combined Statements

Total columns on the Combined 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, nor 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.

M. Comparative Data

Comparative data for the prior year revenue and expenditures has been presented in selected sections of the accompanying financial statements for the County in order to enhance the understanding of the changes in financial position and operations.

NOTE 2. - DEPOSITS AND INVESTMENTS

Deposits:

The County's policy is that deposits be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. At year end, the County's carrying amount of deposits was \$11,266,049 and the bank balance was \$11,216,920. Of the bank balance, \$877,904 was covered by federal depository insurance, \$9,225,962 was collateralized with securities held by the pledging financial institution's trust department or agent in the County's name and \$1,113,054 was uninsured and uncollateralized.

The carrying amount of deposits for the County Board of Health, a discretely presented component unit, was \$310,788 and the bank balance was \$327,640. Of the bank balance, \$327,640 was collateralized with securities held by the pledging financial institution's trust department of agent in the County's name.

JEFFERSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
November 30, 2001

NOTE 2. -

DEPOSITS AND INVESTMENTS - CONTINUED

Investments:

The County's investments are categorized to give an indication of the level of risk assumed by the County at November 30, 2001. The categories are described as follows:

- Category 1 - Insured or registered, or securities held by the entity or its agent in the entity's name.
- Category 2 - Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the entity's name.
- Category 3 - Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the entity's name.

At year end, the County's investment balances were as follows:

| | Category | | | Carrying Amount | Fair Value |
|--|------------|----|----|-----------------|------------|
| | 1 | 2 | 3 | | |
| CD's | \$ 237,267 | \$ | \$ | \$ 237,267 | \$ 237,267 |
| Investments not subject to categorization: | | | | 656,566 | 656,566 |
| The Illinois Funds | | | | \$ 893,833 | \$ 893,833 |

At year end, the County Board of Health's investment balances were as follows:

| | Category | | | Carrying Amount | Fair Value |
|------|------------|----|----|-----------------|------------|
| | 1 | 2 | 3 | | |
| CD's | \$ 462,540 | \$ | \$ | \$ 462,540 | \$ 462,540 |

A reconciliation of cash and investments as shown on the Combined Balance Sheet follows:

| | Primary Government | Component Unit |
|--------------------------------|--------------------|----------------|
| Cash on hand | \$ 5,100 | \$ 500 |
| Carrying amount of deposits | 11,266,049 | 310,788 |
| Carrying amount of investments | 893,833 | 462,540 |
| | \$ 12,164,982 | \$ 773,828 |
| | \$ 11,271,149 | \$ 311,288 |
| | 893,833 | 462,540 |
| | \$ 12,164,982 | \$ 773,828 |
| Cash | | |
| Investments | | |

JEFFERSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
November 30, 2001

NOTE 3. CAPITAL IMPROVEMENT ADVANCE

The County's General Fund has paid expenses relating to the new county jail project and recorded them as an asset called capital improvement advance. A new not-for-profit corporation called the Jefferson County Building Corporation will be created to oversee the building and financing of this project. When bidding is completed the corporation will begin the process of creating a bond issue that will pay for all of the jail project expenses including paying back the general fund. The preliminary estimate for the bond issue is \$13 million. Once the jail is completed the county will enter into a lease agreement with the Building Corporation. The lease payments will be utilized to pay off the bond liability.

NOTE 4. DUE TO/FROM OTHER FUNDS

| <u>Fund Name</u> | <u>Due To Other Funds</u> | <u>Due From Other Funds</u> |
|-------------------------------------|-------------------------------|---------------------------------|
| General Fund | \$ 1,573 | \$ 752 |
| Special Revenue Funds: | | |
| IMRF | 6,162 | |
| Forfeited Funds | 752 | |
| Discretely Presented Component Unit | | 7,735 |
| County Board of Health | <u>\$ 8,487</u> | <u>\$ 8,487</u> |

NOTE 5. FIXED ASSETS

A summary of proprietary fund type fixed assets for the year ended November 30, 2001, as follows:

| | <u>Balance November 30, 2001</u> |
|--------------------------------|--------------------------------------|
| 911 System | \$ 1,399,393 |
| Equipment | 354,092 |
| | <u>\$ 1,753,485</u> |
| | (1,364,605) |
| Less: Accumulated Depreciation | <u>\$ 388,880</u> |

NOTE 6. HIGHWAY DEPARTMENT CAPITAL LEASE

The County is obligated under a lease accounted for as a capital lease. The obligation under the capital lease is accounted for in the General Long-Term Debt Account Group. The asset under the capital lease should also be accounted for in the General Fixed Asset Account Group; however, the County has made no provision for recording fixed asset transactions in a General Fixed Asset Account Group. If recorded, assets under the capital lease total \$68,977 and accumulated amortization on the asset totaled \$32,941 at November 30, 2001. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of November 30, 2001.

JEFFERSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
November 30, 2001

NOTE 6. HIGHWAY DEPARTMENT CAPITAL LEASE - CONTINUED

| Year Ending November 30, | Long-Term Debt Account Group |
|---|---------------------------------|
| 2002 | \$ 13,616 |
| 2003 | 13,106 |
| 2004 | 12,573 |
| Total minimum lease payments | \$ 39,295 |
| Less: amount representing interest | (3,259) |
| Present value of minimum lease payments | \$ 36,036 |

NOTE 7. FUND EQUITY

Restricted Fund Balance/Component Unit Equity-

Restrictions of equity show amounts that are legally restricted for specific uses. The Health Department restricted amount resulted from grant funds yet to be used.

Designated Fund Equity-

Designations of equity are used to show the amounts within unreserved equity which are intended to be used for specific purposes, but are not legally restricted. The Health Department has designated equity for the purpose of paying their portion of the County liability insurance policy.

NOTE 8. RETIREMENT PLANS

The employees of Jefferson County, Illinois are covered by one of three defined benefit pension plans. The Illinois Municipal Retirement Fund (IMRF) - County Employees, IMRF - Elected County Officials, IMRF - Sheriff's Office. The Illinois Municipal Retirement Fund is a multiple-employer agent PERS (Public Employee Retirement System).

Illinois Municipal Retirement Fund - County Employees

Plan Description. 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 acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Funding Policy. Employees participating in IMRF are required to contribute 4.50 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 4.59 percent of payroll. 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 amortization period at December 31,

JEFFERSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
November 30, 2001

NOTE 8. RETIREMENT PLANS - CONTINUED

2001 was 10 years.

Annual Pension Cost. For December 31, 2001 the County's annual pension cost of \$117,931, 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 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and services, attributable to seniority/merit, and (d) postretirement 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.

Illinois Municipal Retirement Fund - Elected County Officials

Plan Description. 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 acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Funding Policy. Employees participating in IMRF are required to contribute 7.50 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 35.37 percent of payroll. 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 amortization period at December 31, 2001 was 31 years.

Annual Pension Cost. For December 31, 2001 the County's annual pension cost of \$129,058, 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 4.00% a year, attributable to inflation, (c) additional salary increases ranging from 0.4% to 11.6% per year depending on age and services, attributable to seniority/merit, and (d) postretirement 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.

JEFFERSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
November 30, 2001

NOTE 8.

RETIREMENT PLANS - CONTINUED

Illinois Municipal Retirement Fund - Sheriff's Office

Plan Description. The Jefferson 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 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 at www.imrf.org/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Funding Policy. Employees participating in IMRF 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 10.09 percent of payroll. 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 period at December 31, 2001 was 9 years.

Annual Pension Cost. For December 31, 2001 the County's annual pension cost of \$78,301 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 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and services, attributable to seniority/merit, and (d) postretirement 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.

Trend Information and Required Supplementary Information:

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Three year trend information and required supplementary information is presented below.

JEFFERSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
November 30, 2001

NOTE 8.

RETIREMENT PLANS - CONTINUED

Trend Information:

| Actuarial Valuation Date | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|--------------------------------|------------------------------|-------------------------------------|---------------------------|
| County Employees: | | | \$0 |
| 12/31/01 | \$117,931 | 100% | \$0 |
| 12/31/00 | \$170,613 | 100% | \$0 |
| 12/31/99 | \$192,281 | 100% | \$0 |
| Elected County Officials: | | | \$0 |
| 12/31/01 | \$129,058 | 100% | \$0 |
| 12/31/00 | \$114,560 | 100% | \$0 |
| 12/31/99 | \$104,668 | 100% | \$0 |
| Sheriff's Office: | | | \$0 |
| 12/31/01 | \$78,301 | 100% | \$0 |
| 12/31/00 | \$85,504 | 100% | \$0 |
| 12/31/99 | \$34,991 | 100% | \$0 |

Required supplementary information - schedule of funding progress:

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Covered Payroll (c) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|---|---------------------------|------------------------------------|--------------------------|--|
| County Employees: | | | | | | 0.00% |
| 12/31/01 | \$7,646,392 | \$6,828,864 | \$2,569,308 | (\$817,528) | 111.97% | 0.00% |
| 12/31/00 | \$7,265,982 | \$6,295,688 | \$2,433,852 | (\$970,294) | 115.41% | 0.00% |
| 12/31/99 | \$6,219,553 | \$5,506,864 | \$2,187,504 | (\$712,689) | 112.94% | 0.00% |
| Elected County Officials: | | | | | | 250.67% |
| 12/31/01 | \$1,183,316 | \$2,097,952 | \$364,880 | \$914,636 | 56.40% | 202.72% |
| 12/31/00 | \$1,203,787 | \$1,877,731 | \$332,444 | \$673,944 | 64.11% | 208.50% |
| 12/31/99 | \$1,017,259 | \$1,683,209 | \$319,405 | \$665,950 | 60.44% | |
| Sheriff's Office: | | | | | | 0.00% |
| 12/31/01 | \$3,119,205 | \$2,701,999 | \$776,023 | (\$417,206) | 115.44% | 0.00% |
| 12/31/00 | \$3,017,210 | \$2,680,002 | \$739,015 | (\$337,208) | 112.58% | 0.00% |
| 12/31/99 | \$2,565,219 | \$2,400,908 | \$691,522 | (\$164,311) | 106.84% | 0.00% |

The actuarial assumptions used to determine the actuarial accrued liability for 2001 are based on the 1996-1998 Experience Study. The principal changes were as follows:

- More members are expected to take refund 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.

These changes will be more significant for the actuarial valuation of SLEP members.

JEFFERSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
November 30, 2001

NOTE 9.

EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended November 30, 2001, expenditures exceeded appropriations in the following funds:

| <u>Fund</u> | <u>Expenditures in excess of Appropriations</u> |
|--------------------------|---|
| General Fund | \$ 155,526 |
| Special Revenue Funds: | |
| Road and Bridge: | |
| County Bridge | \$ 187,262 |
| Federal Matching Aid | \$ 26,842 |
| County Highway Equipment | \$ 167,561 |
| Engineering | \$ 83,620 |
| Public Service: | |
| Animal Control | \$ 65,644 |
| Drug Investigation | \$ 320 |
| Other: | |
| Worker's Compensation | \$ 45,298 |
| Liability Insurance | \$ 9,128 |
| Permanent Records | \$ 35,625 |
| Court Automation | \$ 19,806 |
| Marriage | \$ 45 |
| Law Library | \$ 3,185 |
| Judgement | \$ 3 |
| Forfeited Funds | \$ 6,069 |

NOTE 10.

SEGMENT INFORMATION - ENTERPRISE FUND

The County maintains one enterprise fund. Selected segment information for the year ended November 30, 2001, is as follows:

| | <u>ETSB 911</u> |
|-------------------------|---------------------|
| Operating revenues | \$ 288,197 |
| Depreciation | \$ 246,234 |
| Operating income (loss) | \$ (22,118) |
| Net income (loss) | \$ (23,633) |
| Fixed asset additions | \$ 94,083 |
| Total assets | \$ 548,308 |
| Total equity | \$ 548,308 |

NOTE 11.

CONTINGENT LIABILITIES

It is the opinion of the States Attorney that there were no pending lawsuits that would result in a material adverse effect on the financial condition of the County.

JEFFERSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
November 30, 2001

NOTE 11. CONTINGENT LIABILITIES - CONTINUED

Risk Management

The County is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the County carries commercial insurance. The commercial insurance coverage is consistent with the prior year. Settled claims have not exceeded insurance coverage in any of the three preceding years.

NOTE 12. 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 established 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 November 30, 2004. The County has not yet determined the full impact that adoption of GASB Statement 34 will have on the financial statements.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS

GENERAL FUND

The General Fund accounts for all revenues and expenditures used to finance the traditional services associated with a governmental unit which are not accounted for in other funds. These services include general government and public safety.

JEFFERSON COUNTY, ILLINOIS
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
For the Years Ended November 30, 2001 and 2000

| | November 30, 2001 | | November 30, 2000 | |
|---|-------------------|------------|-------------------|------------|
| | Budget | Actual | Budget | Actual |
| Taxes | | | | |
| Property taxes | \$ 129,016 | \$ 121,851 | \$ 128,968 | \$ 128,813 |
| General corporate | 184,000 | 185,245 | 314,000 | 186,908 |
| Local use tax | 1,980,000 | 1,784,817 | 1,690,000 | 1,733,078 |
| County sales tax | 28,000 | 36,165 | 32,000 | 32,059 |
| Photo processing tax | 2,321,016 | 2,128,078 | 2,164,968 | 2,080,858 |
| Total Taxes | | | | |
| Intergovernmental Revenue | | | | |
| Dept. of Interior | 15,000 | 23,107 | 15,000 | 1,331,072 |
| State income tax | 1,100,000 | 1,259,872 | 1,255,000 | 213,073 |
| Personal property replacement tax | 195,000 | 187,619 | 197,383 | 47,295 |
| Inheritance taxes | | 16,591 | | 129,200 |
| Juvenile PPB grant | 68,745 | 95,600 | 16,000 | 7,497 |
| Violence prevention grant | | 8,060 | | 100,000 |
| Courthouse renovation grant | | | | 200,768 |
| State reimbursements | 220,693 | 218,933 | 211,995 | 73,475 |
| Local reimbursements | 63,531 | 84,568 | 63,400 | 2,102,380 |
| Total Intergovernmental Revenue | 1,662,969 | 1,894,350 | 1,758,778 | |
| | 6,150 | 1,859 | 6,150 | 7,592 |
| Licenses and permits | | | | |
| Revenue from Services | | | | |
| County clerk | 234,000 | 278,971 | 263,000 | 252,607 |
| Circuit clerk | 350,000 | 351,270 | 340,000 | 391,271 |
| Sheriff | 50,000 | 52,059 | 47,000 | 46,234 |
| States attorney | 150,000 | 158,982 | 145,000 | 158,878 |
| Supervisor of assessments | 1,000 | 4,534 | 230 | 737 |
| Coroner fees | 150 | 180 | 400 | 525 |
| Public defender | 400 | 1,828 | 750 | 252 |
| House, delivery & other prisoner income | 123,500 | 159,461 | 91,800 | 136,906 |
| Animal control | 20,000 | 46,269 | 8,000 | 46,685 |
| Total Revenue from Services | 929,050 | 1,053,554 | 896,180 | 1,034,095 |
| Other Revenue | | | | |
| Tax sale interest & cash | 80,000 | 97,417 | 78,004 | 81,425 |
| Interest income | 70,000 | 114,818 | 62,000 | 139,974 |
| Indemnity fees | 15,000 | 9,438 | 15,000 | 10,702 |
| Other miscellaneous | 165,000 | 221,673 | 168,064 | 232,101 |
| Total Other Revenue | | | | |
| Total Revenues | 5,084,185 | 5,299,514 | 4,994,140 | 5,457,026 |

JEFFERSON COUNTY, ILLINOIS
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL - CONTINUED
For the Years Ended November 30, 2001 and 2000

GENERAL GOVERNMENT

| | November 30, 2001 | | November 30, 2000 | |
|----------------------------------|-------------------|----------------|-------------------|----------------|
| | Budget | Actual | Budget | Actual |
| County Treasurer | | | | |
| Officer's salary | \$ 40,271 | \$ 41,329 | \$ 39,098 | \$ 39,054 |
| Full time service | 85,302 | 80,297 | 82,708 | 94,833 |
| Other services | 10,160 | 6,136 | 10,160 | 9,619 |
| Materials | 30,800 | 29,515 | 30,800 | 29,239 |
| Equipment | 2,700 | 2,968 | 2,700 | 1,917 |
| Total County Treasurer | <u>169,233</u> | <u>160,245</u> | <u>165,466</u> | <u>174,662</u> |
| County Clerk | | | | |
| Officer's salary | 40,271 | 41,134 | 39,098 | 39,054 |
| Full time services | 145,429 | 157,445 | 132,907 | 151,717 |
| Other services | 1,180 | 1,093 | 1,180 | 1,107 |
| Materials | 23,300 | 64,076 | 23,550 | 59,019 |
| Equipment | 14,750 | 23,191 | 14,750 | 18,730 |
| Total County Clerk | <u>224,930</u> | <u>286,939</u> | <u>211,485</u> | <u>269,627</u> |
| County Board | | | | |
| County board salaries | 56,100 | 55,380 | 56,100 | 55,380 |
| Other salaries | 69,470 | 27,298 | 67,883 | 19,358 |
| Juvenile policy prevention board | 68,745 | 105,130 | 55,000 | 155,604 |
| Materials | 2,050 | 2,373 | 1,950 | 1,561 |
| Equipment | 2,750 | 1,331 | 2,750 | 2,476 |
| Total County Board | <u>199,115</u> | <u>191,512</u> | <u>183,683</u> | <u>234,379</u> |
| Courthouse Services | | | | |
| Full time salaries | 67,274 | 68,714 | 59,006 | 63,468 |
| Other services | 110,000 | 132,858 | 80,000 | 124,767 |
| Materials | 17,500 | 19,392 | 15,000 | 20,502 |
| Total Courthouse Services | <u>194,774</u> | <u>220,964</u> | <u>154,006</u> | <u>208,737</u> |
| Merit Commission | | | | |
| Services | 2,500 | 2,500 | 2,500 | 2,500 |
| Materials | 2,550 | 1,440 | 2,350 | 1,378 |
| Total Merit Commission | <u>5,050</u> | <u>3,940</u> | <u>4,850</u> | <u>3,878</u> |
| Animal Shelter | | | | |
| Salary | 24,320 | 23,873 | 22,820 | 24,428 |
| Labor | 34,979 | 38,457 | 33,089 | 31,593 |
| Other services | 16,150 | 22,372 | 13,050 | 12,073 |
| Materials | 6,150 | 3,368 | 5,100 | 3,801 |
| Equipment | 700 | 584 | 700 | 474 |
| Total Animal Shelter | <u>82,299</u> | <u>88,654</u> | <u>74,759</u> | <u>72,369</u> |

JEFFERSON COUNTY, ILLINOIS
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL - CONTINUED
For the Years Ended November 30, 2001 and 2000

| | November 30, 2001 | | November 30, 2000 | |
|---------------------------------------|-------------------|----------|-------------------|----------|
| | Budget | Actual | Budget | Actual |
| GENERAL GOVERNMENT - Continued | | | | |
| Board of Review | | | | |
| Salaries | \$ 9,360 | \$ 9,360 | \$ 9,360 | \$ 9,360 |
| Materials | 2,090 | 728 | 2,090 | 1,950 |
| Total Board of Review | 11,450 | 10,088 | 11,450 | 11,310 |
| Insurance | | | | |
| Group health | 534,000 | 558,445 | 434,000 | 433,016 |
| Life | 15,000 | 7,246 | 15,000 | 11,017 |
| Total Insurance | 549,000 | 565,691 | 449,000 | 444,033 |
| Assessments | | | | |
| Officer's salaries | 46,271 | 47,367 | 45,098 | 45,061 |
| Full time salaries | 85,783 | 95,243 | 77,412 | 87,011 |
| Other services | 47,200 | 84,979 | 37,200 | 26,193 |
| Materials | 26,070 | 13,508 | 36,070 | 47,290 |
| Equipment | 6,900 | 9,737 | 4,400 | 3,366 |
| Total Assessments | 212,224 | 250,834 | 200,180 | 208,921 |
| Elections | | | | |
| Other | 80,000 | 148,899 | 80,000 | 78,853 |
| Audit of county funds | 20,000 | 24,120 | 15,000 | 24,315 |
| Working Cash fund | 2,500 | | 2,500 | |
| Burial of indigents | 4,000 | 7,355 | 2,000 | 4,235 |
| Greater Egypt development | 7,404 | 7,404 | 7,404 | 7,404 |
| D.A.R.E. program | 4,000 | 4,000 | 4,000 | 4,180 |
| E.S.D.A. | 4,200 | 2,400 | 4,200 | 2,590 |
| Bonds | 8,800 | 6,254 | 8,800 | 6,199 |
| Meeting and dues | 9,500 | 3,425 | 9,500 | 4,534 |
| Capital expenditures | 20,000 | - | 20,000 | 15,257 |
| Maintenance agreements | 90,000 | 83,857 | 54,400 | 100,764 |
| County postage | 45,000 | 60,658 | 45,000 | 50,950 |
| Wage adjustments | | | 75,000 | |
| Rental/storage | 2,500 | 2,109 | 2,500 | 5,936 |
| County telephone | 40,000 | 52,512 | 33,000 | 52,466 |
| Union negotiating costs | 10,000 | 4,746 | 5,000 | 9,384 |
| Rend Lake search & rescue | 2,000 | 2,000 | 2,000 | 2,000 |
| Courthouse renovations | 350,000 | 294,716 | 350,000 | 79,418 |
| Unemployment tax | 39,000 | 23,629 | 39,000 | 29,579 |
| Soil & water conservation | 2,000 | 2,000 | 2,000 | 2,000 |
| Miscellaneous | 1,000 | 15,465 | 1,000 | 8,650 |
| Mt. Vernon Convent. & Visitors | | 5,000 | | |
| Contingency | 98,168 | | 80,922 | |
| Total Other | 760,072 | 601,650 | 763,226 | 408,961 |

JEFFERSON COUNTY, ILLINOIS
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL - CONTINUED
For the Years Ended November 30, 2001 and 2000

| | November 30, 2001 | | November 30, 2000 | |
|---------------------------------------|-------------------|--------------|-------------------|--------------|
| | Budget | Actual | Budget | Actual |
| GENERAL GOVERNMENT - Continued | | | | |
| Total General Government | \$ 2,488,147 | \$ 2,529,416 | \$ 2,298,105 | \$ 2,115,730 |
| PUBLIC SAFETY | | | | |
| County Sheriff | | | | |
| Sheriff's salary | 51,454 | 52,615 | 49,955 | 49,955 |
| Full time salaries | 1,016,227 | 942,606 | 923,888 | 872,173 |
| Other services | 35,000 | 48,664 | 35,300 | 44,809 |
| Materials | 67,300 | 71,767 | 54,300 | 60,221 |
| Equipment | 187,500 | 169,469 | 149,500 | 163,350 |
| Total County Sheriff | 1,357,481 | 1,285,121 | 1,212,943 | 1,190,508 |
| Jail | | | | |
| Full time salaries | 324,420 | 344,825 | 271,686 | 287,809 |
| Materials | 140,500 | 165,302 | 126,350 | 143,354 |
| Total Jail | 464,920 | 510,127 | 398,036 | 431,163 |
| Animal Control | | | | |
| Administrator's salary | 3,000 | 2,250 | 3,000 | 3,000 |
| Animal Warden salary | 22,008 | 19,201 | 20,080 | 20,917 |
| Other services | 21,000 | 10,528 | 4,000 | 9,574 |
| Materials | 2,600 | 3,469 | 2,475 | 1,985 |
| Total Animal Control | 48,608 | 35,448 | 29,555 | 35,476 |
| County Coroner | | | | |
| Officer's salary | 23,636 | 24,355 | 22,947 | 22,937 |
| Deputy coroner's salary | 2,480 | 385 | 1,825 | 1,824 |
| Other services | 30,100 | 26,963 | 27,900 | 37,089 |
| Materials | 600 | | 750 | 245 |
| Equipment | | | | |
| Total County Coroner | 56,816 | 51,703 | 53,422 | 62,095 |
| Total Public Safety | 1,927,825 | 1,882,399 | 1,693,956 | 1,719,242 |
| JUDICIARY AND COURTS | | | | |
| State's Attorney | | | | |
| Officer's salary | 129,807 | 134,567 | 124,695 | 126,759 |
| Full time salaries | 245,454 | 249,973 | 235,436 | 219,842 |
| Other services | 80,020 | 71,859 | 63,800 | 67,778 |
| Materials | 19,500 | 24,405 | 17,900 | 20,586 |
| Equipment | 14,850 | 17,542 | 11,695 | 14,349 |
| Total State's Attorney | 489,631 | 498,346 | 453,526 | 449,314 |

JEFFERSON COUNTY, ILLINOIS
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL - CONTINUED
For the Years Ended November 30, 2001 and 2000

| | November 30, 2001 | | November 30, 2000 | |
|---------------------------------------|-------------------|--------------|-------------------|--------------|
| | Budget | Actual | Budget | Actual |
| JUDICIARY AND COURTS-Continued | | | | |
| Circuit Clerk | \$ 40,271 | \$ 41,134 | \$ 39,098 | \$ 39,054 |
| Officer's salary | 185,264 | 212,338 | 158,398 | 189,100 |
| Full time salaries | | 29 | | 1,591 |
| Other services | 19,000 | 42,386 | 19,000 | 18,965 |
| Materials | | 25,732 | | |
| Permanent transfer of interest | 3,500 | | 2,000 | 50,193 |
| Equipment | 248,035 | 321,619 | 218,496 | 298,903 |
| Total Circuit Clerk | | | | |
| Courts | 100 | | 100 | |
| Services | 2,000 | 2,147 | 2,000 | 2,040 |
| Materials | 3,000 | 3,457 | 2,900 | 4,061 |
| Equipment | 152,500 | 184,700 | 137,500 | 236,648 |
| Court ordered expenses | 157,600 | 190,304 | 142,500 | 242,749 |
| Total Courts | | | | |
| Public Defender | 45,500 | 46,594 | 44,000 | 43,980 |
| Salary - Office #1 | 28,000 | 28,710 | 26,500 | 26,467 |
| Salary - Office #2 | 78,651 | 79,429 | 72,136 | 75,099 |
| Salary - Office #3 & secretaries | 4,575 | 5,011 | 4,225 | 3,839 |
| Materials | 3,500 | 3,913 | 4,150 | 3,359 |
| Equipment | 160,226 | 163,657 | 151,011 | 152,744 |
| Total Public Defender | | | | |
| Probation Services | 99,972 | 141,583 | 99,972 | 88,943 |
| Total Judiciary and Courts | 1,155,464 | 1,315,509 | 1,131,149 | 1,304,401 |
| EDUCATION | 60,748 | 60,386 | 59,573 | 62,953 |
| Regional Supt of Schools | 5,632,184 | 5,787,710 | 5,182,783 | 5,202,326 |
| Total Expenditures | | | | |
| Excess of Revenues Over (Under) | \$ (547,999) | (488,196) | \$ (188,643) | (270,398) |
| Expenditures | | 2,211,502 | | 2,481,900 |
| Fund Balance, December 1, 2000 | | \$ 1,723,306 | | \$ 2,211,502 |
| Fund Balance, November 30, 2001 | | | | |

SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

JEFFERSON COUNTY, ILLINOIS
SPECIAL REVENUE FUNDS - ALL
COMBINING BALANCE SHEET
November 30, 2001

| | Road and Bridge | Public Service | Other | Total |
|---|---------------------|-------------------|---------------------|---------------------|
| Assets | | | | |
| Cash | \$ 2,502,536 | \$ 130,247 | \$ 1,379,147 | \$ 4,011,930 |
| Investments | - | - | - | - |
| Accounts receivable | 134,791 | - | 141,750 | 276,541 |
| Due from other funds | - | - | 6,914 | 6,914 |
| Total Assets | <u>\$ 2,637,327</u> | <u>\$ 130,247</u> | <u>\$ 1,527,811</u> | <u>\$ 4,295,385</u> |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Accrued liabilities | 5,700 | - | - | 5,700 |
| Leases payable | - | - | - | - |
| Total Liabilities | <u>5,700</u> | <u>-</u> | <u>-</u> | <u>5,700</u> |
| Fund Balance | | | | |
| Unreserved | 2,631,627 | 130,247 | 1,527,811 | 4,289,685 |
| Total Liabilities and Fund Balance | <u>\$ 2,637,327</u> | <u>\$ 130,247</u> | <u>\$ 1,527,811</u> | <u>\$ 4,295,385</u> |

JEFFERSON COUNTY, ILLINOIS
SPECIAL REVENUE FUNDS - ROAD AND BRIDGE
COMBINING BALANCE SHEET
November 30, 2001

| | County Motor Fuel Tax | County Highway | County Bridge | Federal Aid Matching |
|------------------------------------|--------------------------|-------------------|------------------|-------------------------|
| Assets | | | | |
| Cash | \$ 1,653,242 | \$ 170,721 | \$ 91,622 | \$ 529,408 |
| Investments | 47,723 | 45,730 | 20,669 | 20,669 |
| Accounts receivable | \$ 1,700,965 | \$ 216,451 | \$ 112,291 | \$ 550,077 |
| Total Assets | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 1,360 | \$ 10,980 | \$ | \$ |
| Accrued liabilities | | | | |
| Leases payable | 1,360 | 10,980 | - | - |
| Total Liabilities | | | | |
| Fund Balance | | | | |
| Unreserved | 1,699,605 | 205,471 | 112,291 | 550,077 |
| Total Liabilities and Fund Balance | \$ 1,700,965 | \$ 216,451 | \$ 112,291 | \$ 550,077 |

| County Highway Equipment | Engineering | Total |
|--------------------------------|------------------|---------------------|
| \$ 801 | \$ 56,742 | \$ 2,502,536 |
| | | 134,791 |
| <u>\$ 801</u> | <u>\$ 56,742</u> | <u>\$ 2,637,327</u> |
| \$ | \$ 1,360 | \$ 13,700 |
| | 1,360 | 13,700 |
| 801 | 55,382 | 2,623,627 |
| <u>\$ 801</u> | <u>\$ 56,742</u> | <u>\$ 2,637,327</u> |

JEFFERSON COUNTY, ILLINOIS
SPECIAL REVENUE FUNDS - PUBLIC SERVICE
COMBINING BALANCE SHEET
November 30, 2001

| | Animal Control | Sheriff's Dare Program | Drug Investigation | Probation Services |
|---|-------------------|---------------------------|-----------------------|-----------------------|
| Assets | | | | |
| Cash | \$ 40,638 | \$ 1,077 | \$ 2,788 | \$ 85,111 |
| Investments | | | | |
| Accounts receivable | | | | |
| Total Assets | <u>\$ 40,638</u> | <u>\$ 1,077</u> | <u>\$ 2,788</u> | <u>\$ 85,111</u> |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Accrued liabilities | | | | |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance | | | | |
| Unreserved | <u>40,638</u> | <u>1,077</u> | <u>\$ 2,788</u> | <u>85,111</u> |
| Total Liabilities and Fund Balance | <u>\$ 40,638</u> | <u>\$ 1,077</u> | <u>\$ 2,788</u> | <u>\$ 85,111</u> |

| DUI Education | | Total |
|------------------|-----|------------|
| \$ | 633 | \$ 130,247 |
| | | - |
| | | - |
| \$ | 633 | \$ 130,247 |
| | | |
| \$ | - | \$ - |
| | | - |
| | | - |
| | 633 | 130,247 |
| \$ | 633 | \$ 130,247 |

JEFFERSON COUNTY, ILLINOIS
SPECIAL REVENUE FUNDS - OTHER
COMBINING BALANCE SHEET
November 30, 2001

| | Illinois Municipal Retirement | Workman's Compensation Insurance | Liability Insurance |
|---|-------------------------------------|--|------------------------|
| Assets | | | |
| Cash | \$ 544,638 | \$ 101,798 | \$ 100,359 |
| Investments | 96,308 | 6,838 | 20,259 |
| Accounts receivable | 6,162 | | |
| Due from other funds | | | |
| Total Assets | <u>\$ 647,108</u> | <u>\$ 108,636</u> | <u>\$ 120,618</u> |
| Liabilities | | | |
| Accounts payable | \$ - | \$ - | \$ - |
| Accrued liabilities | | | |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance | <u>647,108</u> | <u>108,636</u> | <u>120,618</u> |
| Unreserved | | | |
| Total Liabilities and Fund Balance | <u>\$ 647,108</u> | <u>\$ 108,636</u> | <u>\$ 120,618</u> |

| Permanent Records | E.S.D.A. Special Tax | Court Security | Tax Automation | Court Automation | Marriage |
|----------------------|-------------------------|-------------------|-------------------|---------------------|-----------------|
| \$ 39,783 | \$ 462 | \$ 85,521 | \$ 36,790 | \$ 50,733 | \$ 1,181 |
| | | | 4,515 | 990 | |
| <u>\$ 39,783</u> | <u>\$ 462</u> | <u>\$ 85,521</u> | <u>\$ 41,305</u> | <u>\$ 51,723</u> | <u>\$ 1,181</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| 39,783 | 462 | 85,521 | 41,305 | 51,723 | 1,181 |
| <u>\$ 39,783</u> | <u>\$ 462</u> | <u>\$ 85,521</u> | <u>\$ 41,305</u> | <u>\$ 51,723</u> | <u>\$ 1,181</u> |

JEFFERSON COUNTY, ILLINOIS
SPECIAL REVENUE FUNDS - OTHER - CONTINUED
COMBINING BALANCE SHEET
November 30, 2001

| | Library | Judgement | Indemnity | Forfeited Funds |
|---|------------------|-----------------|-------------------|--------------------|
| Assets | | | | |
| Cash | \$ 19,238 | \$ 2,127 | \$ 94,110 | \$ 1,676 |
| Investments | | | 12,840 | |
| Accounts receivable | | | | 752 |
| Due from other funds | | | | |
| Total Assets | <u>\$ 19,238</u> | <u>\$ 2,127</u> | <u>\$ 106,950</u> | <u>\$ 2,428</u> |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Accrued liabilities | | | | |
| Total Liabilities | | | | |
| Fund Balance | <u>19,238</u> | <u>2,127</u> | <u>106,950</u> | <u>2,428</u> |
| Unreserved | | | | |
| Total Liabilities and Fund Balance | <u>\$ 19,238</u> | <u>\$ 2,127</u> | <u>\$ 106,950</u> | <u>\$ 2,428</u> |

| Document Storage | Mapping | Sheriff's Federal Seizure Fund | Total |
|---------------------|------------------|--------------------------------------|---------------------|
| \$ 270,774 | \$ 29,085 | \$ 872 | 1,379,147 |
| | | | - |
| | | | 141,750 |
| | | | 6,914 |
| <u>\$ 270,774</u> | <u>\$ 29,085</u> | <u>\$ 872</u> | <u>\$ 1,527,811</u> |
| \$ - | | \$ - | \$ - |
| | | | - |
| | | | - |
| 270,774 | 29,085 | 872 | 1,527,811 |
| <u>\$ 270,774</u> | <u>\$ 29,085</u> | <u>\$ 872</u> | <u>\$ 1,527,811</u> |

JEFFERSON COUNTY, ILLINOIS
SPECIAL REVENUE FUNDS - ALL
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended November 30, 2001

| | Road & Bridge | Public Service | Other | Total |
|---|---------------------|-------------------|---------------------|---------------------|
| Revenues | | | | |
| Taxes | \$ 544,174 | \$ - | \$ 780,182 | \$ 1,324,356 |
| Intergovernmental revenue | 731,298 | - | 13,756 | 745,054 |
| Fines & fees | - | 83,934 | 209,572 | 293,506 |
| Interest income | 86,797 | 484 | 10,854 | 98,135 |
| Rental | 130,000 | - | - | 130,000 |
| Other receipts | 215,439 | 306 | 15,556 | 231,301 |
| Total Revenues | <u>1,707,708</u> | <u>84,724</u> | <u>1,029,920</u> | <u>2,822,352</u> |
| Expenditures | | | | |
| General governmental & administrative | - | - | 74,464 | 74,464 |
| Maintenance & supplies | 1,061,706 | - | 82,931 | 1,144,637 |
| Capital additions & improvements | 94 | - | - | 94 |
| Expenditures for services | 358,645 | - | - | 358,645 |
| Employee benefits | - | - | 793,205 | 793,205 |
| Other | - | 126,031 | 8,563 | 134,594 |
| Total Expenditures | <u>1,420,445</u> | <u>126,031</u> | <u>959,163</u> | <u>2,505,639</u> |
| Excess Revenues Over (Under) Expenditures | <u>287,263</u> | <u>(41,307)</u> | <u>70,757</u> | <u>316,713</u> |
| Other Financing Sources (Uses) Transfer to long-term debt group | <u>36,036</u> | | | <u>36,036</u> |
| Excess of Revenues and Other Sources Over Expenditures and Other Uses | <u>323,299</u> | <u>(41,307)</u> | <u>70,757</u> | <u>352,749</u> |
| Fund Balance, December 1, 2000 | <u>2,300,328</u> | <u>171,554</u> | <u>1,457,054</u> | <u>3,928,936</u> |
| Fund Balance November 30, 2001 | <u>\$ 2,623,627</u> | <u>\$ 130,247</u> | <u>\$ 1,527,811</u> | <u>\$ 4,281,685</u> |

JEFFERSON COUNTY, ILLINOIS
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE
 SPECIAL REVENUE - ROAD AND BRIDGE FUNDS
 For the Year Ended November 30, 2001

| | County Motor Fuel Tax | County Highway | County Bridge | Federal Aid Matching |
|---|--------------------------|-------------------|-------------------|-------------------------|
| Revenues | | | | |
| Taxes | \$ - | \$ 285,850 | \$ 129,162 | \$ 129,162 |
| Intergovernmental revenue | 731,298 | | | |
| Fines & fees | 61,583 | 3,302 | 5,983 | 12,696 |
| Interest income | | | | |
| Rental | - | 32,351 | 1,414 | |
| Other receipts | <u>792,881</u> | <u>321,503</u> | <u>136,559</u> | <u>141,858</u> |
| Total Revenues | | | | |
| Expenditures | | | | |
| General governmental & administrative | 344,913 | 80,057 | 248,762 | 68,342 |
| Maintenance & supplies | | 94 | | |
| Capital additions & improvements | 57,459 | 242,937 | | |
| Expenditures for services | | | | |
| Employee benefits | | | | |
| Other | <u>402,372</u> | <u>323,088</u> | <u>248,762</u> | <u>68,342</u> |
| Total Expenditures | | | | |
| Excess Revenues Over (Under) Expenditures | <u>390,509</u> | <u>(1,585)</u> | <u>(112,203)</u> | <u>73,516</u> |
| Other Financing Sources (Uses) | | | | |
| Transfer to long-term debt group | | | | |
| Excess of Revenues and Other Sources Over Expenditures and Other Uses | 390,509 | (1,585) | (112,203) | 73,516 |
| Fund Balance, December 1, 2000 | <u>1,309,096</u> | <u>207,056</u> | <u>224,494</u> | <u>476,561</u> |
| Fund Balance, November 30, 2001 | <u>\$ 1,699,605</u> | <u>\$ 205,471</u> | <u>\$ 112,291</u> | <u>\$ 550,077</u> |

| County Highway Equipment | Engineering | Total |
|--------------------------------|----------------|------------------|
| \$ - | \$ - | \$ 544,174 |
| - | - | 731,298 |
| 522 | 2,711 | 86,797 |
| 130,000 | - | 130,000 |
| 83,194 | 98,480 | 215,439 |
| <u>213,716</u> | <u>101,191</u> | <u>1,707,708</u> |

| | | |
|-----------------|------------------|---------------------|
| 231,061 | 88,571 | 1,061,706 |
| | | 94 |
| | 58,249 | 358,645 |
| <u>231,061</u> | <u>146,820</u> | <u>1,420,445</u> |
| <u>(17,345)</u> | <u>(45,629)</u> | <u>287,263</u> |
| <u>36,036</u> | | <u>36,036</u> |
| 18,691 | (45,629) | 323,299 |
| <u>(17,890)</u> | <u>101,011</u> | <u>2,300,328</u> |
| <u>\$ 801</u> | <u>\$ 55,382</u> | <u>\$ 2,623,627</u> |

JEFFERSON COUNTY, ILLINOIS
 SPECIAL REVENUE FUNDS - PUBLIC SERVICE
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 For the Year Ended November 30, 2001

| | Animal Control | Sheriff's Dare Program | Drug Investigation |
|--|----------------|---------------------------|-----------------------|
| Revenues | \$ - | \$ - | \$ - |
| Taxes | | | 1,700 |
| Intergovernmental revenue | 22,159 | | 6 |
| Fines & fees | 230 | 18 | |
| Interest income | | | |
| Rental | 291 | | |
| Other receipts | 22,680 | 18 | 1,706 |
| Total Revenues | | | |
| Expenditures | | | |
| General governmental & administrative | | | |
| Maintenance & supplies | | | |
| Capital additions & improvements | | | |
| Expenditures for services | | | 870 |
| Employee benefits | 74,144 | | 870 |
| Other | 74,144 | - | |
| Total Expenditures | | | |
| Excess Revenues Over (Under) Expenditures | (51,464) | 18 | 836 |
| Fund Balance, December 1, 2000 | 92,102 | 1,059 | 1,952 |
| Fund Balance, November 30, 2001 | \$ 40,638 | \$ 1,077 | \$ 2,788 |

| Probation Services | DUI Education | Total |
|-----------------------|---------------|-------------------|
| \$ - | \$ - | \$ - |
| 60,075 | - | 83,934 |
| 202 | 28 | 484 |
| - | 15 | 306 |
| <u>60,277</u> | <u>43</u> | <u>84,724</u> |
| - | - | - |
| - | - | - |
| - | - | - |
| 51,017 | - | 126,031 |
| <u>51,017</u> | <u>-</u> | <u>126,031</u> |
| 9,260 | 43 | (41,307) |
| 75,851 | 590 | 171,554 |
| <u>\$ 85,111</u> | <u>\$ 633</u> | <u>\$ 130,247</u> |

JEFFERSON COUNTY, ILLINOIS
SPECIAL REVENUE FUNDS - OTHER
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended November 30, 2001

| | Illinois Municipal Retirement | Workman's Compensation Insurance | Liability Insurance | Permanent Records |
|--|-------------------------------------|--|------------------------|----------------------|
| Revenues | | | | |
| Taxes | \$ 601,132 | \$ 42,355 | \$ 136,695 | \$ - |
| Intergovernmental revenue | 13,756 | | | 34,776 |
| Fines & fees | | 947 | 489 | 384 |
| Interest income | 3,074 | | | |
| Rental | - | - | 3,453 | - |
| Other receipts | - | - | 140,637 | 35,160 |
| Total Revenues | <u>617,962</u> | <u>43,302</u> | <u>140,637</u> | <u>35,160</u> |
| Expenditures | | | | |
| General governmental & administrative | | | | 43,125 |
| Maintenance & supplies | | | | |
| Capital additions & improvements | | | | |
| Expenditures for services | 569,779 | 77,298 | 146,128 | |
| Employee benefits | | | | |
| Other | <u>569,779</u> | <u>77,298</u> | <u>146,128</u> | <u>43,125</u> |
| Total Expenditures | | | | |
| Excess Revenues Over (Under) Expenditures | <u>48,183</u> | <u>(33,996)</u> | <u>(5,491)</u> | <u>(7,965)</u> |
| Fund Balance, December 1, 2000 | <u>598,925</u> | <u>142,632</u> | <u>126,109</u> | <u>47,748</u> |
| Fund Balance, November 30, 2001 | <u>\$ 647,108</u> | <u>\$ 108,636</u> | <u>\$ 120,616</u> | <u>\$ 39,783</u> |

| <u>E.S.D.A. Special Tax</u> | <u>Court Security</u> | <u>Tax Automation</u> | <u>Court Automation</u> | <u>Marriage</u> | <u>Law Library</u> |
|---------------------------------|---------------------------|---------------------------|-----------------------------|-----------------|--------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | 51,932 | 7,837 | 33,197 | 1,232 | 10,848 |
| | 224 | 85 | 391 | | |
| | 1 | 75 | 7,695 | 30 | |
| - | 52,157 | 7,997 | 41,283 | 1,262 | 10,848 |
| - | | | | | |
| | 62,279 | | 39,806 | | 12,185 |
| | | 446 | | 845 | |
| - | 62,279 | 446 | 39,806 | 845 | 12,185 |
| - | (10,122) | 7,551 | 1,477 | 417 | (1,337) |
| 462 | 95,643 | 33,754 | 50,246 | 764 | 20,575 |
| \$ 462 | \$ 85,521 | \$ 41,305 | \$ 51,723 | \$ 1,181 | \$ 19,238 |

JEFFERSON COUNTY, ILLINOIS
 SPECIAL REVENUE FUNDS - OTHER - CONTINUED
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 For the Year Ended November 30, 2001

| | Judgement | Indemnity | Forfeited Funds | Document Storage |
|--|-----------|------------|--------------------|---------------------|
| Revenues | \$ - | \$ - | \$ - | \$ - |
| Taxes | | | | 30,302 |
| Intergovernmental revenue | | 12,840 | | 2,148 |
| Fines & fees | 38 | 2,953 | | |
| Interest income | | | 4,295 | |
| Rental | | | 4,295 | 32,450 |
| Other receipts | 38 | 15,793 | | |
| Total Revenues | | | | |
| Expenditures | | | | |
| General governmental & administrative | | | | |
| Maintenance & supplies | | | | |
| Capital additions & improvements | | | | |
| Expenditures for services | | | 7,269 | |
| Employee benefits | 3 | - | 7,269 | |
| Other | 3 | - | | |
| Total Expenditures | | | | |
| Excess Revenues Over (Under) Expenditures | 35 | 15,793 | (2,974) | 32,450 |
| Fund Balance, December 1, 2000 | 2,092 | 91,157 | 5,402 | 238,324 |
| Fund Balance, November 30, 2001 | \$ 2,127 | \$ 106,950 | \$ 2,428 | \$ 270,774 |

| Mapping | Sheriff's Federal Seizure Fund | Total |
|------------------|--------------------------------------|---------------------|
| \$ - | \$ - | \$ 780,182 |
| | | 13,756 |
| 26,608 | - | 209,572 |
| 83 | 38 | 10,854 |
| | 7 | 15,556 |
| <u>26,691</u> | <u>45</u> | <u>1,029,920</u> |
| | | 74,464 |
| | | 82,931 |
| | | 793,205 |
| | | 8,563 |
| <u>-</u> | <u>-</u> | <u>959,163</u> |
| <u>26,691</u> | <u>45</u> | <u>70,757</u> |
| <u>2,394</u> | <u>827</u> | <u>1,457,054</u> |
| <u>\$ 29,085</u> | <u>\$ 872</u> | <u>\$ 1,527,811</u> |

JEFFERSON COUNTY, ILLINOIS
COUNTY MOTOR FUEL TAX FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|--------------------|---------------------|----------------|---------------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Intergovernmental revenue | \$ 400,000 | \$ 731,298 | \$ 400,000 | \$ 758,803 |
| Motor fuel tax | 20,000 | 61,583 | | 58,023 |
| Interest income | | | | |
| Other | | | | |
| Total Revenues | <u>420,000</u> | <u>792,881</u> | <u>400,000</u> | <u>816,826</u> |
| Expenditures | | | | |
| Maintenance & supplies | 445,641 | 344,913 | 400,000 | 445,641 |
| Capital additions & improvements | 55,000 | 57,459 | | 54,784 |
| Expenditures for services | <u>500,641</u> | <u>402,372</u> | <u>400,000</u> | <u>500,425</u> |
| Total Expenditures | | | | |
| Excess of Revenues Over (Under) Expenditures | <u>\$ (80,641)</u> | <u>390,509</u> | <u>\$ -</u> | <u>316,401</u> |
| Fund Balance, December 1, 2000 | | <u>1,309,096</u> | | <u>992,695</u> |
| Fund Balance, November 30, 2001 | | <u>\$ 1,699,605</u> | | <u>\$ 1,309,096</u> |

JEFFERSON COUNTY, ILLINOIS
COUNTY HIGHWAY FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|--------------------|-------------------|----------------|-------------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Taxes | \$ 281,000 | \$ 285,850 | \$ 281,000 | \$ 285,778 |
| Interest income | 1,000 | 3,302 | | 1,024 |
| Materials | 51,000 | 32,351 | | 49,711 |
| Rentals | | | | 67,270 |
| Other | 72,500 | | | 403,783 |
| Total Revenues | <u>405,500</u> | <u>321,503</u> | <u>281,000</u> | <u>403,783</u> |
| Expenditures | | | | |
| Expenditures for services | 250,000 | 242,937 | 115,000 | 246,360 |
| Fuel and materials | 177,000 | 80,057 | 62,000 | 174,404 |
| Equipment and repairs | 4,000 | 94 | 102,500 | 3,645 |
| Contingencies | | | 1,500 | |
| Total Expenditures | <u>431,000</u> | <u>323,088</u> | <u>281,000</u> | <u>424,409</u> |
| Excess of Revenues Over (Under) Expenditures | <u>\$ (25,500)</u> | <u>(1,585)</u> | <u>\$ -</u> | <u>(20,626)</u> |
| Fund Balance, December 1, 2000 | | 207,056 | | 227,682 |
| Fund Balance, November 30, 2001 | | <u>\$ 205,471</u> | | <u>\$ 207,056</u> |

JEFFERSON COUNTY, ILLINOIS
COUNTY BRIDGE FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|------------------|-------------------|----------------|-------------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Taxes | \$ 127,000 | \$ 129,162 | \$ 127,000 | \$ 129,149 |
| Interest income | 1,100 | 5,983 | | 1,202 |
| Other | 100 | 1,414 | | 108 |
| Total Revenues | <u>128,200</u> | <u>136,559</u> | <u>127,000</u> | <u>130,459</u> |
| Expenditures | | | | |
| Bridge maintenance & construction | 59,500 | 248,762 | 127,000 | 60,354 |
| Services | <u>2,000</u> | <u>248,762</u> | <u>127,000</u> | <u>60,354</u> |
| Total Expenditures | <u>61,500</u> | | | |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 66,700</u> | <u>(112,203)</u> | <u>\$ -</u> | <u>70,105</u> |
| Fund Balance, December 1, 2000 | | 224,494 | | 154,389 |
| Fund Balance, November 30, 2001 | | <u>\$ 112,291</u> | | <u>\$ 224,494</u> |

JEFFERSON COUNTY, ILLINOIS
 FEDERAL AID MATCHING FUND
 COMPARATIVE STATEMENTS OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|------------------|-------------------|----------------|-------------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Taxes | \$ 127,000 | \$ 129,162 | \$ 127,000 | \$ 129,149 |
| Interest income | 9,000 | 12,696 | | 10,607 |
| Total Revenues | <u>136,000</u> | <u>141,858</u> | <u>127,000</u> | <u>139,756</u> |
| Expenditures | | | | |
| Maintenance & supplies | 41,500 | 68,342 | 127,000 | 40,294 |
| Total Expenditures | <u>41,500</u> | <u>68,342</u> | <u>127,000</u> | <u>40,294</u> |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 94,500</u> | 73,516 | <u>\$ -</u> | 99,462 |
| Fund Balance, December 1, 2000 | | 476,561 | | 377,099 |
| Fund Balance, November 30, 2001 | | <u>\$ 550,077</u> | | <u>\$ 476,561</u> |

JEFFERSON COUNTY, ILLINOIS
COUNTY HIGHWAY EQUIPMENT FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|-----------------|-----------------|---------------|--------------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Intergovernmental income | \$ - | \$ - | \$ - | \$ 374 |
| Interest income | 450 | 522 | 500 | 50,886 |
| Rental income | 60,000 | 130,000 | | 4,302 |
| Other | 5,000 | 83,194 | 15,500 | 55,562 |
| Total Revenues | <u>65,450</u> | <u>213,716</u> | <u>16,000</u> | |
| Expenditures | | | | |
| Maintenance & supplies | | 231,061 | | 62,836 |
| Equipment | 63,500 | | 16,000 | |
| Labor | | | <u>16,000</u> | <u>62,836</u> |
| Other | <u>63,500</u> | <u>231,061</u> | <u>16,000</u> | |
| Total Expenditures | | | | |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 1,950</u> | (17,345) | <u>\$ -</u> | (7,274) |
| Other Financing Sources (Uses) | | | | |
| Transfer to long-term debt group | | <u>36,036</u> | | |
| Excess of Revenues and Other Sources Over Expenditures and Other Uses | | 18,691 | | (7,274) |
| Fund Balance, December 1, 2000 | | <u>(17,890)</u> | | <u>(10,616)</u> |
| Fund Balance, November 30, 2001 | | <u>\$ 801</u> | | <u>\$ (17,890)</u> |

JEFFERSON COUNTY, ILLINOIS
ENGINEERING FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|------------------|------------------|---------------|-------------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Rental | \$ 2,000 | \$ 2,711 | \$ 45,000 | \$ 1,512 |
| Interest income | 2,500 | 98,480 | 938 | 2,388 |
| Other | 75,000 | 101,191 | 13,167 | 68,770 |
| Total Revenues | <u>79,500</u> | <u>101,191</u> | <u>59,105</u> | <u>72,670</u> |
| Expenditures | | | | |
| Expenditures for services | 55,000 | 58,249 | 39,270 | 54,755 |
| Maintenance & supplies | 8,200 | 88,571 | 12,965 | 8,173 |
| Other | | | 10,554 | |
| Total Expenditures | <u>63,200</u> | <u>146,820</u> | <u>62,789</u> | <u>62,928</u> |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 16,300</u> | <u>(45,629)</u> | <u>\$ -</u> | <u>9,742</u> |
| Fund Balance, December 1, 2000 | | 101,011 | | 91,269 |
| Fund Balance, November 30, 2001 | | <u>\$ 55,382</u> | | <u>\$ 101,011</u> |

JEFFERSON COUNTY, ILLINOIS
ANIMAL CONTROL FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|------------------|------------------|-------------------|------------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Fees & fines | \$ 25,500 | \$ 22,159 | \$ 20,000 | \$ 22,357 |
| Interest income | 10 | 230 | 300 | 476 |
| Other | 525 | 291 | 300 | 4 |
| Total Revenues | <u>26,035</u> | <u>22,680</u> | <u>20,600</u> | <u>22,837</u> |
| Expenditures | | | | |
| Equipment | | | 5,000 | |
| Veterinary services & claims | | 69,333 | 12,000 | |
| Building expense | 8,500 | 4,811 | 5,600 | 6,421 |
| Other | <u>8,500</u> | <u>74,144</u> | <u>22,600</u> | <u>6,421</u> |
| Total Expenditures | | | | |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 17,535</u> | <u>(51,464)</u> | <u>\$ (2,000)</u> | 16,416 |
| Fund Balance, December 1, 2000 | | 92,102 | | 75,686 |
| Fund Balance, November 30, 2001 | | <u>\$ 40,638</u> | | <u>\$ 92,102</u> |

JEFFERSON COUNTY, ILLINOIS
 SHERIFF'S DARE PROGRAM FUND
 COMPARATIVE STATEMENTS OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|-----------|-----------------|--------------|-----------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Interest income | \$ 25 | \$ 18 | \$ 1,400 | \$ 9 |
| Total Revenues | <u>25</u> | <u>18</u> | <u>1,400</u> | <u>9</u> |
| Expenditures | | | | |
| Equipment services | - | - | - | - |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of Revenues Over (Under) Expenditures | \$ 25 | 18 | \$ 1,400 | 9 |
| Fund Balance, December 1, 2000 | | 1,059 | | 1,050 |
| Fund Balance, November 30, 2001 | | <u>\$ 1,077</u> | | <u>\$ 1,059</u> |

JEFFERSON COUNTY, ILLINOIS
 DRUG INVESTIGATION FUND
 COMPARATIVE STATEMENTS OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|----------|----------|----------|----------|
| | Budget | Actual | Budget | Actual |
| Revenues | \$ 1,450 | \$ 1,700 | \$ 3,600 | \$ 1,259 |
| Fines | 10 | 6 | 100 | 6 |
| Interest income | 300 | | 1,500 | 250 |
| Other | 1,760 | 1,706 | 5,200 | 1,515 |
| Total Revenues | | | | |
| Expenditures | 550 | 870 | 5,200 | 469 |
| Other | 550 | 870 | 5,200 | 469 |
| Total Expenditures | | | | |
| Excess of Revenues Over (Under) Expenditures | \$ 1,210 | 836 | \$ - | 1,046 |
| Fund Balance, December 1, 2000 | | 1,952 | | 906 |
| Fund Balance, November 30, 2001 | | \$ 2,788 | | \$ 1,952 |

JEFFERSON COUNTY, ILLINOIS
 PROBATION SERVICES FUND
 COMPARATIVE STATEMENTS OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|---------------|------------------|------------------|------------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Fees | \$ 51,500 | \$ 60,075 | \$ 40,852 | \$ 49,815 |
| Interest income | 510 | 202 | 1,220 | 481 |
| Other | 150 | | | 114 |
| Total Revenues | <u>52,160</u> | <u>60,277</u> | <u>42,072</u> | <u>50,410</u> |
| Expenditures | | | | |
| Other | <u>52,000</u> | <u>51,017</u> | <u>31,312</u> | <u>50,847</u> |
| Total Expenditures | <u>52,000</u> | <u>51,017</u> | <u>31,312</u> | <u>50,847</u> |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 160</u> | 9,260 | <u>\$ 10,760</u> | (437) |
| Fund Balance, December 1, 2000 | | 75,851 | | 76,288 |
| Fund Balance, November 30, 2001 | | <u>\$ 85,111</u> | | <u>\$ 75,851</u> |

JEFFERSON COUNTY, ILLINOIS
 DUI EDUCATION FUND
 COMPARATIVE STATEMENTS OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 For the Years Ended November 30, 2001 and 2000

| | <u>2001</u> | <u>2000</u> |
|---|---------------|---------------|
| Revenues | | |
| DUI fees | \$ - | \$ 602 |
| Interest income | 28 | 8 |
| Other income | 15 | |
| Total Revenues | <u>43</u> | <u>610</u> |
| Expenditures | | |
| Other | - | 20 |
| Total Expenditures | <u>-</u> | <u>20</u> |
| Excess of Revenues Over (Under) Expenditures | 43 | 590 |
| Fund Balance, December 1, 2000 | <u>590</u> | |
| Fund Balance, November 30, 2001 | <u>\$ 633</u> | <u>\$ 590</u> |

JEFFERSON COUNTY, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|------------------|-------------------|---------------------|-------------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Taxes | \$ 635,000 | \$ 601,132 | \$ 374,110 | \$ 616,472 |
| Personal property replacement tax | 45,000 | 13,756 | | 39,503 |
| Interest income | 5,500 | 3,074 | | 5,096 |
| Other | 3,500 | | | 3,283 |
| Total Revenues | <u>689,000</u> | <u>617,962</u> | <u>374,110</u> | <u>664,354</u> |
| Expenditures | | | | |
| Illinois Municipal Retirement & | | | 583,295 | 618,971 |
| Social Security | <u>645,000</u> | <u>569,779</u> | <u>583,295</u> | <u>618,971</u> |
| Total Expenditures | <u>645,000</u> | <u>569,779</u> | | |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 44,000</u> | 48,183 | <u>\$ (209,185)</u> | 45,383 |
| Fund Balance, December 1, 2000 | | 598,925 | | 553,542 |
| Fund Balance, November 30, 2001 | | <u>\$ 647,108</u> | | <u>\$ 598,925</u> |

JEFFERSON COUNTY, ILLINOIS
 WORKERS COMPENSATION FUND
 COMPARATIVE STATEMENTS OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|------------------|-------------------|---------------|-------------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Taxes | \$ 60,000 | \$ 42,355 | \$ 55,897 | \$ 56,804 |
| Interest income | 2,500 | 947 | | 2,215 |
| Other | | | | 72 |
| Total Revenues | <u>62,500</u> | <u>43,302</u> | <u>55,897</u> | <u>59,091</u> |
| Expenditures | | | | |
| Workman's compensation | 32,000 | 77,298 | 55,897 | 30,968 |
| Total Expenditures | <u>32,000</u> | <u>77,298</u> | <u>55,897</u> | <u>30,968</u> |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 30,500</u> | <u>(33,996)</u> | <u>\$ -</u> | <u>28,123</u> |
| Fund Balance, December 1, 2000 | | 142,632 | | 114,509 |
| Fund Balance, November 30, 2001 | | <u>\$ 108,636</u> | | <u>\$ 142,632</u> |

JEFFERSON COUNTY, ILLINOIS
 LIABILITY INSURANCE FUND
 COMPARATIVE STATEMENTS OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|------------------|-------------------|----------------|-------------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Taxes | \$ 145,000 | \$ 136,695 | \$ 138,873 | \$ 141,092 |
| Interest income | 900 | 489 | | 834 |
| Other | 1,200 | 3,453 | | 1,012 |
| Total Revenues | <u>147,100</u> | <u>140,637</u> | <u>138,873</u> | <u>142,938</u> |
| Expenditures | | | | |
| County insurance | <u>137,000</u> | <u>146,128</u> | <u>138,873</u> | <u>135,002</u> |
| Total Expenditures | <u>137,000</u> | <u>146,128</u> | <u>138,873</u> | <u>135,002</u> |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 10,100</u> | <u>(5,491)</u> | <u>\$ -</u> | <u>7,936</u> |
| Fund Balance, December 1, 2000 | | <u>126,109</u> | | <u>118,173</u> |
| Fund Balance, November 30, 2001 | | <u>\$ 120,618</u> | | <u>\$ 126,109</u> |

JEFFERSON COUNTY, ILLINOIS
 PERMANENT RECORDS FUND
 COMPARATIVE STATEMENTS OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|------------------|------------------|---------------|------------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Fees | \$ 32,000 | \$ 34,776 | \$ 28,500 | \$ 30,136 |
| Interest | 1,150 | 384 | 600 | 1,055 |
| Other | | | | |
| Total Revenues | <u>33,150</u> | <u>35,160</u> | <u>29,100</u> | <u>31,191</u> |
| Expenditures | | | | |
| Salary | 5,000 | 14,939 | 6,000 | |
| Office/equipment | | | | |
| Furniture | | | | |
| Professional fees | 2,500 | 28,186 | 23,100 | 21,830 |
| Maintenance & supplies | | | | |
| Other | <u>7,500</u> | <u>43,125</u> | <u>29,100</u> | <u>21,830</u> |
| Total Expenditures | | | | |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 25,650</u> | <u>(7,965)</u> | <u>\$ -</u> | <u>9,361</u> |
| Fund Balance, December 1, 2000 | | <u>47,748</u> | | <u>38,387</u> |
| Fund Balance, November 30, 2001 | | <u>\$ 39,783</u> | | <u>\$ 47,748</u> |

JEFFERSON COUNTY, ILLINOIS
 E.S.D.A SPECIAL ACCOUNT FUND
 COMPARATIVE STATEMENTS OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 For the Years Ended November 30, 2001 and 2000

| | 2001 | 2000 |
|---|--------|--------|
| Revenues | | |
| Donations | \$ - | \$ - |
| Total Revenues | - | - |
| Expenditures | | |
| Total Expenditures | - | - |
| Excess of Revenues Over (Under) Expenditures | - | - |
| Fund Balance, December 1, 2000 | 462 | 462 |
| Fund Balance, November 30, 2001 | \$ 462 | \$ 462 |

JEFFERSON COUNTY, ILLINOIS
 COURT SECURITY FUND
 COMPARATIVE STATEMENTS OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|-------------------|------------------|---------------|------------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Security fees | \$ 61,000 | \$ 51,932 | \$ 49,000 | \$ 50,956 |
| Interest | 650 | 224 | 200 | 603 |
| Other | | 1 | 5,300 | |
| Total Revenues | <u>61,650</u> | <u>52,157</u> | <u>54,500</u> | <u>51,559</u> |
| Expenditures | | | | |
| Salary | 65,000 | 62,279 | 54,500 | 59,200 |
| Other | 500 | | | 534 |
| Total Expenditures | <u>65,500</u> | <u>62,279</u> | <u>54,500</u> | <u>59,734</u> |
| Excess of Revenues Over (Under) Expenditures | <u>\$ (3,850)</u> | <u>(10,122)</u> | <u>\$ -</u> | <u>(8,175)</u> |
| Fund Balance, December 1, 2000 | | 95,643 | | 103,818 |
| Fund Balance, November 30, 2001 | | <u>\$ 85,521</u> | | <u>\$ 95,643</u> |

JEFFERSON COUNTY, ILLINOIS
TAX AUTOMATION FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|-----------------|------------------|--------------|------------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Automation & tax sale fees | \$ 7,100 | \$ 7,837 | \$ 3,200 | \$ 6,300 |
| Interest | 200 | 85 | 200 | 166 |
| Other receipts | | 75 | | 588 |
| Total Revenues | <u>7,300</u> | <u>7,997</u> | <u>3,400</u> | <u>7,054</u> |
| Expenditures | | | | |
| Equipment | <u>3,500</u> | <u>446</u> | <u>1,000</u> | <u>3,356</u> |
| Other | <u>3,500</u> | <u>446</u> | <u>2,400</u> | <u>3,356</u> |
| Total Expenditures | | | <u>3,400</u> | |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 3,800</u> | <u>7,551</u> | <u>\$ -</u> | <u>3,698</u> |
| Fund Balance, December 1, 2000 | | <u>33,754</u> | | <u>30,056</u> |
| Fund Balance, November 30, 2001 | | <u>\$ 41,305</u> | | <u>\$ 33,754</u> |

JEFFERSON COUNTY, ILLINOIS
 COURT AUTOMATION FUND
 COMPARATIVE STATEMENTS OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|-----------------|------------------|---------------|------------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Automation fees | \$ 25,000 | \$ 33,197 | \$ 30,000 | \$ 23,105 |
| Interest | 900 | 391 | 200 | 860 |
| Other | 2,100 | 7,695 | | 2,000 |
| Total Revenues | <u>28,000</u> | <u>41,283</u> | <u>30,200</u> | <u>25,965</u> |
| | | | | 18,482 |
| Expenditures | | | | |
| Maintenance & supplies | 20,000 | 37,583 | 21,200 | |
| Computer equipment & supplies | | 2,223 | 9,000 | |
| Other | | 39,806 | 30,200 | <u>18,482</u> |
| Total Expenditures | <u>20,000</u> | | | |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 8,000</u> | 1,477 | <u>\$ -</u> | 7,483 |
| Fund Balance, December 1, 2000 | | 50,246 | | 42,763 |
| Fund Balance, November 30, 2001 | | <u>\$ 51,723</u> | | <u>\$ 50,246</u> |

JEFFERSON COUNTY, ILLINOIS
MARRIAGE FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|---------------|-----------------|----------------|---------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Fees | \$ 1,050 | \$ 1,232 | \$ 1,075 | \$ 982 |
| Other | 50 | 30 | 85 | 36 |
| Total Revenues | <u>1,100</u> | <u>1,262</u> | <u>1,160</u> | <u>1,018</u> |
| Expenditures | | | | |
| Other | 800 | 845 | 1,200 | 725 |
| Total Expenditures | <u>800</u> | <u>845</u> | <u>1,200</u> | <u>725</u> |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 300</u> | 417 | <u>\$ (40)</u> | 293 |
| Fund Balance, December 1, 2000 | | 764 | | 471 |
| Fund Balance, November 30, 2001 | | <u>\$ 1,181</u> | | <u>\$ 764</u> |

JEFFERSON COUNTY, ILLINOIS
LAW LIBRARY FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|-----------------|------------------|---------------|------------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Fees | \$ 11,000 | \$ 10,848 | \$ 12,200 | \$ 10,332 |
| Total Revenues | <u>11,000</u> | <u>10,848</u> | <u>12,200</u> | <u>10,332</u> |
| Expenditures | | | | |
| Law library books | 9,000 | 11,961 | 6,000 | 8,159 |
| Other | | 224 | 6,200 | |
| Total Expenditures | <u>9,000</u> | <u>12,185</u> | <u>12,200</u> | <u>8,159</u> |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 2,000</u> | (1,337) | <u>\$ -</u> | 2,173 |
| Fund Balance, December 1, 2000 | | <u>20,575</u> | | <u>18,402</u> |
| Fund Balance, November 30, 2001 | | <u>\$ 19,238</u> | | <u>\$ 20,575</u> |

JEFFERSON COUNTY, ILLINOIS
JUDGMENT FUND
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|--------------|-----------------|--------------|-----------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Interest income | \$ 25 | \$ 38 | \$ 47 | \$ 19 |
| Total Revenues | <u>25</u> | <u>38</u> | <u>47</u> | <u>19</u> |
| Expenditures | | | | |
| Total Expenditures | <u>-</u> | <u>3</u> | <u>-</u> | <u>-</u> |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 25</u> | <u>35</u> | <u>\$ 47</u> | <u>19</u> |
| Fund Balance, December 1, 2000 | | <u>2,092</u> | | <u>2,073</u> |
| Fund Balance, November 30, 2001 | | <u>\$ 2,127</u> | | <u>\$ 2,092</u> |

JEFFERSON COUNTY, ILLINOIS
 INDEMNITY FUND
 COMPARATIVE STATEMENTS OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|------------------|-------------------|---------------|------------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Fees | \$ 12,250 | \$ 12,840 | \$ 15,000 | \$ 11,385 |
| Interest income | 3,000 | 2,953 | 4,100 | 2,923 |
| Total Revenues | <u>15,250</u> | <u>15,793</u> | <u>19,100</u> | <u>14,308</u> |
| Expenditures | | | | |
| Total Expenditures | | | 19,100 | |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 15,250</u> | <u>15,793</u> | <u>\$</u> | 14,308 |
| Fund Balance, December 1, 2000 | | 91,157 | | 76,849 |
| Fund Balance, November 30, 2001 | | <u>\$ 106,950</u> | | <u>\$ 91,157</u> |

JEFFERSON COUNTY, ILLINOIS
 FORFEITED FUNDS FUND
 COMPARATIVE STATEMENTS OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|-----------------|-----------------|--------------|-----------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Funds forfeited | \$ 4,500 | \$ 4,295 | \$ 7,500 | \$ 3,580 |
| Total Revenues | <u>4,500</u> | <u>4,295</u> | <u>7,500</u> | <u>3,580</u> |
| Expenditures | | | | |
| Telephone | | | 2,600 | |
| Contract labor | | | 4,900 | |
| Other | 1,200 | 7,269 | | 1,107 |
| Total Expenditures | <u>1,200</u> | <u>7,269</u> | <u>7,500</u> | <u>1,107</u> |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 3,300</u> | (2,974) | <u>\$ -</u> | 2,473 |
| Fund Balance, December 1, 2000 | | 5,402 | | 2,929 |
| Fund Balance, November 30, 2001 | | <u>\$ 2,428</u> | | <u>\$ 5,402</u> |

JEFFERSON COUNTY, ILLINOIS
 COURT DOCUMENT STORAGE FUND
 COMPARATIVE STATEMENTS OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|------------------|-------------------|------------------|-------------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Fees | \$ 33,000 | \$ 30,302 | \$ 39,185 | \$ 32,317 |
| Interest income | 4,800 | 2,148 | 4,815 | 4,616 |
| Total Revenues | <u>37,800</u> | <u>32,450</u> | <u>44,000</u> | <u>36,933</u> |
| Expenditures | | | | |
| Maintenance & supplies | \$ 6,100 | \$ - | \$ - | \$ 5,096 |
| Total Expenditures | <u>6,100</u> | <u>-</u> | <u>-</u> | <u>5,096</u> |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 31,700</u> | <u>32,450</u> | <u>\$ 44,000</u> | <u>31,837</u> |
| Fund Balance, December 1, 2000 | | <u>238,324</u> | | <u>206,487</u> |
| Fund Balance, November 30, 2001 | | <u>\$ 270,774</u> | | <u>\$ 238,324</u> |

JEFFERSON COUNTY, ILLINOIS
 MAPPING FUND
 COMPARATIVE STATEMENTS OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 For the Year Ended November 30, 2001

| | 2001 | 2000 |
|---|------------------|-----------------|
| Revenues | | |
| Mapping fees | \$ 26,608 | \$ 2,402 |
| Interest income | 83 | |
| Total Revenues | <u>26,691</u> | <u>2,402</u> |
| Expenditures | | |
| Other | - | 8 |
| Total Expenditures | <u>-</u> | <u>8</u> |
| Excess of Revenues Over (Under) Expenditures | 26,691 | 2,394 |
| Fund Balance, December 1, 2000 | <u>2,394</u> | <u>-</u> |
| Fund Balance, November 30, 2001 | <u>\$ 29,085</u> | <u>\$ 2,394</u> |

JEFFERSON COUNTY, ILLINOIS
 SHERIFF'S FEDERAL SEIZURE FUND
 COMPARATIVE STATEMENTS OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 For the Years Ended November 30, 2001 and 2000

| | 2001 | 2000 |
|--|--------|---------|
| Revenues | | |
| Seizure income | \$ 38 | \$ - |
| Interest income | 7 | 27 |
| Other income | 45 | 27 |
| Total Revenues | | |
| Expenditures | | |
| Miscellaneous | - | 1,328 |
| Total Expenditures | | 1,328 |
| Excess Revenues Over (Under) Expenditures | 45 | (1,301) |
| Fund Balance, December 1, 2000 | 827 | 2,128 |
| Fund Balance, November 30, 2001 | \$ 872 | \$ 827 |

ENTERPRISE FUND

The Enterprise Fund is established to account for the financing of self-supporting governmental activities which render services on a user charge basis to the general public.

The significant characteristic of an Enterprise Fund is that the accounting system makes it possible to determine operating profit or loss. Because of this feature and the fact that reports for an Enterprise Fund are self-contained, creditors and the general public can evaluate the performance of the municipal enterprise on the same basis as investor-owned enterprises in the industry.

JEFFERSON COUNTY, ILLINOIS
 EMERGENCY TELEPHONE SYSTEM (911) FUND
 COMPARATIVE STATEMENTS OF REVENUES,
 EXPENSES AND CHANGES IN RETAINED EARNINGS
 BUDGET AND ACTUAL
 For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|--------------------|-------------------|--------------------|-------------------|
| | Budget | Actual | Budget | Actual |
| Operating Revenues | | | | |
| Telephone surcharge | \$ 230,000 | \$ 288,198 | \$ 242,750 | \$ 228,363 |
| Insurance proceeds | 4,000 | | | 4,830 |
| Total Revenues | <u>234,000</u> | <u>288,198</u> | <u>242,750</u> | <u>233,193</u> |
| Operating Expenditures | | | | |
| Insurance | 2,650 | 2,553 | 4,150 | 2,592 |
| Labor | 62,000 | 75,307 | 42,500 | 60,325 |
| Depreciation expense | 234,213 | 246,234 | 210,000 | 234,213 |
| Maintenance/Equipment | | 12,881 | | 23,368 |
| Telephone | | 3,438 | | 2,453 |
| Travel | | 2,906 | | 4,880 |
| Other | 32,000 | 21,645 | 6,450 | 2,670 |
| Total Operating Expenditures | <u>330,863</u> | <u>364,964</u> | <u>263,100</u> | <u>330,501</u> |
| Operating Income (Loss) | (96,863) | (76,766) | (20,350) | (97,308) |
| Non-operating Revenue (Expenses) | | | | |
| Interest income | 22,000 | 13,336 | 28,000 | 21,961 |
| Interest expense | (18,000) | (14,851) | (38,500) | (20,134) |
| Net non-operating revenues(expenses) | <u>4,000</u> | <u>(1,515)</u> | <u>(10,500)</u> | <u>1,827</u> |
| Net Income | <u>\$ (92,863)</u> | <u>(78,281)</u> | <u>\$ (30,850)</u> | <u>(95,481)</u> |
| Retained Earnings, December 1, 2000 | | 571,941 | | 667,422 |
| Retained Earnings, November 30, 2001 | | <u>\$ 493,660</u> | | <u>\$ 571,941</u> |

AGENCY FUNDS

Agency Funds are established to account for assets held by the County in a pass-through capacity, such as individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

JEFFERSON COUNTY, ILLINOIS
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 For the Year Ended November 30, 2001

| | Balance 12-01-00 | Additions | Reductions | Balance 11-30-01 |
|---------------------------------------|---------------------|--------------|--------------|---------------------|
| Road Dist. Motor Fuel Tax Fund | | | | |
| Assets | \$ 2,195,664 | \$ 1,544,938 | \$ 1,371,357 | \$ 2,369,245 |
| Cash | 106,857 | | 7,149 | 99,708 |
| Accounts receivable | \$ 2,302,521 | \$ 1,544,938 | \$ 1,378,506 | \$ 2,468,953 |
| Total Assets | | | | |
| Liabilities | \$ 2,302,521 | \$ 1,544,938 | \$ 1,378,506 | \$ 2,468,953 |
| Due to others | | | | |
| Township Bridge Fund | | | | |
| Assets | \$ 16,320 | \$ 184,290 | \$ 181,090 | \$ 19,520 |
| Cash | | | | |
| Liabilities | \$ 16,320 | \$ 184,290 | \$ 181,090 | \$ 19,520 |
| Due to others | | | | |
| Abandoned Property Trust Fund | | | | |
| Assets | \$ 1,570 | \$ 53 | | \$ 1,623 |
| Cash | | | | |
| Liabilities | \$ 1,570 | \$ 53 | | \$ 1,623 |
| Due to others | | | | |
| Condemnation Escrow Fund | | | | |
| Assets | \$ 49,504 | \$ 1,896 | | \$ 51,400 |
| Cash | | | | |
| Liabilities | \$ 49,504 | \$ 1,896 | | \$ 51,400 |
| Due to others | | | | |
| T.V.A. Assessments Fund | | | | |
| Assets | \$ 13,177 | \$ 16,649 | \$ 14,678 | \$ 15,148 |
| Cash | | | | |
| Liabilities | \$ 13,177 | \$ 16,649 | \$ 14,678 | \$ 15,148 |
| Due to others | | | | |
| Inheritance Tax Fund | | | | |
| Assets | \$ 49,945 | \$ 239,333 | \$ 271,729 | \$ 17,549 |
| Cash | | | | |
| Liabilities | \$ 49,945 | \$ 239,333 | \$ 271,729 | \$ 17,549 |
| Due to State of Illinois | | | | |

JEFFERSON COUNTY, ILLINOIS
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES - CONTINUED
 For the Year Ended November 30, 2001

| | Balance 12-01-00 | Additions | Reductions | Balance 11-30-01 |
|--|---------------------|--------------|--------------|---------------------|
| Guardian Administration Fund | | | | |
| Assets | \$ 122,186 | \$ 10,915 | \$ - | \$ 133,101 |
| Cash | | | | |
| Liabilities | \$ 122,186 | \$ 10,915 | | \$ 133,101 |
| Due to others | | | | |
| Violent Crime Victims Assistance Fund | | | | |
| Assets | \$ 32,970 | \$ 223 | | \$ 33,193 |
| Cash | | | | |
| Liabilities | \$ 32,970 | \$ 223 | | \$ 33,193 |
| Due to others | | | | |
| County Collector Fund | | | | |
| Assets | \$ 9,167,907 | \$21,472,429 | \$27,744,890 | \$ 2,895,446 |
| Cash | | | | |
| Liabilities | \$ 9,167,907 | \$21,472,429 | \$27,744,890 | \$ 2,895,446 |
| Due to others | | | | |
| Circuit Clerk Fund | | | | |
| Assets | \$ 556,206 | \$ 1,378,468 | \$ 1,342,095 | \$ 592,579 |
| Cash | \$ 622,263 | \$ 102,267 | \$ 487,263 | \$ 237,267 |
| Investments | \$ 1,178,469 | \$ 1,480,735 | \$ 1,829,358 | \$ 829,846 |
| Total Assets | | | | |
| Liabilities | \$ 1,178,469 | \$ 1,480,735 | \$ 1,829,358 | \$ 829,846 |
| Due to others | | | | |
| TOTAL ALL AGENCY FUNDS | | | | |
| Assets | \$12,205,449 | \$24,849,194 | \$30,925,839 | \$ 6,128,804 |
| Cash | 622,263 | 102,267 | 487,263 | 237,267 |
| Investments | 106,857 | - | 7,149 | 99,708 |
| Accounts receivable | \$12,934,569 | \$24,951,461 | \$31,420,251 | \$ 6,465,779 |
| Total Assets | | | | |
| Liabilities | \$12,934,569 | \$24,951,461 | \$31,420,251 | \$ 6,465,779 |
| Due to others | | | | |

DISCRETELY PRESENTED COMPONENT UNITS

Discreetly Presented Component Units are legally separate entities that meet any of three tests: 1) the primary government appoints the voting majority of the board of the component unit and is able to impose its will or is in a relationship of financial burden or benefit; 2) the component unit is fiscally dependent upon the primary government; or 3) the financial statements would be misleading if data from the component unit not included.

JEFFERSON COUNTY, ILLINOIS
COUNTY BOARD OF HEALTH
COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

For the Years Ended November 30, 2001 and 2000

| | 2001 | | 2000 | |
|---|---------------------|-------------------|---------------------|-------------------|
| | Budget | Actual | Budget | Actual |
| Revenues | | | | |
| Taxes | \$ 178,000 | \$ 258,110 | \$ 174,000 | \$ 94,481 |
| Grants | 447,563 | 567,363 | 440,365 | 471,181 |
| Fees | 184,296 | 240,050 | 185,090 | 171,381 |
| Interest | 38,000 | 40,945 | 29,000 | 48,425 |
| Other | | 4,857 | | 246 |
| Total Revenues | <u>847,859</u> | <u>1,111,325</u> | <u>828,455</u> | <u>785,714</u> |
| Expenditures | | | | |
| Salaries | 642,531 | 595,673 | 651,816 | 595,031 |
| Payroll taxes & fringes | 158,697 | 119,649 | 88,002 | 87,510 |
| Supplies | 57,396 | 95,538 | 41,000 | 68,595 |
| Contractual services | 30,508 | 61,544 | 130,000 | 45,598 |
| Patient care | 12,000 | 3,796 | 15,000 | 6,368 |
| Telecommunications | 7,548 | 9,599 | 9,000 | 6,615 |
| Travel | 15,187 | 17,142 | 11,000 | 16,525 |
| Printing | 3,950 | 1,959 | 5,000 | 3,544 |
| Miscellaneous | | 575 | | 507 |
| Capital expenditures | 15,000 | 25,627 | 10,000 | 12,957 |
| Utilities | 11,100 | 9,096 | | 7,260 |
| Liability insurance | 20,418 | - | | (7,758) |
| Rent | 59,700 | 54,725 | | 59,534 |
| Dues & subscription | 3,285 | 2,489 | | 2,335 |
| Contingency | | | 4,000 | |
| Total Expenditures | <u>1,037,320</u> | <u>997,412</u> | <u>964,818</u> | <u>904,621</u> |
| Excess of Revenues Over (Under) Expenditures | <u>\$ (189,461)</u> | <u>113,913</u> | <u>\$ (136,363)</u> | <u>(118,907)</u> |
| Fund Balance, December 1, 2000 | | <u>757,531</u> | | <u>876,438</u> |
| Fund Balance, November 30, 2001 | | <u>\$ 871,444</u> | | <u>\$ 757,531</u> |

SUPPLEMENTARY DATA

JEFFERSON COUNTY, ILLINOIS
 SCHEDULE OF COUNTY TAX LEVIES,
 RATES, EXTENSIONS AND COLLECTIONS
 For the Year Ended November 30, 2001

| | Levy Year | | |
|---------------------------|----------------|----------------|----------------|
| | 2000 | 1999 | 1998 |
| Assessed Valuations | \$ 279,195,703 | \$ 270,447,277 | \$ 262,640,864 |
| Tax Rates | 0.0462 | 0.0477 | 0.0491 |
| Corporate Fund | 0.1007 | 0.1040 | 0.1070 |
| County Highway Fund | 0.0455 | 0.0470 | 0.0484 |
| County Bridge Fund | 0.0455 | 0.0470 | 0.0484 |
| Federal Aid Matching Fund | 0.0194 | 0.0200 | 0.0206 |
| Tuberculosis Fund | 0.1184 | 0.1384 | 0.1380 |
| IMRF Fund | 0.0430 | 0.0444 | 0.0457 |
| County Health | 0.0755 | 0.0707 | 0.0682 |
| Social Security | 0.0180 | 0.0169 | 0.0160 |
| Medicare | 0.0482 | 0.0514 | 0.0549 |
| Liability Insurance | 0.0149 | 0.0207 | 0.0209 |
| Workmens Compensation | 0.0251 | 0.0259 | 0.0267 |
| Extension Education | 0.0365 | 0.0366 | 0.0369 |
| Mental Health | 0.6369 | 0.6707 | 0.6808 |
| Total Tax Rates | | | |
| Extensions | \$ 129,006 | \$ 129,015 | \$ 128,968 |
| Corporate Fund | 281,150 | 281,265 | 281,026 |
| County Highway Fund | 127,034 | 127,110 | 127,118 |
| County Bridge Fund | 127,034 | 127,110 | 127,118 |
| Federal Aid Matching Fund | 54,164 | 54,089 | 54,104 |
| Tuberculosis Fund | 330,568 | 374,299 | 362,444 |
| IMRF Fund | 120,054 | 120,079 | 120,027 |
| County Health | 210,793 | 191,206 | 179,121 |
| Social Security | 50,255 | 45,706 | 42,023 |
| Medicare | 134,572 | 139,010 | 144,190 |
| Liability Insurance | 41,600 | 55,983 | 54,892 |
| Workmens Compensation | 70,078 | 70,046 | 70,125 |
| Extension Education | 101,906 | 98,984 | 96,914 |
| Mental Health | \$ 1,778,214 | \$ 1,813,902 | \$ 1,788,070 |
| Total Extensions | | | |
| Collections | \$ 121,364 | \$ 127,508 | \$ 132,003 |
| Corporate Fund | 283,430 | 283,688 | 301,837 |
| County Highway Fund | 128,069 | 128,204 | 136,530 |
| County Bridge Fund | 128,069 | 128,204 | 136,530 |
| Federal Aid Matching Fund | 54,601 | 54,554 | 58,112 |
| Tuberculosis Fund | 333,247 | 377,522 | 389,281 |
| IMRF Fund | 121,023 | 121,115 | 128,917 |
| County Health | 212,500 | 192,851 | 192,388 |
| Social Security | 50,661 | 46,099 | 45,132 |
| Medicare | 135,659 | 140,208 | 154,864 |
| Liability Insurance | 41,938 | 56,468 | 58,957 |
| Workmens Compensation | 70,644 | 70,645 | 75,315 |
| Extension Education | 102,728 | 99,833 | 104,088 |
| Mental Health | \$ 1,783,933 | \$ 1,826,899 | \$ 1,913,954 |
| Total Collections | | | |

JEFFERSON COUNTY, ILLINOIS
SCHEDULE OF LEGAL DEBT MARGIN
For the Year Ended November 30, 2001

2000 Assessed Valuation

\$ 279,195,703

Legal Debt Limit -
5.00% of Assessed Valuations

13,959,785

Long term debt outstanding, November 30, 2001

36,036

Legal Debt Margin

\$ 13,923,749

FEDERAL FINANCIAL COMPLIANCE

Clarke CPA Consulting Ltd.

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

Board of Commissioners
Jefferson County, Illinois

We have audited the general purpose financial statements of Jefferson County, Illinois as of and for the year ended November 30, 2001, and have issued our report thereon dated May 31, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Jefferson County, Illinois' general purpose 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 in the accompanying schedule of findings and questioned costs as item B1-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jefferson County, Illinois' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 general purpose 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.

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

Clarke CPA & Consulting Ltd.

May 31, 2002

Clarke CPA Consulting Ltd.

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

Board of Commissioners
Jefferson County, Illinois

Compliance

We have audited the compliance of Jefferson County, Illinois, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended November 30, 2001. Jefferson County, Illinois' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Jefferson County, Illinois' management. Our responsibility is to express an opinion on Jefferson 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 Jefferson 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 Jefferson County, Illinois' compliance with those requirements.

In our opinion, Jefferson County, Illinois complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended November 30, 2001.

Internal Control Over Compliance

The management of Jefferson 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 Jefferson 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 of the County's management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clarke CPA & Consulting d.K.

May 31, 2002

JEFFERSON COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2001

| <u>Federal Grantor/Pass-Through Grantor</u> | <u>Ending Date of Grant</u> | <u>C.F.D.A. Number</u> |
|---|-------------------------------------|----------------------------|
| U.S. Department of Agriculture | | |
| Pass-through from Illinois Department of Human Services | 06/30/2001 | 10.557 |
| Women, Infants and Children | 06/30/2002 | 10.557 |
| Women, Infants and Children | 06/30/2001 | 10.557 |
| Women, Infants and Children - Non-cash Food Instruments | | |
| Pass-through from Illinois Department of Public Health | 06/30/2001 | 10.559 |
| Summer Food Program | | |
| U.S. Department of Health and Human Services | | |
| Pass-through from Illinois Department of Human Services | 06/30/2001 | 93.994 |
| Family Case Management | 06/30/2002 | 93.994 |
| Family Case Management | | |
| Pass-through from Illinois Department of Public Health | 12/31/2000 | 93.991 |
| Health & Wellness Initiative | 12/31/2001 | 93.991 |
| Health & Wellness Initiative | 08/30/2001 | 93.283 |
| Health Alert Network | 11/30/2001 | 93.268 |
| Illinois Immunization Program - Non-cash Vaccines | | |
| Pass-through from St. Clair County Health Department | 06/30/2001 | 93.940 |
| HIV Testing & CTPRN | 06/30/2002 | 93.940 |
| HIV Testing & CTPRN | | |
| U.S. Department of Justice | | |
| Drug Free Communities Grant | 09/30/2002 | 16.729 |
| Pass-through from Illinois Department of Human Services | 06/30/2001 | 16.549 |
| Juvenile Policy Prevention Board | | |

See accompanying notes to schedule of expenditures of federal awards

| Receipts/Revenues | | | Expenditures/Disbursements | | | Budget |
|-------------------|------------------|------------------|----------------------------|------------------|-----------------------|------------|
| Year 11/30/00 | Year 11/30/01 | Total Revenue | Year 11/30/00 | Year 11/30/01 | Total Expenditures | |
| \$ 50,600 | \$ 75,100 | \$ 125,700 | \$ 64,961 | \$ 110,239 | \$ 175,200 | \$ 121,700 |
| | 65,900 | 65,900 | | 73,016 | 73,016 | 131,500 |
| 305,595 | | 305,595 | | 305,595 | 305,595 | N/A |
| | 100 | 100 | | 100 | 100 | 200 |
| 78,500 | 117,500 | 196,000 | 72,051 | 108,804 | 180,855 | 188,600 |
| | 82,905 | 82,905 | | 82,905 | 82,905 | 188,600 |
| 6,355 | 1,793 | 8,148 | 7,142 | 1,286 | 8,428 | 8,200 |
| | 3,683 | 3,683 | | 3,383 | 3,383 | 4,000 |
| | 800 | 800 | | | - | 800 |
| | 77,281 | 77,281 | | 77,281 | 77,281 | N/A |
| 2,273 | 5,883 | 8,156 | 2,272 | 6,557 | 8,829 | 8,775 |
| | 3,447 | 3,447 | | 3,447 | 3,447 | 8,370 |
| | 5,991 | 5,991 | | 5,991 | 5,991 | 100,000 |
| 68,300 | 95,500 | 163,800 | 65,497 | 98,303 | 163,800 | 163,800 |

JEFFERSON COUNTY, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2001

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes federal grant activity of Jefferson County, Illinois and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

NOTE 2. NONMONETARY ASSISTANCE

Nonmonetary assistance is reported in the schedule at the Fair Market Value as confirmed by the granting agencies.

JEFFERSON COUNTY, ILLINOIS
SUMMARY OF FINDINGS AND QUESTIONED COSTS
For the Year Ended November 30, 2001

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses a qualified opinion on the general purpose financial statements of Jefferson County, Illinois.
2. One reportable condition was identified during the audit of the general purpose financial statements. This reportable condition is not considered a material weakness. This reportable condition is reported in part B of this schedule.
3. No instances of noncompliance material to the general purpose financial statements of Jefferson County, Illinois were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of internal control over the major federal award program.
5. The auditor's report on compliance for the major federal award program for Jefferson County, Illinois expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Jefferson County are reported in part C of this schedule.
7. The program tested as a major program included: Women, Infants and Children (WIC) - CFDA #10.557.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Jefferson County was not determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

B1-1 Budget

Condition: The County was in violation of 55ILCS 5/6 because of overspending in several funds and failing to amend the budget.

Criteria: The County's internal controls have the information in place for a budget to actual comparison throughout the year. Management was unaware of the requirements of this statute.

Effect: Because board members were unaware of the statutory requirements, overspending of the budget occurred.

Recommendation: The board should review the budget to actual figures at the monthly board meetings. Capital projects undertaken should also be budgeted even if these projects are to be funded from reserved funds. If needed, the budget should be amended before the end of the fiscal year.

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARDS PROGRAM AUDIT

None

JEFFERSON COUNTY, ILLINOIS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended November 30, 2001

There were no prior audit findings relative to federal award programs.

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