

ANNUAL  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORTS

JACKSON COUNTY, ILLINOIS

FISCAL YEAR ENDED NOVEMBER 30, 2014



JACKSON COUNTY, ILLINOIS

FISCAL YEAR ENDED NOVEMBER 30, 2014

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTIONS	
Letter of Transmittal	1 thru 3
Organizational Chart	4
List of Elected and Appointed Officials	5
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION	6 thru 8
MANAGEMENT'S DISCUSSION AND ANALYSIS	9 thru 11
BASIC FINANCIAL STATEMENTS	
<i>Government-Wide Financial Statements</i>	
Statement of Net Position	12
Statement of Activities	13
<i>Fund Financial Statements</i>	
Balance Sheet - Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Position - Proprietary Funds	18
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	19
Statement of Cash Flows - Proprietary Funds	20
Statement of Fiduciary Assets and Liabilities - Fiduciary Funds	21
Notes to the Financial Statements	22 thru 47
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	48 thru 52
COMBINING AND INDIVIDUAL NONMAJOR FUND FINANCIAL STATEMENTS AND SCHEDULES	
Combining Balance Sheet - Nonmajor Governmental Funds	53
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	54
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds	55
Combining Balance Sheet - Discrete Component Units	56
Reconciliation of the Discretely Presented Component Units Balance Sheet to the Statement of Net Position	57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Discrete Component Units	58
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Discretely Presented Component Units to the Statement of Activities	59

JACKSON COUNTY, ILLINOIS

FISCAL YEAR ENDED NOVEMBER 30, 2014

TABLE OF CONTENTS - CONTINUED

FEDERAL FINANCIAL ASSISTANCE

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	60 thru 61
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133	62 thru 63
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	64 thru 65
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	66
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	67 thru 71
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	72

INTRODUCTORY SECTION



## OFFICE OF COUNTY BOARD JACKSON COUNTY, ILLINOIS

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April 13, 2015

To the 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, 2014.

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, 2014, 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, 2014, 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.

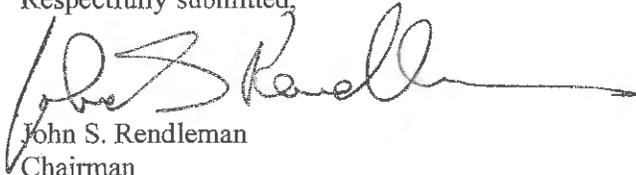
Jackson County consists of the following publicly elected constitutional offices: County Clerk & Recorder, County Coroner, County Treasurer, Circuit Clerk, Sheriff, State's Attorney, Supervisor of Assessments, and Superintendent of Schools. Jackson County provides a full range of services, including: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

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. Typically, the Finance Committee holds several meetings to review and consider the budget before recommending a final version to the full Board. 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.

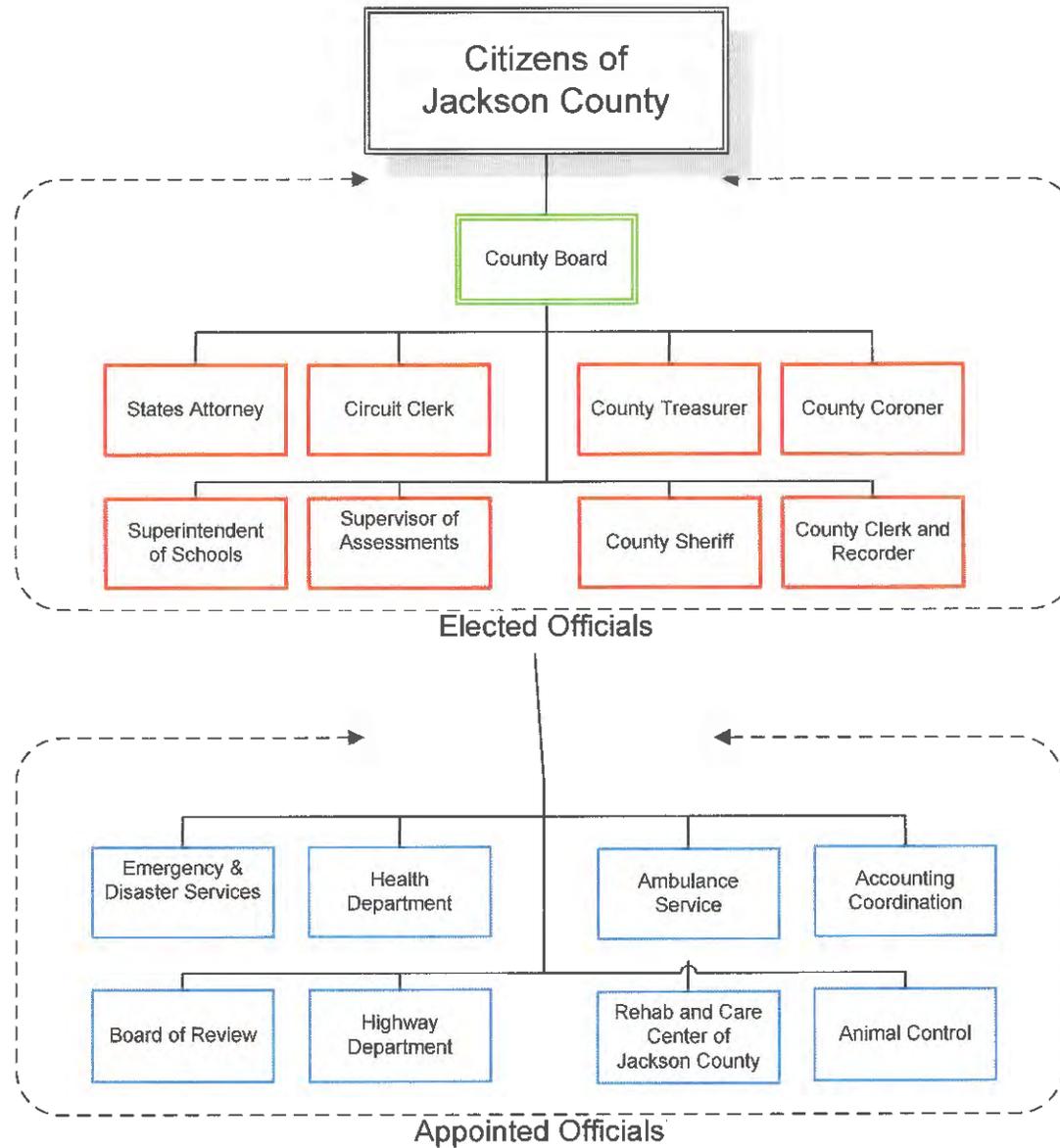
## Acknowledgements

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 Finance Committee 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, 2014

**JACKSON COUNTY ELECTED OFFICIALS**

Circuit Clerk	Cindy Svanda
Coroner	Thomas Kupferer
County Clerk & Recorder	Larry Reinhardt
Regional Superintendent of Schools	Donna Boros
Sheriff	Robert Burns
State's Attorney	Michael Carr
Chief Assessment Officer	Maureen Berkowitz
Treasurer	Shirley Booker

**JACKSON COUNTY BOARD MEMBERS**

District 1	William Alstat
District 2	Orval Rowe
District 3	Dan Bost
District 4	Frank Riley
District 5	Emily Burke
District 6	Sharon Harris-Johnson
District 7	Greg Legan
	Tamiko Mueller
	Julie Peterson
	John Rendleman
	Tom Redmond
	Paulette Curkin
	Keith Larkin
	Milton Maxwell

**JACKSON COUNTY APPOINTED OFFICIALS**

Accounting Coordinator	Michelle Tweedy
Ambulance Service Director	Derek Misener
Animal Control Officer	Lloyd Nelson
Board of Review	Jim Pribble
	Allan Karnes
	Jessica Doer-Berger
Emergency & Disaster Services	Derek Misener
Health Department Administrator	Miriam Link-Mullison
Highway Engineer	Grant Guthman
Rehab & Care Center Administrator	Merle Taylor

FINANCIAL SECTION



Kerber, Eck & Braeckel LLP

CPAs and  
Management Consultants

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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 2014, 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, 2014, 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 9-11 and 48-52 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 it.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated April 13, 2015 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 + Brunckel LLP*

Carbondale, Illinois  
April 13, 2015

JACKSON COUNTY, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS  
NOVEMBER 30, 2014

**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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**Financial Highlights**

- Jackson County ceased its skilled nursing operations on October 22, 2014. Former residents of the Rehab & Care Center were given an opportunity to reside at the newly constructed Manor Court of Carbondale. Dislocated staff members of the Rehab and Care Center were provided an opportunity to be considered for employment at Manor Court.
- Jackson County has received and accepted an offer to purchase the former Rehab & Care Center facility by a company known as Sovereign Health, for the purpose of establishing a residential rehabilitation center, pending the zoning approval from the City of Murphysboro. Ending nursing home operations and selling the property should eliminate significant annual costs for the County.
- In order to provide Jackson County citizens with open and convenient access to county financial records, policy information, and general government facts and services, the Board has approved a vendor that will update and improve the county website, assuring legal compliance and ease of use.
- Due to county-wide fiscal control and compliance with bond and retirement funding obligations, Jackson County's bond rating was upgraded to AAA-. For FY 2014, Jackson County finished the year with a slight surplus.

**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 position presents information on all of Jackson County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 - CONTINUED  
NOVEMBER 30, 2014

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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 (for last fiscal year) 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 easily identify and maintain control over resources that have been segregated for specific activities or objectives. Jackson County, like other county, state, and local governments, uses 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 major 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 Appropriation Ordinance, which sets forth the budget for its general fund. Expenditures in excess of the appropriation are prohibited without a Board approved Supplemental Appropriation. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

JACKSON COUNTY, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED  
NOVEMBER 30, 2014

The basic governmental fund financial statements can be found on pages 14-17 of this report.

**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 22-47 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 48-52 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, 2014

	Primary Government		Component Units	
	Governmental Activities	Business-type Activities	Total	Total
<b>Assets:</b>				
Cash	\$ 5,953,224	\$ 2,226,825	\$ 8,180,049	\$ 1,174,405
Accounts receivable:				
Consumers	-	878,390	878,390	-
Other governmental units and agencies	1,874,701	10,389	1,885,090	820,477
Property taxes	7,284,800	1,426,820	8,711,620	1,165,275
Other receivables	-	-	-	2
Internal balance	870,630	(889,043)	(18,413)	18,413
Due from others	72,110	-	72,110	-
Prepayments	149,283	-	149,283	4,775
Inventories	-	40,042	40,042	58,002
Restricted assets:				
Cash	6,641,317	-	6,641,317	-
Investments	50,298	-	50,298	-
Accounts receivable:				
Other governmental units and agencies	-	-	-	-
Property taxes	2,555,506	-	2,555,506	-
Noncurrent assets:				
Bond issuance costs	146,079	-	146,079	-
Land	150,000	76,458	226,458	49,500
Construction in progress	9,316,847	-	9,316,847	-
Capital assets, net	<u>23,333,443</u>	<u>1,439,471</u>	<u>24,772,914</u>	<u>1,206,885</u>
Total Assets	<u>58,398,238</u>	<u>5,209,352</u>	<u>63,607,590</u>	<u>4,497,734</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows	-	-	-	-
Total Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 58,398,238</u>	<u>\$ 5,209,352</u>	<u>\$ 63,607,590</u>	<u>\$ 4,497,734</u>
<b>Liabilities:</b>				
Accounts payable	\$ 768,718	\$ 65,240	\$ 833,958	\$ 31,245
Accrued payroll	628,942	156,586	785,528	113,549
Current portion - compensated absences	617,751	120,708	738,459	85,352
Current portion - General obligation bonds	85,000	-	85,000	-
Due to others	187,212	203,598	390,810	-
Restricted liabilities				
Accounts payable	139,661	-	139,661	-
Cash overdrawn	28,675	-	28,675	-
Due to others	68,583	-	68,583	-
Noncurrent liabilities:				
Compensated absences	1,375,388	-	1,375,388	85,034
General obligation bonds	2,745,000	-	2,745,000	-
Net OPEB obligation	<u>1,934,216</u>	<u>-</u>	<u>1,934,216</u>	<u>-</u>
Total Liabilities	<u>8,579,146</u>	<u>546,132</u>	<u>9,125,278</u>	<u>315,180</u>
<b>Deferred Inflows of Resources</b>				
Deferred revenue	6,823,371	1,328,949	8,152,320	1,174,042
Restricted deferred inflows				
Deferred revenue	<u>2,360,498</u>	<u>-</u>	<u>2,360,498</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>9,183,869</u>	<u>1,328,949</u>	<u>10,512,818</u>	<u>1,174,042</u>
<b>NET POSITION</b>				
Net investment in capital assets	29,970,290	1,515,929	31,486,219	1,256,385
Restricted	6,678,379	-	6,678,379	-
Unrestricted	<u>3,986,554</u>	<u>1,818,342</u>	<u>5,804,896</u>	<u>1,752,127</u>
Total Net Position	<u>40,635,223</u>	<u>3,334,271</u>	<u>43,969,494</u>	<u>3,008,512</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 58,398,238</u>	<u>\$ 5,209,352</u>	<u>\$ 63,607,590</u>	<u>\$ 4,497,734</u>

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2014

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	\$ 10,199,573	\$ 2,238,341	\$ 188,892	\$ -	\$ (7,772,340)	\$ -	\$ (7,772,340)	\$ -
Public Works	3,660,487	997,232	1,030,392	2,162,134	529,271	-	529,271	-
Public Safety	6,716,971	585,123	319,761	-	(5,812,087)	-	(5,812,087)	-
Interest on long term debt	205,738	-	-	-	(205,738)	-	(205,738)	-
Total governmental activities	20,782,769	3,820,696	1,539,045	2,162,134	(13,260,894)	-	(13,260,894)	-
Business-Type activities:								
Rehab & Care	7,152,590	5,741,900	-	-	-	(1,410,690)	(1,410,690)	-
Ambulance	3,502,002	2,324,770	-	-	-	(1,177,232)	(1,177,232)	-
Total Business-Type activities	10,654,592	8,066,670	-	-	-	(2,587,922)	(2,587,922)	-
<b>Total Primary Government</b>	<b>\$ 31,437,361</b>	<b>\$ 11,887,366</b>	<b>\$ 1,539,045</b>	<b>\$ 2,162,134</b>	<b>(13,260,894)</b>	<b>(2,587,922)</b>	<b>(15,848,816)</b>	<b>-</b>
<b>Component Units:</b>								
Health Department	\$ 4,040,569	\$ 549,482	\$ 2,671,793	\$ -	-	-	-	(819,294)
Tuberculosis	77,378	-	-	-	-	-	-	(77,378)
Mental Health 708 Board	283,887	-	-	-	-	-	-	(283,887)
<b>Total Component Units</b>	<b>\$ 4,401,834</b>	<b>\$ 549,482</b>	<b>\$ 2,671,793</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,180,559)</b>
<b>General Revenues:</b>								
Taxes:								
General property taxes					6,282,888	1,287,158	7,570,046	1,030,470
Property taxes, restricted					2,379,888	186,126	2,566,014	-
Sales and service taxes					2,136,095	-	2,136,095	-
Motor fuel tax					1,085,867	-	1,085,867	-
State Income Tax					1,963,173	-	1,963,173	-
Replacement Tax					645,908	-	645,908	-
Inheritance Tax					-	-	-	-
Local Use Tax					392,400	-	392,400	-
County Hotel Tax					46,354	-	46,354	-
Investment earnings					1,710	8,513	10,223	137
Federal subsidies for Recovery Zone Economic Development and Build America Bonds					73,966	-	73,966	-
State grant					-	-	-	-
Miscellaneous					194,566	73,550	268,116	22,643
<b>Total general revenues</b>					<b>15,202,815</b>	<b>1,555,347</b>	<b>16,758,162</b>	<b>1,053,250</b>
Change in net assets					1,941,921	(1,032,575)	909,346	(127,309)
Net position - beginning					38,693,302	4,366,846	43,060,148	3,135,821
Net position - ending					<b>\$ 40,635,223</b>	<b>\$ 3,334,271</b>	<b>\$ 43,969,494</b>	<b>\$ 3,008,512</b>

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
NOVEMBER 30, 2014

	General Fund	Federal Aid & Matching Fund	Solid Waste Management Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 3,817,791	\$ 626,169	\$ 569,871	\$ 939,393	\$ 5,953,224
Accounts receivable:					
Other governmental units and agencies	1,104,350	495,044	-	275,307	1,874,701
Property taxes	5,958,917	389,238	-	936,645	7,284,800
Due from other funds	1,480,962	-	2,742,839	324,404	4,548,205
Due from others	-	-	52,537	19,573	72,110
Prepayments	-	-	-	149,283	149,283
Restricted assets					
Cash	2,162,301	-	-	4,479,016	6,641,317
Investments	50,298	-	-	-	50,298
Accounts receivable:					
Property taxes	-	-	-	2,555,506	2,555,506
Due from other funds	-	-	300,000	158,705	458,705
<b>Total Assets</b>	<u>14,574,619</u>	<u>1,510,451</u>	<u>3,665,247</u>	<u>9,837,832</u>	<u>29,588,149</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 14,574,619</u>	<u>\$ 1,510,451</u>	<u>\$ 3,665,247</u>	<u>\$ 9,837,832</u>	<u>\$ 29,588,149</u>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable	\$ 307,342	\$ 449,657	\$ -	\$ 11,719	\$ 768,718
Accrued payroll	611,090	-	-	17,852	628,942
Compensated absences	537,489	-	-	80,262	617,751
Due to other funds	2,205,767	-	69,757	234,503	2,510,027
Due to others	187,212	-	-	-	187,212
Restricted liabilities					
Accounts payable	134,994	-	-	4,667	139,661
Cash overdrawn	-	-	-	28,675	28,675
Due to other funds	1,532,669	57,715	-	35,869	1,626,253
Due to others	68,583	-	-	-	68,583
<b>Total liabilities</b>	<u>5,585,146</u>	<u>507,372</u>	<u>69,757</u>	<u>413,547</u>	<u>6,575,822</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Revenue	5,586,555	363,090	-	873,726	6,823,371
Restricted Deferred Revenue	-	-	-	2,360,498	2,360,498
<b>Total Deferred Inflows of Resources</b>	<u>5,586,555</u>	<u>363,090</u>	<u>-</u>	<u>3,234,224</u>	<u>9,183,869</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>11,171,701</u>	<u>870,462</u>	<u>69,757</u>	<u>3,647,771</u>	<u>15,759,691</u>
<b>Fund Balances:</b>					
Nonspendable	-	-	2,742,839	149,283	2,892,122
Restricted	476,353	-	300,000	4,632,272	5,408,625
Committed	-	26,147	552,651	110,116	688,914
Assigned	-	613,842	-	1,298,390	1,912,232
Unassigned	2,926,565	-	-	-	2,926,565
<b>Total fund balances</b>	<u>3,402,918</u>	<u>639,989</u>	<u>3,595,490</u>	<u>6,190,061</u>	<u>13,828,458</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 14,574,619</u>	<u>\$ 1,510,451</u>	<u>\$ 3,665,247</u>	<u>\$ 9,837,832</u>	<u>\$ 29,588,149</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, 2014

Total fund balances for governmental funds \$ 13,828,458

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	9,316,847	
Land	150,000	
Land improvements, net of \$111,076 accumulated depreciation	51,300	
Buildings, net of \$5,015,640 accumulated depreciation	5,784,781	
Building improvements, net of \$853,693 accumulated depreciation	634,294	
Fixed equipment, net of \$244,515 accumulated depreciation	24,632	
Major movable equipment, net of \$1,387,585 accumulated depreciation	91,896	
Vehicles, net of \$2,279,387 accumulated depreciation	236,874	
Computers, net of \$790,749 accumulated depreciation	7,415	
Infrastructure, net of \$6,261,514 accumulated depreciation	<u>16,502,251</u>	
Total capital assets		32,800,290

The OPEB obligation resulting from contributions less than the annual required contribution are not financial liabilities and, therefore, are not reported in the funds. (1,934,216)

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	(2,830,000)	
Notes payable	-	
Compensated absences	(1,375,388)	
Bond issuance costs	<u>146,079</u>	
Total long-term liabilities		<u>(4,059,309)</u>

Total net position of governmental activities \$ 40,635,223

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, 2014

	General Fund	Federal Aid & Matching Fund	Solid Waste Management Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues - Unrestricted Funds:</b>					
General property taxes	\$ 5,111,492	\$ 343,887	\$ -	\$ 827,509	\$ 6,282,888
Sales and service taxes	2,136,095	-	-	-	2,136,095
Intergovernmental revenue	3,519,405	2,162,134	-	2,418,617	8,100,156
Use of money and property	727	141	123	393	1,384
Service charges, permits and fees	1,989,471	-	-	-	1,989,471
Sanitation fees	-	-	396,604	-	396,604
Federal subsidies for Recovery Zone Economic Development and Build America Bonds	-	-	-	73,966	73,966
Other revenue	-	-	-	298,270	298,270
<b>Total Unrestricted Fund Revenues</b>	<u>12,757,190</u>	<u>2,506,162</u>	<u>396,727</u>	<u>3,618,755</u>	<u>19,278,834</u>
<b>Expenditures - Unrestricted Funds</b>					
Current:					
General government	5,244,646	-	-	-	5,244,646
Public safety	6,411,469	-	-	-	6,411,469
Public health	-	-	453,536	-	453,536
Public works	-	93,630	-	2,500,255	2,593,885
Capital improvements	316,136	2,702,639	-	62,396	3,081,171
Debt Service					
Principal	-	-	-	157,703	157,703
Interest	-	-	-	205,738	205,738
Other Expenditures	-	-	-	3,088	3,088
<b>Total Unrestricted Fund Expenditures</b>	<u>11,972,251</u>	<u>2,796,269</u>	<u>453,536</u>	<u>2,929,180</u>	<u>18,151,236</u>
<b>Excess (Deficiency) of Revenues Over Expenditures - Unrestricted Funds</b>	<u>784,939</u>	<u>(290,107)</u>	<u>(56,809)</u>	<u>689,575</u>	<u>1,127,598</u>
<b>Revenues - Restricted Funds:</b>					
General property taxes	-	-	-	2,379,888	2,379,888
Other revenues	871,402	-	-	194,566	1,065,968
<b>Total Restricted Fund Revenues</b>	<u>871,402</u>	<u>-</u>	<u>-</u>	<u>2,574,454</u>	<u>3,445,856</u>
<b>Expenditures - Restricted Funds:</b>					
General property taxes:					
Tort liability	-	-	-	362,143	362,143
Benefits	-	-	-	2,382,055	2,382,055
Other expenditures	1,527,589	-	-	-	1,527,589
<b>Total Restricted Fund Expenditures</b>	<u>1,527,589</u>	<u>-</u>	<u>-</u>	<u>2,744,198</u>	<u>4,271,787</u>
<b>Excess (deficiency) of Revenues Over Expenditures - Restricted Funds</b>	<u>(656,187)</u>	<u>-</u>	<u>-</u>	<u>(169,744)</u>	<u>(825,931)</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	-	-	-	3,353,390	3,353,390
Operating transfers out	(2,612,748)	-	-	(740,642)	(3,353,390)
<b>Total Other Financing Sources (Uses)</b>	<u>(2,612,748)</u>	<u>-</u>	<u>-</u>	<u>2,612,748</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>(2,483,996)</u>	<u>(290,107)</u>	<u>(56,809)</u>	<u>3,132,579</u>	<u>301,667</u>
<b>FUND BALANCES, BEGINNING OF YEAR</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>FUND BALANCES, END OF YEAR</b>	<u>\$ 3,402,918</u>	<u>\$ 639,989</u>	<u>\$ 3,595,490</u>	<u>\$ 6,190,061</u>	<u>\$ 13,828,458</u>

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, 2014

Net change in fund balances - total governmental funds \$ 301,667

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 (\$3,081,171) exceeds depreciation (\$1,004,976) in the current period. 2,076,195

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 (27,003)

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 157,703  
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. (559,873)

Change in net position of governmental activities \$ 1,941,921

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
NOVEMBER 30, 2014

	Enterprise Funds		
	Rehab & Care Center Fund	Ambulance Fund	Total
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 353,820	\$ 1,873,005	\$ 2,226,825
Accounts receivable:			
Consumers	200,000	678,390	878,390
Intergovernmental transfer agreement	10,389	-	10,389
Property taxes	409,648	1,017,172	1,426,820
Due from other funds	5,397	92,384	97,781
Inventories	8,755	31,287	40,042
Noncurrent assets:			
Capital Assets:			
Land and improvements	350,770	160,835	511,605
Buildings and improvements	8,614,445	641,492	9,255,937
Vehicles and equipment	2,220,455	2,525,848	4,746,303
Accumulated depreciation	<u>(10,162,576)</u>	<u>(2,835,340)</u>	<u>(12,997,916)</u>
Total Assets	<u>2,011,103</u>	<u>4,185,073</u>	<u>6,196,176</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>2,011,103</u>	<u>4,185,073</u>	<u>6,196,176</u>
<b>LIABILITIES</b>			
Accounts payable	29,307	35,933	65,240
Accrued payroll	44,538	112,048	156,586
Compensated absences	47,917	72,791	120,708
Due to other funds	839,406	147,418	986,824
Due to third party payors	199,863	-	199,863
Due to patient trust fund	<u>3,735</u>	<u>-</u>	<u>3,735</u>
Total Liabilities	<u>1,164,766</u>	<u>368,190</u>	<u>1,532,956</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	<u>381,547</u>	<u>947,402</u>	<u>1,328,949</u>
Total Deferred Inflows of Resources	<u>381,547</u>	<u>947,402</u>	<u>1,328,949</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,546,313</u>	<u>1,315,592</u>	<u>2,861,905</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,023,094	492,835	1,515,929
Unrestricted	<u>(558,304)</u>	<u>2,376,646</u>	<u>1,818,342</u>
Total Net Position	<u>\$ 464,790</u>	<u>\$ 2,869,481</u>	<u>\$ 3,334,271</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, 2014

	Enterprise Funds		
	Rehab & Care Center Fund	Ambulance Fund	Total
Operating Revenues:			
Charges for services, net of related bad debts	\$ 5,103,631	\$ 2,324,770	\$ 7,428,401
Intergovernmental transfer revenue	144,011	-	144,011
Other operating revenues	494,258	-	494,258
<b>Total Operating Revenues</b>	<b>5,741,900</b>	<b>2,324,770</b>	<b>8,066,670</b>
Operating Expenses:			
Personnel services	4,463,125	2,707,867	7,170,992
Commodities	589,625	360,288	949,913
Contractual	1,652,772	225,918	1,878,690
Maintenance	5,993	8,962	14,955
Other charges	207,497	17,400	224,897
Depreciation	233,578	181,567	415,145
<b>Total Operating Expenses</b>	<b>7,152,590</b>	<b>3,502,002</b>	<b>10,654,592</b>
<b>Operating Income (Loss)</b>	<b>(1,410,690)</b>	<b>(1,177,232)</b>	<b>(2,587,922)</b>
Nonoperating Revenues (Expenses):			
General property taxes	555,711	917,573	1,473,284
Use of money and property	262	8,251	8,513
Miscellaneous revenue	28,122	45,428	73,550
<b>Total Nonoperating Revenues</b>	<b>584,095</b>	<b>971,252</b>	<b>1,555,347</b>
<b>Change in net position</b>	<b>(826,595)</b>	<b>(205,980)</b>	<b>(1,032,575)</b>
<b>Net Position - Beginning of Year</b>	<b>1,291,385</b>	<b>3,075,461</b>	<b>4,366,846</b>
<b>Net Position - End of Year</b>	<b>\$ 464,790</b>	<b>\$ 2,869,481</b>	<b>\$ 3,334,271</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, 2014

	Enterprise Funds		
	Rehab & Care Center Fund	Ambulance Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from patients and third party payors	\$ 7,308,758	\$ 2,840,092	\$ 10,148,850
Payments to suppliers	(3,012,869)	(889,818)	(3,902,687)
Payments to employees	(4,777,454)	(2,593,754)	(7,371,208)
Net cash used in operating activities	(481,565)	(643,480)	(1,125,045)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Property tax support	555,711	917,573	1,473,284
Miscellaneous revenue	28,122	45,428	73,550
Net cash provided by noncapital financing activities	583,833	963,001	1,546,834
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(14,627)	-	(14,627)
Net cash used in capital and related financing activities	(14,627)	-	(14,627)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	262	8,251	8,513
Net cash provided by investing activities	262	8,251	8,513
NET INCREASE (DECREASE) IN CASH	87,903	327,772	415,675
CASH, BEGINNING OF YEAR	265,917	1,545,233	1,811,150
CASH, END OF YEAR	\$ 353,820	\$ 1,873,005	\$ 2,226,825
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Loss	\$ (1,410,690)	\$ (1,177,232)	\$ (2,587,922)
Items not requiring (providing) cash:			
Depreciation	233,578	181,567	415,145
Changes in:			
Accounts receivable	1,262,913	119,266	1,382,179
Due from other funds	610	(40,343)	(39,733)
Prepaid expenses	8,817	-	8,817
Inventories	102	17,143	17,245
Accounts payable	(332,404)	1,894	(330,510)
Accrued payroll	(191,363)	109,538	(81,825)
Accrued vacation	(122,966)	4,575	(118,391)
Due to other funds	138,828	140,112	278,940
Due to third parties	(53,833)	-	(53,833)
Due to Patient Trust Fund	(663)	-	(663)
Deferred revenue	(14,494)	-	(14,494)
NET CASH USED IN OPERATING ACTIVITIES	\$ (481,565)	\$ (643,480)	\$ (1,125,045)

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
NOVEMBER 30, 2014

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 4,429,196
Investments	<u>647,553</u>
Total assets	<u>5,076,749</u>
<b>LIABILITIES</b>	
Due to others	1,155,671
Due to other funds	19,573
Due to individuals	737,164
Due to taxing units	<u>3,164,341</u>
Total liabilities	<u>5,076,749</u>
<b>NET POSITION</b>	<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, 2014

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, 2014

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 Federal Aid and Matching Fund provides for operations related to federal funding for 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, 2014

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 Housing of Prisoners Fund is used to account for proceeds from the housing of out-of-district prisoners to be used to pay down the 2010 general obligation bonds.

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, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Encumbrances

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

7. Investments

Investments are reported at fair value.

8. Inventories and Prepaids

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

9. Capital Assets

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

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

The estimated useful lives are as follows:

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

10. Compensated Absences

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

11. Long-Term Liabilities

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

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

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2014

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

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, 2014

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:

Net investment in capital assets - 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, 2014, 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		20,394,033
Carrying amount of investments		<u>697,851</u>
Total		<u>\$ 21,094,143</u>
Government-wide financial statement of net position:		
Cash	\$	15,967,096
Investments		<u>50,298</u>
Total		<u>\$ 16,017,394</u>
Statement of fiduciary net position:		
Cash	\$	4,429,196
Investments		<u>647,553</u>
Total		<u>\$ 5,076,749</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.

At November 30, 2014, the carrying value of the County's deposits, including fiduciary funds totaled \$21,094,143 and the bank balances totaled \$22,137,632, including fiduciary funds, \$1,278,956 was covered by federal depository insurance, \$6,506,466 were collateralized by pledged bank assets in the County's name, \$14,225,414 was deposited in the Illinois Funds, a state investment pool, and \$126,796 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, 2014

NOTE B - DEPOSITS AND INVESTMENTS - CONTINUED

Investments

As of November 30, 2014, 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>\$ 50,298</u>	<u>\$ 50,298</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, 2014, 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, 2014, 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, 2014

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, 2014.

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, 2014:

<u>Investment Category</u>	<u>Fair Value</u>	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>
Certificates of deposits	\$ 50,298	\$ -	\$ 50,298	\$ -

A summary of the County's fiduciary fund's assets at November 30, 2014 measured at estimated fair value on a receiving basis were as follows:

<u>Investment Category</u>	<u>Fair Value</u>	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>
Certificates of deposits	\$ 647,553	\$ -	\$ 647,553	\$ -

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, 2014, accounts receivable in the Enterprise Fund totaled \$878,390 which is net of contractual allowances and provisions for bad debts of \$2,815,469.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2014

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 2013 assessed valuation for property taxes collected in Fiscal Year 2014 was \$710,062,517. The tax levy for 2013, which represents the property taxes collected in Fiscal Year 2014, was 1.62889 per \$100 assessed valuation.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2014

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, 2014 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	\$ -	\$ -	\$ -	\$ -	\$ -
Tort Liability	279,895	-	366,740	-	25,000
Worker's Compensation	(28,675)	-	130,989	-	87,894
Unemployment Insurance	208,955	-	33,680	-	45,811
Social Security	492,557	-	546,668	-	-
Illinois Municipal Retirement Fund	1,091,294	-	1,477,439	-	-
Sheriff Drug Fund	10,583	-	-	-	-
DUI Sheriff Fund					
Enforcement Equipment	43,718	-	-	-	-
Sheriff Drug Asset Fund	82,968	-	-	-	-
Geographic Information System	210,531	-	-	-	-
Mitigation Grant	16,673	-	-	-	-
State's Attorney Drug Equipment	24,955	-	-	-	-
Court Supervision	17,414	-	-	-	-
Court Assessment	534,433	-	-	-	-
Kids in Court	500	-	-	-	-
Law Library	76,549	-	-	-	-
Treasurer - Court Ordered Funds	56	-	-	-	-
Treasurer Inheritance Tax	215	-	-	-	-
States Attorney Drug Asset Fund	100,462	-	-	-	-
State's Attorney Victim					
Assistance Fund	1,387	-	-	-	-
County Clerk Revenue Stamps	81,620	-	-	-	-
Circuit Clerk Child Support					
Admin Fund	86,033	-	-	-	-
Circuit Clerk Bond Interest	2,303	-	-	-	-
Circuit Clerk Abandoned Property	18,016	-	-	-	-
Automation and Capital					
Improvement	752,122	50,298	-	-	-
Prisoner Trust Accounts	67,839	-	-	-	-
County Board Unclaimed Monies	9,134	-	-	-	-
Drug Court	24,790	-	-	-	-
Motor Fuel Tax	1,285,600	-	-	-	-
Housing of Prisoners	1,120,715	-	-	-	-
Solid waste	-	-	-	-	300,000
Total	<u>\$ 6,612,642</u>	<u>\$ 50,298</u>	<u>\$ 2,555,506</u>	<u>\$ -</u>	<u>\$ 458,705</u>

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2014

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended November 30, 2014 was as follows:

General government

	Balance November 30, <u>2013</u>	<u>Additions</u>	Deductions and <u>Transfers</u>	Balance November 30, <u>2014</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Construction in progress	<u>6,329,145</u>	<u>3,066,171</u>	<u>(78,469)</u>	<u>9,316,847</u>
 Total capital assets, not being depreciated	 <u>6,479,145</u>	 <u>3,066,171</u>	 <u>(78,469)</u>	 <u>9,466,847</u>
Capital assets, being depreciated:				
Land improvements	162,376	-	-	162,376
Buildings	10,785,421	15,000	-	10,800,421
Building improvements	1,409,518	78,469	-	1,487,987
Fixed equipment	269,147	-	-	269,147
Major movable equipment	1,481,734	-	(2,253)	1,479,481
Vehicles	2,516,261	-	-	2,516,261
Computers	798,164	-	-	798,164
Infrastructure	<u>22,763,765</u>	<u>-</u>	<u>-</u>	<u>22,763,765</u>
 Total capital assets being depreciated	 40,186,386	 93,469	 (2,253)	 40,277,602
Less accumulated depreciation for:				
Land improvements	(107,276)	(3,800)	-	(111,076)
Buildings	(4,758,976)	(256,664)	-	(5,015,640)
Building improvements	(763,479)	(90,214)	-	(853,693)
Fixed equipment	(239,790)	(4,725)	-	(244,515)
Major movable equipment	(1,372,278)	(17,560)	2,253	(1,387,585)
Vehicles	(2,180,726)	(98,661)	-	(2,279,387)
Computers	(785,069)	(5,680)	-	(790,749)
Infrastructure	<u>(5,733,842)</u>	<u>(527,672)</u>	<u>-</u>	<u>(6,261,514)</u>
 Total accumulated depreciation	 <u>(15,941,436)</u>	 <u>(1,004,976)</u>	 <u>2,253</u>	 <u>(16,944,159)</u>
 Total capital assets, being depreciated, net	 <u>24,244,950</u>	 <u>(911,507)</u>	 <u>-</u>	 <u>23,333,443</u>
 Governmental activities capital assets, net	 <u>\$30,724,095</u>	 <u>\$2,154,664</u>	 <u>\$ (78,469)</u>	 <u>\$ 32,800,290</u>

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2014

NOTE F - CAPITAL ASSETS - CONTINUED

	Balance November 30, <u>2013</u>	<u>Additions</u>	Deductions and <u>Transfers</u>	Balance November 30, <u>2014</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	9,245,937	10,000	-	9,255,937
Vehicles and equipment	<u>4,741,676</u>	<u>4,627</u>	<u>-</u>	<u>4,746,303</u>
Total capital assets being depreciated	14,422,760	14,627	-	14,437,387
Less accumulated depreciation for:				
Land improvements	(311,571)	(13,723)	-	(325,294)
Buildings and improvements	(8,183,865)	(203,920)	-	(8,387,785)
Vehicles and equipment	<u>(4,087,335)</u>	<u>(197,502)</u>	<u>-</u>	<u>(4,284,837)</u>
Total accumulated depreciation	<u>(12,582,771)</u>	<u>(415,145)</u>	<u>-</u>	<u>(12,997,916)</u>
Total capital assets, being depreciated, net	<u>1,839,989</u>	<u>400,518</u>	<u>-</u>	<u>1,439,471</u>
Business-type activities capital assets, net	<u>\$ 1,916,447</u>	<u>\$ 400,518</u>	<u>\$ -</u>	<u>\$ 1,515,929</u>

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

Governmental activities:

General government	\$ 104,790
Public Safety	305,502
Public works	<u>594,684</u>
Total depreciation expense - governmental activities	<u>\$ 1,004,976</u>

Business-type activities:

Rehab & Care Center	\$ 233,578
Ambulance	<u>181,567</u>
Total depreciation expense - business-type activities	<u>\$ 415,145</u>

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2014

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, 2014:

<u>Project</u>	<u>CIP Balance</u>	Estimated to <u>Complete</u>	<u>Funding Source</u>
Courthouse Water Proofing	\$ 201,218	\$ 272,957	Local funding
Craine Building Basement	\$ 48,539	\$ 94,560	Local funding

In addition, construction in progress includes amounts expended for various infrastructure replacement and improvement projects with an estimated cost of \$9,067,090. 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, 2014 follows:

	Balance November 30, <u>2013</u>	<u>Additions</u>	Deductions And <u>Transfers</u>	Balance November 30, <u>2014</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	120,965	-	-	120,965
Buildings and improvements	1,986,618	34,631	-	2,021,249
Equipment	452,254	8,753	(78,345)	382,662
Total capital assets being depreciated	2,559,837	43,384	(78,345)	2,524,876
Less accumulated depreciation for:				
Land improvements	(54,542)	(8,101)	-	(62,643)
Buildings and improvements	(858,437)	(59,798)	-	(918,235)
Equipment	(396,676)	(16,870)	76,433	(337,113)
Total accumulated depreciation	(1,309,655)	(84,769)	76,433	(1,317,991)
Total capital assets, being depreciated, net	1,250,182	(41,385)	(1,912)	1,206,885
Component unit, capital assets, net	\$ 1,299,682	\$ (41,385)	\$ (1,912)	\$ 1,256,385

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2014

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, 2014 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. \$ 1,305,000

\$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. 1,470,000

\$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. 55,000

\$ 2,830,000

\$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, 2014

NOTE G - LONG-TERM DEBT - CONTINUED

Governmental Activities - Continued:

The annual requirements to amortize all bonds outstanding as of November 30, 2014 are as follows:

Year Ending November 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 85,000	\$ 200,305
2016	85,000	196,870
2017	85,000	192,965
2018	90,000	188,075
2019	95,000	182,525
2020-2024	530,000	816,425
2025-2029	650,000	608,144
2030-2034	820,000	325,231
2035-2036	<u>390,000</u>	<u>31,600</u>
	<u>\$ 2,830,000</u>	<u>\$ 2,742,140</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 \$1,004,681 for the remaining duration of the bonds.

During the year ended November 30, 2014, the following changes occurred in long-term liabilities reported in the government-wide financial statements of primary government:

	Balance November 30, 2013	<u>Additions</u>	<u>Reductions</u>	Balance November 30, 2014	<u>Due Within One Year</u>
General Obligation Bonds	\$2,910,000	\$ -	\$ 80,000	\$ 2,830,000	\$ 85,000
Notes Payable	77,703	-	77,703	-	-
Compensated Absences	1,903,831	89,308	-	1,993,139	617,751
Net OPEB Obligation	<u>1,374,343</u>	<u>559,873</u>	<u>-</u>	<u>1,934,216</u>	<u>-</u>
	<u>\$6,265,877</u>	<u>\$ 649,181</u>	<u>\$ 157,703</u>	<u>\$ 6,757,355</u>	<u>\$ 702,751</u>

During the year ended November 30, 2014, the following changes occurred in long-term liabilities reported in the government-wide financial statements within the Component Unit Fund:

	Balance November 30, 2013	<u>Additions</u>	<u>Reductions</u>	Balance November 30, 2014	<u>Due Within One Year</u>
Compensated Absences	\$ 180,891	\$ -	\$ 10,505	\$ 170,386	\$ 85,352
	<u>\$ 180,891</u>	<u>\$ -</u>	<u>\$ 10,505</u>	<u>\$ 170,386</u>	<u>\$ 85,352</u>

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2014

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).

*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 County's annual required contribution rate for calendar year 2014 was 11.89 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.* The required contribution for calendar year 2014 was \$1,305,494. The required contribution for 2014 was determined as part of the December 31, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, 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, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

*Funded Status and Funding Progress.* As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 85.20 percent funded. The actuarial accrued liability for benefits was \$37,392,698 and the actuarial value of assets was \$31,859,105, resulting in an underfunded actuarial accrued liability (UAAL) of \$5,533,593. The covered payroll (annual payroll of active employees covered by the plan) was \$10,979,765 and the ratio of the UAAL to the covered payroll was 50 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.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2014

NOTE H - RETIREMENT PLANS - CONTINUED

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 annual required contribution rate for calendar year 2014 was 19.88 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.* The required contribution for calendar year 2014 was \$693,774. The required contribution for 2014 was determined as part of the December 31, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, 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, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

*Funded Status and Funding Progress.* As of December 31, 2014, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel plan was 71.84 percent funded. The actuarial accrued liability for benefits was \$12,603,235 and the actuarial value of assets was \$9,054,018, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,549,217. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$3,489,807 and the ratio of the UAAL to the covered payroll was 102 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).

JACKSON COUNTY, ILLINOIS  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 NOVEMBER 30, 2014

NOTE H - RETIREMENT PLANS - CONTINUED

Illinois Municipal Retirement Fund - Elected County Official - Continued:

*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 2014 was 84.92 percent of annual covered payroll. The County annual required contribution rate for calendar year 2014 was 104.20 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, 2014, the County's actual contributions for pension cost for the elected County officials was \$123,923. The required contribution for calendar year 2014 was \$152,058. The required contribution for 2014 was determined as part of the December 31, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, 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, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

*Funded Status and Funding Progress.* As of December 31, 2014, the most recent actuarial valuation date, the Elected County Official plan was 58.45 percent funded. The actuarial accrued liability for benefits was \$1,004,434 and the actuarial value of assets was \$587,094, resulting in an underfunded actuarial accrued liability (UAAL) of \$417,430. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$145,929 and the ratio of the UAAL to the covered payroll was 286 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>
12/31/14	\$1,305,494	100%	\$ 0
12/31/13	\$1,403,590	92%	\$ 0
12/31/12	\$1,260,505	91%	\$ 0

JACKSON COUNTY, ILLINOIS  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 NOVEMBER 30, 2014

NOTE H - RETIREMENT PLANS - CONTINUED

Trend Information and Required Supplementary Information - Continued:

Sheriff's IMRF:

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/14	\$ 693,774	100%	\$ 0
12/31/13	\$ 680,596	100%	\$ 0
12/31/12	\$ 643,032	100%	\$ 0

Elected County Official IMRF:

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/14	\$ 152,058	81%	\$ 0
12/31/13	\$ 57,116	100%	\$ 0
12/31/12	\$ 114,072	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)
12/31/14	\$ 31,859,105	\$ 37,392,698	\$ 5,533,593	85.20 %	\$ 10,979,765	50.40 %
12/31/13	\$ 34,139,708	\$ 40,013,417	\$ 5,873,709	85.32 %	\$ 11,439,204	51.35 %
12/31/12	\$ 31,556,510	\$ 38,869,203	\$ 7,312,693	81.19 %	\$ 11,164,789	65.50 %

Sheriff's IMRF:

12/31/14	\$ 9,054,018	\$ 12,603,235	\$ 3,549,217	71.84 %	\$ 3,489,807	101.70 %
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 %

Elected County Official IMRF:

12/31/14	\$ 587,094	\$ 1,004,434	\$ 417,340	58.45 %	\$ 145,929	285.99 %
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 %

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2014

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 \$2,851,327 at November 30, 2014, 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.

*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, 2013, membership consisted of:

	<u>November 30, 2013</u>
Retirees and beneficiaries receiving benefits	15
Terminated plan members entitled to but not yet receiving benefits	0
Active vested plan members	135
Active nonvested plan members	<u>81</u>
Total	<u>231</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.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2014

NOTE J - OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

*Annual OPEB costs and Net OPEB Obligation.* The County had an actuarial valuation performed for the plan as of November 30, 2013 to determine the employer's annual required contribution (ARC) for the fiscal year ended November 30, 2013. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2014 was as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
November 30, 2011	\$ 764,245	11.7 %	\$ 1,374,343
November 30, 2012	\$ -	- %	\$ 1,374,343
November 30, 2013	\$ 649,359	13.8 %	\$ 1,934,216

The net OPEB obligation as of November 30, 2013 (latest information available), was calculated as follows:

	<u>November 30, 2013</u>
Annual required contribution	\$ 640,196
Interest on net OPEB obligation	54,974
Adjustment to annual required contributions	<u>(45,811)</u>
Annual OPEB cost	649,359
Contributions made	<u>89,486</u>
Increase (Decrease) in net OPEB obligation	559,873
Net OPEB obligation, beginning of year	<u>1,374,343</u>
Net OPEB obligation, end of year	<u>\$ 1,934,216</u>

*Funded Status and Funding Progress.* The funded status of the plan as of November 30, 2013, was as follows:

Actuarial accrued liability (AAL)	\$ 7,075,648
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	7,075,648
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.

JACKSON COUNTY, ILLINOIS  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 NOVEMBER 30, 2014

NOTE J - OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

*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, 2013 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (includes a 3.00% inflation assumption), projected salary increases of 4.00% and an annual healthcare cost trend rate of 7.50% initially, reduced by decrements to an ultimate rate of 5.50%. The actuarial value of assets was not determined as the County has not advanced 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, 2013, was 30 years.

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, 2014:

Nonspendable Fund Balance - Governmental Funds

Prepayments	\$ 149,283
Due from other funds	<u>2,742,839</u>
	<u>\$ 2,892,122</u>

Restricted Fund Balance - Governmental Funds

Tort liability	\$ 330,663
Benefits	2,031,207
Public safety	227,026
Automations and other	249,327
Street construction and repair	-
Capital improvements	2,270,402
Due from other funds	<u>300,000</u>
	<u>\$ 5,408,625</u>

Committed Fund Balance - Governmental Funds

Solid waste	\$ 552,651
Public works	<u>136,263</u>
	<u>\$ 688,914</u>

Assigned Fund Balance - Governmental Funds

Public works	<u>\$ 1,912,232</u>
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JACKSON COUNTY, ILLINOIS  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 NOVEMBER 30, 2014

NOTE L - OTHER REQUIRED DISCLOSURE

Excess of Expenditures Over Appropriations

Excess of expenditures over appropriations in individual funds for the year ended November 30, 2014, are as follows:

<u>Fund</u>	<u>Expenditures</u>	<u>Budget</u>
General Fund	\$13,499,840	\$12,878,491
Federal Aid and Matching	\$ 2,796,269	\$ 2,430,800

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, 2014, were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Fund:		
Major Funds:		
General	\$ 1,480,962	\$ 3,738,436
Federal Aid Matching	-	57,715
Solid Waste	3,042,839	69,757
Special Revenue Funds:		
County Highway	251,572	45,361
Housing of Prisoners	52,500	-
County Bridge	6,656	39,142
Motor Fuel Tax	13,676	150,000
Workers Compensation	87,894	35,869
Unemployment	45,811	-
Insurance Liability	25,000	-
Component Units:		
Health Department	38,933	7,583
Tuberculosis	-	12,759
708 Board	-	178
Enterprise Fund:		
Ambulance	92,384	147,418
Rehab & Care Center	<u>5,397</u>	<u>839,406</u>
Total All Funds	<u>\$ 5,143,624</u>	<u>\$ 5,143,624</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.

JACKSON COUNTY, ILLINOIS  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 NOVEMBER 30, 2014

NOTE M - INTERFUND RECEIVABLES AND PAYABLES - CONTINUED

Interfund balances not expected to be repaid within one year:

General Fund of \$2,205,767 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.

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	\$ -	\$ 2,612,748
Total Major Funds	<u>-</u>	<u>2,612,748</u>
Nonmajor Governmental Funds:		
County Bridge	6,656	5,131
Motor Fuel Tax	13,676	506,600
Housing of Prisoners	-	208,579
County Highway	511,731	20,332
Debt Service	289,713	-
Insurance Liability	311,917	-
Workers Compensation	218,177	-
Unemployment	283,704	-
FICA and Medicare	570,801	-
IMRF	<u>1,147,015</u>	<u>-</u>
Total Nonmajor Funds	<u>3,353,390</u>	<u>740,642</u>
Total All Funds	<u>\$ 3,353,390</u>	<u>\$ 3,353,390</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.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2014

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. 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, 2014 were \$338,159.

The county is partially self-insured with its workers compensation up to a maximum of \$100,000 per claim. Coverage amounts in excess of this limit have been obtained from a stop-loss policy issued through Gentry Couch.

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 \$50,000 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.

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.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2014

NOTE Q - INTEREST EXPENDITURES/EXPENSES

The total interest expenditures/expenses of the County aggregated \$205,738.

NOTE R - 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.

2013 Equalized Assessed Valuation (E.A.V.)	\$ 710,062,517
Statutory Debt Limit (5.750% of E.A.V.)	40,828,595
General Obligation Debt Applicable to Limitation:	
Taxable General Obligation (Alternate Revenue Source) Bonds, Series 2010A (Recovery Zone Economic Development Bonds) (the "2010A Bonds")	1,305,000
Taxable General Obligation (Alternate Revenue Source) Bonds, Series 2010B (Build America Bonds) (the "2010B Bonds")	1,470,000
Taxable General Obligation (Alternate Revenue Source) Bond, Series 2010C (the "2010C Bonds")	<u>55,000</u>
Total General Obligation Debt	\$ 2,830,000
Less Self-Supporting Bonded Debt (1)	<u>(2,830,000)</u>
Total Direct General Obligation Debt	-
Available Legal Debt Margin	\$ 40,828,595

(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 S - DISPOSAL OF OPERATIONS

The Rehab and Care Center of Jackson County ceased operations and effectively closed October 22, 2014. As of November 30, 2014, few county employees remain on staff for maintenance and final closing processes of the Rehab and Care Center and the enterprise fund will remain active for fiscal year 2015. The option was available to secure a future for the staff and residents of the facility. Residents were transferred to a new facility on the Liberty Village campus in Carbondale and the staff was offered positions. The county is currently in negotiations to sell the building including the related equipment to an interested party.

NOTE T - SUBSEQUENT EVENTS

Management evaluated all events and transactions that occurred after November 30, 2014 through April 13, 2015, 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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues - Unrestricted Funds:				
General Property Taxes:				
Real property taxes	\$ 5,060,029	\$ 5,060,029	\$ 4,933,641	\$ (126,388)
Penalties on late taxes	170,000	170,000	177,851	7,851
Total General Property Taxes	<u>5,230,029</u>	<u>5,230,029</u>	<u>5,111,492</u>	<u>(118,537)</u>
Sales and Service Taxes:				
Sales tax	415,000	415,000	454,948	39,948
Supplemental sales tax	1,615,000	1,615,000	1,657,472	42,472
Cable television franchise tax	21,000	21,000	10,359	(10,641)
Pull tabs and jar games license and tax	-	-	13,316	13,316
Total Sales and Service Taxes	<u>2,051,000</u>	<u>2,051,000</u>	<u>2,136,095</u>	<u>85,095</u>
Intergovernmental Revenue:				
Illinois state income tax	1,750,000	1,750,000	1,963,173	213,173
Replacement tax	570,000	570,000	645,908	75,908
Local use tax	320,000	320,000	392,400	72,400
County hotel tax	7,000	7,000	9,271	2,271
Federal reimbursement in lieu of property tax	135,000	135,000	188,892	53,892
Other federal/state grants	313,400	313,400	319,761	6,361
Total Intergovernmental Revenue	<u>3,095,400</u>	<u>3,095,400</u>	<u>3,519,405</u>	<u>424,005</u>
Use of Money and Property:				
Interest on investments	-	-	52	52
Timber sales	600	600	675	75
Total Use of Money and Property	<u>600</u>	<u>600</u>	<u>727</u>	<u>127</u>
Service Charges, Permits and Fees:				
General Government:				
Executive	243,000	243,000	221,961	(21,039)
County clerk	326,996	326,996	221,201	(105,795)
Judiciary and courts	1,012,000	1,012,000	874,722	(137,278)
Assessments	70,600	70,600	86,464	15,864
Total General Government	<u>1,652,596</u>	<u>1,652,596</u>	<u>1,404,348</u>	<u>(248,248)</u>
Public Safety:				
Sheriff	80,500	117,771	77,525	(40,246)
Jail	528,076	490,805	463,816	(26,989)
Animal control	50,000	50,000	36,832	(13,168)
Coroner	5,000	5,000	6,950	1,950
Total Public Safety	<u>663,576</u>	<u>663,576</u>	<u>585,123</u>	<u>(78,453)</u>
Total Service Charges, Permits and Fees	<u>2,316,172</u>	<u>2,316,172</u>	<u>1,989,471</u>	<u>(326,701)</u>
Total Unrestricted Fund Revenues	<u>\$ 12,693,201</u>	<u>\$ 12,693,201</u>	<u>\$ 12,757,190</u>	<u>\$ 63,989</u>

JACKSON COUNTY, ILLINOIS  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Expenditures - Unrestricted Funds - Current:				
General Government:				
Executive:				
County Board	\$ 784,254	\$ 781,468	\$ 355,045	\$ 426,423
Board of Review	49,792	49,792	12,228	37,564
Total Executive	<u>834,046</u>	<u>831,260</u>	<u>367,273</u>	<u>463,987</u>
Treasurer:				
Treasurer's office	348,577	349,187	337,854	11,333
Total Treasurer	<u>348,577</u>	<u>349,187</u>	<u>337,854</u>	<u>11,333</u>
County Clerk:				
County Clerk's office	514,899	515,574	511,916	3,658
Elections	99,000	99,000	124,716	(25,716)
Total County Clerk	<u>613,899</u>	<u>614,574</u>	<u>636,632</u>	<u>(22,058)</u>
Judiciary and Courts:				
State's Attorney	918,316	918,316	935,931	(17,615)
Circuit Clerk's office	545,233	545,233	586,342	(41,109)
Jury Commission	111,200	111,200	58,141	53,059
Courts	620,770	620,770	625,878	(5,108)
Public Defender	383,454	383,454	381,494	1,960
Probation circuit	438,872	438,872	436,826	2,046
Total Judiciary and Courts	<u>3,017,845</u>	<u>3,017,845</u>	<u>3,024,612</u>	<u>(6,767)</u>
Assessments:				
Assessments	370,601	380,159	357,016	23,143
Total Assessments	<u>370,601</u>	<u>380,159</u>	<u>357,016</u>	<u>23,143</u>
Other:				
Data processing	264,572	264,931	195,362	69,569
Building maintenance	520,000	520,000	562,396	(42,396)
Education	96,548	96,548	93,929	2,619
Central Services	10,600	10,600	(14,292)	24,892
Total Other	<u>891,720</u>	<u>892,079</u>	<u>837,395</u>	<u>54,684</u>
Total General Government	<u>6,076,688</u>	<u>6,085,104</u>	<u>5,560,782</u>	<u>524,322</u>
Public Safety:				
Sheriff's office	3,203,503	3,205,499	3,075,224	130,275
Jail	2,935,948	2,937,909	2,749,742	188,167
Jail building maintenance	344,200	344,200	294,124	50,076
Merit board	3,850	3,850	2,382	1,468
Animal control	112,876	113,510	108,711	4,799
Coroner	130,628	130,628	126,501	4,127
Emergency service	57,072	57,791	54,785	3,006
Total Public Safety	<u>6,788,077</u>	<u>6,793,387</u>	<u>6,411,469</u>	<u>381,918</u>
Total Unrestricted Fund Expenditures	<u>12,864,765</u>	<u>12,878,491</u>	<u>11,972,251</u>	<u>906,240</u>
Excess (Deficiency) of Revenues Over Expenditures - Unrestricted Funds	\$ (171,564)	\$ (185,290)	\$ 784,939	\$ 970,229

JACKSON COUNTY, ILLINOIS  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Other:				
Law Library Fees	13,000	13,000	11,070	(1,930)
DUI Sheriff Law Enforcement Equipment	-	-	9,133	9,133
Drug Federal Seizures	-	-	24,190	24,190
Treasurer's Automation	-	-	12,079	12,079
County Clerk Automation	5,000	5,000	49,322	44,322
Court Automation	-	-	147,449	147,449
Court Document Storage	-	-	146,895	146,895
Court Security	-	-	166,511	166,511
Child Support Administration	-	-	43,293	43,293
Assessments	130,000	130,000	111,930	(18,070)
Victim Assistance	-	-	225	225
Court Supervision	-	-	2,560	2,560
Hotel Tax	28,000	28,000	37,083	9,083
Unclaimed monies	-	-	6,940	6,940
Tax Sale Fees	-	-	13,280	13,280
Interest	1,665	1,665	1,001	(664)
Miscellaneous	-	-	88,441	88,441
Total Other	<u>177,665</u>	<u>177,665</u>	<u>871,402</u>	<u>693,737</u>
Total Restricted Fund Revenues	<u>177,665</u>	<u>177,665</u>	<u>871,402</u>	<u>693,737</u>
Other:				
DUI Sheriff Law Enforcement Equipment	-	-	2,740	(2,740)
Drug	-	-	7,867	(7,867)
Treasurer's Automation	-	-	6,600	(6,600)
County Clerk Automation	-	-	64,881	(64,881)
Court Automation	-	-	185,853	(185,853)
Court Document Storage	-	-	150,646	(150,646)
Court Security	-	-	231,162	(231,162)
Child Support Administration	-	-	60,686	(60,686)
Sheriff Drug	-	-	2,468	(2,468)
States Attorney	-	-	100	(100)
Hotel Tax	-	-	37,299	(37,299)
Court Ordered Funds	-	-	36,925	(36,925)
Mitigation Grant	-	-	35,550	(35,550)
Health Insurance	-	-	660,449	(660,449)
Misc. Expenses	-	-	44,363	(44,363)
Total Other	<u>-</u>	<u>-</u>	<u>1,527,589</u>	<u>(1,527,589)</u>
Total Restricted Fund Expenditures	<u>-</u>	<u>-</u>	<u>1,527,589</u>	<u>(1,527,589)</u>
Deficiency of Revenues Over Expenditures - Restricted Funds	<u>177,665</u>	<u>177,665</u>	<u>(656,187)</u>	<u>(833,852)</u>
Other Financing Sources and (Uses):				
Transfer to Insurance Liability Fund	-	-	(311,917)	(311,917)
Transfer to Worker's Compensation Fund	-	-	(218,177)	(218,177)
Transfer to Unemployment Fund	-	-	(283,704)	(283,704)
Transfer to FICA and Medicare Fund	-	-	(570,801)	(570,801)
Transfer to IMRF Fund	-	-	(1,147,015)	(1,147,015)
Transfers to Debt Service Fund	-	-	(81,134)	(81,134)
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>(2,612,748)</u>	<u>(2,612,748)</u>
EXCESS OF REVENUES OVER EXPENDITURES	6,101	(7,625)	(2,483,996)	(2,476,371)
FUND BALANCE, BEGINNING OF YEAR	<u>5,886,914</u>	<u>5,886,914</u>	<u>5,886,914</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,893,015</u>	<u>\$ 5,879,289</u>	<u>\$ 3,402,918</u>	<u>\$ (2,476,371)</u>

JACKSON COUNTY, ILLINOIS  
 BUDGETARY COMPARISON SCHEDULE  
 FEDERAL AID & MATCHING FUND  
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
General property taxes	\$ 387,920	\$ 387,920	\$ 343,887	\$ (44,033)
Intergovernmental revenue	2,096,215	2,096,215	2,162,134	65,919
Use of money and property	300	300	141	(159)
Other revenue	-	-	-	-
Total Revenues	<u>2,484,435</u>	<u>2,484,435</u>	<u>2,506,162</u>	<u>21,727</u>
Expenditures:				
Public works	-	-	93,630	(93,630)
Capital improvements	2,430,800	2,430,800	2,702,639	(271,839)
Total expenditures	<u>2,430,800</u>	<u>2,430,800</u>	<u>2,796,269</u>	<u>(365,469)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>53,635</u>	<u>53,635</u>	<u>(290,107)</u>	<u>(343,742)</u>
Other Financing Sources (Uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total Other Financing Sources (Uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	53,635	53,635	(290,107)	(343,742)
FUND BALANCE, BEGINNING OF YEAR	<u>930,096</u>	<u>930,096</u>	<u>930,096</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 983,731</u>	<u>\$ 983,731</u>	<u>\$ 639,989</u>	<u>\$ (343,742)</u>

JACKSON COUNTY, ILLINOIS  
 BUDGETARY COMPARISON SCHEDULE  
 SOLID WASTE MANAGEMENT FUND  
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Use of money and property	\$ -	\$ -	\$ 123	\$ 123
Sanitation Fees	-	-	396,604	396,604
Total Revenues	-	-	396,727	396,727
Expenditures:				
Public Health	-	-	453,536	(453,536)
Total expenditures	-	-	453,536	(453,536)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(56,809)	(56,809)
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	-	-	(56,809)	(56,809)
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ (56,809)	\$ (56,809)

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, 2014

	Special Revenue Funds								Housing of Prisoners Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Motor Fuel Tax Fund	County Bridge Fund	County Highway Fund	Insurance Liability Fund	Workers Compensation Fund	Unemployment Fund	FICA and Medicare Fund	IMRF Fund			
<b>ASSETS</b>											
Cash	\$ -	\$ 226,341	\$ 713,052	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 939,393
Accounts receivable:											
Other governmental units and agencies	604	54,043	220,660	-	-	-	-	-	-	-	275,307
Property taxes	-	79,046	857,599	-	-	-	-	-	-	-	936,645
Due from other funds	13,676	6,656	251,572	-	-	-	-	-	52,500	-	324,404
Due from agencies	4,474	481	14,618	-	-	-	-	-	-	-	19,573
Prepayments	-	-	-	-	-	-	-	-	149,283	-	149,283
Restricted assets											
Cash	1,285,600	-	-	279,895	-	208,955	492,557	1,091,294	1,120,715	-	4,479,016
Accounts receivable:											
Property Taxes	-	-	-	366,740	130,979	33,680	546,668	1,477,439	-	-	2,555,506
Due from other funds	-	-	-	25,000	87,894	45,811	-	-	-	-	158,705
<b>Total Assets and Other Debits</b>	<u>1,304,354</u>	<u>366,567</u>	<u>2,057,501</u>	<u>671,635</u>	<u>218,873</u>	<u>288,446</u>	<u>1,039,225</u>	<u>2,568,733</u>	<u>1,322,498</u>	<u>-</u>	<u>9,837,832</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>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets, Other Debits, and Deferred Outflows of Resources</b>	<u>\$ 1,304,354</u>	<u>\$ 366,567</u>	<u>\$ 2,057,501</u>	<u>\$ 671,635</u>	<u>\$ 218,873</u>	<u>\$ 288,446</u>	<u>\$ 1,039,225</u>	<u>\$ 2,568,733</u>	<u>\$ 1,322,498</u>	<u>\$ -</u>	<u>\$ 9,837,832</u>
<b>LIABILITIES</b>											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ 11,719	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,719
Accrued payroll	-	-	17,852	-	-	-	-	-	-	-	17,852
Compensated absences	-	-	80,262	-	-	-	-	-	-	-	80,262
Due to other funds	150,000	39,142	45,361	-	-	-	-	-	-	-	234,503
Restricted liabilities											
Accounts payable	4,667	-	-	-	-	-	-	-	-	-	4,667
Cash overdrawn	-	-	-	-	28,675	-	-	-	-	-	28,675
Due to other funds	-	-	-	-	35,869	-	-	-	-	-	35,869
<b>Total Liabilities</b>	<u>154,667</u>	<u>39,142</u>	<u>155,194</u>	<u>-</u>	<u>64,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>413,547</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>											
Deferred revenue	-	73,736	799,990	-	-	-	-	-	-	-	873,726
Restricted deferred revenue	-	-	-	340,972	121,776	31,314	497,719	1,368,717	-	-	2,360,498
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>73,736</u>	<u>799,990</u>	<u>340,972</u>	<u>121,776</u>	<u>31,314</u>	<u>497,719</u>	<u>1,368,717</u>	<u>-</u>	<u>-</u>	<u>3,234,224</u>
<b>Fund Balances:</b>											
Nonspendable	-	-	-	-	-	-	-	-	149,283	-	149,283
Restricted	1,149,687	-	-	330,663	32,553	257,132	541,506	1,200,016	1,120,715	-	4,632,272
Committed	-	7	57,609	-	-	-	-	-	52,500	-	110,116
Assigned	-	253,682	1,044,708	-	-	-	-	-	-	-	1,298,390
<b>Total Fund Balances</b>	<u>1,149,687</u>	<u>253,689</u>	<u>1,102,317</u>	<u>330,663</u>	<u>32,553</u>	<u>257,132</u>	<u>541,506</u>	<u>1,200,016</u>	<u>1,322,498</u>	<u>-</u>	<u>6,190,061</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 1,304,354</u>	<u>\$ 366,567</u>	<u>\$ 2,057,501</u>	<u>\$ 671,635</u>	<u>\$ 218,873</u>	<u>\$ 288,446</u>	<u>\$ 1,039,225</u>	<u>\$ 2,568,733</u>	<u>\$ 1,322,498</u>	<u>\$ -</u>	<u>\$ 9,837,832</u>

JACKSON COUNTY, ILLINOIS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2014

	Special Revenue Funds									Total Nonmajor Governmental Funds	
	Motor Fuel Tax Fund	County Bridge Fund	County Highway Fund	Insurance Liability Fund	Workers Compensation Fund	Unemployment Fund	FICA and Medicare Fund	IMRF Fund	Housing of Prisoners Fund		Debt Service Funds
<b>Revenues - Unrestricted Funds:</b>											
General property taxes	\$ -	\$ 69,840	\$ 757,669	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 827,509
Intergovernmental revenue	1,180,254	369,696	169,705	-	-	-	-	698,962	-	-	2,418,617
Use of money and property	156	37	103	-	-	-	-	97	-	-	393
Federal subsidies for Recovery Zone Economic Development and Build America Bonds	-	-	-	-	-	-	-	-	-	73,966	73,966
Other revenue	-	-	298,270	-	-	-	-	-	-	-	298,270
<b>Total Unrestricted Fund Revenues</b>	<b>1,180,410</b>	<b>439,573</b>	<b>1,225,747</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>699,059</b>	<b>73,966</b>	<b>73,966</b>	<b>3,618,755</b>
<b>Expenditures - Unrestricted Funds:</b>											
Current:											
Public Works	446,900	432,377	1,620,978	-	-	-	-	-	-	-	2,500,255
Capital improvements	-	46,412	15,984	-	-	-	-	-	-	-	62,396
Debt service											
Principle	-	-	-	-	-	-	-	-	-	157,703	157,703
Interest	-	-	-	-	-	-	-	-	-	205,738	205,738
Other Expenditures	-	-	-	-	-	-	-	2,850	238	-	3,088
<b>Total Unrestricted Fund Expenditures</b>	<b>446,900</b>	<b>478,789</b>	<b>1,636,962</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,850</b>	<b>363,679</b>	<b>-</b>	<b>2,929,180</b>
<b>Excess (Deficiency) of Revenues Over Expenditures - Unrestricted Funds</b>	<b>733,510</b>	<b>(39,216)</b>	<b>(411,215)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>696,209</b>	<b>(289,713)</b>	<b>-</b>	<b>689,575</b>
<b>Revenues - Restricted Funds:</b>											
General property taxes	-	-	-	339,069	98,644	24,129	580,694	1,337,352	-	-	2,379,888
Other revenues	-	-	-	41,820	103,175	49,515	17	39	-	-	194,566
<b>Total Restricted Fund Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>380,889</b>	<b>201,819</b>	<b>73,644</b>	<b>580,711</b>	<b>1,337,391</b>	<b>-</b>	<b>-</b>	<b>2,574,454</b>
<b>Expenditures - Restricted Funds:</b>											
General property taxes:											
Tort liability	-	-	-	362,143	-	-	-	-	-	-	362,143
Benefits	-	-	-	-	387,443	100,216	610,006	1,284,390	-	-	2,382,055
<b>Total Restricted Fund Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>362,143</b>	<b>387,443</b>	<b>100,216</b>	<b>610,006</b>	<b>1,284,390</b>	<b>-</b>	<b>-</b>	<b>2,744,198</b>
<b>Excess (Deficiency) of Revenues Over Expenditures - Restricted Funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,746</b>	<b>(185,624)</b>	<b>(26,572)</b>	<b>(29,295)</b>	<b>53,001</b>	<b>-</b>	<b>-</b>	<b>(169,744)</b>
<b>Other Financing Sources (Uses):</b>											
Operating transfers in	13,676	6,656	511,731	311,917	218,177	283,704	570,801	1,147,015	-	289,713	3,353,390
Operating transfers out	(506,609)	(5,131)	(20,332)	-	-	-	-	-	(208,579)	-	(740,642)
<b>Total Other Financing Sources (Uses)</b>	<b>(492,924)</b>	<b>1,525</b>	<b>491,399</b>	<b>311,917</b>	<b>218,177</b>	<b>283,704</b>	<b>570,801</b>	<b>1,147,015</b>	<b>(208,579)</b>	<b>289,713</b>	<b>2,612,748</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>240,586</b>	<b>(37,691)</b>	<b>80,184</b>	<b>330,663</b>	<b>32,553</b>	<b>257,132</b>	<b>541,506</b>	<b>1,200,016</b>	<b>487,630</b>	<b>-</b>	<b>3,132,579</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>909,101</b>	<b>291,380</b>	<b>1,022,133</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>834,868</b>	<b>-</b>	<b>3,057,482</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 1,149,687</b>	<b>\$ 253,689</b>	<b>\$ 1,102,317</b>	<b>\$ 330,663</b>	<b>\$ 32,553</b>	<b>\$ 257,132</b>	<b>\$ 541,506</b>	<b>\$ 1,200,016</b>	<b>\$ 1,322,498</b>	<b>\$ -</b>	<b>\$ 6,190,061</b>

JACKSON COUNTY, ILLINOIS  
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 November 30, 2014

	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	\$ 3,164,341	\$ 87,962	\$ 900,709	\$ 56,879	\$ 17,085	\$ 202,220	\$ 4,429,196
Investments	-	-	-	-	-	647,553	647,553
Total assets	<u>3,164,341</u>	<u>87,962</u>	<u>900,709</u>	<u>56,879</u>	<u>17,085</u>	<u>849,773</u>	<u>5,076,749</u>
<b>LIABILITIES</b>							
Due to others	-	87,962	881,136	56,879	17,085	112,609	1,155,671
Due to other funds	-	-	19,573	-	-	-	19,573
Due to individuals	-	-	-	-	-	737,164	737,164
Due to taxing units	<u>3,164,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,164,341</u>
Total liabilities	<u>3,164,341</u>	<u>87,962</u>	<u>900,709</u>	<u>56,879</u>	<u>17,085</u>	<u>849,773</u>	<u>5,076,749</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, 2014

	<u>Health Department</u>	<u>Tuberculosis</u>	<u>Mental Health (708) Board</u>	<u>Totals</u>
<b>Assets and Other Debits</b>				
Cash	\$ 847,867	\$ 60,281	\$ 266,257	\$ 1,174,405
Accounts Receivable:				
Other governmental units and agencies	820,477	-	-	820,477
Property taxes	803,763	66,855	294,657	1,165,275
Other receivables	-	2	-	2
Due from other funds	38,933	-	-	38,933
Prepayments	4,775	-	-	4,775
Inventory	<u>52,971</u>	<u>5,031</u>	<u>-</u>	<u>58,002</u>
 Total Assets	 <u>\$ 2,568,786</u>	 <u>\$ 132,169</u>	 <u>\$ 560,914</u>	 <u>\$ 3,261,869</u>
 <b>Liabilities, Equity and Other Credits</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 28,497	\$ 2,535	\$ 213	31,245
Accrued payroll	113,549	-	-	113,549
Compensated absences	85,352	-	-	85,352
Due to other funds	7,583	12,759	178	20,520
Deferred revenue	<u>838,581</u>	<u>62,461</u>	<u>273,000</u>	<u>1,174,042</u>
 Total Liabilities	 <u>1,073,562</u>	 <u>77,755</u>	 <u>273,391</u>	 <u>1,424,708</u>
 <b>Fund Balance:</b>				
Unreserved, undesignated	<u>1,495,224</u>	<u>54,414</u>	<u>287,523</u>	<u>1,837,161</u>
 Total Fund Balances	 <u>1,495,224</u>	 <u>54,414</u>	 <u>287,523</u>	 <u>1,837,161</u>
 Total Liabilities and Fund Balances	 <u>\$ 2,568,786</u>	 <u>\$ 132,169</u>	 <u>\$ 560,914</u>	 <u>\$ 3,261,869</u>

JACKSON COUNTY, ILLINOIS  
RECONCILIATION OF THE DISCRETELY PRESENTED COMPONENT UNITS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
NOVEMBER 30, 2014

Total fund balances for discretely presented component units		\$ 1,837,161
Total net assets reported for discretely presented component units in the statement of net assets is different because:		
<p>Capital assets used in discretely presented component units are not financial resources and therefore are not reported in the funds. Those assets consist of:</p>		
Land	49,500	
Land improvements, net of \$62,643 accumulated depreciation	58,322	
Buildings, net of \$827,942 accumulated depreciation	1,018,555	
Building improvements, less \$90,293 accumulated depreciation	84,459	
Equipment, less \$337,113 accumulated depreciation	<u>45,549</u>	
Total capital assets		1,256,385
<p>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:</p>		
Compensated absences	<u>(85,034)</u>	
Total long-term liabilities		<u>(85,034)</u>
Total net position of discretely presented component units		\$ <u>3,008,512</u>

JACKSON COUNTY, ILLINOIS  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2014

	Health Department	Tuberculosis	Mental Health (708) Board	Totals
Revenues - Unrestricted Funds:				
General property taxes	\$ 687,667	\$ 57,825	\$ 284,978	\$ 1,030,470
Intergovernmental revenue	2,596,377	-	-	2,596,377
Use of money and property	130	7	-	137
Service charges, permits and fees	549,482	-	-	549,482
Other income	75,416	22,643	-	98,059
Total Unrestricted Fund Revenues	3,909,072	80,475	284,978	4,274,525
Expenditures - Unrestricted Funds:				
Public health	4,000,145	77,378	283,887	4,361,410
Total Unrestricted Fund Expenditures	4,000,145	77,378	283,887	4,361,410
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (91,073)	\$ 3,097	\$ 1,091	\$ (86,885)

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, 2014

Net change in fund balances - total discretely presented component units \$ (86,885)

The change in net assets reported for discretely presented component units in the statement of activities is different because:

Governemental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$84,769) exceeded capital outlays \$43,384 in the current period. (41,385)

The net effect of various miscellaneous transactions involving capital assets (e.g., sales, trade-ins, donations, disposals and adjustments) is to increase/decrease net position: (1,912)

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 2,873

Change in net assets of discretely presented component units \$ (127,309)

FEDERAL FINANCIAL ASSISTANCE



Kerber, Eck & Braeckel LLP

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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, 2014, and the related notes to the financial statements, which collectively comprise Jackson County, Illinois' basic financial statements and have issued our report thereon dated April 13, 2015.

**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 (items 2014-1, 2014-2 and 2014-3).

## **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.

*Kerber, Eck + Brundel LLP*

Carbondale, Illinois  
April 13, 2015



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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, 2014. 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, 2014.

## 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.

*Kenton, Eck + Brueckel LLP*

Carbondale, Illinois  
April 13, 2015

JACKSON COUNTY, ILLINOIS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2014

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	FCSSQ01210 FCSTQ01210 FCSSQ00896 FCSTQ00896	Illinois Department of Human Services	12,101 4,740 160,685 78,986
non-cash		FCSSQ00896 FCSTQ00896		473,299 159,643
				889,454 *
Women, Infants, & Children Farmers' Market Nutrition Program	10.572	FCSTQ01276	Illinois Department of Human Services	1,000
Summer Food Service Program for Children	10.559	45280153B	Illinois Department of Public Health	875
<b>Total U.S. Department of Agriculture</b>				891,329
<b>U.S. Department of Health and Human Services</b>				
Medical Reserve Corps Small Grant Program	93.008	MRC 14-2292	National Association of County and City Health Officials	3,500
Family Planning Services	93.217	46080068B	Illinois Department of Public Health	55,502
Social Services Block Grant	93.667	46080068B	Illinois Department of Public Health	16,919
Maternal and Child Health Services Block Grant to the States	93.994	46080068B 46080123B 56380048C	Illinois Department of Public Health	6,074 24,635 4,339
				35,048
Immunization Cooperative Agreements	93.268	35180036A 45180020B	Illinois Department of Public Health	8,862 16,203
				25,065
HIV Care Formula Grants	93.917	35780048A 45780058B	Illinois Department of Public Health	176,812 115,733
				292,545
HIV Prevention Activities-Health Department Based	93.940	35780048A 45780058B 14-141-01	Illinois Department of Public Health Illinois Department of Public Health Illinois Public Health Association	78,882 51,078 93,887
				223,847
Hospital Preparedness (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	47180038B	Illinois Department of Public Health	54,320
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	IP-14-149-030	Illinois Public Health Association	71,124
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by Prevention and Public Health Funds	93.531	42180132B n/a n/a	Illinois Department of Public Health Illinois Department of Public Health Illinois Maternal and Child Health Coalition	127,478 179 72,216
				199,873
Medical Assistance Program	93.778	N/A	Illinois Department of Healthcare and Family Services	63,806
Child Support Enforcement	93.563	N/A	Illinois Department of Healthcare and Family Services	8,304
<b>Total U.S. Department of Health and Human Services</b>				1,049,853

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	35780035A 45780065B	Illinois Department of Public Health	36,767 <u>44,219</u>
<b>Total U.S. Department of Housing and Urban Development</b>				80,986
<b>U.S. Department of Transportation</b>				
Highway Planning and Construction	20.205	06-00144-00-WR 07-00152-00-EG 07-00153-00-BR 09-00152-00-SP 10-00163-00-BR 12-00168-00-SP	Illinois Department of Transportation	116,423 25,574 396 535,234 36,734 <u>885</u>
<b>Total U.S. Department of Transportation</b>				715,246
<b>U.S. Environmental Protection Agency</b>				
Performance Partnership Grants	66.605	45382038B	Illinois Department of Public Health	<u>213</u>
<b>Total U.S. Environmental Protection Agency</b>				213
<b>U.S. Department of Homeland Security</b>				
Emergency Management Performance Grants	97.042	N/A	Illinois Emergency Management Agency	<u>21,818</u>
<b>Total U.S. Department of Homeland Security</b>				21,818
<b>U.S. Department of Justice</b>				
Public Safety Partnership and Community Policing Grants	16.710	N/A	US Department of Justice	<u>29,989</u> x
<b>Total U.S. Department of Justice</b>				29,989
<b>Total Federal Expenditures</b>				<u>2,789,434</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, 2014

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, 2014.

Note 3: Non-cash Assistance, Insurance or Loans

As required by O.M.B. Circular A-133 section 310(b)(6), Jackson County, Illinois did not receive or administer any insurance and had no loans or loan guarantees outstanding at year ended November 30, 2014.

Non-cash assistance received in the amount \$632,942 as reflected in the Schedule of Expenditures of Federal Awards.



JACKSON COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED NOVEMBER 30, 2014

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**Section II - Financial Statement Findings**

---

**SIGNIFICANT DEFICIENCIES**

**Finding Number 2014-01**

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 - CONTINUED  
FOR THE YEAR ENDED NOVEMBER 30, 2014

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**Section II - Financial Statement Findings - Continued**

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**SIGNIFICANT DEFICIENCIES**

**Finding Number 2014-02**

Criteria

Bank Accounts

Condition and Context

During the audit, we noted a cash account that was not included on the County's general ledger.

Effect

The County has procedures in place to control who can open bank accounts or sign checks. These procedures were not properly followed.

Recommendation

We recommend the County follow its procedures for creating bank accounts, ensure only authorized personnel can sign checks, and transactions are properly recorded on the general ledger.

Management Response

Jackson County will be reviewing and updating its procedures for creating bank accounts, ensuring only authorized personnel can sign check and record transactions on the general ledger.

JACKSON COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED NOVEMBER 30, 2014

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**Section II - Financial Statement Findings - Continued**

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**SIGNIFICANT DEFICIENCIES**

**Finding Number 2014-03**

Criteria

Restricted Cash Accounts

Condition and Context

During the audit, we noted several restricted expenditures which were recorded as unrestricted expenditures.

Effect

Transactions between restricted and unrestricted cash accounts are not properly segregated.

Recommendation

We recommend the County separate its major restricted cash accounts into separate special revenue funds on the general ledger consistent with the 2014 audit report. This will reduce the risk of incorrectly posting transactions to the general ledger.

Management Response

Jackson County will be separating its major restricted cash accounts into separate special revenue funds on the general ledger.

JACKSON COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED NOVEMBER 30, 2014

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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, 2014

Prior Audit Findings

2013-01. Segregation of Duties - repeat comment

