

ANNUAL  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORTS

JACKSON COUNTY, ILLINOIS

FISCAL YEAR ENDED NOVEMBER 30, 2013



JACKSON COUNTY, ILLINOIS

FISCAL YEAR ENDED NOVEMBER 30, 2013

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JACKSON COUNTY, ILLINOIS

FISCAL YEAR ENDED NOVEMBER 30, 2013

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## INTRODUCTORY SECTION



## OFFICE OF COUNTY BOARD JACKSON COUNTY, ILLINOIS

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May 12, 2014

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, 2013.

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 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, 2013, 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 unmodified opinion that Jackson County's financial statements for the fiscal year ended November 30, 2013, are fairly presented in conformity with GAAP. The independent auditors' 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.

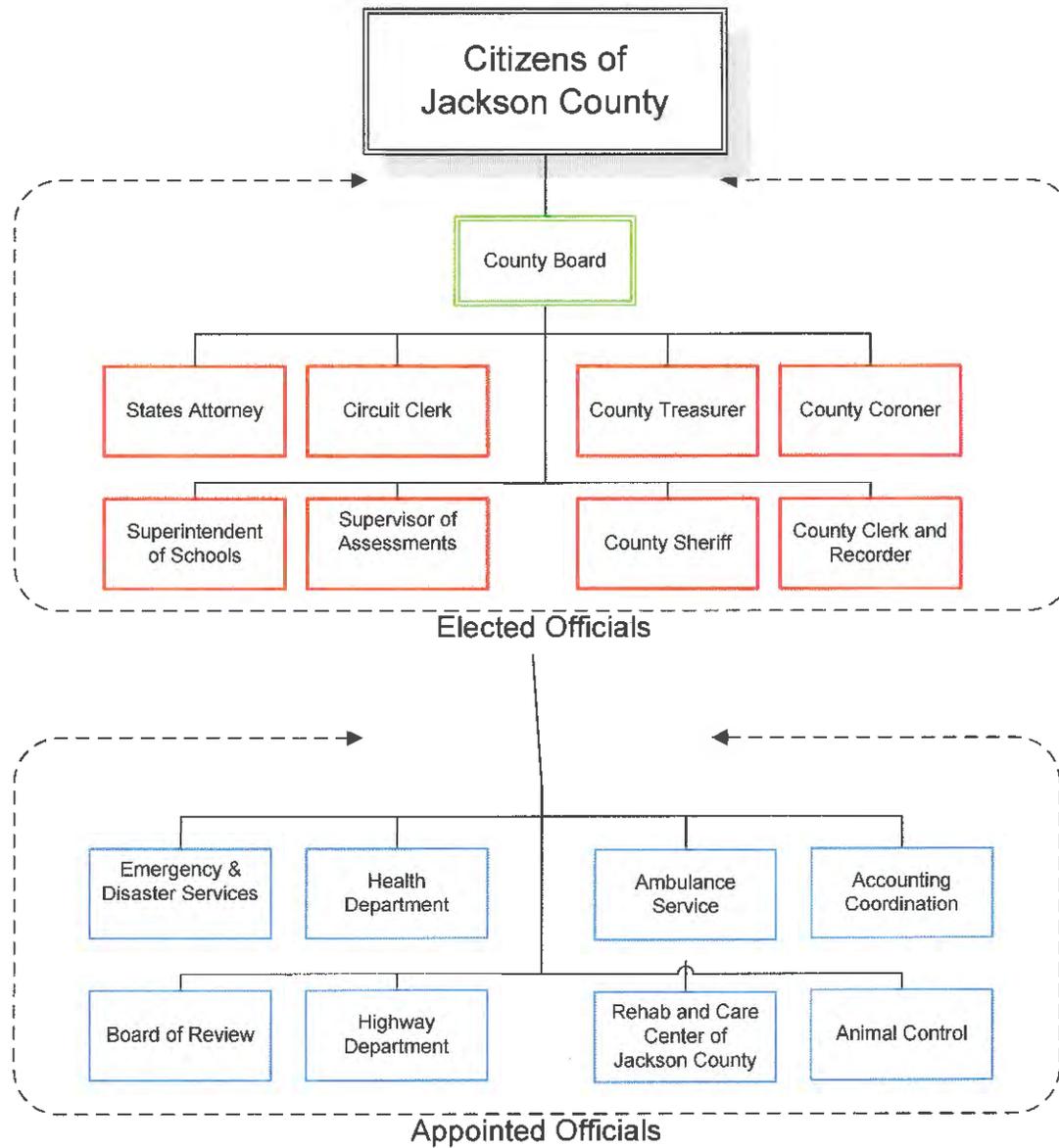
## Acknowledgements

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 "John S. Rendleman", with a long horizontal flourish extending to the right.

John S. Rendleman  
Chairman  
Jackson County Board



JACKSON COUNTY, ILLINOIS  
LIST OF ELECTED OFFICIALS  
NOVEMBER 30, 2013

**JACKSON COUNTY ELECTED OFFICIALS**

Circuit Clerk  
Coroner  
County Clerk & Recorder  
Regional Superintendent of Schools  
Sheriff  
State's Attorney  
Chief Assessment Officer  
Treasurer

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

**JACKSON COUNTY BOARD MEMBERS**

District 1  
District 2  
District 3  
District 4  
District 5  
District 6  
District 7

William Alstat  
Orval Rowe  
Dan Bost  
Frank Riley  
Emily Burke  
Sharon Harris-Johnson  
Greg Legan  
Tamiko Mueller  
Julie Peterson  
John Rendleman  
Tom Redmond  
Paulette Curkin  
Keith Larkin  
Milton Maxwell

**JACKSON COUNTY APPOINTED OFFICIALS**

Accounting Coordinator  
Ambulance Service Director  
Animal Control Officer  
Board of Review  
  
Emergency & Disaster Services  
Health Department Administrator  
Highway Engineer  
Rehab & Care Center Administrator

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

FINANCIAL SECTION



Kerber, Eck & Braeckel LLP

CPAs and  
Management Consultants

1116 W. Main Street  
Carbondale, IL 62901-2335  
ph 618.529.1040  
fax 618.549.2311  
www.kebcpa.com

## 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 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9-14 and 52-56 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson County, Illinois' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated May 12, 2014 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* in considering Jackson County Illinois' internal control over financial reporting and compliance.

*Kerber, Eck + Brundel* 26P

Carbondale, Illinois  
May 12, 2014

JACKSON COUNTY, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS  
NOVEMBER 30, 2013

**Management's Discussion and Analysis**

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, 2013. 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**

- Standard & Poor's Ratings Services raised its underlying rating on Jackson County's general obligation alternate revenue source bonds to 'A-' from 'BBB+' due to improvements in the county's finances and the county's return to a positive unrestricted general fund balance. Jackson County issued general obligation alternate revenue source bonds for courthouse repairs and to expand its jail with detainee fees funding biannual bond payments.
- Jackson County borrowed \$2,170,000 from its Solid Waste Management program in fiscal year 2009 with the intent to repay upon improvement of the county's finances. Although, the county has yet to establish a repayment plan, the county has not borrowed any additional funds.
- Jackson County continued to subsidize its Rehab & Care Center due to operating deficits and delayed reimbursements. In fiscal year 2012 the county voted to exit the skilled nursing facility business and accepted a 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 Center staff an employment opportunity. The new facility is currently under construction with an estimated completion date of fall 2014.
- The Jackson County Board worked with the Jackson County Treasurer's Office to consolidate and stream line the number of the bank accounts held by the county.

**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.

JACKSON COUNTY, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS  
NOVEMBER 30, 2013

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).

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 12-13 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 14-17 of this report.

JACKSON COUNTY, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS  
NOVEMBER 30, 2013

**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 18-20 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 21 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 22-48 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 49-60 of this report.

**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 POSITION  
NOVEMBER 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Total
<b>Assets:</b>				
Cash	\$ 6,560,576	\$ 1,811,150	\$ 8,371,726	\$ 1,421,966
Accounts receivable:				
Consumers	-	2,104,570	2,104,570	-
Other governmental units and agencies	1,346,271	161,548	1,507,819	818,864
Property taxes	6,739,702	1,431,660	8,171,362	1,170,970
Other receivables	-	-	-	2
Internal balance	650,123	(649,836)	287	(287)
Due from others	61,759	-	61,759	-
Prepayments	145,435	8,817	154,252	4,936
Inventories	-	57,287	57,287	50,038
Restricted assets:				
Cash	5,973,642	-	5,973,642	-
Investments	100,969	-	100,969	-
Accounts receivable:				
Other governmental units and agencies	13,926	-	13,926	-
Property taxes	2,852,009	-	2,852,009	-
Noncurrent assets:				
Bond issuance costs	152,847	-	152,847	-
Land	150,000	76,458	226,458	49,500
Construction in progress	6,329,145	-	6,329,145	-
Capital assets, net	24,244,950	1,839,989	26,084,939	1,250,182
<b>Total Assets</b>	<b>55,321,354</b>	<b>6,841,643</b>	<b>62,162,997</b>	<b>4,766,171</b>
<b>Deferred Outflows of Resources</b>				
Deferred outflows	-	-	-	-
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 55,321,354</b>	<b>\$ 6,841,643</b>	<b>\$ 62,162,997</b>	<b>\$ 4,766,171</b>
<b>Liabilities:</b>				
Accounts payable	\$ 608,735	\$ 395,750	\$ 1,004,485	\$ 64,293
Accrued payroll	474,609	238,411	713,020	101,501
Current portion - compensated absences	555,446	239,099	794,545	92,984
Current portion - General obligation bonds	80,000	-	80,000	-
Current portion - notes payable	77,703	-	77,703	-
Due to others	224,557	271,925	496,482	-
Restricted liabilities				
Accounts payable	25,617	-	25,617	-
Due to others	77,163	-	77,163	-
Noncurrent liabilities:				
Compensated absences	1,348,385	-	1,348,385	87,907
General obligation bonds	2,830,000	-	2,830,000	-
Net OPEB obligation	1,374,343	-	1,374,343	-
<b>Total Liabilities</b>	<b>7,676,558</b>	<b>1,145,185</b>	<b>8,821,743</b>	<b>346,685</b>
<b>Deferred Inflows of Resources</b>				
Deferred revenue	6,302,199	1,329,612	7,631,811	1,283,665
Restricted deferred inflows				
Deferred revenue	2,649,295	-	2,649,295	-
<b>Total Deferred Inflows of Resources</b>	<b>8,951,494</b>	<b>1,329,612</b>	<b>10,281,106</b>	<b>1,283,665</b>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	27,736,392	1,916,447	29,652,839	1,299,682
Restricted	6,188,471	-	6,188,471	-
Unrestricted	4,768,439	2,450,399	7,218,838	1,836,139
<b>Total Net Position</b>	<b>38,693,302</b>	<b>4,366,846</b>	<b>43,060,148</b>	<b>3,135,821</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 55,321,354</b>	<b>\$ 6,841,643</b>	<b>\$ 62,162,997</b>	<b>\$ 4,766,171</b>

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Service Charges, Permits, and Fees	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 10,158,537	\$ 3,254,391	\$ 154,157	\$ -	\$ (6,749,989)	\$ -	\$ (6,749,989)	\$ -
Public Works	2,874,558	980,726	719,656	2,781,631	1,607,455	-	1,607,455	-
Public Safety	6,423,933	190,122	1,681,587	-	(4,552,224)	-	(4,552,224)	-
Interest on long term debt	215,585	-	-	-	(215,585)	-	(215,585)	-
Total governmental activities	<u>19,672,613</u>	<u>4,425,239</u>	<u>2,555,400</u>	<u>2,781,631</u>	<u>(9,910,343)</u>	<u>-</u>	<u>(9,910,343)</u>	<u>-</u>
Business-Type activities:								
Rehab & Care	8,806,055	7,572,517	-	-	-	(1,233,538)	(1,233,538)	-
Ambulance	3,668,224	2,776,255	-	-	-	(891,969)	(891,969)	-
Total Business-Type activities	<u>12,474,279</u>	<u>10,348,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,125,507)</u>	<u>(2,125,507)</u>	<u>-</u>
<b>Total Primary Government</b>	<b>\$ 32,146,892</b>	<b>\$ 14,774,011</b>	<b>\$ 2,555,400</b>	<b>\$ 2,781,631</b>	<b>(9,910,343)</b>	<b>(2,125,507)</b>	<b>(12,035,850)</b>	<b>-</b>
<b>Component Units:</b>								
Health Department	\$ 3,997,670	\$ 560,630	\$ 2,673,654	\$ -	-	-	-	(763,386)
Tuberculosis	77,779	-	-	-	-	-	-	(77,779)
Mental Health 708 Board	272,863	-	-	-	-	-	-	(272,863)
Total Component Units	<u>\$ 4,348,312</u>	<u>\$ 560,630</u>	<u>\$ 2,673,654</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,114,028)</u>
<b>General Revenues:</b>								
Taxes:								
General property taxes					5,837,975	1,318,592	7,156,567	1,031,512
Property taxes, restricted					2,386,936	220,543	2,607,479	-
Sales and service taxes					2,016,265	-	2,016,265	-
Motor fuel tax					955,562	-	955,562	-
State Income Tax					1,999,025	-	1,999,025	-
Replacement Tax					627,412	-	627,412	-
Inheritance Tax					-	-	-	-
Local Use Tax					349,106	-	349,106	-
County Hotel Tax					40,311	-	40,311	-
Investment earnings					2,394	9,926	12,320	1,109
Federal subsidies for Recovery Zone Economic Development and Build America Bonds					76,993	-	76,993	-
State grant					-	-	-	-
Miscellaneous					-	83,875	83,875	20,908
Total general revenues					<u>14,291,979</u>	<u>1,632,936</u>	<u>15,924,915</u>	<u>1,053,529</u>
Change in net assets					4,381,636	(492,571)	3,889,065	(60,499)
Net position - beginning					34,311,666	4,859,417	39,171,083	3,196,320
Net position - ending					<u>\$ 38,693,302</u>	<u>\$ 4,366,846</u>	<u>\$ 43,060,148</u>	<u>\$ 3,135,821</u>

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
NOVEMBER 30, 2013

	General Fund	Federal Aid & Matching Fund	Solid Waste Management Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 3,374,767	\$ 1,065,118	\$ 920,342	\$ 1,200,349	\$ 6,560,576
Accounts receivable:					
Other governmental units and agencies	1,078,302	150,780	-	117,189	1,346,271
Property taxes	5,407,058	415,485	-	917,159	6,739,702
Due from other funds	1,140,283	-	2,707,072	66,772	3,914,127
Due from others	-	-	61,759	-	61,759
Prepayments	-	-	-	145,435	145,435
Restricted assets					
Cash	4,371,653	-	-	1,601,989	5,973,642
Investments	100,969	-	-	-	100,969
Accounts receivable:					
Other governmental units and agencies	13,926	-	-	-	13,926
Property taxes	2,852,009	-	-	-	2,852,009
Due from other funds	104,500	-	-	-	104,500
<b>Total Assets</b>	<u>18,443,467</u>	<u>1,631,383</u>	<u>3,689,173</u>	<u>4,048,893</u>	<u>27,812,916</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 18,443,467</u>	<u>\$ 1,631,383</u>	<u>\$ 3,689,173</u>	<u>\$ 4,048,893</u>	<u>\$ 27,812,916</u>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable	\$ 337,821	\$ 252,465	\$ -	\$ 18,449	\$ 608,735
Accrued payroll	460,136	-	-	14,473	474,609
Compensated absences	476,439	-	-	79,007	555,446
Due to other funds	2,218,668	60,902	36,874	21,777	2,338,221
Due to others	224,557	-	-	-	224,557
Restricted liabilities					
Accounts payable	22,162	-	-	3,455	25,617
Due to other funds	1,030,283	-	-	-	1,030,283
Due to others	77,163	-	-	-	77,163
<b>Total liabilities</b>	<u>4,847,229</u>	<u>313,367</u>	<u>36,874</u>	<u>137,161</u>	<u>5,334,631</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Revenue	5,060,029	387,920	-	854,250	6,302,199
Restricted Deferred Revenue	2,649,295	-	-	-	2,649,295
<b>Total Deferred Inflows of Resources</b>	<u>7,709,324</u>	<u>387,920</u>	<u>-</u>	<u>854,250</u>	<u>8,951,494</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>12,556,553</u>	<u>701,287</u>	<u>36,874</u>	<u>991,411</u>	<u>14,286,125</u>
<b>Fund Balances:</b>					
Nonspendable	-	-	2,707,072	145,435	2,852,507
Restricted	3,664,154	-	-	1,598,534	5,262,688
Committed	-	27,565	945,227	62,909	1,035,701
Assigned	-	902,531	-	1,250,604	2,153,135
Unassigned	2,222,760	-	-	-	2,222,760
<b>Total fund balances</b>	<u>5,886,914</u>	<u>930,096</u>	<u>3,652,299</u>	<u>3,057,482</u>	<u>13,526,791</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 18,443,467</u>	<u>\$ 1,631,383</u>	<u>\$ 3,689,173</u>	<u>\$ 4,048,893</u>	<u>\$ 27,812,916</u>

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF POSITION  
NOVEMBER 30, 2013

Total fund balances for governmental funds \$ 13,526,791

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	6,329,145	
Land	150,000	
Land improvements, net of \$107,276 accumulated depreciation	55,100	
Buildings, net of \$4,758,976 accumulated depreciation	6,026,445	
Building improvements, net of \$763,479 accumulated depreciation	646,039	
Fixed equipment, net of \$239,790 accumulated depreciation	29,357	
Major movable equipment, net of \$1,372,278 accumulated depreciation	109,456	
Vehicles, net of \$2,180,726 accumulated depreciation	335,535	
Computers, net of \$785,069 accumulated depreciation	13,095	
Infrastructure, net of \$5,733,842 accumulated depreciation	<u>17,029,923</u>	
Total capital assets		30,724,095

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)

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	(2,910,000)	
Notes payable	(77,703)	
Compensated absences	(1,348,385)	
Bond issuance costs	<u>152,847</u>	
Total long-term liabilities		<u>(4,183,241)</u>

Total net position of governmental activities \$ 38,693,302

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, 2013

	General Fund	Federal Aid & Matching Fund	Solid Waste Management Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues - Unrestricted Funds:</b>					
General property taxes	\$ 4,679,268	\$ 350,478	\$ -	\$ 808,229	\$ 5,837,975
Sales and service taxes	2,016,265	-	-	-	2,016,265
Intergovernmental revenue	3,423,425	2,781,631	-	1,934,124	8,139,180
Use of money and property	637	333	344	941	2,255
Service charges, permits and fees	2,244,004	-	-	-	2,244,004
Sanitation fees	-	-	415,141	-	415,141
Other revenue	-	-	-	306,679	306,679
<b>Total Unrestricted Fund Revenues</b>	<b>12,363,599</b>	<b>3,132,442</b>	<b>415,485</b>	<b>3,049,973</b>	<b>18,961,499</b>
<b>Expenditures - Unrestricted Funds</b>					
Current:					
General government	5,135,544	-	-	-	5,135,544
Public safety	6,202,716	-	-	-	6,202,716
Public health	-	-	400,533	-	400,533
Public works	-	31,608	-	2,186,838	2,218,446
Capital improvements	-	3,056,693	-	93,368	3,150,061
Debt Service					
Principal	-	-	-	148,105	148,105
Interest	-	-	-	215,582	215,582
Other Expenditures	-	-	-	1,775	1,775
<b>Total Unrestricted Fund Expenditures</b>	<b>11,338,260</b>	<b>3,088,301</b>	<b>400,533</b>	<b>2,645,668</b>	<b>17,472,762</b>
<b>Excess (Deficiency) of Revenues Over Expenditures - Unrestricted Funds</b>	<b>1,025,339</b>	<b>44,141</b>	<b>14,952</b>	<b>404,305</b>	<b>1,488,737</b>
<b>Revenues - Restricted Funds:</b>					
General property taxes	2,386,936	-	-	-	2,386,936
Other revenues	2,628,821	-	-	-	2,628,821
<b>Total Restricted Fund Revenues</b>	<b>5,015,757</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,015,757</b>
<b>Expenditures - Restricted Funds:</b>					
General property taxes:					
Tort liability	349,584	-	-	-	349,584
Benefits	2,221,774	-	-	-	2,221,774
Other expenditures	2,672,411	-	-	-	2,672,411
<b>Total Restricted Fund Expenditures</b>	<b>5,243,769</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,243,769</b>
<b>Excess of Revenues Over Expenditures - Restricted Funds</b>	<b>(228,012)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(228,012)</b>
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	979,672	-	-	874,008	1,853,680
Operating transfers out	(80,896)	(166,214)	-	(1,606,570)	(1,853,680)
Federal subsidies for Recovery Zone Economic Development and Build America Bonds	-	-	-	76,993	76,993
<b>Total Other Financing Sources (Uses)</b>	<b>898,776</b>	<b>(166,214)</b>	<b>-</b>	<b>(655,569)</b>	<b>76,993</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>1,696,103</b>	<b>(122,073)</b>	<b>14,952</b>	<b>(251,264)</b>	<b>1,337,718</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>4,190,811</b>	<b>1,052,169</b>	<b>3,637,347</b>	<b>3,308,746</b>	<b>12,189,073</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 5,886,914</b>	<b>\$ 930,096</b>	<b>\$ 3,652,299</b>	<b>\$ 3,057,482</b>	<b>\$ 13,526,791</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, 2013

Net change in fund balances - total governmental funds \$ 1,337,718

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 (\$3,957,131) exceeds depreciation (\$952,117) in the current period. 3,005,014

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 (102,433)

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 148,105  
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. -

Change in net position of governmental activities \$ 4,381,636

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
NOVEMBER 30, 2013

	Enterprise Funds		
	Rehab & Care Center Fund	Ambulance Fund	Total
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 265,917	\$ 1,545,233	\$ 1,811,150
Accounts receivable:			
Consumers	1,310,367	794,203	2,104,570
Intergovernmental transfer agreement	161,548	-	161,548
Property taxes	411,035	1,020,625	1,431,660
Due from other funds	6,007	52,041	58,048
Prepayments	8,817	-	8,817
Inventories	8,857	48,430	57,287
Noncurrent assets:			
Capital Assets:			
Land and improvements	350,770	160,835	511,605
Buildings and improvements	8,604,445	641,492	9,245,937
Vehicles and equipment	2,215,828	2,525,848	4,741,676
Accumulated depreciation	(9,928,998)	(2,653,773)	(12,582,771)
<b>Total Assets</b>	<u>3,414,593</u>	<u>4,134,934</u>	<u>7,549,527</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows	-	-	-
<b>Total Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>3,414,593</u>	<u>4,134,934</u>	<u>7,549,527</u>
<b>LIABILITIES</b>			
Accounts payable	361,711	34,039	395,750
Accrued payroll	235,901	2,510	238,411
Compensated absences	170,883	68,216	239,099
Due to other funds	700,578	7,306	707,884
Due to third party payors	253,696	-	253,696
Due to patient trust fund	18,229	-	18,229
<b>Total Liabilities</b>	<u>1,740,998</u>	<u>112,071</u>	<u>1,853,069</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	382,210	947,402	1,329,612
<b>Total Deferred Inflows of Resources</b>	<u>382,210</u>	<u>947,402</u>	<u>1,329,612</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>2,123,208</u>	<u>1,059,473</u>	<u>3,182,681</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	1,242,045	674,402	1,916,447
Unrestricted	49,340	2,401,059	2,450,399
<b>Total Net Position</b>	<u>\$ 1,291,385</u>	<u>\$ 3,075,461</u>	<u>\$ 4,366,846</u>

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2013

	Enterprise Funds		
	Rehab & Care Center Fund	Ambulance Fund	Total
Operating Revenues:			
Charges for services	\$ 6,716,232	\$ 2,776,255	\$ 9,492,487
Intergovernmental transfer revenue	272,585	-	272,585
Other operating revenues	583,700	-	583,700
<b>Total Operating Revenues</b>	<b>7,572,517</b>	<b>2,776,255</b>	<b>10,348,772</b>
Operating Expenses:			
Personnel services	5,237,791	2,579,145	7,816,936
Commodities	743,975	315,097	1,059,072
Contractual	2,016,492	246,679	2,263,171
Maintenance	27,093	6,286	33,379
Other charges	321,023	24,356	345,379
Bad debts	216,586	330,250	546,836
Depreciation	243,095	166,411	409,506
<b>Total Operating Expenses</b>	<b>8,806,055</b>	<b>3,668,224</b>	<b>12,474,279</b>
<b>Operating Income (Loss)</b>	<b>(1,233,538)</b>	<b>(891,969)</b>	<b>(2,125,507)</b>
Nonoperating Revenues (Expenses):			
General property taxes	598,975	940,160	1,539,135
Use of money and property	406	9,520	9,926
Miscellaneous revenue	14,579	69,296	83,875
<b>Total Nonoperating Revenues</b>	<b>613,960</b>	<b>1,018,976</b>	<b>1,632,936</b>
Change in net position	(619,578)	127,007	(492,571)
Net Position - Beginning of Year	1,910,963	2,948,454	4,859,417
Net Position - End of Year	<b>\$ 1,291,385</b>	<b>\$ 3,075,461</b>	<b>\$ 4,366,846</b>

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, 2013

	Enterprise Funds		
	Rehab & Care Center Fund	Ambulance Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from patients and third party payors	\$ 7,128,758	\$ 2,756,468	\$ 9,885,226
Payments to suppliers	(2,874,854)	(553,401)	(3,428,255)
Payments to employees	(5,242,637)	(2,658,450)	(7,901,087)
Net cash used in operating activities	(988,733)	(455,383)	(1,444,116)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Property tax support	598,975	940,160	1,539,135
Miscellaneous revenue	14,579	69,296	83,875
Net cash provided by noncapital financing activities	613,554	1,009,456	1,623,010
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(22,934)	(276,458)	(299,392)
Net cash used in capital and related financing activities	(22,934)	(276,458)	(299,392)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	406	9,520	9,926
Net cash provided by investing activities	406	9,520	9,926
NET INCREASE (DECREASE) IN CASH	(397,707)	287,135	(110,572)
CASH, BEGINNING OF YEAR	663,624	1,258,098	1,921,722
CASH, END OF YEAR	\$ 265,917	\$ 1,545,233	\$ 1,811,150
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Loss	\$ (1,233,538)	\$ (891,969)	\$ (2,125,507)
Items not requiring (providing) cash:			
Depreciation	243,095	166,411	409,506
Changes in:			
Accounts receivable	133,752	295,574	429,326
Due from other funds	(6,007)	64,794	58,787
Prepaid expenses	(540)	-	(540)
Inventories	240	1,410	1,650
Accounts payable	(4,041)	(10,536)	(14,577)
Accrued payroll	(4,944)	(78,230)	(83,174)
Accrued vacation	98	(1,075)	(977)
Due to other funds	41,092	(1,762)	39,330
Due to third parties	30,383	-	30,383
Due to Patient Trust Fund	(845)	-	(845)
Deferred revenue	(187,478)	-	(187,478)
NET CASH USED IN OPERATING ACTIVITIES	\$ (988,733)	\$ (455,383)	\$ (1,444,116)

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
NOVEMBER 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 4,311,399
Investments	588,423
Accounts receivable	<u>5,120</u>
Total assets	<u>4,904,942</u>
LIABILITIES	
Due to others	1,212,538
Due to individuals	777,613
Due to taxing units	<u>2,914,791</u>
Total liabilities	<u>4,904,942</u>
NET POSITION	<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 - CONTINUED  
NOVEMBER 30, 2013

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.

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

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 2013

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, 2013

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 Prepays

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, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

12. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section from deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that supplies to a future period and so will not be recognized as an inflow (revenue) until that time. The government has only one type of item that qualifies for the reporting in this category, unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that amounts become available.

13. Fund Equity and Net Position

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.

JACKSON COUNTY, ILLINOIS  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 NOVEMBER 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Fund Equity and Net Position - Continued

The County report three types of net position 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 position - net position is considered restricted if its 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 position - consists of all other net position that does not meet the definitions of the above two components and are available for the County's general use.

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

As of November 30, 2013, a reconciliation of cash and investments (including fiduciary fund assets) as shown on the Statement of Net Position is as follows:

Cash on hand	\$	2,259
Carrying amount of deposits		20,076,474
Carrying amount of investments		<u>689,392</u>
Total		<u>\$ 20,768,125</u>
Government-wide financial statement of net position:		
Cash	\$	15,767,334
Investments		<u>100,969</u>
Total		<u>\$ 15,868,303</u>
Statement of fiduciary net position:		
Cash	\$	4,311,399
Investments		<u>588,423</u>
Total		<u>\$ 4,899,822</u>

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, 2013, the County has no uninsured/uncollateralized deposits.

At November 30, 2013, the carrying value of the County's deposits, including fiduciary funds totaled \$20,768,125 and the bank balances totaled \$21,135,826, including fiduciary funds, \$1,301,592 was covered by federal depository insurance, \$5,450,636 were collateralized by pledged bank assets in the County's name, \$299,599 was deposited in the Illinois Funds, a state investment pool, and \$14,083,999 was uninsured/uncollateralized. Due to the nature of the Illinois Funds, they are included as deposit balances on the balance sheet.

JACKSON COUNTY, ILLINOIS  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 NOVEMBER 30, 2013

NOTE B - DEPOSITS AND INVESTMENTS - CONTINUED

Investments

As of November 30, 2013, the County had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>1-3 Years</u>
Certificates of deposit	<u>\$ 100,969</u>	<u>\$ 100,969</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, 2013, 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, 2013, the County's U.S. government securities were being held by the Agency's investment safekeeping agent in the name of the Agency.

Fair value is 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 measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There are three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3 Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

JACKSON COUNTY, ILLINOIS  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 NOVEMBER 30, 2013

NOTE B - DEPOSITS AND INVESTMENTS - CONTINUED

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

1. Securities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing service and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy; however, no Level 3 securities exist at November 30, 2013.

2. Fair Value Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at November 30, 2013:

<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	\$ 100,969	\$ -	\$ 100,969	\$ -

A summary of the County's fiduciary fund's assets at November 30, 2013 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	\$ 588,423	\$ -	\$ 588,423	\$ -

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.

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 who are area residents and are insured under third-party payor agreements. At November 30, 2013, accounts receivable in the Enterprise Fund totaled \$2,104,570 which is net of contractual allowances and provisions for bad debts of \$2,909,698.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2013

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 2012 assessed valuation for property taxes collected in Fiscal Year 2013 was \$713,705,819. The tax levy for 2012, which represents the property taxes collected in Fiscal Year 2013, was 1.52468 per \$100 assessed valuation.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2013

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, 2013 is as follows:

<u>Restricted Assets</u>	<u>Cash</u>	<u>Investments</u>	<u>Property Tax Receivable</u>	<u>Other Accounts Receivable</u>	<u>Due From Other Funds</u>
General	\$ -	\$ -	\$ -	\$ 13,926	\$ 104,500
Tort Liability	284,881	-	377,037	-	-
Worker's Compensation	136,484	-	134,700	-	-
Unemployment Insurance	275,569	-	34,521	-	-
Social Security	519,431	-	716,401	-	-
Illinois Municipal Retirement Fund	1,034,842	-	1,589,350	-	-
Sheriff Drug Fund	12,878	-	-	-	-
DUI Sheriff Fund					
Enforcement Equipment	37,324	-	-	-	-
Sheriff Drug Asset Fund	79,287	-	-	-	-
Geographic Information System	143,745	-	-	-	-
Mitigation Grant	52,376	-	-	-	-
State's Attorney Drug Equipment	12,497	-	-	-	-
Court Supervision	14,853	-	-	-	-
Court Assessment	422,503	-	-	-	-
Kids in Court	500	-	-	-	-
Law Library	65,478	-	-	-	-
Treasurer - Court Ordered Funds	56	-	-	-	-
Treasurer Inheritance Tax	215	-	-	-	-
States Attorney Drug Asset Fund	100,561	-	-	-	-
State's Attorney Victim					
Assistance Fund	1,262	-	-	-	-
County Clerk Revenue Stamps	82,578	-	-	-	-
Circuit Clerk Child Support					
Admin Fund	103,426	-	-	-	-
Circuit Clerk Bond Interest	1,344	-	-	-	-
Circuit Clerk Abandoned Property	18,016	-	-	-	-
Automation and Capital					
Improvement	840,472	100,969	-	-	-
Prisoner Trust Accounts	76,419	-	-	-	-
County Board Unclaimed Monies	39,120	-	-	-	-
Drug Court	15,536	-	-	-	-
Motor Fuel Tax	912,556	-	-	-	-
Housing of Prisoners	689,433	-	-	-	-
<b>Total</b>	<b><u>\$ 5,973,642</u></b>	<b><u>\$ 100,969</u></b>	<b><u>\$ 2,852,009</u></b>	<b><u>\$ 13,926</u></b>	<b><u>\$ 104,500</u></b>

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2013

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended November 30, 2013 was as follows:

General government

	Balance November 30, <u>2012</u>	<u>Additions</u>	Deductions and <u>Transfers</u>	Balance November 30, <u>2013</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Construction in progress	<u>6,814,352</u>	<u>3,837,078</u>	<u>(4,322,285)</u>	<u>6,329,145</u>
Total capital assets, not being depreciated	<u>6,964,352</u>	<u>3,837,078</u>	<u>(4,322,285)</u>	<u>6,479,145</u>
Capital assets, being depreciated:				
Land improvements	105,376	57,000	-	162,376
Buildings	7,584,154	3,201,267	-	10,785,421
Building improvements	1,409,518	-	-	1,409,518
Fixed equipment	269,147	-	-	269,147
Major movable equipment	1,481,224	510	-	1,481,734
Vehicles	2,520,058	117,152	(120,949)	2,516,261
Computers	796,127	2,037	-	798,164
Infrastructure	<u>21,699,747</u>	<u>1,064,018</u>	<u>-</u>	<u>22,763,765</u>
Total capital assets being depreciated	35,865,351	4,441,984	(120,949)	40,186,386
Less accumulated depreciation for:				
Land improvements	(105,376)	(1,900)	-	(107,276)
Buildings	(4,522,569)	(236,407)	-	(4,758,976)
Building improvements	(674,027)	(89,452)	-	(763,479)
Fixed equipment	(234,997)	(4,793)	-	(239,790)
Major movable equipment	(1,353,737)	(18,541)	-	(1,372,278)
Vehicles	(2,210,237)	(91,792)	121,303	(2,180,726)
Computers	(776,908)	(8,161)	-	(785,069)
Infrastructure	<u>(5,232,771)</u>	<u>(501,071)</u>	<u>-</u>	<u>(5,733,842)</u>
Total accumulated depreciation	<u>(15,110,622)</u>	<u>(952,117)</u>	<u>121,303</u>	<u>(15,941,436)</u>
Total capital assets, being depreciated, net	<u>20,754,729</u>	<u>3,489,867</u>	<u>354</u>	<u>24,244,950</u>
Governmental activities capital assets, net	<u>\$27,719,081</u>	<u>\$7,326,945</u>	<u>\$ (4,321,931)</u>	<u>\$ 30,724,095</u>

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2013

NOTE F - CAPITAL ASSETS - CONTINUED

	Balance November 30, <u>2012</u>	<u>Additions</u>	Deductions and <u>Transfers</u>	Balance November 30, <u>2013</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 76,458	\$ -	\$ -	\$ 76,458
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, not being depreciated	<u>76,458</u>	<u>-</u>	<u>-</u>	<u>76,458</u>
Capital assets, being depreciated:				
Land improvements	435,147	-	-	435,147
Buildings and improvements	9,239,547	6,390	-	9,245,937
Vehicles and equipment	<u>4,448,674</u>	<u>293,002</u>	<u>-</u>	<u>4,741,676</u>
Total capital assets being depreciated	14,123,368	299,392	-	14,422,760
Less accumulated depreciation for:				
Land improvements	(297,299)	(14,272)	-	(311,571)
Buildings and improvements	(7,975,639)	(208,226)	-	(8,183,865)
Vehicles and equipment	<u>(3,900,327)</u>	<u>(187,008)</u>	<u>-</u>	<u>(4,087,335)</u>
Total accumulated depreciation	<u>(12,173,265)</u>	<u>(409,506)</u>	<u>-</u>	<u>(12,582,771)</u>
Total capital assets, being depreciated, net	<u>1,950,103</u>	<u>(110,114)</u>	<u>-</u>	<u>1,839,989</u>
Business-type activities capital assets, net	<u>\$ 2,026,561</u>	<u>\$ (110,114)</u>	<u>\$ -</u>	<u>\$ 1,916,447</u>

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

Governmental activities:

General government	\$ 102,042
Public Safety	284,169
Public works	<u>565,906</u>
Total depreciation expense - governmental activities	<u>\$ 952,117</u>

Business-type activities:

Rehab & Care Center	\$ 243,095
Ambulance	<u>166,411</u>
Total depreciation expense - business-type activities	<u>\$ 409,506</u>

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2013

NOTE F - CAPITAL ASSETS - CONTINUED

Construction in progress of the governmental activities capital assets consists of amounts expended for the following major projects at November 30, 2013:

<u>Project</u>	<u>CIP Balance</u>	<u>Estimated to Complete</u>	<u>Funding Source</u>
Willis Building Roof	\$ 8,890	\$ 61,927	Local funding
Craine Building Basement	\$ 3,200	undetermined	Local funding

In addition, construction in progress includes amounts expended for various infrastructure replacement and improvement projects with an estimated cost of \$6,317,055. Funding for these projects will be provided from the County's operations, state aid (motor fuel tax), and federal awards.

Capital asset activity of the component unit for the year ended November 30, 2013 follows:

	<u>Balance November 30, 2012</u>	<u>Additions</u>	<u>Deductions And Transfers</u>	<u>Balance November 30, 2013</u>
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	42,517	-	120,965
Buildings and improvements	1,986,618	-	-	1,986,618
Equipment	439,940	20,580	(8,266)	452,254
Total capital assets being depreciated	2,505,006	63,097	(8,266)	2,559,837
Less accumulated depreciation for:				
Land improvements	(49,541)	(5,001)	-	(54,542)
Buildings and improvements	(798,681)	(59,756)	-	(858,437)
Equipment	(385,409)	(19,432)	8,165	(396,676)
Total accumulated depreciation	(1,233,631)	(84,189)	8,165	(1,309,655)
Total capital assets, being depreciated, net	1,271,375	(21,092)	(101)	1,250,182
Component unit, capital assets, net	<u>\$ 1,320,875</u>	<u>\$ (21,092)</u>	<u>\$ (101)</u>	<u>\$ 1,299,682</u>

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2013

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, 2013 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. \$ 1,340,000

\$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. 1,490,000

\$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. 80,000

\$ 2,910,000

\$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 in 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, 2013

NOTE G - LONG-TERM DEBT - CONTINUED

Governmental Activities - Continued:

The annual requirements to amortize all bonds outstanding as of November 30, 2013 are as follows:

<u>Year Ending November 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 80,000	\$ 203,645
2015	85,000	200,305
2016	85,000	196,870
2017	85,000	192,965
2018	90,000	188,075
2019-2023	510,000	850,350
2024-2028	625,000	655,281
2029-2033	780,000	388,294
2034-2036	<u>570,000</u>	<u>70,000</u>
	<u>\$ 2,910,000</u>	<u>\$ 2,945,785</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 \$1,078,046 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, 2013 as follows:

Installment agreement, due in monthly installments of \$ 6,741.31  
 Beginning in December 2004 through November 2014 including  
 interest at 7.5% \$ 77,703

The annual requirements to amortize all governmental activity long-term debt notes payable as of November 30, 2013 are as follows:

<u>Year Ending November 30</u>	<u>Principal</u>	<u>Interest</u>
2014	<u>77,703</u>	<u>3,193</u>
	<u>\$ 77,703</u>	<u>\$ 3,193</u>

JACKSON COUNTY, ILLINOIS  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 NOVEMBER 30, 2013

NOTE G - LONG-TERM DEBT - CONTINUED

During the year ended November 30, 2013, the following changes occurred in long-term liabilities reported in the government-wide financial statements of primary government:

	Balance November 30, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance November 30, <u>2013</u>	Due Within <u>One Year</u>
General Obligation Bonds	\$2,986,000	\$ -	\$ 76,000	\$ 2,910,000	\$ 80,000
Notes Payable	149,808	-	72,105	77,703	77,703
Compensated Absences	<u>1,804,985</u>	<u>98,846</u>	<u>-</u>	<u>1,903,831</u>	<u>555,446</u>
	<u>\$4,940,793</u>	<u>\$ 98,846</u>	<u>\$ 148,105</u>	<u>\$ 4,891,534</u>	<u>\$ 713,149</u>

During the year ended November 30, 2013, the following changes occurred in long-term liabilities reported in the government-wide financial statements within the Component Unit Fund:

	Balance November 30, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance November 30, <u>2013</u>	Due Within <u>One Year</u>
Notes Payable	\$ 17,068	\$ -	\$ 17,068	\$ -	\$ -
Compensated Absences	<u>168,712</u>	<u>12,179</u>	<u>-</u>	<u>180,891</u>	<u>92,984</u>
	<u>\$ 185,780</u>	<u>\$ 12,179</u>	<u>\$ 17,068</u>	<u>\$ 180,891</u>	<u>\$ 92,984</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.

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).

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2013

NOTE H - RETIREMENT PLANS - CONTINUED

Illinois Municipal Retirement Fund - Countywide - Continued:

*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 2013, used by the County, was 11.28 percent of annual covered payroll. The County's annual required contribution rate for calendar year 2013 was 12.27 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, 2013, the County's actual contributions for pension cost for the Regular were \$1,288,307. The required contribution for calendar year 2013 was \$1,401,377. The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, 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, 2011 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, 2013, the most recent actuarial valuation date, the Regular plan was 85.32 percent funded. The actuarial accrued liability for benefits was \$40,013,417 and the actuarial value of assets was \$34,139,708, resulting in an underfunded actuarial accrued liability (UAAL) of \$5,873,709. The covered payroll (annual payroll of active employees covered by the plan) was \$11,421,162 and the ratio of the UAAL to the covered payroll was 51 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 - 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).

*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 2013 was 20.01 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, 2013

NOTE H - RETIREMENT PLANS - CONTINUED

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

*Annual Pension Cost.* The required contribution for calendar year 2013 was \$680,596. The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, 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, 2011 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, 2013, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel plan was 69.50 percent funded. The actuarial accrued liability for benefits was \$11,886,561 and the actuarial value of assets was \$8,260,933, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,625,628. The covered payroll (annual payroll of active employees covered by the plan) was \$3,401,281 and the ratio of the UAAL to the covered payroll was 107 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 2013 was 36.46 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, 2013

NOTE H - RETIREMENT PLANS - CONTINUED

Illinois Municipal Retirement Fund - Elected County Official - Continued:

*Annual Pension Cost.* The required contribution for calendar year 2013 was \$57,116. The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, 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, 2011 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, 2013, the most recent actuarial valuation date, the Elected County Official plan was 37.35 percent funded. The actuarial accrued liability for benefits was \$1,340,054 and the actuarial value of assets was \$500,445, resulting in an underfunded actuarial accrued liability (UAAL) of \$839,609. 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 536 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.

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>
12/31/13	\$1,401,377	92%	\$ 0
12/31/12	\$1,260,505	91%	\$ 0
12/31/11	\$1,305,888	81%	\$ 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>
12/31/13	\$ 680,596	100%	\$ 0
12/31/12	\$ 643,032	100%	\$ 0
12/31/11	\$ 650,692	100%	\$ 0

JACKSON COUNTY, ILLINOIS  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 NOVEMBER 30, 2013

NOTE H - RETIREMENT PLANS - CONTINUED

Trend Information and Required Supplementary Information - Continued:

Elected County Official IMRF:

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	\$ 57,116	100%	\$ 0
12/31/12	\$ 114,072	100%	\$ 0
12/31/11	\$ 107,104	100%	\$ 0

Required supplementary information - schedule of funding progress:

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

12/31/13	\$ 34,139,708	\$ 40,013,417	\$ 5,873,709	85.32 %	\$ 11,421,162	51.43 %
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 %

Sheriff's IMRF:

12/31/13	\$ 8,260,933	\$ 11,886,561	\$ 3,625,628	69.50 %	\$ 3,401,281	106.60 %
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 %

Elected County Official IMRF:

12/31/13	\$ 500,445	\$ 1,340,054	\$ 839,609	37.35 %	\$ 156,654	535.96 %
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 %

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 \$2,972,738 at November 30, 2013, 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, 2013

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, 2013

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	(23,319)
Annual OPEB cost	764,245
Contributions made	89,486
Increase (Decrease) in net OPEB obligation	674,759
Net OPEB obligation, beginning of year	699,584
Net OPEB obligation, end of year	\$ 1,374,343

*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 an open basis. The remaining amortization period at November 30, 2011, was 30 years.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2013

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, 2013:

Nonspendable Fund Balance - Governmental Funds

Prepayments	\$ 145,435
Due from other funds	<u>2,707,072</u>
	<u>\$ 2,852,507</u>

Restricted Fund Balance - Governmental Funds

Tort liability	\$ 311,917
Benefits	2,142,003
Public safety	211,379
Automations and other	894,355
Street construction and repair	-
Capital improvements	1,598,534
Due from other funds	<u>104,500</u>
	<u>\$ 5,262,688</u>

Committed Fund Balance - Governmental Funds

Solid waste	\$ 945,227
Public works	<u>90,474</u>
	<u>\$ 1,035,701</u>

Assigned Fund Balance - Governmental Funds

Public works	<u>\$ 2,153,135</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, 2013, are as follows:

<u>Fund</u>	<u>Expenditures</u>	<u>Budget</u>
General Fund	\$16,582,029	\$14,214,213

JACKSON COUNTY, ILLINOIS  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 NOVEMBER 30, 2013

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, 2013, were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Fund:		
Major Funds:		
General	\$ 1,244,783	\$ 3,248,951
Federal Aid Matching	-	60,902
Solid Waste	2,707,072	36,874
Special Revenue Funds:		
County Highway	66,772	21,777
Component Units:		
Health Department	19,131	974
Tuberculosis	-	18,444
Enterprise Fund:		
Ambulance	52,041	7,306
Rehab & Care Center	<u>6,007</u>	<u>700,578</u>
Total All Funds	<u>\$ 4,095,806</u>	<u>\$ 4,095,806</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, 2013

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	\$ 979,672	\$ 80,896
Federal Aid and Matching Fund	-	166,214
Total Major Funds	<u>979,672</u>	<u>247,110</u>
Nonmajor Governmental Funds:		
Motor Fuel Tax	-	421,100
Housing of Prisoners	-	1,185,470
County Highway	587,314	-
Debt Service Fund	<u>286,694</u>	-
Total Nonmajor Funds	<u>874,008</u>	<u>1,606,570</u>
Total All Funds	<u>\$ 1,853,680</u>	<u>\$ 1,853,680</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, 2013 were \$320,356.

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, 2013

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 certain civil cases, workers compensation 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, 2013 is as follows:

	<u>Rehab &amp; Care Center</u>	<u>Ambulance Service</u>	<u>Total Enterprise Funds</u>
Operating revenues	\$ 7,572,517	\$ 2,776,255	\$ 10,348,772
Operating expenses:			
Depreciation	\$ 243,095	\$ 166,411	\$ 409,506
Other	\$ 8,562,960	\$ 3,501,813	\$ 12,064,773
Operating loss	\$ (1,233,538)	\$ (891,969)	\$ (2,125,507)
Non-operating revenues	\$ 613,960	\$ 1,018,976	\$ 1,632,936
Capital assets:			
Additions	\$ 22,934	\$ 276,458	\$ 299,392
Deletions	\$ -	\$ -	\$ -
Net working capital	\$ 431,550	\$ 3,348,461	\$ 3,780,011
Change in net position	\$ (619,578)	\$ 127,007	\$ (492,571)
Beginning net position	\$ 1,910,963	\$ 2,948,454	\$ 4,859,417
Ending net position	\$ 1,291,385	\$ 3,075,461	\$ 4,366,846
Current assets	\$ 2,172,548	\$ 3,460,532	\$ 5,633,080
Capital assets	\$ 1,242,045	\$ 674,402	\$ 1,916,447
Current liabilities	\$ 1,740,998	\$ 112,071	\$ 1,853,069
Long-term liabilities	\$ -	\$ -	\$ -
Invested in capital assets	\$ 1,242,045	\$ 674,402	\$ 1,916,447
Unrestricted net position	\$ 49,340	\$ 2,401,059	\$ 2,450,399
Net cash used in operating activities	\$ (988,733)	\$ (455,383)	\$ (1,444,116)
Net cash provided by noncapital financing activities	\$ 613,554	\$ 1,009,456	\$ 1,623,010
Net cash used in capital and related financing activities	\$ (22,934)	\$ (276,458)	\$ (299,392)
Net cash provided by investing activities	\$ 406	\$ 9,520	\$ 9,926
Beginning cash	\$ 663,624	\$ 1,258,098	\$ 1,921,722
Ending cash	\$ 265,917	\$ 1,545,233	\$ 1,811,150

JACKSON COUNTY, ILLINOIS  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 NOVEMBER 30, 2013

NOTE R - INTEREST EXPENDITURES/EXPENSES

The total interest expenditures/expenses of the County aggregated \$318,437.

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.

2012 Equalized Assessed Valuation (E.A.V.)	\$ 713,705,819
Statutory Debt Limit (5.750% of E.A.V.)	41,038,085
General Obligation Debt Applicable to Limitation:	
Taxable General Obligation (Alternate Revenue Source) Bonds, Series 2010A (Recovery Zone Economic Development Bonds) (the "2010A Bonds")	1,340,000
Taxable General Obligation (Alternate Revenue Source) Bonds, Series 2010B (Build America Bonds) (the "2010B Bonds")	1,490,000
Taxable General Obligation (Alternate Revenue Source) Bond, Series 2010C (the "2010C Bonds")	<u>80,000</u>
Total General Obligation Debt	\$ 2,910,000
Less Self-Supporting Bonded Debt (1)	<u>(2,910,000)</u>
Total Direct General Obligation Debt	-
Available Legal Debt Margin	\$ 41,038,085

(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 - SUBSEQUENT EVENTS

Management evaluated all events and transactions that occurred after November 30, 2013 through May 12, 2014, 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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues - Unrestricted Funds:				
General Property Taxes:				
Real property taxes	\$ 4,492,504	\$ 4,492,504	\$ 4,497,708	\$ 5,204
Penalties on late taxes	172,000	172,000	181,560	9,560
Total General Property Taxes	<u>4,664,504</u>	<u>4,664,504</u>	<u>4,679,268</u>	<u>14,764</u>
Sales and Service Taxes:				
Sales tax	430,000	430,000	366,779	(63,221)
Supplemental sales tax	1,615,000	1,615,000	1,615,790	790
Cable television franchise tax	20,000	20,000	32,248	12,248
Pull tabs and jar games license and tax	-	-	1,448	1,448
Total Sales and Service Taxes	<u>2,065,000</u>	<u>2,065,000</u>	<u>2,016,265</u>	<u>(48,735)</u>
Intergovernmental Revenue:				
Illinois state income tax	1,750,000	1,750,000	1,999,025	249,025
Replacement tax	650,000	650,000	627,412	(22,588)
Local use tax	275,000	275,000	349,106	74,106
County hotel tax	-	-	8,062	8,062
Inheritance tax	-	-	-	-
Federal reimbursement	-	-	322	322
Federal reimbursement in lieu of property tax	141,000	141,000	145,562	4,562
Other federal/state grants	308,400	308,400	293,936	(14,464)
Total Intergovernmental Revenue	<u>3,124,400</u>	<u>3,124,400</u>	<u>3,423,425</u>	<u>299,025</u>
Use of Money and Property:				
Interest on investments	-	-	58	58
Timber sales	600	600	579	(21)
Rental payments	-	-	-	-
Total Use of Money and Property	<u>600</u>	<u>600</u>	<u>637</u>	<u>37</u>
Service Charges, Permits and Fees:				
General Government:				
Executive	244,000	244,000	253,670	9,670
County clerk	285,092	285,092	255,956	(29,136)
Judiciary and courts	996,000	996,000	1,073,891	77,891
Assessments	68,100	68,100	76,471	8,371
Total General Government	<u>1,593,192</u>	<u>1,593,192</u>	<u>1,659,988</u>	<u>66,796</u>
Public Safety:				
Sheriff	91,500	91,500	64,447	(27,053)
Jail	419,500	419,500	457,279	37,779
Animal control	50,000	50,000	51,700	1,700
Coroner	4,500	4,500	10,590	6,090
Total Public Safety	<u>565,500</u>	<u>565,500</u>	<u>584,016</u>	<u>18,516</u>
Total Service Charges, Permits and Fees	<u>2,158,692</u>	<u>2,158,692</u>	<u>2,244,004</u>	<u>85,312</u>
Total Unrestricted Fund Revenues	<u>\$ 12,013,196</u>	<u>\$ 12,013,196</u>	<u>\$ 12,363,599</u>	<u>\$ 350,403</u>

JACKSON COUNTY, ILLINOIS  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Expenditures - Unrestricted Funds - Current:</b>				
<b>General Government:</b>				
<b>Executive:</b>				
County Board	\$ 407,129	\$ 407,129	\$ 511,286	\$ (104,157)
Board of Review	83,993	83,993	38,456	45,537
<b>Total Executive</b>	<b>491,122</b>	<b>491,122</b>	<b>549,742</b>	<b>(58,620)</b>
<b>Treasurer:</b>				
Treasurer's office	323,390	323,390	332,160	(8,770)
<b>Total Treasurer</b>	<b>323,390</b>	<b>323,390</b>	<b>332,160</b>	<b>(8,770)</b>
<b>County Clerk:</b>				
County Clerk's office	496,425	496,425	494,392	2,033
Elections	95,000	95,000	50,421	44,579
<b>Total County Clerk</b>	<b>591,425</b>	<b>591,425</b>	<b>544,813</b>	<b>46,612</b>
<b>Judiciary and Courts:</b>				
State's Attorney	786,050	786,050	727,706	58,344
Circuit Clerk's office	504,010	504,010	730,200	(226,190)
Jury Commission	111,200	111,200	55,274	55,926
Courts	382,990	382,990	295,342	87,648
Public Defender	347,113	347,113	355,888	(8,775)
Probation circuit	401,924	401,924	403,515	(1,591)
<b>Total Judiciary and Courts</b>	<b>2,533,287</b>	<b>2,533,287</b>	<b>2,567,925</b>	<b>(34,638)</b>
<b>Assessments:</b>				
Assessments	321,795	321,795	342,434	(20,639)
<b>Total Assessments</b>	<b>321,795</b>	<b>321,795</b>	<b>342,434</b>	<b>(20,639)</b>
<b>Other:</b>				
Data processing	147,186	147,186	135,344	11,842
Building maintenance	511,500	511,500	664,328	(152,828)
Education	83,328	83,328	94,342	(11,014)
Central Services	12,000	12,000	(95,544)	107,544
<b>Total Other</b>	<b>754,014</b>	<b>754,014</b>	<b>798,470</b>	<b>(44,456)</b>
<b>Total General Government</b>	<b>5,015,033</b>	<b>5,015,033</b>	<b>5,135,544</b>	<b>(120,511)</b>
<b>Public Safety:</b>				
Sheriff's office	3,106,335	3,106,335	2,965,780	140,555
Jail	2,693,477	2,693,477	2,629,356	64,121
Jail building maintenance	329,150	329,150	308,783	20,367
Merit board	3,750	3,750	3,137	613
Animal control	108,027	108,027	105,024	3,003
Coroner	105,751	105,751	140,782	(35,031)
Emergency service	56,173	56,173	49,854	6,319
<b>Total Public Safety</b>	<b>6,402,663</b>	<b>6,402,663</b>	<b>6,202,716</b>	<b>199,947</b>
<b>Total Unrestricted Fund Expenditures</b>	<b>11,417,696</b>	<b>11,417,696</b>	<b>11,338,260</b>	<b>79,436</b>
<b>Excess (Deficiency) of Revenues Over Expenditures - Unrestricted Funds</b>	<b>\$ 595,500</b>	<b>\$ 595,500</b>	<b>\$ 1,025,339</b>	<b>\$ 429,839</b>

JACKSON COUNTY, ILLINOIS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues - Restricted Funds:</b>				
<b>General Property Taxes:</b>				
Tort Liability	\$ 350,000	\$ 350,000	\$ 347,755	\$ (2,245)
Worker's Compensation	125,000	125,000	78,294	(46,706)
Unemployment Insurance	32,000	32,000	24,183	(7,817)
Social Security	665,000	665,000	592,462	(72,538)
Illinois Municipal Retirement Fund	1,452,147	1,452,147	1,344,242	(107,905)
<b>Total General Property Taxes</b>	<b>2,624,147</b>	<b>2,624,147</b>	<b>2,386,936</b>	<b>(237,211)</b>
<b>Other:</b>				
Law Library Fees	12,600	12,600	10,715	(1,885)
DUI Sheriff Law Enforcement Equipment	-	-	16,033	16,033
Drug Federal Seizures	-	-	139,212	139,212
Inheritance Tax	-	-	-	-
Treasurer's Automation	-	-	11,699	11,699
County Clerk Automation	5,000	5,000	87,393	82,393
Court Automation	-	-	155,765	155,765
Court Document Storage	-	-	153,514	153,514
Court Security	-	-	177,192	177,192
Circuit Clerk Abandoned Property	-	-	-	-
Child Support Administration	-	-	46,566	46,566
Assessments	129,000	129,000	125,714	(3,286)
Victim Assistance	-	-	398	398
Court Supervision	-	-	2,314	2,314
Hotel Tax	-	-	32,249	32,249
Reimbursement Education Grants	8,000	8,000	6,920	(1,080)
Reimbursement Court Security	1,900	1,900	1,675	(225)
Reimbursement Highway	15,000	15,000	45,417	30,417
Reimbursement Ambulance	70,000	70,000	4,157	(65,843)
Reimbursement Health Department	9,000	9,000	37,471	28,471
Reimbursement Mental Health	100	100	162	62
Reimbursement Rehab & Care Center	65,000	65,000	107,085	42,085
Unclaimed monies	-	-	35,625	35,625
Tax Sale Fees	-	-	8,568	8,568
Sheriff Department Grants	-	-	212,236	212,236
Mitigation Grant	-	-	1,175,093	1,175,093
Interest	2,580	2,580	718	(1,862)
Miscellaneous	-	-	34,930	34,930
<b>Total Other</b>	<b>318,180</b>	<b>318,180</b>	<b>2,628,821</b>	<b>2,310,641</b>
<b>Total Restricted Fund Revenues</b>	<b>2,942,327</b>	<b>2,942,327</b>	<b>5,015,757</b>	<b>2,073,430</b>
<b>Expenditures - Restricted Funds:</b>				
<b>General Property Taxes:</b>				
Tort Liability	375,000	375,000	349,584	25,416
Worker's Compensation	273,067	273,067	352,719	(79,652)
Unemployment Insurance	82,540	82,540	114,739	(32,199)
Social Security	608,718	608,718	591,866	16,852
Illinois Municipal Retirement Fund	1,319,692	1,319,692	1,162,450	157,242
<b>Total General Property Taxes</b>	<b>2,659,017</b>	<b>2,659,017</b>	<b>2,571,358</b>	<b>87,659</b>
<b>Other:</b>				
Law Library	17,500	17,500	10,484	7,016
DUI Sheriff Law Enforcement Equipment	-	-	34,298	(34,298)
Drug	-	-	30,968	(30,968)
Inheritance Tax	-	-	-	-
Treasurer's Automation	-	-	24,956	(24,956)
County Clerk Automation	-	-	111,477	(111,477)
Court Automation	-	-	197,928	(197,928)
Court Document Storage	-	-	175,419	(175,419)
Court Security	-	-	186,018	(186,018)
Child Support Administration	-	-	33,192	(33,192)
Sheriff Drug	-	-	59,920	(59,920)
States Attorney	-	-	370	(370)
Courts	-	-	163,150	(163,150)
Sheriff Department Grants	-	-	212,484	(212,484)
Mitigation Grant	-	-	1,124,372	(1,124,372)
Health Insurance	120,000	120,000	307,375	(187,375)
Misc. Expenses	-	-	-	-
<b>Total Other</b>	<b>137,500</b>	<b>137,500</b>	<b>2,672,411</b>	<b>(2,534,911)</b>
<b>Total Restricted Fund Expenditures</b>	<b>2,796,517</b>	<b>2,796,517</b>	<b>5,243,769</b>	<b>(2,447,252)</b>
<b>Deficiency of Revenues Over Expenditures - Restricted Funds</b>	<b>145,810</b>	<b>145,810</b>	<b>(228,012)</b>	<b>(373,822)</b>
<b>Other Financing Sources and (Uses):</b>				
Transfer from Housing of Prisoners Fund	-	-	979,672	979,672
Transfers to Debt Service Fund	-	-	(80,896)	(80,896)
<b>Total Other Financing Sources and (Uses)</b>	<b>-</b>	<b>-</b>	<b>898,776</b>	<b>898,776</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>741,310</b>	<b>741,310</b>	<b>1,696,103</b>	<b>954,793</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>4,190,811</b>	<b>4,190,811</b>	<b>4,190,811</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 4,932,121</b>	<b>\$ 4,932,121</b>	<b>\$ 5,886,914</b>	<b>\$ 954,793</b>

JACKSON COUNTY, ILLINOIS  
 BUDGETARY COMPARISON SCHEDULE  
 SOLID WASTE MANAGEMENT FUND  
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Use of money and property	\$ -	\$ -	\$ 344	\$ 344
Sanitation Fees	-	-	415,141	415,141
Total Revenues	-	-	415,485	415,485
Expenditures:				
Public Health	-	-	400,533	(400,533)
Total expenditures	-	-	400,533	(400,533)
Excess (Deficiency) of Revenues Over Expenditures	-	-	14,952	14,952
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	-	-	14,952	14,952
FUND BALANCE, BEGINNING OF YEAR	3,637,347	3,637,347	3,637,347	-
FUND BALANCE, END OF YEAR	\$ 3,637,347	\$ 3,637,347	\$ 3,652,299	\$ 14,952

JACKSON COUNTY, ILLINOIS  
 BUDGETARY COMPARISON SCHEDULE  
 FEDERAL AID & MATCHING FUND  
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
General property taxes	\$ 369,800	\$ 369,800	\$ 350,478	\$ (19,322)
Intergovernmental revenue	1,367,550	1,367,550	2,781,631	1,414,081
Use of money and property	900	900	333	(567)
Other revenue	-	-	-	-
Total Revenues	<u>1,738,250</u>	<u>1,738,250</u>	<u>3,132,442</u>	<u>1,394,192</u>
<b>Expenditures:</b>				
Public works	-	-	31,608	(31,608)
Capital improvements	<u>2,646,800</u>	<u>2,646,800</u>	<u>3,056,693</u>	<u>(409,893)</u>
Total expenditures	<u>2,646,800</u>	<u>2,646,800</u>	<u>3,088,301</u>	<u>(441,501)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(908,550)</u>	<u>(908,550)</u>	<u>44,141</u>	<u>952,691</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	-	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>(166,214)</u>	<u>(166,214)</u>
Total Other Financing Sources (Uses):	<u>-</u>	<u>-</u>	<u>(166,214)</u>	<u>(166,214)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(908,550)	(908,550)	(122,073)	786,477
FUND BALANCE, BEGINNING OF YEAR	<u>1,052,169</u>	<u>1,052,169</u>	<u>1,052,169</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 143,619</u>	<u>\$ 143,619</u>	<u>\$ 930,096</u>	<u>\$ 786,477</u>

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, 2013

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Motor Fuel Tax Fund	County Bridge Fund	County Highway Fund	Housing of Prisoners Fund	Debt Service Fund	
<b>ASSETS</b>						
Cash	\$ -	\$ 286,077	\$ 914,272	\$ -	\$ -	\$ 1,200,349
Accounts receivable:						
Other governmental units and agencies	-	-	117,189	-	-	117,189
Property taxes	-	77,322	839,837	-	-	917,159
Due from other funds	-	-	66,772	-	-	66,772
Due from agencies	-	-	-	-	-	-
Prepayments	-	-	-	145,435	-	145,435
Restricted assets						
Cash	912,556	-	-	689,433	-	1,601,989
Accounts receivable:						
Other governmental units and agencies	-	-	-	-	-	-
<b>Total Assets and Other Debits</b>	<u>912,556</u>	<u>363,399</u>	<u>1,938,070</u>	<u>834,868</u>	<u>-</u>	<u>4,048,893</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows	-	-	-	-	-	-
<b>Total Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets, Other Debits, and Deferred Outflows of Resources</b>	<u>\$ 912,556</u>	<u>\$ 363,399</u>	<u>\$ 1,938,070</u>	<u>\$ 834,868</u>	<u>\$ -</u>	<u>\$ 4,048,893</u>
<b>LIABILITIES</b>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 18,449	\$ -	\$ -	\$ 18,449
Accrued payroll	-	-	14,473	-	-	14,473
Compensated absences	-	-	79,007	-	-	79,007
Due to other funds	-	-	21,777	-	-	21,777
Restricted liabilities						
Accounts payable	3,455	-	-	-	-	3,455
<b>Total Liabilities</b>	<u>3,455</u>	<u>-</u>	<u>133,706</u>	<u>-</u>	<u>-</u>	<u>137,161</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue	-	72,019	782,231	-	-	854,250
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>72,019</u>	<u>782,231</u>	<u>-</u>	<u>-</u>	<u>854,250</u>
<b>Fund Balances:</b>						
Nonspendable	-	-	-	145,435	-	145,435
Restricted	909,101	-	-	689,433	-	1,598,534
Committed	-	5,303	57,606	-	-	62,909
Assigned	-	286,077	964,527	-	-	1,250,604
<b>Total Fund Balances</b>	<u>909,101</u>	<u>291,380</u>	<u>1,022,133</u>	<u>834,868</u>	<u>-</u>	<u>3,057,482</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 912,556</u>	<u>\$ 363,399</u>	<u>\$ 1,938,070</u>	<u>\$ 834,868</u>	<u>\$ -</u>	<u>\$ 4,048,893</u>

JACKSON COUNTY, ILLINOIS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2013

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Motor Fuel Tax Fund	County Bridge Fund	County Highway Fund	Housing of Prisoners Fund	Debt Service Funds	
Revenues - Unrestricted Funds:						
General property taxes	\$ -	\$ 68,195	\$ 740,034	\$ -	\$ -	\$ 808,229
Intergovernmental revenue	1,080,818	1,080	178,179	674,047	-	1,934,124
Use of money and property	359	99	234	249	-	941
Other revenue	-	-	306,679	-	-	306,679
<b>Total Unrestricted Fund Revenues</b>	<b>1,081,177</b>	<b>69,374</b>	<b>1,225,126</b>	<b>674,296</b>	<b>-</b>	<b>3,049,973</b>
Expenditures - Unrestricted Funds:						
Current:						
Public Works	514,139	61,505	1,611,194	-	-	2,186,838
Capital improvements	45,000	-	48,368	-	-	93,368
Debt service						
Principle	-	-	-	-	148,105	148,105
Interest	-	-	-	-	215,582	215,582
Other Expenditures	-	-	-	1,775	-	1,775
<b>Total Unrestricted Fund Expenditures</b>	<b>559,139</b>	<b>61,505</b>	<b>1,659,562</b>	<b>1,775</b>	<b>363,687</b>	<b>2,645,668</b>
Excess (Deficiency) of Revenues Over Expenditures	<u>522,038</u>	<u>7,869</u>	<u>(434,436)</u>	<u>672,521</u>	<u>(363,687)</u>	<u>404,305</u>
Other Financing Sources (Uses):						
Operating transfers in	-	-	587,314	-	286,694	874,008
Operating transfers out	(421,100)	-	-	(1,185,470)	-	(1,606,570)
Federal subsidies for Recovery Zone Economic Development and Build America Bonds	-	-	-	-	76,993	76,993
<b>Total Other Financing Sources (Uses)</b>	<u>(421,100)</u>	<u>-</u>	<u>587,314</u>	<u>(1,185,470)</u>	<u>363,687</u>	<u>(655,569)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>100,938</b>	<b>7,869</b>	<b>152,878</b>	<b>(512,949)</b>	<b>-</b>	<b>(251,264)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>808,163</b>	<b>283,511</b>	<b>869,255</b>	<b>1,347,817</b>	<b>-</b>	<b>3,308,746</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 909,101</b>	<b>\$ 291,380</b>	<b>\$ 1,022,133</b>	<b>\$ 834,868</b>	<b>\$ -</b>	<b>\$ 3,057,482</b>

JACKSON COUNTY, ILLINOIS  
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 November 30, 2013

	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	
<b>ASSETS</b>							
Cash	\$ 2,914,791	\$ 82,831	\$ 809,492	\$ 203,101	\$ 21,588	\$ 279,596	\$ 4,311,399
Investments	-	-	-	-	-	588,423	588,423
Accounts receivable	-	5,120	-	-	-	-	5,120
<b>Total assets</b>	<u>2,914,791</u>	<u>87,951</u>	<u>809,492</u>	<u>203,101</u>	<u>21,588</u>	<u>868,019</u>	<u>4,904,942</u>
<b>LIABILITIES</b>							
Due to others	-	87,951	809,492	203,101	21,588	90,406	1,212,538
Due to other funds	-	-	-	-	-	-	-
Due to individuals	-	-	-	-	-	777,613	777,613
Due to taxing units	2,914,791	-	-	-	-	-	2,914,791
<b>Total liabilities</b>	<u>2,914,791</u>	<u>87,951</u>	<u>809,492</u>	<u>203,101</u>	<u>21,588</u>	<u>868,019</u>	<u>4,904,942</u>
<b>NET ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

JACKSON COUNTY, ILLINOIS  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING BALANCE SHEET  
NOVEMBER 30, 2013

	<u>Health Department</u>	<u>Tuberculosis</u>	<u>Mental Health (708) Board</u>	<u>Totals</u>
<b>Assets and Other Debits</b>				
Cash	\$ 1,090,726	\$ 64,218	\$ 267,022	\$ 1,421,966
Investments	-	-	-	-
Accounts Receivable:				
Other governmental units and agencies	818,864	-	-	818,864
Property taxes	791,898	63,302	315,770	1,170,970
Other receivables	-	2	-	2
Due from other funds	19,131	-	-	19,131
Prepayments	4,936	-	-	4,936
Inventory	<u>47,495</u>	<u>2,543</u>	<u>-</u>	<u>50,038</u>
<b>Total Assets</b>	<b><u>\$ 2,773,050</u></b>	<b><u>\$ 130,065</u></b>	<b><u>\$ 582,792</u></b>	<b><u>\$ 3,485,907</u></b>
<b>Liabilities, Equity and Other Credits</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 63,603	\$ 690	\$ -	64,293
Accrued payroll	101,501	-	-	101,501
Compensated absences	90,839	-	2,145	92,984
Due to other funds	974	18,444	-	19,418
Deferred revenue	<u>929,836</u>	<u>59,614</u>	<u>294,215</u>	<u>1,283,665</u>
<b>Total Liabilities</b>	<b><u>1,186,753</u></b>	<b><u>78,748</u></b>	<b><u>296,360</u></b>	<b><u>1,561,861</u></b>
<b>Fund Balance:</b>				
Unreserved, undesignated	<u>1,586,297</u>	<u>51,317</u>	<u>286,432</u>	<u>1,924,046</u>
<b>Total Fund Balances</b>	<b><u>1,586,297</u></b>	<b><u>51,317</u></b>	<b><u>286,432</u></b>	<b><u>1,924,046</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 2,773,050</u></b>	<b><u>\$ 130,065</u></b>	<b><u>\$ 582,792</u></b>	<b><u>\$ 3,485,907</u></b>

JACKSON COUNTY, ILLINOIS  
RECONCILIATION OF THE DISCRETELY PRESENTED COMPONENT UNITS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
NOVEMBER 30, 2013

Total fund balances for discretely presented component units \$ 1,924,046

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 \$54,542 accumulated depreciation	66,423	
Buildings, net of \$780,577 accumulated depreciation	1,065,920	
Building improvements, less \$77,860 accumulated depreciation	62,261	
Equipment, less \$396,676 accumulated depreciation	<u>55,578</u>	
Total capital assets		1,299,682

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	-	
Compensated absences	<u>(87,907)</u>	
Total long-term liabilities		<u>(87,907)</u>

Total net position of discretely presented component units \$ 3,135,821

JACKSON COUNTY, ILLINOIS  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2013

	Health Department	Tuberculosis	Mental Health (708) Board	Totals
Revenues - Unrestricted Funds:				
General property taxes	\$ 708,217	\$ 47,420	\$ 275,875	\$ 1,031,512
Intergovernmental revenue	2,600,187	-	1,249	2,601,436
Use of money and property	300	20	789	1,109
Service charges, permits and fees	560,630	-	-	560,630
Other income	73,467	19,659	-	93,126
<b>Total Unrestricted Fund Revenues</b>	<b>3,942,801</b>	<b>67,099</b>	<b>277,913</b>	<b>4,287,813</b>
Expenditures - Unrestricted Funds:				
Public health	3,969,201	77,779	272,863	4,319,843
Debt service:				
Principal	17,077	-	-	17,077
Interest	223	-	-	223
<b>Total Unrestricted Fund Expenditures</b>	<b>3,986,501</b>	<b>77,779</b>	<b>272,863</b>	<b>4,337,143</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (43,700)</b>	<b>\$ (10,680)</b>	<b>\$ 5,050</b>	<b>\$ (49,330)</b>

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, 2013

Net change in fund balances - total discretely presented component units \$ (49,330)

The change in net assets reported for discretely presented component units 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 depreciation (\$84,189) exceeded capital outlays \$62,996 in the current period. (21,193)

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 (7,044)

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 activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.  
     Repayment of notes payable 17,068

Change in net assets of discretely presented component units \$ (60,499)

FEDERAL FINANCIAL ASSISTANCE



Kerber, Eck & Braeckel LLP

CPAs and  
Management Consultants

1116 W. Main Street  
Carbondale, IL 62901-2335  
ph 618.529.1040  
fax 618.549.2311  
www.kebcpa.com

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, in accordance with the 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, the 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, 2013, and the related notes to the financial statements, which collectively comprise Jackson County, Illinois' basic financial statements and have issued our report thereon dated May 12, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Jackson County, Illinois' internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Jackson County, Illinois' internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (item 2013-1).

## **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*.

## **Jackson County, Illinois' Response to Findings**

Jackson County, Illinois' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Jackson County, Illinois' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kubry, Eck & Brauchel LLP*

Carbondale, Illinois  
May 12, 2014



Kerber, Eck & Braeckel LLP

CPAs and  
Management Consultants

1116 W. Main Street  
Carbondale, IL 62901-2335  
ph 618.529.1040  
fax 618.549.2311  
www.kebcpa.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133

Jackson County Board  
Courthouse  
Murphysboro, Illinois

**Report on Compliance for Each Major Federal Program**

We have audited Jackson County, Illinois' compliance with the types of compliance requirements described in the *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, 2013. 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.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Jackson County, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Jackson County, Illinois' compliance.

## Opinion on Each Major Federal Program

In our opinion, Jackson County, Illinois, complied, in all material respects, with the types of 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, 2013.

## Report on Internal Control Over Compliance

Management of Jackson County, Illinois, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jackson County, Illinois' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Kuhn, Eck & Brumback LLP*

Carbondale, Illinois  
May 12, 2014

JACKSON COUNTY, ILLINOIS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2013

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	FCSRE01210 FCSSQ01210 FCSRE00896 FCSSQ00896	Illinois Department of Human Services	15,100 3,500 156,042 77,411
non-cash		FCSRE00896 FCSSQ00896		506,730 <u>139,772</u>
				898,555
Women, Infants, & Children Farmers' Market Nutrition Program	10.572	FCSSQ01276	Illinois Department of Human Services	1,000
Summer Food Service Program for Children	10.559	35280159A	Illinois Department of Public Health	<u>975</u>
<b>Total U.S. Department of Agriculture</b>				900,530
<b>U.S. Department of Health and Human Services</b>				
Medical Reserve Corps Small Grant Program	93.008	MRC 13-2292	National Association of County and City Health Officials	4,000
Social Services Block Grant	93.667	FCSRE01257 FCSSU03088	Illinois Department of Human Services	20,552 4,000 <u>-</u>
				24,552
Maternal and Child Health Services Block Grant to the States	93.994	FCSRE01073 46080123B	Illinois Department of Human Services Illinois Department of Public Health	17,700 <u>1,865</u>
				19,565
Immunization Cooperative Agreements	93.268	25180012 35180036A	Illinois Department of Public Health	6,892 <u>19,279</u>
				26,171
HIV Care Formula Grants	93.917	25780026 35780048A	Illinois Department of Public Health	214,127 <u>94,772</u>
				308,899
HIV Prevention Activities-Health Department Based	93.940	35780048A 35780048A		11,700 <u>18,515</u>
				30,215
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	13-141-01	Illinois Public Health Association	71,332
Public Health Emergency Preparedness	93.069	27180038	Illinois Department of Public Health	14,174 <u>-</u>
				14,174
Hospital Preparedness (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	37180038A	Illinois Department of Public Health	57,797
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	FCSRE02024	Illinois Department of Public Health	7,000
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	IP-14-149-030	Illinois Public Health Association	13,548
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 n/a	Illinois Department of Public Health EverThrive Illinois	202,584 45,000 <u>247,584</u>
Medical Assistance Program	93.778	N/A	Illinois Department of Healthcare and Family Services	69,743
Child Support Enforcement	93.563	N/A	Illinois Department of Healthcare and Family Services	<u>957</u>
<b>Total U.S. Department of Health and Human Services</b>				895,537

The accompanying notes are an integral part of this schedule.

JACKSON COUNTY, ILLINOIS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2013

Program	CFDA Number	Pass-through Grantor's Number	Pass-Through Grantor	Expenditures
<b>U.S. Department of Housing and Urban Development</b>				
Housing Opportunities for Persons with AIDS	14.241	25780041 35780035A	Illinois Department of Public Health	20,312 <u>23,233</u>
<b>Total U.S. Department of Housing and Urban Development</b>				43,545
<b>U.S. Department of Transportation</b>				
Child Safety and Child Booster Seats Incentive Grants	20.613	OP2-0039-185 OP-13-085	Illinois Department of Transportation	12,184 <u>27,151</u> 39,335
Highway Planning and Construction	20.205	06-00144-00-WR 07-00152-00-EG 07-00153-00-BR 09-00152-00-SP 12-00168-00-SP	Illinois Department of Transportation	1,571,156 32,178 1,080 202,108 <u>380,082</u> 2,186,604
<b>Total U.S. Department of Transportation</b>				2,225,939 *
<b>U.S. Environmental Protection Agency</b>				
Performance Partnership Grants	66.605	25380259 35380238A	Illinois Department of Public Health	50 <u>100</u>
<b>Total U.S. Environmental Protection Agency</b>				150
<b>U.S. Department of Homeland Security</b>				
Emergency Management Performance Grants	97.042	N/A	Illinois Emergency Management Agency	21,489
Hazard Mitigation Grant	97.039	FEMA-DR-1935-IL	Illinois Emergency Management Agency	<u>1,175,096</u> *
<b>Total U.S. Department of Homeland Security</b>				1,196,585
<b>U.S. Department of Justice</b>				
Public Safety Partnership and Community Policing Grants	16.710	N/A	US Department of Justice	204,826 x
Edward Byrne Memorial Justice Assistance Grant Programs	16.738	2013-DJ-BX-0454	City of Carbondale, Illinois	<u>9,226</u>
<b>Total U.S. Department of Justice</b>				214,052
<b>Total Federal Expenditures</b>				<u>5,476,338</u>

\* Denotes Major Program  
x Denotes ARRA funds  
DUNS - 884008483

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, 2013

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, 2013.

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, 2013.

Non-cash assistance received in the amount \$646,502 as reflected in the Schedule of Expenditures of Federal Awards.

During fiscal year ended November 30, 2013 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 YEAR ENDED NOVEMBER 30, 2013

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**Section II - Financial Statement Findings**

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**SIGNIFICANT DEFICIENCIES**

**Finding Number 2013-01**

Criteria

Segregation of Duties

Condition and Context

During the audit, we noted segregation of duties in several throughout the County:

- An individual responsible for preparing the bank reconciliation should be independent of the cash receipt function
- An individual involved in the cash receipt functions should not be responsible for posting the transactions to the books and records
- An individual should not be able to both post and approve entries to the general ledger

Due to limited staff at the County, separating the incompatible duties may not be possible or cost effective.

Effect

Segregation of duties is a key control in the accounting system. 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

While separating the incompatible duties may not always be possible, we recommend that the County take any steps possible to better separate the cash receipt process from the other financial processes of the County. 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 weakness.

Management Response

Jackson County continues to strive to improve its internal controls. It will take any steps possible to better separate incompatible duties.

JACKSON COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED NOVEMBER 30, 2013

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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, 2013

Prior Audit Findings

12-01. Segregation of Duties - Treasurer's Office - comment implemented

