

ANNUAL  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORTS

JACKSON COUNTY, ILLINOIS

FISCAL YEAR ENDED NOVEMBER 30, 2012



JACKSON COUNTY, ILLINOIS

FISCAL YEAR ENDED NOVEMBER 30, 2012

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JACKSON COUNTY, ILLINOIS

FISCAL YEAR ENDED NOVEMBER 30, 2012

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## INTRODUCTORY SECTION



## OFFICE OF COUNTY BOARD JACKSON COUNTY, ILLINOIS

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May 16, 2013

To the Chairman of the Jackson County Board, Members of the Jackson County Board, Elected Officeholders of Jackson County, and Citizens of Jackson County:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Jackson County for the fiscal year ended November 30, 2012.

This report consists of management's representations concerning the finances of Jackson County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Jackson County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Jackson County's financial statements in conformity with GAAP. Because of the cost of internal controls should not outweigh their benefits, Jackson County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Jackson County's financial statements have been audited by Kerber, Eck & Braeckel, and a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Jackson County for the fiscal year ended November 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Jackson County's financial statements for the fiscal year ended November 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Jackson County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A. Jackson County's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

Jackson County, incorporated January 10, 1816, is located in the southwestern part of the State of Illinois. Jackson County currently occupies a land area of 588 square miles and serves a population of 60,218 (2010 census). Jackson County is empowered to levy a property tax on real property located within its boundaries.

Jackson County operates under the county board form of government. Policy-making and legislative authority are vested in the county board consisting of fourteen members, two members representing each of the counties seven districts. The county board is responsible, among other things, for passing resolutions/ordinances, adopting the budget, and appointing committees. Board members serve four-year staggered terms, with seven county board members elected every two years.

Jackson County consists of the following publicly elected constitutional offices: County Clerk & Recorder, County Coroner, County Treasurer, Circuit Clerk, Sheriff, State's Attorney, Supervisor of Assessments, and Superintendent of Schools. Jackson County provides a full range of services, including: animal & rabies control; and board of review; the construction of roads, bridges, and other infrastructure; emergency & disaster services; ambulance service; health department; and a rehab and care center.

The annual budget serves as the foundation for Jackson County's financial planning and control. All departments and agencies of Jackson County are required to submit requests for appropriation to the accounting coordinator upon request of the Finance Committee in August of each year. The accounting coordinator uses these requests as the starting point for developing a proposed budget. The accounting coordinator then presents this proposed budget to the Finance Committee for review. The Finance Committee and accounting coordinator hold budget meetings with all elected officeholders and department heads. The county board is required to hold a special board meeting on the proposed budget and to adopt a final budget by no later than November 30, the close of Jackson County's fiscal year. The appropriated budget is prepared by fund (e.g. county general), and department (e.g. Sheriff's Department). Elected Officeholders and department heads may request adjustments to the final budget, however, the adjustments require approval of the Finance Committee and the full Jackson County Board. Budget-to-actual comparisons are provided to all elected office holders and department heads monthly, as well as in this report for which an appropriated annual budget has been adopted.

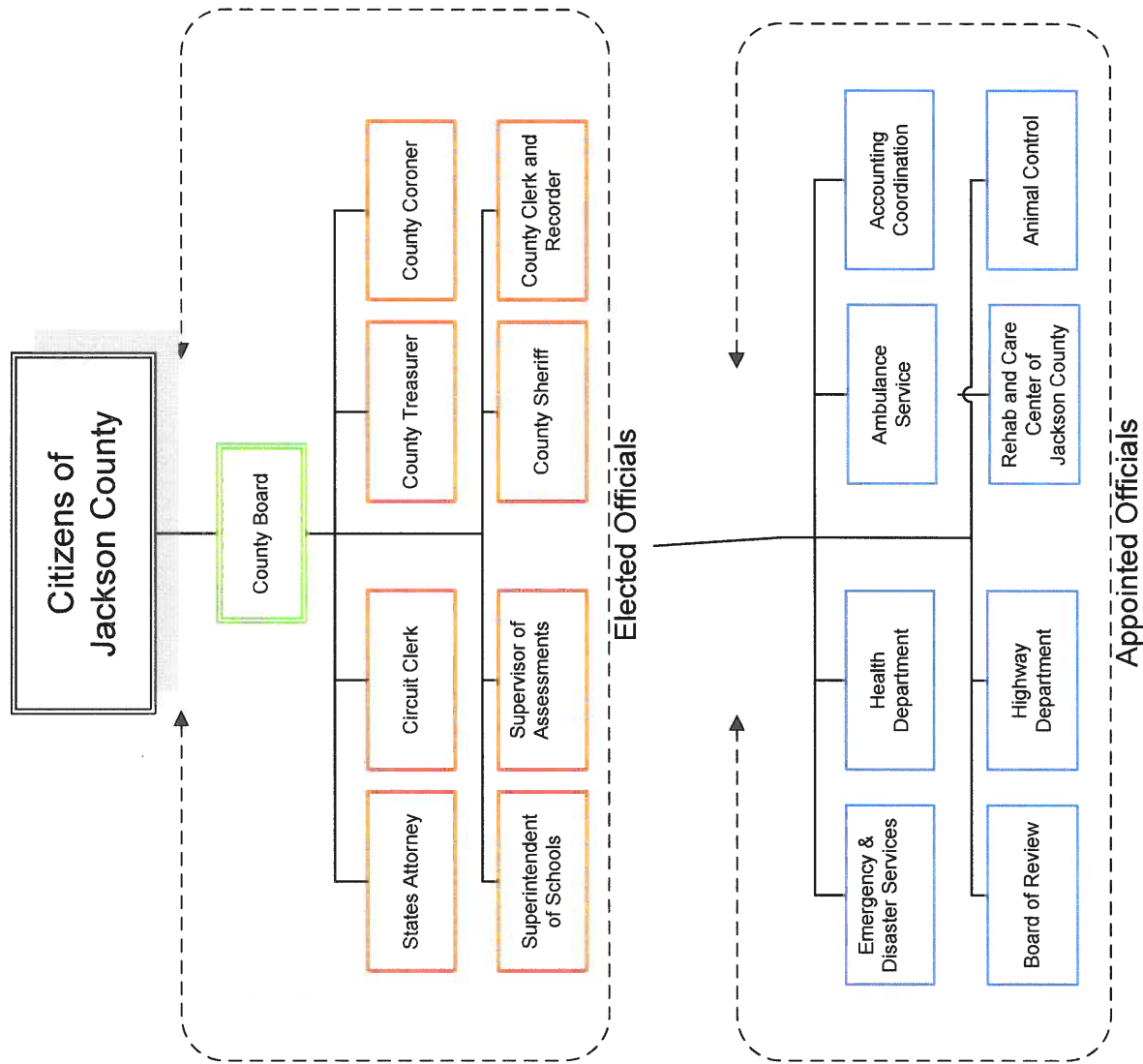
### **Acknowledgements**

The preparation of this report would not have been possible without the efficient and dedicated services of the Accounting Coordinator, Jackson County Treasurer's Office, Jackson County State's Attorney Office, Jackson County Ambulance Service, Jackson County Health Department, Jackson County Highway Department, and the Rehab & Care Center of Jackson County. I would like to express my appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Chairman of the Jackson County Board and the Jackson County Board members for their unfailing support for maintaining the highest standards of professionalism in the management of Jackson County's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "G. Legan", with a long horizontal flourish extending to the right.

Greg Legan  
Finance Committee Chairman  
Jackson County Board



JACKSON COUNTY, ILLINOIS  
LIST OF ELECTED OFFICIALS  
NOVEMBER 30, 2012

**JACKSON COUNTY ELECTED OFFICIALS**

Circuit Clerk  
Coroner  
County Clerk & Recorder  
Regional Superintendent of Schools  
Sheriff  
State's Attorney  
Supervisor of Assessments  
Treasurer

Cindy Svanda  
Thomas Kupferer  
Larry Reinhardt  
Donna Boros  
Robert Burns  
Michael Wepsiec  
Maureen Berkowitz  
Shirley Booker

**JACKSON COUNTY BOARD MEMBERS**

District 1

William Alstat  
Orval Rowe

District 2

Dan Bost  
Mark Holt

District 3

Frank Puttman  
Will Stephens

District 4

Darnecea Moultrie  
Bob Lorinskas

District 5

Julie Peterson  
John Rendleman

District 6

Gerald Compton  
Paulette Curkin

District 7

John Evans  
Edward Benyas

**JACKSON COUNTY APPOINTED OFFICIALS**

Accounting Coordinator  
Ambulance Service Director  
Animal Control Officer  
Board of Review

Michelle Tweedy  
Dottie Miles  
Lloyd Nelson  
Jim Pribble  
Bob Lorinskas  
Kevin Reeves  
Derek Misener  
Miriam Link-Mullison  
Grant Guthman  
Merle Taylor

Emergency & Disaster Services  
Health Department Administrator  
Highway Engineer  
Rehab & Care Center Administrator

## FINANCIAL SECTION

## INDEPENDENT AUDITORS' REPORT

Jackson County Board  
Courthouse  
Murphysboro, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Illinois as of and for the year ended November 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Jackson County, Illinois management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Illinois as of November 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof 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 a report dated May 16, 2013 on our consideration of the Jackson County, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8 through 13 and 51 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jackson County, Illinois financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Kerben, Eck & Broeckel LLP*

Carbondale, Illinois  
May 16, 2013

JACKSON COUNTY, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS  
NOVEMBER 30, 2012

As management of Jackson County, we offer readers of Jackson County's financial statements this narrative overview and analysis of the financial activities of Jackson County for the fiscal year ended November 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**Financial Highlights**

- Jackson County borrowed \$2,170,000 from its Solid Waste Management program in fiscal year 2009 with the intent to repay half in fiscal year 2010 and the remaining half in fiscal year 2011. The county postponed the repayment plan by another year as a result of untimely reimbursements from the state.
- In Fiscal Year 2011 Jackson County loaned \$110,000 from its general fund and \$948,000 from its solid waste fund to its proprietary fund {Rehab & Care Center} as a result of operating deficits and delayed state reimbursements. In Fiscal Year 2012 another \$100,000 was lent to the Rehab & Care Center from its solid waste fund with Rehab & Care Center repaying \$510,928 leaving a total balance owed of \$647,072. Jackson County voted in March 2012 to exit the skilled nursing facility business and accepted the proposal from RFMS in which a new facility would be constructed in Carbondale with the current residents being given a place to reside and the Rehab & Care staff an employment opportunity.
- Jackson County, acting upon the ordinance passed in 2011 to issue general obligation alternate revenue source bonds broke ground on the jail expansion and began the various repairs and rehabilitation. The expansion of the jail will allow the county to house federal and Union County prisoners at a fee established to make the biannual bond payments, of which the county has accumulated enough fees to pay the next three installments.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to Jackson County's basic financial statements. Jackson County's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains federal financial assistance information in addition to the basic financial statement themselves.

**Government-Wide Financial Statements** - The government-wide financial statements are designed to provide readers with a broad overview of Jackson County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Jackson County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Jackson County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

JACKSON COUNTY, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED  
NOVEMBER 30, 2012

Both of the government-wide financial statements distinguish functions of Jackson County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Jackson County include general government, public safety, roads and bridges, and solid waste. The business-type activities of Jackson County include a rehab & care center and ambulance service.

The government-wide financial statements include not only Jackson County itself (known as the primary government), but also a legally separate health department, tuberculosis department, and mental health (708) department for which Jackson County is financially accountable. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14-19 of this report.

**Fund Financial Statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Jackson County, like other county, state, and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Jackson County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Jackson County maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

Jackson County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

JACKSON COUNTY, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED  
NOVEMBER 30, 2012

***Proprietary funds*** - Jackson County maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide Financial statements. Jackson County uses enterprise funds to account for its ambulance services and for its rehab and care center.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the ambulance service and for the rehab and care center, both of which are considered to be major funds of Jackson County.

The basic proprietary fund financial statements can be found on pages 20-22 of this report.

***Fiduciary funds*** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government.

The basic fiduciary fund financial statements can be found on page 23 of this report.

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

The notes to the financial statements can be found on pages 24-50 of this report.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents all federal financial assistance awarded to Jackson County.

The required supplementary information can be found on pages of 51-55 of this report.

JACKSON COUNTY, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED  
NOVEMBER 30, 2012

**Government-Wide Financial Statements**

**Net Assets** - Table 1 presents a condensed statement of net assets as of November 30, 2012 compared to the prior year ended November 30, 2011.

**Table 1 - Jackson County, Illinois Statement of Net Assets  
as of November 30, 2012 (in millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government		Component Unit	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current assets & other	\$ 22.6	\$ 23.6	\$ 5.6	\$ 6.1	\$ 28.2	\$ 29.7	\$ 3.3	\$ 3.3
Noncurrent assets	0.2	0.2	-	-	0.2	0.2	-	-
Capital assets	<u>27.7</u>	<u>23.5</u>	<u>2.0</u>	<u>2.3</u>	<u>29.7</u>	<u>25.8</u>	<u>1.3</u>	<u>1.4</u>
Total Assets	\$ 50.5	\$ 47.3	\$ 7.6	\$ 8.4	\$ 58.1	\$ 55.7	\$ 4.6	\$ 4.7
Current liabilities	\$ 10.6	\$ 9.0	\$ 2.7	\$ 3.0	\$ 13.3	\$ 12.0	\$ 1.4	\$ 1.4
Noncurrent liabilities	<u>5.6</u>	<u>5.7</u>	<u>-</u>	<u>-</u>	<u>5.6</u>	<u>5.7</u>	<u>0.1</u>	<u>0.1</u>
Total Liabilities	\$ 16.2	\$ 14.8	\$ 2.7	\$ 3.0	\$ 18.9	\$ 17.8	\$ 1.4	\$ 1.5
Invested in capital assets, net of related debt	\$ 24.6	\$ 23.3	\$ 2.0	\$ 2.3	\$ 26.6	\$ 25.6	\$ 1.3	\$ 1.3
Restricted	6.5	7.6	-	-	6.5	7.6	-	-
Unrestricted	<u>3.2</u>	<u>1.6</u>	<u>2.8</u>	<u>3.1</u>	<u>6.1</u>	<u>4.7</u>	<u>1.9</u>	<u>1.9</u>
Total Assets	<u>\$ 34.3</u>	<u>\$ 32.5</u>	<u>\$ 4.9</u>	<u>\$ 5.4</u>	<u>\$ 39.1</u>	<u>\$ 37.9</u>	<u>\$ 3.2</u>	<u>\$ 3.2</u>

(Note: Columns may not total due to rounding)

**Statement of Activities (Changes in Net Assets)** - Table 2 summarizes the revenue and expenses of the County's activities for FY 2012 compared to the prior FY 2011.

JACKSON COUNTY, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED  
NOVEMBER 30, 2012

**Table 2 - Jackson County, Illinois Changes in Net Assets  
as of November 30, 2012 (in millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government		Component Unit	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:								
Program revenues:								
Charges for services	\$ 3.8	\$ 3.6	\$ 10.4	\$ 11.4	\$ 14.1	\$ 15.0	\$ 0.6	\$ 0.7
Operating grants and contributions	2.3	1.5	-	-	2.3	1.5	2.4	2.4
Capital grants and contributions	0.5	0.1	0.2	-	0.7	0.1	-	-
General revenue:								
Taxes:								
General property taxes	5.4	5.2	1.4	1.4	6.9	6.6	1.0	0.9
Property taxes, restricted	2.5	2.0	0.2	0.2	2.7	2.2	-	-
Sales and service taxes	2.1	2.1	-	-	2.1	2.1	-	-
Motor fuel tax	0.9	0.9	-	-	0.9	0.9	-	-
State income tax	1.9	1.6	-	-	1.9	1.6	-	-
Replacement tax	0.6	0.6	-	-	0.6	0.6	-	-
Inheritance tax	0.2	-	-	-	0.2	-	-	-
Local use tax	0.3	0.3	-	-	0.3	0.3	-	-
County hotel tax	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
Federal subsidies	0.1	-	-	-	-	-	-	-
Miscellaneous	-	-	-	0.1	-	0.1	-	-
<b>Total Revenue</b>	<b>\$ 20.5</b>	<b>\$ 18.0</b>	<b>\$ 12.2</b>	<b>\$ 13.1</b>	<b>\$ 32.8</b>	<b>\$ 31.1</b>	<b>\$ 4.0</b>	<b>\$ 4.0</b>
Expenses:								
General government	\$ 8.7	\$ 7.9	\$ -	\$ -	\$ 8.7	\$ 7.9	\$ -	\$ -
Public works	3.6	2.7	-	-	3.6	2.7	-	-
Public safety	6.1	6.0	-	-	6.1	6.0	-	-
Interest on long-term debt	0.3	-	-	-	0.3	-	-	-
Rehab & Care	-	-	8.7	8.9	8.7	8.9	-	-
Ambulance	-	-	3.9	3.8	3.9	3.8	-	-
Health department	-	-	-	-	-	-	3.6	3.7
Tuberculosis	-	-	-	-	-	-	0.1	0.1
Mental Health 708 Board	-	-	-	-	-	-	0.2	0.2
<b>Total Expenses</b>	<b>\$ 18.7</b>	<b>\$ 16.6</b>	<b>\$ 12.7</b>	<b>\$ 12.7</b>	<b>\$ 31.4</b>	<b>\$ 29.3</b>	<b>\$ 4.0</b>	<b>\$ 4.0</b>
<b>Change in Net Assets</b>	<b>\$ 1.8</b>	<b>\$ 1.4</b>	<b>\$ (0.4)</b>	<b>\$ 0.4</b>	<b>\$ 1.4</b>	<b>\$ 1.7</b>	<b>\$ -</b>	<b>\$ 0.1</b>

(Note: Columns may not total due to rounding)

JACKSON COUNTY, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED  
NOVEMBER 30, 2012

**Requests for Information**

This financial report is designed to provide a general overview of Jackson County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Board: Accounting Coordinator, 1001 Walnut Street, Jackson County Courthouse, Murphysboro, Illinois, 62966, or by calling 618-687-7241.



## BASIC FINANCIAL STATEMENTS



JACKSON COUNTY, ILLINOIS  
STATEMENT OF NET ASSETS  
NOVEMBER 30, 2012

	Primary Government			Component Units
	Governmental	Business-type		
	Activities	Activities	Total	Total
Assets:				
Cash	\$ 3,604,443	\$ 1,921,722	\$ 5,526,165	\$ 1,025,656
Investments	-	-	-	21,822
Accounts receivable:				
Consumers	-	1,952,026	1,952,026	-
Other governmental units and agencies	1,234,349	272,047	1,506,396	783,093
Property taxes	7,697,972	1,880,081	9,578,053	1,434,997
Other receivables	-	22,950	22,950	1
Internal balance	549,313	(548,357)	956	(956)
Due from others	64,140	-	64,140	-
Due from agencies	4,054	-	4,054	-
Prepayments	272,203	8,277	280,480	8,746
Inventories	-	58,937	58,937	38,948
Restricted assets:				
Cash	5,505,289	-	5,505,289	-
Investments	100,532	-	100,532	-
Accounts receivable:				
Other governmental units and agencies	28,507	-	28,507	-
Property taxes	3,565,122	-	3,565,122	-
Noncurrent assets:				
Bond issuance costs	159,615	-	159,615	-
Land	150,000	76,458	226,458	49,500
Construction in progress	6,814,352	-	6,814,352	-
Capital assets, net	<u>20,754,729</u>	<u>1,950,103</u>	<u>22,704,832</u>	<u>1,271,375</u>
Total Assets	<u>50,504,620</u>	<u>7,594,244</u>	<u>58,098,864</u>	<u>4,633,182</u>
Liabilities:				
Accounts payable	767,191	413,689	1,180,880	54,005
Accrued payroll	725,654	321,585	1,047,239	98,435
Current portion - compensated absences	559,033	240,076	799,109	87,849
Current portion - General obligation bonds	76,000	-	76,000	-
Current portion - notes payable	72,105	-	72,105	17,068
Due to others	5,885	242,387	248,272	-
Deferred revenue	5,677,652	1,517,090	7,194,742	1,098,642
Restricted liabilities				
Accounts payable	28,748	-	28,748	-
Deferred revenue	2,624,147	-	2,624,147	-
Due to others	48,541	-	48,541	-
Noncurrent liabilities:				
Compensated absences	1,245,952	-	1,245,952	80,863
General obligation bonds	2,910,000	-	2,910,000	-
Notes payable	77,703	-	77,703	-
Net OPEB obligation	<u>1,374,343</u>	<u>-</u>	<u>1,374,343</u>	<u>-</u>
Total Liabilities	<u>16,192,954</u>	<u>2,734,827</u>	<u>18,927,781</u>	<u>1,436,862</u>
NET ASSETS				
Invested in capital assets, net of related debt	24,583,273	2,026,561	26,609,834	1,303,807
Restricted assets	6,498,014	-	6,498,014	-
Unrestricted	<u>3,230,379</u>	<u>2,832,856</u>	<u>6,063,235</u>	<u>1,892,513</u>
Total Net Assets	<u>\$ 34,311,666</u>	<u>\$ 4,859,417</u>	<u>\$ 39,171,083</u>	<u>\$ 3,196,320</u>

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Service Charges, Permits, and Fees	Operating Grants and Contributions		Primary Government		Component Units
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 8,708,962	\$ 2,997,827	\$ 161,217	\$ -	\$ (5,549,918)	\$ -	\$ -
Public Works	3,629,429	568,114	1,783,843	472,387	(805,085)	-	-
Public Safety	6,066,879	201,277	342,644	-	(5,522,958)	-	-
Interest on long term debt	318,897	-	-	-	(318,897)	-	-
Total governmental activities	18,724,167	3,767,218	2,287,704	472,387	(12,196,858)	-	-
Business-Type activities:							
Rehab & Care	8,732,071	7,382,343	-	187,701	-	(1,162,027)	-
Ambulance	3,936,564	2,975,080	-	-	-	(961,484)	-
Total Business-Type activities	12,668,635	10,357,423	-	187,701	-	(2,123,511)	-
Total Primary Government	\$ 31,392,802	\$ 14,124,641	\$ 2,287,704	\$ 660,088	(12,196,858)	(2,123,511)	-
Component Units:							
Health Department	\$ 3,642,485	\$ 636,878	\$ 2,354,562	\$ -	-	-	(651,045)
Tuberculosis	78,526	-	-	-	-	-	(78,526)
Mental Health 708 Board	272,735	-	-	-	-	-	(272,735)
Total Component Units	\$ 3,993,746	\$ 636,878	\$ 2,354,562	\$ -	-	-	(1,002,306)
General Revenues:							
Taxes:							
General property taxes		5,421,600	1,428,529		6,850,129		961,857
Property taxes, restricted		2,482,088	175,081		2,657,169		-
Sales and service taxes		2,112,555	-		2,112,555		-
Motor fuel tax		933,834	-		933,834		-
State Income Tax		1,855,743	-		1,855,743		-
Replacement Tax		565,954	-		565,954		-
Inheritance Tax		154,003	-		154,003		-
Local Use Tax		320,015	-		320,015		-
County Hotel Tax		36,777	-		36,777		-
Investment earnings		9,612	8,932		18,544		881
Federal subsidies for Recovery Zone Economic Development and Build America Bonds		114,749	-		114,749		-
State grant		-	-		-		-
Miscellaneous		1,180	77,196		78,376		19,622
Total general revenues		14,008,110	1,689,738		15,697,848		982,360
Change in net assets		1,811,252	(433,773)		1,377,479		(19,946)
Net assets - beginning		32,500,414	5,382,849		37,883,263		3,216,266
Prior period adjustment - See Note U		-	(89,659)		(89,659)		-
Net assets - ending		\$ 34,311,666	\$ 4,859,417		\$ 39,171,083		\$ 3,196,320

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
NOVEMBER 30, 2012

	General Fund	County Highway Fund	Solid Waste Management Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 922,907	\$ 743,115	\$ 866,135	\$ 1,072,286	\$ 3,604,443
Accounts receivable:					
Other governmental units and agencies	1,171,674	61,595	-	1,080	1,234,349
Property taxes	6,073,017	1,020,883	-	604,072	7,697,972
Due from other funds	831,897	7,707	2,707,072	-	3,546,676
Due from others	-	-	64,140	-	64,140
Due from agencies	-	2,776	-	1,278	4,054
Prepayments	14,130	-	-	258,073	272,203
Restricted assets					
Cash	3,485,577	-	-	2,019,712	5,505,289
Investments	100,532	-	-	-	100,532
Accounts receivable:					
Other governmental units and agencies	27,830	-	-	677	28,507
Property taxes	3,565,122	-	-	-	3,565,122
Due from other funds	31,613	-	-	-	31,613
<b>Total Assets</b>	<b>\$ 16,224,299</b>	<b>\$ 1,836,076</b>	<b>\$ 3,637,347</b>	<b>\$ 3,957,178</b>	<b>\$ 25,654,900</b>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable	\$ 633,201	\$ 113,375	\$ -	\$ 20,615	\$ 767,191
Accrued payroll	710,418	15,236	-	-	725,654
Compensated absences	488,374	70,659	-	-	559,033
Due to other funds	2,280,098	21,858	-	-	2,301,956
Due to others	5,885	-	-	-	5,885
Deferred revenue	4,492,504	745,693	-	439,455	5,677,652
Restricted liabilities					
Accounts payable	23,300	-	-	5,448	28,748
Due to other funds	727,020	-	-	-	727,020
Deferred revenue	2,624,147	-	-	-	2,624,147
Due to others	48,541	-	-	-	48,541
<b>Total liabilities</b>	<b>12,033,488</b>	<b>966,821</b>	<b>-</b>	<b>465,518</b>	<b>13,465,827</b>
Fund Balances:					
Nonspendable	14,130	-	2,707,072	258,073	2,979,275
Restricted	3,787,666	-	-	2,016,219	5,803,885
Committed	-	275,190	930,275	164,617	1,370,082
Assigned	-	594,065	-	1,052,751	1,646,816
Unassigned	389,015	-	-	-	389,015
<b>Total fund balances</b>	<b>4,190,811</b>	<b>869,255</b>	<b>3,637,347</b>	<b>3,491,660</b>	<b>12,189,073</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 16,224,299</b>	<b>\$ 1,836,076</b>	<b>\$ 3,637,347</b>	<b>\$ 3,957,178</b>	<b>\$ 25,654,900</b>

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
NOVEMBER 30, 2011

Total fund balances for governmental funds	\$	12,189,073
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Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Construction in progress	6,814,352	
Land	150,000	
Land improvements, net of \$105,376 accumulated depreciation	-	
Buildings, net of \$4,522,569 accumulated depreciation	3,061,585	
Building improvements, net of \$674,027 accumulated depreciation	735,491	
Fixed equipment, net of \$234,997 accumulated depreciation	34,150	
Major movable equipment, net of \$1,353,737 accumulated depreciation	127,487	
Vehicles, net of \$2,210,237 accumulated depreciation	309,821	
Computers, net of \$776,908 accumulated depreciation	19,219	
Infrastructure, net of \$5,232,771 accumulated depreciation	<u>16,466,976</u>	
Total capital assets		27,719,081

The OPEB obligation resulting from contributions less than the annual required contribution are not financial liabilities and, therefore, are not reported in the funds.		(1,374,343)
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Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets. Long-term liabilities consist of:

GOB bonds payable	(2,986,000)	
Notes payable	(149,808)	
Compensated absences	(1,245,952)	
Bond issuance costs	<u>159,615</u>	
Total long-term liabilities		<u>(4,222,145)</u>

Total net assets of governmental activities	\$	<u>34,311,666</u>
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The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

	General Fund	County Highway Fund	Solid Waste Management Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues - Unrestricted Funds:</b>					
General property taxes	\$ 4,280,951	\$ 713,283	\$ -	\$ 427,366	\$ 5,421,600
Sales and service taxes	2,112,555	-	-	-	2,112,555
Intergovernmental revenue	3,251,919	1,119,586	-	2,015,714	6,387,219
Use of money and property	598	624	678	4,808	6,708
Service charges, permits and fees	2,106,854	-	-	-	2,106,854
Sanitation fees	-	-	418,968	-	418,968
Other revenue	-	203,910	-	-	203,910
<b>Total Unrestricted Fund Revenues</b>	<b>11,752,877</b>	<b>2,037,403</b>	<b>419,646</b>	<b>2,447,888</b>	<b>16,657,814</b>
<b>Expenditures - Unrestricted Funds</b>					
Current:					
General government	7,781,405	-	-	-	7,781,405
Public safety	5,906,260	-	-	-	5,906,260
Public health	-	-	323,875	-	323,875
Public works	-	1,507,524	-	994,522	2,502,046
Capital improvements	-	1,077,763	-	1,032,013	2,109,776
Debt Service	-	-	-	-	-
Principal	-	-	-	80,911	80,911
Interest	-	-	-	318,897	318,897
<b>Total Unrestricted Fund Expenditures</b>	<b>13,687,665</b>	<b>2,585,287</b>	<b>323,875</b>	<b>2,426,343</b>	<b>19,023,170</b>
<b>Excess (Deficiency) of Revenues Over Expenditures - Unrestricted Funds</b>	<b>(1,934,788)</b>	<b>(547,884)</b>	<b>95,771</b>	<b>21,545</b>	<b>(2,365,356)</b>
<b>Revenues - Restricted Funds:</b>					
General property taxes	2,482,088	-	-	-	2,482,088
Other revenues	1,280,768	-	-	-	1,280,768
<b>Total Restricted Fund Revenues</b>	<b>3,762,856</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,762,856</b>
<b>Expenditures - Restricted Funds:</b>					
General property taxes:					
Tort liability	356,543	-	-	-	356,543
Benefits	2,033,109	-	-	-	2,033,109
Other expenditures	1,573,350	-	-	-	1,573,350
<b>Total Restricted Fund Expenditures</b>	<b>3,963,002</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,963,002</b>
<b>Excess of Revenues Over Expenditures - Restricted Funds</b>	<b>(200,146)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(200,146)</b>
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	1,852,360	402,300	-	313,711	2,568,371
Operating transfers out	(80,896)	(28,652)	-	(2,458,823)	(2,568,371)
Federal subsidies for Recovery Zone Economic Development and Build America Bonds	-	-	-	114,749	114,749
<b>Total Other Financing Sources (Uses)</b>	<b>1,771,464</b>	<b>373,648</b>	<b>-</b>	<b>(2,030,363)</b>	<b>114,749</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(363,470)</b>	<b>(174,236)</b>	<b>95,771</b>	<b>(2,008,818)</b>	<b>(2,450,753)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>4,554,281</b>	<b>1,043,491</b>	<b>3,541,576</b>	<b>5,500,478</b>	<b>14,639,826</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 4,190,811</b>	<b>\$ 869,255</b>	<b>\$ 3,637,347</b>	<b>\$ 3,491,660</b>	<b>\$ 12,189,073</b>

The accompanying notes are an integral part of this statement.

JACKSON COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

Net change in fund balances - total governmental funds	\$ (2,450,753)
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The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$5,130,812) exceeds depreciation (\$879,124) in the current period.	4,251,688
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental fund:

Change in compensated absences	(63,826)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the change in net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of long-term debt	80,911
Amortization of issuance costs	(6,768)

The increase in OPEB obligation resulting from contributions less than the annual required contribution is not a financial liability and is not reported in the funds.

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Change in net assets of governmental activities	<u>\$ 1,811,252</u>

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
NOVEMBER 30, 2012

	Enterprise Funds		
	Rehab & Care Center Fund	Ambulance Fund	Total
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 663,624	\$ 1,258,098	\$ 1,921,722
Accounts receivable:			
Consumers	1,177,610	774,416	1,952,026
Intergovernmental transfer agreement	272,047	-	272,047
Property taxes	567,045	1,313,036	1,880,081
Other	-	22,950	22,950
Due from other funds	-	116,835	116,835
Prepayments	8,277	-	8,277
Inventories	9,097	49,840	58,937
Noncurrent assets:			
Capital Assets:			
Land and improvements	350,770	160,835	511,605
Buildings and improvements	8,598,055	641,492	9,239,547
Vehicles and equipment	2,199,283	2,249,391	4,448,674
Accumulated depreciation	<u>(9,685,902)</u>	<u>(2,487,363)</u>	<u>(12,173,265)</u>
Total Assets	<u>4,159,906</u>	<u>4,099,530</u>	<u>8,259,436</u>
<b>LIABILITIES</b>			
Accounts payable	369,114	44,575	413,689
Accrued payroll	240,845	80,740	321,585
Compensated absences	170,785	69,291	240,076
Due to other funds	656,124	9,068	665,192
Due to third party payors	223,313	-	223,313
Due to patient trust fund	19,074	-	19,074
Deferred revenue	<u>569,688</u>	<u>947,402</u>	<u>1,517,090</u>
Total Liabilities	<u>2,248,943</u>	<u>1,151,076</u>	<u>3,400,019</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,462,206	564,355	2,026,561
Unrestricted	<u>448,757</u>	<u>2,384,099</u>	<u>2,832,856</u>
Total Net Assets	<u>\$ 1,910,963</u>	<u>\$ 2,948,454</u>	<u>\$ 4,859,417</u>

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

	Enterprise Funds		
	Rehab & Care Center Fund	Ambulance Fund	Total
Operating Revenues:			
Charges for services	\$ 6,947,559	\$ 2,975,080	\$ 9,922,639
Intergovernmental transfer revenue	289,955	-	289,955
Other operating revenues	144,829	-	144,829
Total Operating Revenues	7,382,343	2,975,080	10,357,423
Operating Expenses:			
Personnel services	5,163,270	2,619,502	7,782,772
Commodities	730,978	359,059	1,090,037
Contractual	2,012,449	264,283	2,276,732
Maintenance	9,105	7,921	17,026
Other charges	391,494	10,601	402,095
Bad debts	152,751	503,660	656,411
Depreciation	272,024	171,538	443,562
Total Operating Expenses	8,732,071	3,936,564	12,668,635
Operating Loss	(1,349,728)	(961,484)	(2,311,212)
Nonoperating Revenues (Expenses):			
General property taxes	655,873	947,737	1,603,610
Use of money and property	839	8,093	8,932
Grant revenue	164,751	22,950	187,701
Miscellaneous revenue	24,267	52,929	77,196
Total Nonoperating Revenues	845,730	1,031,709	1,877,439
Net income (loss)	(503,998)	70,225	(433,773)
Net assets - beginning of year as previously reported	2,504,620	2,878,229	5,382,849
Prior period adjustment (Note U)	(89,659)	-	(89,659)
Net assets - beginning of year as restated	2,414,961	2,878,229	5,293,190
Total net assets - ending	\$ 1,910,963	\$ 2,948,454	\$ 4,859,417

The accompanying notes are an integral part of this statement.



JACKSON COUNTY, ILLINOIS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

	Enterprise Funds		
	Rehab & Care Center Fund	Ambulance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from patients and third party payors	\$ 9,069,303	\$ 2,949,756	\$ 12,019,059
Payments to suppliers	(4,013,652)	(1,471,844)	(5,485,496)
Payments to employees	(5,187,764)	(2,644,084)	(7,831,848)
Net cash used in operating activities	(132,113)	(1,166,172)	(1,298,285)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Property tax support	655,873	947,737	1,603,610
Proceeds from grant	164,751	22,950	187,701
Miscellaneous revenue	24,267	52,929	77,196
Net cash provided by noncapital financing activities	844,891	1,023,616	1,868,507
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(241,252)	-	(241,252)
Gain (loss) on disposal of capital assets	(760)	-	(760)
Net cash used in capital and related financing activities	(242,012)	-	(242,012)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	839	8,093	8,932
Net cash provided by investing activities	839	8,093	8,932
NET INCREASE (DECREASE) IN CASH	471,605	(134,463)	337,142
CASH, BEGINNING OF YEAR	192,019	1,392,561	1,584,580
CASH, END OF YEAR	\$ 663,624	\$ 1,258,098	\$ 1,921,722
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Loss	\$ (1,349,728)	\$ (961,485)	\$ (2,311,213)
Items not requiring (providing) cash:			
Depreciation	272,024	171,538	443,562
Changes in:			
Accounts receivable	1,641,199	(333,680)	1,307,519
Due from other funds	-	(18,241)	(18,241)
Prepaid expenses	778	-	778
Inventories	258	(1,040)	(782)
Accounts payable	(11,036)	(9,365)	(20,401)
Accrued payroll	(15,003)	15,869	866
Accrued vacation	(9,490)	(17,501)	(26,991)
Due to other funds	(399,127)	(7,507)	(406,634)
Due to third parties	(171,943)	-	(171,943)
Due to Patient Trust Fund	(1,581)	-	(1,581)
Deferred revenue	(88,464)	(4,761)	(93,225)
NET CASH USED IN OPERATING ACTIVITIES	\$ (132,113)	\$ (1,166,173)	\$ (1,298,286)

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
NOVEMBER 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 17,630,644
Investments	476,587
Accounts receivable	<u>60,658</u>
Total assets	<u>18,167,889</u>
LIABILITIES	
Due to others	1,153,121
Due to other funds	4,054
Due to individuals	905,607
Due to taxing units	<u>16,105,107</u>
Total liabilities	<u>18,167,889</u>
NET ASSETS	<u>\$</u>

The accompanying notes are an integral part of this statement.

## NOTES TO THE FINANCIAL STATEMENTS

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Jackson County, Illinois is governed by an elected board of fourteen members. The accounting policies of the County conform to generally accepted accounting principles (GAAP) as applicable to governments. As required by GAAP, these financial statements present the government and its component units and entities for which the government is considered to be financially accountable. A blended component unit, although legally a separate entity, in substance, is a part of the government's operations and data from this unit is combined with data from 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.

The following are the County's discretely presented component units:

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

The Tuberculosis Fund is responsible for providing medication and counseling for individuals with tuberculosis. The Directors of the Tuberculosis Fund are appointed by the County Board. The County Board sets the annual tax levy and approves the Tuberculosis Fund's budget. The Tuberculosis Fund is presented as a governmental fund type.

The Mental Health (708) Board is responsible for providing grants to other social service agencies in Jackson 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 708 Board Fund is presented as a governmental fund type.

Complete financial statements for the discrete component units may be obtained from the respective units.

2. Basis of Presentation - Fund Accounting

The accounts of the County are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. 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.

Funds are classified into the following categories: governmental, proprietary and fiduciary.

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.

Proprietary funds are used to account for the County's ongoing organizations and activities which are similar to those often found in the private sector. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds*, the County has chosen to apply all GASB pronouncements as well as those FASB pronouncements issued on or before November 30, 1989 for its proprietary fund activities. The measurement focus is upon the determination of net income.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation - Fund Accounting - Continued

Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent on behalf of others.

3. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the County and its component unit. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct expenses of a given function, segment or program offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment or program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from the goods or services of a program and 2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function, segment or program. Taxes and other items not properly included in program revenues are reported as general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services.

The County reports the following major governmental funds:

The General Fund is used to account for all financial transactions which are not required to be accounted for in another fund. This fund accounts for the general operating transactions of the County including police protection, administration, judiciary and court services.

The special revenue Solid Waste Fund provides for the operations relating to solid waste disposal and hauling.

The special revenue County Highway Fund provides for operations relating to the construction and maintenance of county roads.

The County reports the following major proprietary funds:

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises; that is, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Rehab & Care Center Fund provides for the operation of the County's skilled nursing facility.

The Ambulance Fund provides for the operation of the County's ambulance service.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Government-Wide and Fund Financial Statements - Continued

Additionally, the County reports the following fund types:

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

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

The Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than compensated absences and principal and interest on long-term debt which are recorded when due, are recorded when the related liability is incurred.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. The County considers intergovernmental revenues available if they are collected within 90 days after a year end. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. See Note D for property tax accrual policy.

5. Legal Compliance - Budgetary Control and Budgetary Accounting

As required by state statutes, the annual operating budget is prepared and adopted by the County Board. The elected officials are 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 inspection fifteen days prior to adoption. The budget must be adopted prior to December 1 of each year.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Encumbrances

The County does not maintain an encumbrance accounting system. Therefore, no reservations of fund balance have been made for outstanding purchase orders, contracts or other commitments.

7. Investments

Investments are reported at fair value.

8. Inventories and Prepaids

Inventories are valued at cost using the first in/first out (FIFO) method.

9. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (i.e., roads, bridges and other similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets for the Highway Fund are defined as assets with an initial, individual cost of more than \$20,000 and an estimated useful life in excess of one year.

Capital assets for Governmental and Enterprise Funds are defined by the County as assets with an initial, individual cost of \$1,000 or more and an estimated useful life. Such assets are valued at cost or estimated original cost. Depreciation has been provided using the straight-line method over the estimated useful life of each asset.

The estimated useful lives are as follows:

a. Land improvements	25-40 years
b. Buildings	20-40 years
c. Machinery & equipment	5-10 years
d. Infrastructure	40-50 years

10. Compensated Absences

Accumulated unpaid vacation and leave time are accrued when incurred in proprietary funds. County General and County Highway accrue unpaid vacation, vested sick pay and compensatory time. All other funds accrue unpaid vacation as a current liability for amounts to be expected to be used in the coming year. The long-term portion is reported in the government-wide financial statements.

11. Long-Term Liabilities

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type financial statements.

In the fund financial statements long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a liability of a governmental fund.



JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

12. Fund Equity and Net Assets

Beginning with fiscal year 2011, the County implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength for the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance - includes fund balance amounts that cannot be spent either because it is not in spendable form (such as inventory) or because of legal or contractual constraints.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts a government intends to use for a specific purposes; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned fund balance - amounts that available for any purpose; positive amounts are reported only in the general fund.

The County Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is established by the County Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

The County uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the County would first use committed, then assigned, and lastly unassigned amount of unrestricted fund balance when expenditures are made.

The County does not have a formal stabilization policy or minimum fund balance policy.

The County report three types of net assets in its government-wide statement of net assets:

Invest in capital assets, net of related debt - consists of capital asset balances less accumulated depreciation and reduced by outstanding balances of debt used to acquire, construct, or improve those assets.

Restricted net assets - net assets are considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as creditors, grantors, or laws or regulations of other governments.

Unrestricted net assets - consists of all other net assets that do not meet the definitions of the above two components and are available for the County's general use.



JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

At November 30, 2012, the carrying amount of the County's deposits with financial institutions was \$12,179,464 and the bank balances were \$12,391,426.

Custodial Credited Risk - Custodial risk is the risk that in the event of a bank failure, the County's deposits may not be returned to the County. The County does have a policy to require banks to collateralize balances over the FDIC insured amount. As of November 30, 2012, the County has no uninsured/uncollateralized deposits.

At November 30, 2012, the bank balance of \$30,655,293, including fiduciary funds, \$1,300,532 was covered by federal depository insurance, \$9,075,586 were collateralized by pledged bank assets in the County's name, \$10,199,236 was deposited in the Illinois Funds, a state investment pool, and \$10,079,939 was uninsured/uncollateralized. Due to the nature of the Illinois Funds, they are included as deposit balances on the balance sheet.

Investments

As of November 30, 2012, the County had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>6-12 Months</u>	<u>1-3 Years</u>
Certificates of deposit	<u>\$ 122,354</u>	<u>\$ 21,822</u>	<u>\$ 100,532</u>

Interest Rate Risk - Interest rate risk is the risk that the fair value of an investment will decline as interest increase. The County's investment policy is described in the paragraph below. Due to the County's type of investments at November 30, 2012, certificates of deposits and U.S. Government Securities, interest rate risk is not significant.

Credit Risk - Credit risk is the risk that the financial counter party will fail to meet its defined obligations. State statutes authorize the County to invest only in direct obligations of the U.S. Governments or its agencies; direct obligations of any financial institution that is insured by the Federal Deposit Insurance Corporation; short-term obligations of corporations rated A or better by at least two standard rating services; obligations of the State of Illinois and its political subdivisions; insured accounts of credit unions located in the State of Illinois; The Illinois Funds; certain money market mutual funds where the portfolio if limited to U.S. Government securities; and certain repurchase agreements. Credit quality ratings disclosures do not apply to debt securities of the U.S. government.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At November 30, 2012, the County's U.S. government securities were being held by the Agency's investment safekeeping agent in the name of the Agency.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE B - DEPOSITS AND INVESTMENTS - CONTINUED

Fair Value Measurement

The Fair Value Measurements Topic of the FASB Accounting Standards Codification (FASB ASC 820) addresses fair value measurement standards in financial statements prepared according to Generally Accepted Accounting Principles. FASB ASC 820 establishes a principles-based framework for measuring fair value of both assets and liabilities and clarifies the definition of fair value. The definition of fair value is clarified by FASB ASC 820 to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurements date. FASB ASC 820 established a three-level hierarchy for fair value measurements based upon the inputs to the valuation of an assets or liability.

Level 1 - Valuation is based on quoted prices in active markets for identical assets and liabilities.

Level 2 - Valuation is determined from quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar instruments in markets that are not active or by model-based techniques which significant inputs are observable in the market.

Level 3 - Valuation is derived from model-based techniques in which at least on significant input is unobservable and based on the Company's own estimates about the assumptions that market participants would use to value the asset or liability.

A summary of the County and its component unit's assets at November 30, 2012 measured at estimated fair value on a receiving basis as follows:

<u>Investment Category</u>	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Certificates of deposits	\$ <u>122,354</u>	\$ <u>-</u>	\$ <u>122,354</u>	\$ <u>-</u>

A summary of the County's fiduciary fund's assets at November 30, 2012 measured at estimated fair value on a receiving basis were as follows:

<u>Investment Category</u>	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Certificates of deposits	\$ <u>476,587</u>	\$ <u>-</u>	\$ <u>476,587</u>	\$ <u>-</u>

The County's other financial instruments are as follows:

- Cash and cash equivalents
- Accounts receivable
- Accounts payable and accrued expenses

The carrying amount reported in the balance sheet for the financial instruments approximates fair value.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE C - ACCOUNTS RECEIVABLE AND CREDIT RISK

The County grants credit without collateral to the patients and residents of the Ambulance Fund and Rehab and Care Center Fund respectively, most of whom are area residents and are insured under third-party payor agreements. At November 30, 2012, accounts receivable in the Enterprise Fund totaled \$1,952,026 which is net of contractual allowances and provisions for bad debts of \$2,786,412.

NOTE D - PROPERTY TAXES

The County's property tax is levied as of January 1 each year on the assessed value listed as of the prior January 1 for all real property in the County. The County Clerk's Office determines necessary tax rates and extends the taxes based upon the equalized assessed values. Assessed values are established by the County Assessment Department at 33 1/3% of assumed market value.

Property taxes are normally due in two installments, the first installment is due 30 days after bills are issued and the second installment is due 30 days after the first installment due date. Interest at a maximum of 1 1/2% per month attaches to delinquent taxes. There is not a specific lien date; however, any property with taxes still delinquent is subject to the property tax sale.

Property taxes are recognized as revenue when they become available to finance expenditures. This occurs when the taxes have been collected.

The 2011 assessed valuation for property taxes collected in Fiscal Year 2012 was \$706,663,168. The tax levy for 2011, which represents the property taxes collected in Fiscal Year 2012, was 1.45883 per \$100 assessed valuation.

NOTE E - RESTRICTED ASSETS - GENERAL FUND

Certain resources are classified as restricted assets on the balance sheet because their use is limited to a specific purpose. A summary of restricted assets at November 30, 2012 is as follows:

<u>Restricted Assets</u>	<u>General</u>
General	
Other accounts receivable	\$ 27,830
Due from other funds	22,561
Tort Liability	
Cash	162,416
Property tax receivable	483,939
Workers' Compensation	
Cash	234,449
Property tax receivable	172,846
Due from other funds	7,551
Unemployment Insurance	
Cash	298,653
Property tax receivable	44,260
Due from other funds	1,501
Social Security	
Cash	303,762
Property tax receivable	919,478

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE E - RESTRICTED ASSETS - GENERAL FUND - CONTINUED

Illinois Municipal Retirement Fund	
Cash	453,267
Property tax receivable	1,944,599
Sheriff Drug Fund	
Cash	14,057
DUI Sheriff Law Enforcement Equipment	
Cash	55,589
Sheriff Drug Asset Fund	
Cash	69,567
Court Supervision	
Cash	12,536
Court Assessment	
Cash	460,014
Kids in the Court	
Cash	500
Law Library	
Cash	64,518
Treasurer - Court Ordered Funds	
Cash	56
Treasurer Inheritance Tax	
Cash	215
State's Attorney Drug Asset Fund	
Cash	69,526
State's Attorney Victim Assist Fund	
Cash	1,234
County Clerk Revenue Stamps	
Cash	120,458
Circuit Clerk Child Support Admin Fund	
Cash	90,052
Circuit Clerk Bond Interest	
Cash	5,317
Circuit Clerk Abandoned Property	
Cash	18,016
Automation and Capital Improvement	
Cash	931,236
Investments	100,532

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE E - RESTRICTED ASSETS - GENERAL FUND - CONTINUED

Prisoner Trust Accounts	
Cash	47,799
County Board Unclaimed Monies	
Cash	67,849
Drug Count	
Cash	4,491
Motor Fuel Tax	
Cash	811,656
Other Accounts Receivable	677
Housing of Prisoners	
Cash	<u>1,208,056</u>
	<u>\$ 9,231,063</u>

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended November 30, 2012 was as follows:

General government

	Balance November 30, <u>2011</u>	<u>Additions</u>	Deductions and <u>Transfers</u>	Balance November 30, <u>2012</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Construction in progress	<u>3,203,908</u>	<u>4,679,345</u>	<u>(1,068,901)</u>	<u>6,814,352</u>
Total capital assets, not being depreciated	<u>3,353,908</u>	<u>4,679,345</u>	<u>(1,068,901)</u>	<u>6,964,352</u>
Capital assets, being depreciated:				
Land improvements	105,376	-	-	105,376
Buildings	7,584,154	-	-	7,584,154
Building improvements	1,047,608	361,910	-	1,409,518
Fixed equipment	269,147	-	-	269,147
Major movable equipment	1,515,644	-	(34,420)	1,481,224
Vehicles	2,482,459	104,322	(66,723)	2,520,058
Computers	931,739	-	(135,612)	796,127
Infrastructure	<u>20,630,846</u>	<u>1,068,901</u>	<u>-</u>	<u>21,699,747</u>
Total capital assets being depreciated	34,566,973	1,535,133	(236,755)	35,865,351

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE F - CAPITAL ASSETS - CONTINUED

	Balance November 30, 2011	Additions	Deductions and Transfers	Balance November 30, 2012
Less accumulated depreciation for:				
Land improvements	(105,376)	-	-	(105,376)
Buildings	(4,346,187)	(176,382)	-	(4,522,569)
Building improvements	(604,682)	(69,345)	-	(674,027)
Fixed equipment	(228,692)	(6,305)	-	(234,997)
Major movable equipment	(1,367,233)	(9,415)	22,911	(1,353,737)
Vehicles	(2,161,076)	(115,884)	66,723	(2,210,237)
Computers	(899,634)	(9,630)	132,356	(776,908)
Infrastructure	(4,740,608)	(492,163)	-	(5,232,771)
 Total accumulated depreciation	 (14,453,488)	 (879,124)	 221,990	 (15,110,622)
 Total capital assets, being depreciated, net	 20,113,485	 656,009	 (14,765)	 20,754,729
 Governmental activities capital assets, net	 \$23,467,393	 \$5,335,354	 \$ (1,083,666)	 \$ 27,719,081
	Balance November 30, 2011	Additions	Deductions and Transfers	Balance November 30, 2012
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 76,458	\$ -	\$ -	\$ 76,458
Construction in progress	333,185	234,827	(568,012)	-
 Total capital assets, not being depreciated	 409,643	 234,827	 (568,012)	 76,458
Capital assets, being depreciated:				
Land improvements	435,147	-	-	435,147
Buildings and improvements	8,665,110	6,425	568,012	9,239,547
Vehicles and equipment	4,448,988	-	(314)	4,448,674
 Total capital assets being depreciated	 13,549,245	 6,425	 567,698	 14,123,368

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE F - CAPITAL ASSETS - CONTINUED

	Balance November 30, <u>2011</u>	<u>Additions</u>	Deductions and <u>Transfers</u>	Balance November 30, <u>2012</u>
Less accumulated depreciation for:				
Land improvements	(282,638)	(14,661)	-	(297,299)
Buildings and improvements	(7,656,140)	(230,711)	(88,788)	(7,975,639)
Vehicles and equipment	<u>(3,702,338)</u>	<u>(198,190)</u>	<u>201</u>	<u>(3,900,327)</u>
Total accumulated depreciation	<u>(11,641,116)</u>	<u>(443,562)</u>	<u>(88,587)</u>	<u>(12,173,265)</u>
Total capital assets, being depreciated, net	<u>1,908,129</u>	<u>(437,137)</u>	<u>479,111</u>	<u>1,950,103</u>
Business-type activities capital assets, net	<u>\$ 2,317,772</u>	<u>\$ (202,310)</u>	<u>\$ (88,901)</u>	<u>\$ 2,026,561</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 71,967
Public Safety	238,441
Public works	<u>568,716</u>
Total depreciation expense - governmental activities	<u>\$ 879,124</u>

Business-type activities:

Rehab & Care Center	\$ 272,024
Ambulance	<u>171,538</u>
Total depreciation expense - business-type activities	<u>\$ 443,562</u>

Construction in progress of the governmental activities capital assets consists of amounts expended for the following major projects at November 30, 2012:

<u>Project</u>	<u>CIP Balance</u>	Estimated to <u>Complete</u>	<u>Funding Source</u>
Jail Expansion	\$ 2,835,554	\$ 464,446	General obligation bonds and Local funding
Sidewalk Replacement	\$ 14,100	\$ 65,900	Local funding

In addition, construction in progress includes amounts expended for various infrastructure replacement and improvement projects with an estimated cost of \$3,964,698. Funding for these projects will be provided from the County's operations, state aid (motor fuel tax), and federal awards.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE F - CAPITAL ASSETS - CONTINUED

Capital asset activity of the component unit for the year ended November 30, 2012 follows:

	Balance November 30, 2011	Additions	Deductions And Transfers	Balance November 30, 2012
Capital assets, not being depreciated:				
Land	\$ 49,500	\$ -	\$ -	\$ 49,500
Total capital assets, not being depreciated	49,500	-	-	49,500
Capital assets, being depreciated:				
Land improvements	78,448	-	-	78,448
Buildings and improvements	1,986,618	-	-	1,986,618
Equipment	<u>437,746</u>	<u>8,106</u>	<u>(5,912)</u>	<u>439,940</u>
Total capital assets being depreciated	2,502,812	8,106	(5,912)	2,505,006
Less accumulated depreciation for:				
Land improvements	(46,749)	(2,792)	-	(49,541)
Buildings and improvements	(738,925)	(59,756)	-	(798,681)
Equipment	<u>(377,149)</u>	<u>(14,009)</u>	<u>5,749</u>	<u>(385,409)</u>
Total accumulated depreciation	<u>(1,162,823)</u>	<u>(76,557)</u>	<u>5,749</u>	<u>(1,233,631)</u>
Total capital assets, being depreciated, net	<u>1,339,989</u>	<u>(68,451)</u>	<u>(163)</u>	<u>1,271,375</u>
Component unit, capital assets, net	<u>\$ 1,389,489</u>	<u>\$ (68,451)</u>	<u>\$ (163)</u>	<u>\$ 1,320,875</u>



JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE G - LONG-TERM DEBT

General Obligation Bonds

Proceeds from general obligation bonds have been used for governmental activities.

General obligation bonds payable at November 30, 2012 are comprised of the following:

Governmental Activities:

\$1,374,000 series 2010A general obligation bonds dated December 30, 2010 due annually from December 1, 2011 through December 1, 2035 in installments ranging from \$4,000 to \$85,000. Interest is payable each June 1 and December 1 beginning December 1, 2011. The bonds bear interest rates of 4.00% to 8.00% per annum. \$ 1,370,000

\$1,496,000 series 2010B general obligation bonds dated December 30, 2010 due annually from December 1, 2012 through December 1, 2035 in installments ranging from \$6,000 to \$115,000. Interest is payable each June 1 and December 1, beginning December 1, 2011. The bonds bear interest rates of 4.20% to 8.00% per annum. 1,496,000

\$130,000 series 2010C general obligation bonds dated December 30, 2010 due annually from December 1, 2011 through December 1, 2015 in installments ranging from \$10,000 to \$30,000 with interest at 4.00% per annum. 120,000  
\$ 2,986,000

\$1,374,000 in series 2010A and \$1,496,000 in series 2010B general obligation bonds issued on December 30, 2010 are being used to finance the cost of various remodeling, repairs and rehabilitation of certain county facilities and pay certain costs associated with the issuance of the 2010A and 2010B bonds.

\$130,000 is series 2010C general obligation bonds issued on December 30, 2010 are being used to pay cost associated with the issuance costs of the 2010A, 2010B, and 2010C bonds.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE G - LONG-TERM DEBT - CONTINUED

Governmental Activities - Continued:

The annual requirements to amortize all bonds outstanding as of November 30, 2012 are as follows:

Year Ending November 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 76,000	\$ 206,791
2014	80,000	203,645
2015	85,000	200,305
2016	85,000	196,870
2017	85,000	192,965
2018-2022	490,000	881,950
2023-2027	600,000	699,638
2028-2032	745,000	448,013
2033-2036	<u>740,000</u>	<u>122,400</u>
	<u>\$ 2,986,000</u>	<u>\$ 3,152,577</u>

Interest above does not include rebates from federal government of interest paid relating to Build America, Recovery Zone Economic Development, and Alternate Revenue Source Bonds which will be approximately \$1,242,816 for the remaining duration of the bonds.

Governmental Activity Long-Term Debt Notes Payable

The County has financed certain capital expenditures through an installment agreement at November 30, 2012 as follows:

Installment agreement, due in monthly installments of \$ 6,741.31  
Beginning in December 2004 through November 2014 including  
interest at 7.5% \$ 149,808

The annual requirements to amortize all governmental activity long-term debt notes payable as of November 30, 2011 are as follows:

<u>Year Ending November 30</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 72,105	\$ 8,790
2014	<u>77,703</u>	<u>3,193</u>
	<u>\$ 149,808</u>	<u>\$ 11,983</u>

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE G - LONG-TERM DEBT - CONTINUED

Component Unit Notes Payable

The component unit funds notes payable at November 30, 2012, are described as follows:

Term bank loan, for the construction of a new building,  
due in monthly installments of \$3,064 beginning in June, 2000  
through May, 2013 including interest at 5.00% \$ 17,068

The annual requirements to amortize all component unit fund notes payable at November 30, 2011, are as follows:

<u>Year Ending November 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	<u>17,068</u>	<u>240</u>
	<u>\$ 17,068</u>	<u>\$ 240</u>

During the year ended November 30, 2012, the following changes occurred in long-term liabilities reported in the government-wide financial statements of primary government:

	<u>Balance November 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance November 30, 2012</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$3,000,000	\$ -	\$ 14,000	\$ 2,986,000	\$ 76,000
Notes Payable	216,719	-	66,911	149,808	72,105
Compensated Absences	<u>1,710,096</u>	<u>94,889</u>	<u>-</u>	<u>1,804,985</u>	<u>559,033</u>
	<u>\$4,926,815</u>	<u>\$ 94,889</u>	<u>\$ 80,911</u>	<u>\$ 4,940,793</u>	<u>\$ 707,138</u>

During the year ended November 30, 2012, the following changes occurred in long-term liabilities reported in the government-wide financial statements within the Component Unit Fund:

	<u>Balance November 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance November 30, 2012</u>	<u>Due Within One Year</u>
Notes Payable	\$ 52,022	\$ -	\$ 34,954	\$ 17,068	\$ 17,068
Compensated Absences	<u>174,214</u>	<u>-</u>	<u>5,502</u>	<u>168,712</u>	<u>87,849</u>
	<u>\$ 226,236</u>	<u>\$ -</u>	<u>\$ 40,456</u>	<u>\$ 185,780</u>	<u>\$ 104,917</u>

NOTE H - RETIREMENT PLANS

The employees of the County are covered by the Illinois Municipal Retirement Fund (IMRF) defined benefit pension plan. The Illinois Municipal Retirement Fund is a multiple-employer agent PERS (Public Employee Retirement System). The Illinois Municipal Retirement Fund is not included in the balances shown in the financial statements, except for the contributions made during the year and charged to operating expenditures or expenses. Except for the Rehab and Care Center, County contributions to these pension plans are funded with property taxes.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE H - RETIREMENT PLANS - CONTINUED

Illinois Municipal Retirement Fund - Countywide:

*Plan Description.* The County's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by the statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy.* As set by the statute, the County's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2012, used by the County, was 10.25 percent of annual covered payroll. The County's annual required contribution rate for calendar year 2012 was 11.29 percent. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* For Calendar year ending December 31, 2010, the County's actual contributions for pension cost for the Regular were \$444,391. The required contribution for calendar year 2012 was \$1,260,505. The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the County Regular plan assets was determined using techniques that spread the effects of short-term volatility in market value of investments over a five-year period with a 20% corridor between the actuarial and market value as assets. The County Regular plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

*Funded Status and Funding Progress.* As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 81.19 percent funded. The actuarial accrued liability for benefits was \$38,869,203 and the actuarial value of assets was \$31,556,510, resulting in an underfunded actuarial accrued liability (UAAL) of \$7,312,693. The covered payroll (annual payroll of active employees covered by the plan) was \$11,164,789 and the ratio of the UAAL to the covered payroll was 65 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets in increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Illinois Municipal Retirement Fund - Sheriff Law Enforcement Personnel:

*Plan Description.* The County's defined benefit pension plan for Sheriff's Law Enforcement Personnel employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The County plan is affiliated with the Illinois Municipal Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE H - RETIREMENT PLANS - CONTINUED

Illinois Municipal Retirement Fund - Sheriff Law Enforcement Personnel - Continued:

*Funding Policy.* As set by statute, Sheriff's Law Enforcement Personnel plan members are required to contribute 7.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The County contribution rate for calendar year 2012 was 19.16 percent of annual covered payroll. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* The required contribution for calendar year 2012 was \$693,032. The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the County Sheriff's Law Enforcement Personnel plan assets was determined using techniques that spread the effects of short-term volatility in market value of investments over a five-year period with a 20% corridor between the actuarial and market value as assets. The County Sheriff's Law Enforcement Personnel plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

*Funded Status and Funding Progress.* As of December 31, 2012, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel plan was 61.78 percent funded. The actuarial accrued liability for benefits was \$10,613,024 and the actuarial value of assets was \$6,556,980, resulting in an underfunded actuarial accrued liability (UAAL) of \$4,056,044. The covered payroll (annual payroll of active employees covered by the plan) was \$3,356,119 and the ratio of the UAAL to the covered payroll was 121 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Illinois Municipal Retirement Fund - Elected County Official:

*Plan Description.* The County's defined benefit pension plan for Elected County Official employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The County plan is affiliated with the Illinois Municipal Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy.* As set by statute, Elected County Official plan members are required to contribute 7.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The County contribution rate for calendar year 2012 was 30.81 percent of annual covered payroll. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.



JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE H - RETIREMENT PLANS - CONTINUED

Illinois Municipal Retirement Fund - Elected County Official - Continued:

*Annual Pension Cost.* The required contribution for calendar year 2012 was \$114,072. The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the Elected County Official plan assets was determined using techniques that spread the effects of short-term volatility in market value of investments over a five-year period with a 20% corridor between the actuarial and market value as assets. The Elected County Official plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

*Funded Status and Funding Progress.* As of December 31, 2012, the most recent actuarial valuation date, the Elected County Official plan was 20.61 percent funded. The actuarial accrued liability for benefits was \$1,605,953 and the actuarial value of assets was \$330,949, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,275,004. The covered payroll (annual payroll of active employees covered by the plan) was \$293,923 and the ratio of the UAAL to the covered payroll was 434 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets in increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Trend Information and Required Supplementary Information:

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

Trend Information:

Countywide IMRF:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/12	\$1,260,505	91%	\$ 0
12/31/11	\$1,305,888	81%	\$ 0
12/31/10	\$1,278,923	78%	\$ 0

Sheriff's IMRF:

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/12	\$ 693,032	100%	\$ 0
12/31/11	\$ 650,692	100%	\$ 0
12/31/10	\$ 626,494	100%	\$ 0

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE H - RETIREMENT PLANS - CONTINUED

Trend Information and Required Supplementary Information - Continued:

Elected County Official IMRF:

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/12	\$ 114,072	100%	\$ 0
12/31/11	\$ 107,104	100%	\$ 0
12/31/10	\$ 120,199	100%	\$ 0

Required supplementary information - schedule of funding progress:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarially Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
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Countywide IMRF:

12/31/12	\$ 31,556,510	\$ 38,869,203	\$ 7,312,693	81.19 %	\$ 11,164,789	65.50 %
12/31/11	\$ 30,250,025	\$ 37,858,652	\$ 7,608,627	79.90 %	\$ 11,355,546	67.00 %
12/31/10	\$ 32,331,413	\$ 38,469,144	\$ 6,137,731	84.05 %	\$ 11,722,480	52.36 %

Sheriff's IMRF:

12/31/12	\$ 6,556,980	\$ 10,613,024	\$ 4,056,044	61.78 %	\$ 3,356,119	120.86 %
12/31/11	\$ 5,183,666	\$ 9,188,843	\$ 4,005,177	56.41 %	\$ 3,301,327	121.32 %
12/31/10	\$ 4,959,041	\$ 8,696,660	\$ 3,737,619	57.02 %	\$ 3,160,916	118.24 %

Elected County Official IMRF:

12/31/12	\$ 330,949	\$ 1,605,953	\$ 1,275,004	20.61 %	\$ 293,923	433.79 %
12/31/11	\$ 1,850,389	\$ 2,932,001	\$ 1,081,612	63.11 %	\$ 303,410	356.49 %
12/31/10	\$ 1,646,344	\$ 2,942,312	\$ 1,295,968	55.95 %	\$ 356,144	363.89 %

NOTE I - DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation, which aggregated \$2,489,481 at November 30, 2012, is not available to employees until termination, retirement, death, or unforeseeable emergency. The deferred compensation plan assets are held in trust by a third party.

NOTE J - OTHER POST-EMPLOYMENT BENEFITS

*Plan Description.* In addition to providing the pension benefits described, the County provides post-employment health care benefits (OPEB) for retired employees through a single employer group health insurance plan. The benefits, benefit levels, and employee contributions are outlined in the continuation of employee health insurance benefits through Retiree Health Insurance Jackson County.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE J - OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

*Benefits Provided.* The County provides post-employment health care benefits to its retired employees. To be eligible for benefits, an employee must qualify for retirement under the County's retirement plan. All health care benefits are provided through the County's partially self funded insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include inpatient and outpatient hospital services; emergency room; well care exams; ambulance treatment; chiropractic treatment; and prescription drug benefits. Upon a retiree reaching 65 years of age, the County's plan continues but at a higher cost to the retiree.

*Membership.* At November 30, 2011, membership consisted of:

	<u>November 30, 2011</u>
Retirees and beneficiaries receiving benefits	13
Terminated plan members entitled to but not yet receiving benefits	0
Active vested plan members	161
Active nonvested plan members	<u>121</u>
Total	<u>295</u>
Number of participating employers	1

*Funding Policy.* The County negotiates the contribution percentages between the County and employees through the union contracts and personnel policy. All retirees contribute a portion of the premium.

*Annual OPEB costs and Net OPEB Obligation.* The County had an actuarial valuation performed for the plan as of November 30, 2011 to determine the employer's annual required contribution (ARC) for the fiscal year ended November 30, 2011. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2009 was as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
November 30, 2009	\$ 742,136	5.7 %	\$ 699,584
November 30, 2010	\$ -	- %	\$ 699,584
November 30, 2011	\$ 764,245	11.7 %	\$ 1,374,343



JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE J - OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

The net OPEB obligation as of November 30, 2010 (latest information available), was calculated as follows:

	<u>November 30, 2010</u>
Annual required contribution	\$ 752,585
Interest on net OPEB obligation	34,979
Adjustment to annual required contributions	<u>(23,319)</u>
Annual OPEB cost	764,245
Contributions made	<u>89,486</u>
Increase (Decrease) in net OPEB obligation	674,759
Net OPEB obligation, beginning of year	<u>699,584</u>
Net OPEB obligation, end of year	<u>\$ 1,374,343</u>

*Funded Status and Funding Progress.* The funded status of the plan as of November 30, 2011, was as follows:

Actuarial accrued liability (AAL)	\$ 6,489,945
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	6,489,945
Funded ratio (actuarial value of plan assets/AAL)	0.0 %
Covered payroll (active plan members)	-
UAAL as a percentage of covered payroll	-

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the November 30, 2011 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.00% investment rate of return (includes a 3.00% inflation assumption), projected salary increases of 5.00% and an annual healthcare cost trend rate of 8.00% initially, reduced by decrements to an ultimate rate of 6.00%. The actuarial value of assets was not determined as the County has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a open basis. The remaining amortization period at November 30, 2011, was 30 years.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE K - FUND BALANCE CLASSIFICATIONS

The governmental funds balance sheet includes a number of reserves which are maintained for specific purposes. The nature and purpose of the significant reserves are to segregate the monies which are reserved for tort liability, employee benefit accounts, automation, capital improvements and Circuit Clerk bond funds.

Governmental type fund balance in detail are as follows at November 30, 2012:

Nonspendable Fund Balance - Governmental Funds

Prepayments	\$ 272,203
Due from other funds	<u>2,707,072</u>
	<u>\$ 2,979,275</u>

Restricted Fund Balance - Governmental Funds

Tort liability	\$ 296,355
Benefits	2,106,219
Public safety	157,855
Automations	1,127,879
Other purposes	99,358
Street construction and repair	-
Capital improvements	2,016,219
Debt Service	-
	<u>\$ 5,803,885</u>

Committed Fund Balance - Governmental Funds

Solid waste	\$ 930,275
Public works	<u>439,807</u>
	<u>\$ 1,370,082</u>

Assigned Fund Balance - Governmental Funds

Public works	<u>\$ 1,646,816</u>
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NOTE L - OTHER REQUIRED DISCLOSURE

Excess of Expenditures Over Appropriations

Excess of expenditures over appropriations in individual funds for the year ended November 30, 2012, are as follows:

<u>Fund</u>	<u>Expenditures</u>	<u>Budget</u>
General Fund	\$17,650,667	\$13,593,017

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE M - INTERFUND RECEIVABLES AND PAYABLES

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as Interfund receivables and payables. These transactions are intended to be paid back to the respective funds in the future periods when funding becomes available. The majority of interfund balances were used to finance operating deficits in the general fund and for the Rehab and Care Center. Interfund receivables and payables, during the year ended November 30, 2012, were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Fund:		
Major Funds:		
General	\$ 863,510	\$ 3,007,118
County Highway	10,483	21,858
Solid Waste	2,707,072	-
Special Revenue Funds:		
Motor Fuel Tax	1,278	-
Component Units:		
Health Department	5,377	956
Tuberculosis	-	5,377
Enterprise Fund:		
Ambulance	116,835	9,068
Rehab & Care Center	-	656,124
Agency Funds:		
Township Motor Fuel Tax	-	4,054
Total All Funds	<u>\$ 3,704,555</u>	<u>\$ 3,704,555</u>

Interfund balances result from the time lag between the dates that the (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payment between funds are made.

Interfund balances not expected to be repaid within one year:

General Fund of \$2,170,000 payable and Rehab and Care Center of \$537,072 payable to the Solid Waste Fund for operating deficits. The County is undetermined when the balance will be repaid.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE N - INTERFUND TRANSFERS

The following is a schedule of operating transfers as included in the Statement of Net Assets of the County.

	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ 1,852,360	\$ 80,896
County Highway	<u>402,300</u>	<u>28,652</u>
Total Major Funds	<u>2,254,660</u>	<u>109,548</u>
Nonmajor Governmental Funds:		
Motor Fuel Tax	7,595	402,300
Housing of Prisoners	-	2,056,523
Federal Aid and Matching Fund	21,057	-
Debt Service Fund	<u>285,059</u>	<u>-</u>
Total Nonmajor Funds	<u>313,711</u>	<u>2,458,823</u>
Total All Funds	<u>\$ 2,568,371</u>	<u>\$ 2,568,371</u>

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

NOTE O - RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The County, along with various other local municipal governments, contracts with the Counties of Illinois Risk Management Association (CIRMA) for property, general liability, public officials' liability, employment practices liability, automobile, crime, workers compensation and loss funding. The purpose of these trusts is to distribute the cost of self-insurance over similar entities. The trust requires an annual premium payment to cover estimated claims payable and reserves for claims for each entity. The members of the trust have no legal interest in the assets, liabilities, or fund balances of the insurance trusts. However, the County retains contingent liability to fund its pro rata share of any deficit incurred by the trusts should the trusts cease operations at some future date. The County has contracted with Arthur J. Gallagher Risk Management Services, Inc. to handle all administrative matters, including processing of claims filed. The County's premium payments for the fiscal year ending November 30, 2012 were \$316,186.

There has been no significant reduction in insurance coverage from the previous year in any of the County's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The County maintains a partially self-funded employee health benefit plan. All full-time employees and certain retired employees who contribute to the fund are covered. It is self-funded to a maximum of \$120,000 per individual per plan year. Coverage amounts in excess of this limit have been obtained by means of a stop-loss policy. The amount of insurance claim settlements has not exceeded insurance coverage.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE P - CONTINGENCIES

Litigation and Claims

The County is a defendant in various lawsuits. County management believes that such litigation will ultimately be resolved without material financial liability to the County. Matters include allegations relating to personal injury, discrimination, and civil rights violations.

NOTE Q - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains two enterprise funds which provide rehab and nursing care and ambulance services. Segment information for the year ended November 30, 2012 is as follows:

	<u>Rehab &amp; Care Center</u>	<u>Ambulance Service</u>	<u>Total Enterprise Funds</u>
Operating revenues	\$ 7,382,343	\$ 2,975,080	\$ 10,357,423
Operating expenses:			
Depreciation	\$ 272,024	\$ 171,538	\$ 443,562
Other	\$ 8,460,047	\$ 3,765,026	\$ 12,225,073
Operating loss	\$ (1,349,728)	\$ (961,484)	\$ (2,311,212)
Non-operating revenues	\$ 845,730	\$ 1,031,709	\$ 1,877,439
Capital assets:			
Additions	\$ 242,252	\$ -	\$ 242,152
Deletions	\$ (314)	\$ -	\$ (314)
Net working capital	\$ 448,757	\$ 2,384,099	\$ 2,832,856
Change in net assets	\$ (503,998)	\$ 70,225	\$ 433,773
Beginning net assets	\$ 2,504,620	\$ 2,878,229	\$ 5,382,849
Prior period adjustment	\$ (89,659)	\$ -	\$ (89,659)
Ending net assets	\$ 1,910,963	\$ 2,948,454	\$ 4,859,417
Current assets	\$ 2,697,700	\$ 3,535,175	\$ 6,232,875
Capital assets	\$ 1,462,206	\$ 564,355	\$ 2,026,561
Current liabilities	\$ 2,248,943	\$ 1,151,076	\$ 3,400,019
Long-term liabilities	\$ -	\$ -	\$ -
Invested in capital assets	\$ 1,462,206	\$ 564,355	\$ 2,026,561
Unrestricted net assets	\$ 448,757	\$ 2,384,099	\$ 2,832,856
Net cash used in operating activities	\$ (132,113)	\$(1,166,172)	\$ (1,298,285)
Net cash provided by noncapital financing activities	\$ 844,891	\$ 1,023,616	\$ 1,868,507
Net cash used in capital and related financing activities	\$ (242,012)	\$ -	\$ (242,012)
Net cash provided by investing activities	\$ 839	\$ 8,093	\$ 8,932
Beginning cash	\$ 192,019	\$ 1,392,561	\$ 1,584,580
Ending cash	\$ 663,624	\$ 1,258,098	\$ 1,921,722

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2012

NOTE R - INTEREST EXPENDITURES/EXPENSES

The total interest expenditures/expenses of the County aggregated \$320,710.

NOTE S - LEGAL DEBT MARGIN

As a non-home rule County, the County's statutory debt limit is 5.750% of the total equalized assessed valuation of all taxable property located within the County.

2011 Equalized Assessed Valuation (E.A.V.)	\$ 706,663,168
Statutory Debt Limit (5.750% of E.A.V.)	40,633,132
General Obligation Debt Applicable to Limitation:	
Taxable General Obligation (Alternate Revenue Source) Bonds, Series 2010A (Recovery Zone Economic Development Bonds) (the "2010A Bonds")	1,370,000
Taxable General Obligation (Alternate Revenue Source) Bonds, Series 2010B (Build America Bonds) (the "2010B Bonds")	1,496,000
Taxable General Obligation (Alternate Revenue Source) Bond, Series 2010C (the "2010C Bonds")	<u>120,000</u>
Total General Obligation Debt	\$ 2,986,000
Less Self-Supporting Bonded Debt (1)	<u>(2,986,000)</u>
 Total Direct General Obligation Debt	 -
 Available Legal Debt Margin	 \$ 40,633,132

(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 5.750% of E.A.V. statutory debt limitation unless the County fails to abate the property tax levies made for the payment therein.

NOTE T - REHAB AND CARE CENTER

In March 2012, the Jackson County Board made the decision to close the Rehab and Care Center and relocate the residents to a new replacement facility on the campus of the Liberty Village of Carbondale. This was the only option that secured the future for the residents and staff of the Rehab and Care Center as well as the seniors of Jackson County. Jackson County has yet to determine the exact use of the physical plant or its equipment.

NOTE U - PRIOR PERIOD ADJUSTMENT

In 2001, Jackson County hired a group to input all of their fixed asset details into fixed asset computer software. Several of the assets were not input correctly which resulted in assets not depreciating correctly. The prior period adjustment of \$89,659 is to correct the error and make the accumulated depreciation current as of November 30, 2012.

Management evaluated all events and transactions that accrued after November 30, 2012 through May 10, 2013, the issue date of these financial statements.

NOTE V - SUBSEQUENT EVENTS

Management evaluated all events and transactions that occurred after November 30, 2012 through May 16, 2013, the issue date of these financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION



JACKSON COUNTY, ILLINOIS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues - Unrestricted Funds:				
General Property Taxes:				
Real property taxes	\$ 3,971,576	\$ 3,971,576	\$ 4,105,374	\$ 133,798
Penalties on late taxes	180,000	180,000	175,577	(4,423)
Total General Property Taxes	4,151,576	4,151,576	4,280,951	129,375
Sales and Service Taxes:				
Sales tax	420,000	420,000	441,189	21,189
Supplemental sales tax	1,615,000	1,615,000	1,648,447	33,447
Cable television franchise tax	23,000	23,000	22,919	(81)
Pari-Mutuel handle tax	-	-	-	-
Total Sales and Service Taxes	2,058,000	2,058,000	2,112,555	54,555
Intergovernmental Revenue:				
Illinois state income tax	1,350,000	1,350,000	1,855,743	505,743
Replacement tax	650,000	650,000	565,954	(84,046)
Local use tax	240,000	240,000	320,015	80,015
County hotel tax	5,500	5,500	7,355	1,855
Inheritance tax	1,000	1,000	8,786	7,786
Federal reimbursement	-	-	34,388	34,388
Federal reimbursement in lieu of property tax	135,000	135,000	151,422	16,422
Other federal/state grants	247,400	247,400	308,256	60,856
Total Intergovernmental Revenue	2,628,900	2,628,900	3,251,919	623,019
Use of Money and Property:				
Interest on investments	-	-	40	40
Timber sales	-	-	558	558
Rental payments	6,840	6,840	-	(6,840)
Total Use of Money and Property	6,840	6,840	598	(6,242)
Service Charges, Permits and Fees:				
General Government:				
Executive	249,500	249,500	238,015	(11,485)
County clerk	235,500	235,500	242,815	7,315
Judiciary and courts	986,600	986,600	1,011,265	24,665
Assessments	73,600	73,600	59,159	(14,441)
Total General Government	1,545,200	1,545,200	1,551,254	6,054
Public Safety:				
Sheriff	91,500	91,500	77,868	(13,632)
Jail	381,000	381,000	421,815	40,815
Animal control	49,500	49,500	45,974	(3,526)
Coroner	500	500	9,943	9,443
Total Public Safety	522,500	522,500	555,600	33,100
Total Service Charges, Permits and Fees	2,067,700	2,067,700	2,106,854	39,154
Total Unrestricted Fund Revenues	\$ 10,913,016	\$ 10,913,016	\$ 11,752,877	\$ 839,861



JACKSON COUNTY, ILLINOIS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Expenditures - Unrestricted Funds - Current:				
General Government:				
Executive:				
County Board	\$ 302,281	\$ 302,281	\$ 252,716	\$ 49,565
Board of Review	76,040	76,040	55,016	21,024
Total Executive	378,321	378,321	307,732	70,589
Treasurer:				
Treasurer's office	310,496	310,496	370,928	(60,432)
Total Treasurer	310,496	310,496	370,928	(60,432)
County Clerk:				
County Clerk's office	489,175	489,175	479,560	9,615
Elections	76,000	76,000	94,486	(18,486)
Total County Clerk	565,175	565,175	574,046	(8,871)
Judiciary and Courts:				
State's Attorney	844,773	844,773	565,489	279,284
Circuit Clerk's office	519,856	519,856	635,653	(115,797)
Jury Commission	113,700	113,700	50,776	62,924
Courts	276,030	276,030	326,308	(50,278)
Public Defender	571,906	571,906	338,379	233,527
Probation circuit	391,052	391,052	398,416	(7,364)
Total Judiciary and Courts	2,717,317	2,717,317	2,315,021	402,296
Assessments:				
Assessments	267,384	267,384	344,935	(77,551)
Total Assessments	267,384	267,384	344,935	(77,551)
Other:				
Data processing	141,965	141,965	147,423	(5,458)
Building maintenance	542,186	542,186	3,278,231	(2,736,045)
Education	84,223	84,223	93,948	(9,725)
Central Services	7,600	7,600	349,141	(341,541)
Total Other	775,974	775,974	3,868,743	(3,092,769)
Total General Government	5,014,667	5,014,667	7,781,405	(2,766,738)
Public Safety:				
Sheriff's office	3,035,469	3,035,469	3,080,080	(44,611)
Jail	2,317,074	2,317,074	2,290,864	26,210
Jail building maintenance	292,600	292,600	272,649	19,951
Merit board	3,750	3,750	628	3,122
Animal control	136,604	136,604	128,956	7,648
Coroner	79,144	79,144	80,362	(1,218)
Emergency service	54,922	54,922	52,721	2,201
Total Public Safety	5,919,563	5,919,563	5,906,260	13,303
Total Unrestricted Fund Expenditures	10,934,230	10,934,230	13,687,665	(2,753,435)
Excess (Deficiency) of Revenues Over Expenditures - Unrestricted Funds	\$ (21,214)	\$ (21,214)	\$ (1,934,788)	\$ (1,913,574)

JACKSON COUNTY, ILLINOIS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues - Restricted Funds:				
General Property Taxes:				
Tort Liability	\$ 535,000	\$ 535,000	\$ 347,905	\$ (187,095)
Worker's Compensation	117,353	117,353	321,674	204,321
Unemployment Insurance	75,310	75,310	24,976	(50,334)
Social Security	582,628	582,628	595,781	13,153
Illinois Municipal Retirement Fund	960,053	960,053	1,191,752	231,699
Total General Property Taxes	2,270,344	2,270,344	2,482,088	211,744
Other:				
Law Library Fees	11,000	11,000	12,169	1,169
DUI Sheriff Law Enforcement Equipment	-	-	16,921	16,921
Drug Federal Seizures	-	-	27,004	27,004
Inheritance Tax	-	-	145,217	145,217
Treasurer's Automation	-	-	7,339	7,339
County Clerk Automation	5,000	5,000	66,145	61,145
Court Automation	-	-	154,035	154,035
Court Document Storage	-	-	151,632	151,632
Court Security	-	-	176,919	176,919
Circuit Clerk Abandoned Property	28,600	28,600	18,016	(10,584)
Child Support Administration	-	-	30,842	30,842
Assessments	115,000	115,000	119,438	4,438
Victim Assistance	-	-	500	500
Court Supervision	-	-	1,795	1,795
Hotel Tax	-	-	29,422	29,422
Reimbursement Education Grants	8,000	8,000	8,647	647
Reimbursement Court Security	920	920	1,148	228
Reimbursement Highway	14,000	14,000	8,182	(5,818)
Reimbursement Ambulance	26,967	26,967	4,291	(22,676)
Reimbursement Health Department	12,739	12,739	12,327	(412)
Reimbursement Mental Health	131	131	66	(65)
Reimbursement Rehab & Care Center	130,000	130,000	28,426	(101,574)
Unclaimed monies	-	-	414	414
Tax Sale Fees	-	-	7,315	7,315
Interest	2,513	2,513	4,642	2,129
Miscellaneous	-	-	247,916	247,916
Total Other	354,870	354,870	1,280,768	925,898
Total Restricted Fund Revenues	2,625,214	2,625,214	3,762,856	1,137,642
Expenditures - Restricted Funds:				
General Property Taxes:				
Tort Liability	335,000	335,000	356,543	(21,543)
Worker's Compensation	253,866	253,866	255,445	(1,579)
Unemployment Insurance	131,054	131,054	97,574	33,480
Social Security	582,628	582,628	561,800	20,828
Illinois Municipal Retirement Fund	1,141,239	1,141,239	1,118,290	22,949
Total General Property Taxes	2,443,787	2,443,787	2,389,652	54,135
Other:				
Law Library	25,000	25,000	9,263	15,737
Drug	-	-	1,730	(1,730)
Inheritance Tax	-	-	146,486	(146,486)
Treasurer's Automation	-	-	20,951	(20,951)
County Clerk Automation	-	-	28,035	(28,035)
Court Automation	-	-	82,844	(82,844)
Court Document Storage	-	-	170,200	(170,200)
Court Security	-	-	208,318	(208,318)
Child Support Administration	-	-	52,238	(52,238)
Sheriff Drug	-	-	23,169	(23,169)
Courts	190,000	190,000	134,861	55,139
Health Insurance	-	-	695,255	(695,255)
Misc. Expenses	-	-	-	-
Total Other	215,000	215,000	1,573,350	(1,358,350)
Total Restricted Fund Expenditures	2,658,787	2,658,787	3,963,002	(1,304,215)
Deficiency of Revenues Over Expenditures - Restricted Funds	(33,573)	(33,573)	(200,146)	(166,573)
Other Financing Sources and (Uses):				
Transfer from Housing of Prisoners Fund	-	-	1,852,360	
Transfers to Debt Service Fund	-	-	(80,896)	(80,896)
Total Other Financing Sources and (Uses)	-	-	1,771,464	(80,896)
EXCESS OF REVENUES OVER EXPENDITURES	(54,787)	(54,787)	(363,470)	(2,161,043)
FUND BALANCE, BEGINNING OF YEAR	4,554,281	4,554,281	4,554,281	-
FUND BALANCE, END OF YEAR	\$ 4,499,494	\$ 4,499,494	\$ 4,190,811	\$ (2,161,043)

JACKSON COUNTY, ILLINOIS  
BUDGETARY COMPARISON SCHEDULE  
COUNTY HIGHWAY FUND  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
General property taxes	\$ 716,600	\$ 716,600	\$ 713,283	\$ (3,317)
Intergovernmental revenue	725,900	725,900	1,119,586	393,686
Use of money and property	700	700	624	(76)
Other revenue	50,600	50,600	203,910	153,310
Total Revenues	1,493,800	1,493,800	2,037,403	543,603
Expenditures:				
Public works	1,785,644	1,785,644	1,507,524	278,120
Capital improvements	273,000	273,000	1,077,763	(804,763)
Total expenditures	2,058,644	2,058,644	2,585,287	(526,643)
Excess (Deficiency) of Revenues Over Expenditures	(564,844)	(564,844)	(547,884)	16,960
Other Financing Sources (Uses):				
Operating transfers in	-	-	402,300	402,300
Operating transfers out	-	-	(28,652)	(28,652)
Total Other Financing Sources (Uses):	-	-	373,648	373,648
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(564,844)	(564,844)	(174,236)	390,608
FUND BALANCE, BEGINNING OF YEAR	1,043,491	1,043,491	1,043,491	-
FUND BALANCE, END OF YEAR	\$ 478,647	\$ 478,647	\$ 869,255	\$ 390,608

JACKSON COUNTY, ILLINOIS  
BUDGETARY COMPARISON SCHEDULE  
SOLID WASTE MANAGEMENT FUND  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Use of money and property	\$ -	\$ -	\$ 678	\$ 678
Sanitation Fees	-	-	418,968	418,968
Total Revenues	-	-	419,646	419,646
Expenditures:				
Public Health	-	-	323,875	(323,875)
Total expenditures	-	-	323,875	(323,875)
Excess (Deficiency) of Revenues Over Expenditures	-	-	95,771	95,771
Other Financing Sources (Uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total Other Financing Sources (Uses):	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-	-	95,771	95,771
FUND BALANCE, BEGINNING OF YEAR	3,541,576	3,541,576	3,541,576	-
FUND BALANCE, END OF YEAR	\$ 3,541,576	\$ 3,541,576	\$ 3,637,347	\$ 95,771

COMBINING AND INDIVIDUAL NONMAJOR  
FUND FINANCIAL STATEMENTS  
AND SCHEDULES

JACKSON COUNTY, ILLINOIS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Motor Fuel Tax Fund	County Bridge Fund	Federal Aid & Matching Fund	Housing of Prisoners Fund	Debt Service Fund	
ASSETS						
Cash	\$ -	\$ 261,636	\$ 810,650	\$ -	\$ -	\$ 1,072,286
Accounts receivable:						
Other governmental units and agencies	-	-	1,080	-	-	1,080
Property taxes	-	94,960	509,112	-	-	604,072
Due from other funds	-	-	-	-	-	-
Due from agencies	1,278	-	-	-	-	1,278
Prepayments	-	-	118,312	139,761	-	258,073
Restricted assets						
Cash	811,656	-	-	1,208,056	-	2,019,712
Accounts receivable:						
Other governmental units and agencies	677	-	-	-	-	677
Total Assets and Other Debits	<u>\$ 813,611</u>	<u>\$ 356,596</u>	<u>\$ 1,439,154</u>	<u>\$ 1,347,817</u>	<u>\$ -</u>	<u>\$ 3,957,178</u>
LIABILITIES						
Liabilities:						
Accounts payable	\$ -	\$ 3,430	\$ 17,185	\$ -	\$ -	\$ 20,615
Deferred revenue	-	69,655	369,800	-	-	439,455
Restricted liabilities						
Accounts payable	5,448	-	-	-	-	5,448
Total Liabilities	5,448	73,085	386,985	-	-	465,518
Fund Balances:						
Nonspendable	-	-	118,312	139,761	-	258,073
Restricted	808,163	-	-	1,208,056	-	2,016,219
Committed	-	25,305	139,312	-	-	164,617
Assigned	-	258,206	794,545	-	-	1,052,751
Total Fund Balances	<u>808,163</u>	<u>283,511</u>	<u>1,052,169</u>	<u>1,347,817</u>	<u>-</u>	<u>3,491,660</u>
Total Liabilities and Fund Balances	<u>\$ 813,611</u>	<u>\$ 356,596</u>	<u>\$ 1,439,154</u>	<u>\$ 1,347,817</u>	<u>\$ -</u>	<u>\$ 3,957,178</u>

JACKSON COUNTY, ILLINOIS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Motor Fuel Tax Fund	County Bridge Fund	Federal Aid & Matching Fund	Housing of Prisoners Fund	Debt Service Funds	
Revenues - Unrestricted Funds:						
General property taxes	\$ -	\$ 72,040	\$ 355,326	\$ -	\$ -	\$ 427,366
Intergovernmental revenue	1,090,271	88,852	472,387	364,204	-	2,015,714
Use of money and property	694	272	1,061	1,601	1,180	4,808
Total Unrestricted Fund Revenues	1,090,965	161,164	828,774	365,805	1,180	2,447,888
Expenditures - Unrestricted Funds:						
Current:						
Public Works	428,708	168,412	397,402	-	-	994,522
Capital improvements	127,145	-	904,868	-	-	1,032,013
Debt service						
Principle	-	-	-	-	80,911	80,911
Interest	-	-	-	-	318,897	318,897
Total Unrestricted Fund Expenditures	555,853	168,412	1,302,270	-	399,808	2,426,343
Excess (Deficiency) of Revenues Over Expenditures	535,112	(7,248)	(473,496)	365,805	(398,628)	21,545
Other Financing Sources (Uses):						
Operating transfers in	7,595	-	21,057	-	285,059	313,711
Operating transfers out	(402,300)	-	-	(2,056,523)	-	(2,458,823)
Federal subsidies for Recovery Zone Economic Development and Build America Bonds	-	-	-	-	114,749	114,749
Total Other Financing Sources (Uses)	(394,705)	-	21,057	(2,056,523)	399,808	(2,030,363)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	140,407	(7,248)	(452,439)	(1,690,718)	1,180	(2,008,818)
FUND BALANCES, BEGINNING OF YEAR	667,756	290,759	1,504,608	3,038,535	(1,180)	5,500,478
FUND BALANCES, END OF YEAR	\$ 808,163	\$ 283,511	\$ 1,052,169	\$ 1,347,817	\$ -	\$ 3,491,660

JACKSON COUNTY, ILLINOIS  
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
November 30, 2012

	Agency Funds							Total
	County Collector's Funds	Township Bridge Program	Township Motor Fuel Tax Fund	Tax Sale Fund	Rental Housing Support Program	Circuit Clerk Bond Fund		
ASSETS								
Cash	\$ 16,105,107	\$ 284,182	\$ 698,951	\$ 36,818	\$ 11,984	\$ 493,602	\$	\$ 17,630,644
Investments	-	-	-	-	-	476,587		476,587
Accounts receivable	-	1,318	59,340	-	-	-		60,658
Total assets	16,105,107	285,500	758,291	36,818	11,984	970,189		18,167,889
LIABILITIES								
Due to others	-	285,500	754,237	36,818	11,984	64,582		1,153,121
Due to other funds	-	-	4,054	-	-	-		4,054
Due to individuals	-	-	-	-	-	905,607		905,607
Due to taxing units	16,105,107	-	-	-	-	-		16,105,107
Total liabilities	16,105,107	285,500	758,291	36,818	11,984	970,189		18,167,889
NET ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	\$ -



JACKSON COUNTY, ILLINOIS  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING BALANCE SHEET  
NOVEMBER 30, 2012

	Health Department	Tuberculosis	Mental Health (708) Board	Totals
Assets and Other Debits				
Cash	\$ 800,027	\$ 50,665	\$ 174,964	\$ 1,025,656
Investments	21,822	-	-	21,822
Accounts Receivable:				
Other governmental units and agencies	783,093	-	-	783,093
Property taxes	986,438	62,116	386,443	1,434,997
Other receivables	-	1	-	1
Due from other funds	5,377	-	-	5,377
Prepayments	8,497	-	249	8,746
Inventory	<u>36,479</u>	<u>2,469</u>	<u>-</u>	<u>38,948</u>
Total Assets	<u>\$ 2,641,733</u>	<u>\$ 115,251</u>	<u>\$ 561,656</u>	<u>\$ 3,318,640</u>
Liabilities, Equity and Other Credits				
Liabilities:				
Accounts payable	\$ 53,776	\$ 182	\$ 47	\$ 54,005
Accrued payroll	98,435	-	-	98,435
Compensated absences	86,485	-	1,364	87,849
Due to other funds	956	5,377	-	6,333
Deferred revenue	<u>772,084</u>	<u>47,695</u>	<u>278,863</u>	<u>1,098,642</u>
Total Liabilities	<u>1,011,736</u>	<u>53,254</u>	<u>280,274</u>	<u>1,345,264</u>
Fund Balance:				
Unreserved, undesignated	<u>1,629,997</u>	<u>61,997</u>	<u>281,382</u>	<u>1,973,376</u>
Total Fund Balances	<u>1,629,997</u>	<u>61,997</u>	<u>281,382</u>	<u>1,973,376</u>
Total Liabilities and Fund Balances	<u>\$ 2,641,733</u>	<u>\$ 115,251</u>	<u>\$ 561,656</u>	<u>\$ 3,318,640</u>

JACKSON COUNTY, ILLINOIS  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

	Health Department	Tuberculosis	Mental Health (708) Board	Totals
Revenues - Unrestricted Funds:				
General property taxes	\$ 647,057	\$ 37,427	\$ 277,373	\$ 961,857
Intergovernmental revenue	2,249,363	-	1,493	2,250,856
Use of money and property	699	34	148	881
Service charges, permits and fees	636,878	-	-	636,878
Other income	<u>105,199</u>	<u>18,129</u>	<u>-</u>	<u>123,328</u>
Total Unrestricted Fund Revenues	<u>3,639,196</u>	<u>55,590</u>	<u>279,014</u>	<u>3,973,800</u>
Expenditures - Unrestricted Funds:				
Public health	3,571,788	78,526	272,735	3,923,049
Debt service:				
Principal	34,954	-	-	34,954
Interest	<u>1,813</u>	<u>-</u>	<u>-</u>	<u>1,813</u>
Total Unrestricted Fund Expenditures	<u>3,608,555</u>	<u>78,526</u>	<u>272,735</u>	<u>3,959,816</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 30,641</u>	<u>\$ (22,936)</u>	<u>\$ 6,279</u>	<u>\$ 13,984</u>

JACKSON COUNTY, ILLINOIS  
RECONCILIATION OF THE DISCRETELY PRESENTED COMPONENT UNITS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
NOVEMBER 30, 2012

Total fund balances for discretely presented component units	\$ 1,973,376
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Total net assets reported for discretely presented component units in the statement of net assets is different because:

Capital assets used in discretely presented component units are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	49,500	
Land improvements, net of \$49,541 accumulated depreciation	28,907	
Buildings, net of \$733,212 accumulated depreciation	1,113,285	
Building improvements, less \$65,469 accumulated depreciation	74,652	
Equipment, less \$385,409 accumulated depreciation	54,531	
Total capital assets		1,320,875

Long-term liabilities applicable to the County's discretely presented component units are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets. Long-term liabilities consist of:

Notes payable	(17,068)	
Compensated absences	(80,863)	
Total long-term liabilities		(97,931)

Total net assets of discretely presented component units	\$ <u>3,196,320</u>
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JACKSON COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF DISCRETELY PRESENTED COMPONENT UNITS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

Net change in fund balances - total discretely presented component units	\$	13,984
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The change in net assets reported for discretely presented component units in the statement of activities is different because:

<p>Governemental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$76,557) exceeded capital outlays \$7,943 in the current period.</p>		(68,614)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental fund:

Change in compensated absences		(270)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activites. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of notes payable		34,954
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Change in net assets of discretely presented component units	\$	(19,946)
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## FEDERAL FINANCIAL ASSISTANCE

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

Jackson County Board  
Courthouse  
Murphysboro, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Illinois, as of and for the year ended November 30, 2012, which collectively comprise Jackson County, Illinois' basic financial statements and have issued our report thereon dated May 16, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Jackson County, Illinois is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Jackson County, Illinois' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jackson County, Illinois' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Jackson County, Illinois' internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. (items 2012-01) A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jackson County, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to the County Board of Jackson County, Illinois, in a separate letter dated May 16, 2013.

Jackson County, Illinois' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Jackson County, Illinois' response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the County Board, management, the 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.

*Kennedy, Eck + Bruchel LLP*

Carbondale, Illinois  
May 16, 2013

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

Jackson County Board  
Courthouse  
Murphysboro, Illinois

Compliance

We have audited the compliance of Jackson County, Illinois, with the types of compliance requirements described in OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Jackson County Illinois' major federal programs for the year ended November 30, 2012. Jackson County, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Jackson County, Illinois' management. Our responsibility is to express an opinion on Jackson 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 Jackson 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 Jackson County, Illinois' compliance with those requirements.

In our opinion, Jackson County, Illinois complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended November 30, 2012.



### Internal Control Over Compliance

The management of Jackson 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 Jackson 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jackson County, Illinois' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the County Board, management, the 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.

*Karben, Eck + Broedel LLP*

Carbondale, Illinois  
May 16, 2013

JACKSON COUNTY, ILLINOIS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

Program	CFDA Number	Pass-through Grantor's Number	Pass-Through Grantor	Expenditures
<b>U.S. Department of Agriculture</b>				
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	Q11GQ01610 Q11GQ01207 FCSRE01210 FCSRE00896	Illinois Department of Human Services	15,333 153,574 2,400 77,700
non-cash		Q11GQ01207 FCSRE00896		690,018 <u>163,036</u>
				1,102,061 *
Women, Infants, & Children Farmers' Market Nutrition Program	10.572	FCSRE00896	Illinois Department of Human Services	1,000
Summer Food Service Program for Children	10.559	25280132	Illinois Department of Public Health	<u>500</u>
<b>Total U.S. Department of Agriculture</b>				1,103,561
<b>U.S. Department of Health and Human Services</b>				
Family Planning Services	93.217	Q11GQ00270 FCSRE01257	Illinois Department of Human Services	21,008 <u>21,228</u>
				42,236
Social Services Block Grant	93.667	11GM270000 Q11GQ01127 FCSRE01528	Illinois Department of Human Services	63,826 2,667 <u>4,000</u>
				70,493
Maternal and Child Health Services Block Grant to the States	93.994	Q11GQ01392 FCSRE01073	Illinois Department of Human Services	17,634 <u>8,800</u>
				26,434
Immunization Cooperative Agreements	93.268	15180107 25180012	Illinois Department of Public Health	15,558 <u>28,025</u>
				43,583
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	2011-090809	National Association of County & City Health Officials	1,000
HIV Care Formula Grants	93.917	15780149 25780026	Illinois Department of Public Health	186,943 <u>104,027</u>
				290,970
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	1175502	Illinois Public Health Association	65,934
Public Health Emergency Preparedness	93.069	27180038	Illinois Department of Public Health	65,418
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	FCSRE02024	Illinois Department of Public Health	3,000
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by 2012 Prevention and Public Health Funds	93.531	32180019A	Illinois Department of Public Health	15,000
Medical Assistance Program	93.778	N/A	Illinois Department of Healthcare and Family Services	173,901
Child Support Enforcement	93.563	N/A	Illinois Department of Healthcare and Family Services	<u>11,173</u>
<b>Total U.S. Department of Health and Human Services</b>				809,142
<b>U.S. Department of Housing and Urban Development</b>				
Housing Opportunities for Persons with AIDS	14.241	15780160 25780041	Illinois Department of Public Health	11,757 <u>34,810</u>
<b>Total U.S. Department of Housing and Urban Development</b>				46,567
<b>U.S. Department of Transportation</b>				
State and Community Highway Safety	20.600	OP2-0039-185	Illinois Department of Transportation	72,223
Highway Planning and Construction	20.205	06-00144-00-WR 07-00152-00-EG 09-00152-00-SP 10-00162-00-SP 11-0166-00-SP 11-00165-00-DR	Illinois Department of Transportation	104,742 26,914 308,021 522,238 429,524 <u>120,101</u>
				1,511,540 x *
<b>Total U.S. Department of Transportation</b>				1,583,763
<b>U.S. Environmental Protection Agency</b>				
State Public Water System Supervision	66.432	25380259 35380238A	Illinois Department of Public Health	150 <u>50</u>
<b>Total U.S. Environmental Protection Agency</b>				200
<b>U.S. Department of Homeland Security</b>				
Emergency Management Performance Grants	97.042	N/A N/A	Illinois Emergency Management Agency	22,950 <u>22,154</u>
<b>Total U.S. Department of Homeland Security</b>				45,104
<b>U.S. Department of Justice</b>				
Project Safe Neighborhoods	16.609	N/A		4,829
Recovery Act - Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program	16.810	N/A		<u>34,561</u> x
<b>Total U.S. Department of Justice</b>				39,390
<b>Total Federal Expenditures</b>				<u>\$ 3,627,727</u>

\* Denotes Major Program  
x Denotes ARRA funds

The accompanying notes are an integral part of this schedule.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes federal grant activity of Jackson County, Illinois and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget 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: Subrecipients

As required by O.M.B. Circular A-133 section 310(b)(5), Jackson County, Illinois did not provide any federal funds to subrecipients during fiscal year ended November 30, 2012.

Note 3: Non-cash Assistance, Insurance or Loans

As required by O.M.B. Circular A-133 section 310(b)(6), Jackson County, Illinois had no loans or loan guarantees outstanding at year ended November 30, 2012.

Non-cash assistance received in the amount \$853,054 as reflected in the Schedule of Expenditures of Federal Awards.

During fiscal year ended November 30, 2012 the following insurance was in effect:

<u>Insurance Type</u>	<u>Amount</u>
Property and Inland Marine	\$ 950,000
General Liability	
General Liability	1,900,000
Nursing Home and General Liability	750,000
Law Enforcement Liability	1,900,000
Automobile Liability and Physical Damage	1,900,000
Workers Compensation and Employers Liability	350,000
Public Officials Errors & Omissions	
Errors & Omissions	1,900,000
Nursing Home Professional Liability	750,000
Employee Benefits Liability	1,900,000
Crime/Employee Dishonesty	75,000
Excess Liability	8,000,000
Excess Property	250,000,000
Excess Workers Compensation	1,000,000
Excess Crime	400,000
Boiler & Machinery	100,000,000

JACKSON COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

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**Section I - Summary of Auditors' Results**

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*Financial Statements*

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified?                      \_\_\_\_\_ yes        X   no
- Significant deficiencies identified that are not  
considered to be material weaknesses?                        X   yes      \_\_\_\_\_ none reported

Noncompliance material to financial statements noted?                      \_\_\_\_\_ yes        X   no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?                      \_\_\_\_\_ yes        X   no
- Significant deficiencies identified that are not  
considered to be material weakness(es)?                      \_\_\_\_\_ yes        X   none reported

Type of auditors' report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be  
reported in accordance with section 510(a) of  
Circular A-133?                      \_\_\_\_\_ yes        X   no

Identification of major programs:

<i>CFDA Number</i>	<i>Name of Federal Program</i>
10.557	Special Supplemental Nutrition Program for Women, Infants & Children
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type

A and type B programs:                      \$ 300,000

Auditee qualified as low-risk auditee?                        X   yes      \_\_\_\_\_ no

JACKSON COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED NOVEMBER 30, 2012

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**Section II – Financial Statement Findings**

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**SIGNIFICANT DEFICIENCIES**

**Finding Number 2012-01**

Criteria

Segregation of Duties

Condition and Context

During the audit, we noted one individual has authority to initiate and authorize wire transfers, as well as prepare bank reconciliations and record journal entries.

Effect

An individual responsible for approving and releasing wire transfer payments should not have responsibility for modifying the Master Vendor file, recording vendor invoices and journal entries, or be involved in the bank reconciliation process. Allowing one individual to perform too many steps in an accounting process could enable an individual to commit fraud and conceal a fraudulent act.

Recommendation

We recommend someone independent of the bank reconciliation initiate and authorize wire transfers. In addition, we recommend all County departments periodically review their internal controls over processing procedures and staffing assignments for any potential incompatible duties or other internal control weaknesses.

Management Response

The County of Jackson, during its budget allocation, will ensure the Treasurer's office identifies personnel who will comply with the segregation of duties.

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**Section III - Federal Award Findings and Questioned Costs**

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No matters were reported.

JACKSON COUNTY, ILLINOIS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

Prior Audit Findings

- 11-01. Accounts Receivable - Rehab & Care Center - comment implemented
- 11-02. Segregation of Duties - Treasurer's Office - finding repeated in current year

