

JACKSON COUNTY, ILLINOIS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED NOVEMBER 30, 2005



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COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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## INTRODUCTORY SECTION



## OFFICE OF COUNTY BOARD JACKSON COUNTY, ILLINOIS

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November 30, 2005

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Jackson County for the fiscal year ended November 30, 2005.

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

Jackson County's financial statements have been audited by Kerber, Eck & Braeckel, and a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Jackson County for the fiscal year ended November 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Jackson County's financial statements for the fiscal year ended November 30, 2005, are fairly presented in

conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

### **Profile of the Government**

Jackson County, incorporated January 10, 1816, is located in the southwestern part of the State of Illinois. Jackson County currently occupies a land area of 588 square miles and serves a population of 59,627 (2000 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 county's 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, and Superintendent of Schools. Jackson County provides a full range of services, including: animal & rabies control; supervisor of assessments and board of review; the construction of roads, bridges, and other infrastructure; emergency & disaster services; ambulance service; health department; and a rehab and care center.

The annual budget serves as the foundation for Jackson County's financial planning and control. All departments and agencies of Jackson County are required to submit requests for appropriation to the accounting coordinator upon request of the Finance Committee in August of each year. The accounting coordinator uses these requests as the starting point for developing a proposed budget. The accounting coordinator then presents this proposed budget to the Finance Committee for review. The Finance Committee and accounting coordinator hold budget meetings with all elected officeholders and department heads. The county board is required to hold a special board meeting on the

proposed budget and to adopt a final budget by no later than November 30, the close of Jackson County's fiscal year. The appropriated budget is prepared by fund (e.g. county general), and department (e.g. Sheriff's Department). Elected Officeholders and department heads may request adjustments to the final budget, however, the adjustments require approval of the Finance Committee and the full Jackson County Board. Budget-to-actual comparisons are provided to all elected office holders and department heads monthly, as well as in this report for which an appropriated annual budget has been adopted.

### **Acknowledgements**

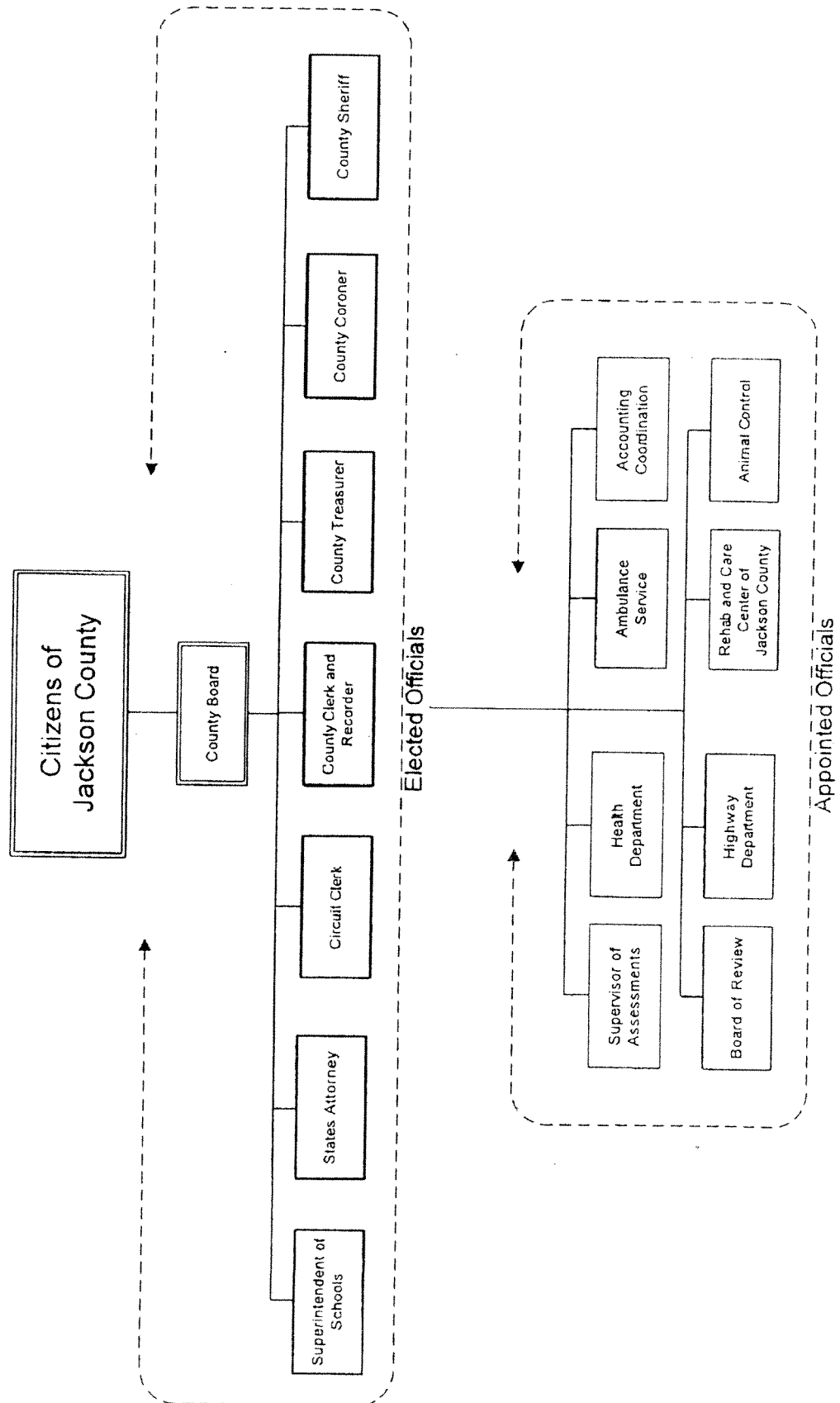
The preparation of this report would not have been possible without the efficient and dedicated services of the Accounting Coordinator, Jackson County Treasurer's Office, Jackson County Ambulance Service, Jackson County Health Department, Jackson County Highway Department, and the Rehab & Care Center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

Respectfully submitted,



Gerald Compton  
Finance Committee Chairman  
Jackson County Board





JACKSON COUNTY, ILLINOIS  
LIST OF ELECTED OFFICIALS  
NOVEMBER 30, 2005

**JACKSON COUNTY ELECTED OFFICIALS**

County Clerk & Recorder	Larry Reinhardt
Circuit Clerk	Cindy Svanda
Treasurer	Shirley Booker
Sheriff	Robert Burns
State's Attorney	Michael Wepsiec
Regional Superintendent of Schools	Robert Koehn
Coroner	Thomas Kupferer

**JACKSON COUNTY BOARD MEMBERS**

District 1	William Alstat
District 2	Karl Maple
District 3	James Kerley
District 4	Mark Holt
District 5	Frank Puttman
District 6	Mary Korando
District 7	Darnecea Moultrie
	Bob Lorinkas
	Gary G. Hartlieb
	Gwen Nickel
	Gerald Compton
	Donna McCann
	John Evans
	Samuel Shirley

**JACKSON COUNTY APPOINTED OFFICIALS**

Ambulance Service Director	Dottie Miles
Animal Control Officer	Lloyd Nelson
Board of Review	Ira Reeves
	Raymond Amschler
	Kenneth Jarrett
Emergency & Disaster Services	Derek Miesner
Health Department Administrator	Miriam Link-Mullison
Highway Engineer	Grant Guthman
Rehab & Care Center Administrator	Merle Taylor
Supervisor of Assessments	Maureen Berkowitz

FINANCIAL SECTION



## OFFICE OF COUNTY BOARD JACKSON COUNTY, ILLINOIS

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### 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, 2005. 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 entered into negotiations to purchase the former Craine Furniture Building in April 2004. The Jackson County Board obligated the county via an installment agreement the purchase of the former Craine Furniture Building for \$225,000 plus and additional \$373,420 for renovations on November 29, 2004. Jackson County closed the purchase on December 6, 2004. Renovations were completed in February 2005, and the following departments; Assessments, Board of Review, and Public Defender were able to move into their new office space.
- The Jackson County Ambulance Service realized a net income of \$1,021,932 due to the reallocation of the county's aggregate levy to reduce debt in the amount of \$677,526 and funds received from the State of Illinois for building renovations to the Murphysboro Base, a stocked trauma/casualty trailer, and medical supplies.
- The Rehab & Care Center began experiencing cash flow problems in April 2005. The Rehab & Care Center and Finance Committees met on numerous occasions to address the cash flow situation with plans to continuously monitor the situation. In an attempt to help the cash flow at the Rehab & Care Center, Jackson County reallocated its aggregate levy in FY04-05 as well as in FY05-06 to eliminate the loan to the Jackson County Ambulance Service and to place the Rehab & Care Center on the tax roles for the State mandated taxes, i.e. FICA/Medicare, IMRF, Workers Compensation, and Unemployment. Jackson County also reimbursed the Rehab & Care Center \$190,749 for the State mandated taxes paid in the last quarter of FY04-05.

#### Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 12-13 of this report.

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

**Governmental funds** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal

year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

***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 22-39 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 40-42 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 618-687-7240.

## 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, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Jackson County, Illinois management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Illinois as of November 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 20, 2006 on our consideration of the Jackson County, Illinois' internal control structure over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 6 through 9 and 40 through 42, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jackson County, Illinois basic financial statement. The introductory section and 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 combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

The accompanying 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 A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Kerben, Eck + Braeckel LLP*

January 20, 2006

## BASIC FINANCIAL STATEMENTS

JACKSON COUNTY, ILLINOIS  
STATEMENT OF NET ASSETS  
NOVEMBER 30, 2005

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Total
Assets:				
Cash	\$ 7,834,070	\$ 943,857	\$ 8,777,927	\$ 1,447,512
Investments		2,082	2,082	44,989
Accounts receivable:				
Consumers		2,173,125	2,173,125	
Other governmental units and agencies	1,041,773		1,041,773	303,015
Property taxes	2,564,452	1,844,216	4,408,668	631,548
Due from other funds		13,150	13,150	7,000
Prepayments		1,014	1,014	1,005
Inventories		41,261	41,261	37,226
Other				
Restricted assets:				
Cash	4,282,358		4,282,358	
Investments	66,224		66,224	
Accounts receivable:				
Other governmental units and agencies	33,753		33,753	
Property taxes	2,369,099		2,369,099	
Due from county general	326,854		326,854	
Capital assets, net	16,079,493	2,940,035	19,019,528	1,314,312
Total Assets	34,598,076	7,958,740	42,556,816	3,786,607
Liabilities:				
Accounts payable	330,775	318,282	649,057	89,127
Accrued payroll	535,558	296,286	831,844	47,011
Current portion - compensated absences	224,585	326,998	551,583	74,214
Current portion - notes payable	42,724		42,724	18,071
Due to other funds	13,150		13,150	7,000
Due to others	6,919	301,959	308,878	
Due to agencies	1,180		1,180	
Due to restricted funds	326,854		326,854	
Deferred revenue	2,364,984		2,364,984	664,657
Restricted liabilities				
Accounts payable	213,610		213,610	
Deferred revenue	2,220,290	1,736,307	3,956,597	
Due to others	5,748		5,748	
Noncurrent liabilities:				
Compensated absences	147,587		147,587	59,168
Notes payable	485,550		485,550	302,951
Total Liabilities	6,919,514	2,979,832	9,899,346	1,262,199
NET ASSETS				
Invested in capital assets, net of related debt	16,079,493	2,940,035	19,019,528	1,314,312
Restricted assets	4,638,640		4,638,640	
Designated	6,933,617		6,933,617	
Unrestricted	26,812	2,038,873	2,065,685	1,210,096
Total Net Assets	\$ 27,678,562	\$ 4,978,908	\$ 32,657,470	\$ 2,524,408

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Service Charges, Permits, and Fees	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Business-Type Activities	Component Units
Primary government:						
Governmental activities:						
General government	\$ 8,095,269	\$ 1,109,248		\$ (4,491,300)	\$ (4,491,300)	\$
Public Works	2,460,317	685,906	\$ 957,261	(627,811)	(627,811)	
Public Safety	4,746,038	209,415		(4,349,773)	(4,349,773)	
Interest on long term debt	41,250			(41,250)	(41,250)	
Total governmental activities	15,342,874	2,004,569	957,261	(9,510,134)	(9,510,134)	
Business-Type activities:						
Rehab & Care	8,248,029					
Ambulance	2,609,716				(1,735,013)	(1,735,013)
					(674,855)	(674,855)
Total Business-Type activities	10,857,745				(2,409,868)	(2,409,868)
Total Primary Government	\$ 26,200,619	\$ 2,004,569	\$ 957,261			
Component Units:						
Health Department	\$ 3,418,108	\$ 620,847	\$			(629,898)
Tuberculosis	53,275					(53,275)
Mental Health 708 Board	386,768					(386,768)
Total Component Units	\$ 3,858,151	\$ 620,847	\$			(1,069,941)
General Revenues:						
Taxes:						
General property taxes				2,495,598	2,034,881	4,530,479
Property taxes, restricted				1,052,083	401,363	1,453,446
Sales and service taxes				2,097,776		2,097,776
Motor fuel tax				971,773		971,773
State Income Tax				1,558,121		1,558,121
Replacement Tax				563,582		563,582
Inheritance Tax				59,772		59,772
Local Use Tax				254,427		254,427
Investment earnings				213,271	8,943	222,214
Donations					14,600	14,600
State grant					91,571	91,571
Miscellaneous				41,553	18,024	59,577
Transfers						
Total general revenues and transfers				9,307,956	2,569,382	11,877,338
Change in net assets				(202,178)	159,514	(42,664)
Net assets - beginning				27,880,740	4,819,394	32,700,134
Net assets - ending				\$ 27,678,562	\$ 4,978,908	\$ 32,657,470
						\$ 2,524,408

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
NOVEMBER 30, 2005

	General Fund	County Highway Fund	Solid Waste Management Fund	County Motor Fuel Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash		\$ 924,523	\$ 2,932,395	\$ 1,920,403	\$ 2,056,749	\$ 7,834,070
Accounts receivable:						
Consumers						
Other governmental units and agencies	\$ 895,403	65,809	80,561			1,041,773
Property taxes	1,532,318	567,112			465,022	2,564,452
Other						-
Restricted assets						
Cash	4,282,358					4,282,358
Investments	66,224					66,224
Accounts receivable:						
Other governmental units and agencies	33,753					33,753
Property taxes	2,369,099					2,369,099
Due from county general	326,854					326,854
<b>Total Assets</b>	<b>\$ 9,506,009</b>	<b>\$ 1,557,444</b>	<b>\$ 3,012,956</b>	<b>\$ 1,920,403</b>	<b>\$ 2,521,771</b>	<b>\$ 18,518,583</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 296,343	\$ 17,044		\$ 10,779	\$ 6,609	\$ 330,775
Accrued payroll	516,114	19,444				535,558
Compensated absences	182,613	41,972				224,585
Due to other funds	13,150					13,150
Due to restricted funds	326,854					326,854
Due to agencies					1,180	1,180
Deferred revenue	1,416,712	524,708			423,564	2,364,984
Due to others	6,919					6,919
Restricted liabilities						
Accounts payable	213,610					213,610
Deferred revenue	2,220,290					2,220,290
Due to others	5,748					5,748
<b>Total liabilities</b>	<b>5,198,353</b>	<b>603,168</b>		<b>10,779</b>	<b>431,353</b>	<b>6,243,653</b>
<b>Fund Balances:</b>						
Reserved for:						
Restricted assets	4,638,640					4,638,640
Debt service					(1,180)	(1,180)
Designated			2,932,395	1,909,624	2,091,598	6,933,617
Unreserved, undesignated	(330,984)	954,276	80,561			703,853
<b>Total fund balances</b>	<b>4,307,656</b>	<b>954,276</b>	<b>3,012,956</b>	<b>1,909,624</b>	<b>2,090,418</b>	<b>12,274,930</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,506,009</b>	<b>\$ 1,557,444</b>	<b>\$ 3,012,956</b>	<b>\$ 1,920,403</b>	<b>\$ 2,521,771</b>	<b>\$ 18,518,583</b>

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
NOVEMBER 30, 2005

Total fund balances for governmental funds \$ 12,274,930

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	616,508	
Land and improvements	168,584	
Buildings, net of \$3,267,265 accumulated depreciation	4,316,889	
Building improvements, net of \$199,170 accumulated depreciation	818,568	
Fixed equipment, net of \$155,899 accumulated depreciation	94,319	
Major movable equipment, net of \$664,997 accumulated depreciation	141,822	
Vehicles, net of \$1,858,823 accumulated depreciation	485,154	
Computers, net of \$807,025 accumulated depreciation	44,248	
Infrastructure, net of \$2,839,539 accumulated depreciation	<u>9,393,401</u>	
Total capital assets		16,079,493

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:

Notes payable	(528,274)	
Compensated absences	<u>(147,587)</u>	
Total long-term liabilities		<u>(675,861)</u>

Total net assets of governmental activities	\$ <u><u>27,678,562</u></u>
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The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2005

	General Fund	County Highway Fund	Solid Waste Management Fund	County Motor Fuel Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenues - Unrestricted Funds:						
General property taxes	\$ 1,490,299	\$ 605,584			\$ 502,388	\$ 2,598,271
Sales and service taxes	2,097,776					2,097,776
Intergovernmental revenue	2,762,625	1,114,443		\$ 1,014,109	151,844	5,043,021
Use of money and property	78,610	18,630	\$ 82,617	58,813	53,211	291,881
Service charges, permits and fees	2,140,729					2,140,729
Sanitation fees			491,726			491,726
Other revenue		62,491				62,491
Total Unrestricted Fund Revenues	8,570,039	1,801,148	574,343	1,072,922	707,443	12,725,895
Expenditures - Unrestricted Funds						
Current:						
General government	4,351,093					4,351,093
Public safety	4,468,232					4,468,232
Public health		1,223,758	431,504		7,901	431,504
Public works		1,025,902		440,201	562,136	1,231,659
Capital improvements					11,679	2,028,239
Debt Service	8,819,325	2,249,680				11,679
Total Unrestricted Fund Expenditures	(2,49,286)	(448,512)	431,504	440,201	581,716	12,522,406
Excess (Deficiency) of Revenues Over Expenditures - Unrestricted Funds			142,839	632,721	125,727	203,489
Revenues - Restricted Funds:						
General property taxes	949,410					949,410
Other revenues	1,465,391					1,465,391
Total Restricted Fund Revenues	2,414,801					2,414,801
Expenditures - Restricted Funds:						
General property taxes	1,724,285					1,724,285
Other expenditures	1,398,101					1,398,101
Total Restricted Fund Expenditures	(707,585)					(707,585)
Excess of Revenues Over Expenditures - Restricted Funds						
Other Financing Sources (Uses):						
Operating transfers in		491,398		71,038		562,436
Operating transfers out		(3,674)		(484,672)	(74,090)	(562,436)
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(956,871)	39,212	142,839	219,087	51,637	(504,096)
FUND BALANCES, BEGINNING OF YEAR	5,264,527	915,064	2,870,117	1,690,537	2,038,781	12,779,026
FUND BALANCES, END OF YEAR	\$ 4,307,656	\$ 954,276	\$ 3,012,956	\$ 1,909,624	\$ 2,090,418	\$ 12,274,930

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, 2005

Net change in fund balances - total governmental funds	\$ (504,096)
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The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$1,580,622) exceeded depreciation (\$746,521) in the current period.	834,101
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental fund:

Change in compensated absences	(15,409)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the change in net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of long-term debt	(567,920)
Repayment of long-term debt	39,646
Repayment of bond principal	<u>11,500</u>

Change in net assets of governmental activities	<u><u>\$ (202,178)</u></u>
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The accompanying notes are an integral part of this statement.



JACKSON COUNTY, ILLINOIS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
NOVEMBER 30, 2005

	Enterprise Funds		
	Rehab & Care Center Fund	Ambulance Fund	Total
ASSETS			
Cash	\$ 672,128	\$ 271,729	\$ 943,857
Investments	2,082		2,082
Accounts receivable:			
Consumers	1,705,859	467,266	2,173,125
Property taxes	712,998	1,131,218	1,844,216
Due from other funds	13,150		13,150
Prepayments	1,014		1,014
Inventories	5,889	35,372	41,261
Capital Assets:			
Land and improvements	166,648	146,387	313,035
Buildings and improvements	7,898,783	581,339	8,480,122
Vehicles and equipment	1,935,073	1,323,477	3,258,550
Construction in Progress	36,299	27,711	64,010
Accumulated depreciation	(7,566,954)	(1,608,728)	(9,175,682)
Total Assets	<u>5,582,969</u>	<u>2,375,771</u>	<u>7,958,740</u>
LIABILITIES			
Accounts payable	222,124	96,158	318,282
Accrued payroll	223,706	72,580	296,286
Compensated absences	251,176	75,822	326,998
Due to third party payors	275,464		275,464
Due to patient trust fund	26,495		26,495
Restricted liabilities:			
Deferred revenue	<u>696,953</u>	<u>1,039,354</u>	<u>1,736,307</u>
Total Liabilities	<u>1,695,918</u>	<u>1,283,914</u>	<u>2,979,832</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,469,849	470,186	2,940,035
Unrestricted	<u>1,417,202</u>	<u>621,671</u>	<u>2,038,873</u>
Total Net Assets	<u>\$ 3,887,051</u>	<u>\$ 1,091,857</u>	<u>\$ 4,978,908</u>

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2005

	Enterprise Funds		
	Rehab & Care Center Fund	Ambulance Fund	Total
Operating Revenues:			
Charges for services	\$ 6,495,214	\$ 1,934,861	\$ 8,430,075
Other operating revenues	17,802		17,802
Total Operating Revenues	6,513,016	1,934,861	8,447,877
Operating Expenses:			
Personnel services	5,661,336	1,760,207	7,421,543
Commodities	838,586	168,542	1,007,128
Contractual	1,309,605	177,573	1,487,178
Maintenance	28,254	9,958	38,212
Other charges	13,676	14,724	28,400
Bad debts	53,386	211,900	265,286
Depreciation	343,186	266,812	609,998
Total Operating Expenses	8,248,029	2,609,716	10,857,745
Operating Loss	(1,735,013)	(674,855)	(2,409,868)
Nonoperating Revenues(Expenses):			
General property taxes	866,260	1,569,984	2,436,244
Use of money and property	6,173	2,770	8,943
Donations		14,600	14,600
State grant		91,571	91,571
Miscellaneous revenue	162	17,862	18,024
Total Nonoperating Revenues	872,595	1,696,787	2,569,382
Net income (loss)	(862,418)	1,021,932	159,514
Total net assets - beginning	4,749,469	69,925	4,819,394
Total net assets - ending	\$ 3,887,051	\$ 1,091,857	\$ 4,978,908

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, 2005

	Enterprise Funds		
	Rehab & Care Center Fund	Ambulance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 6,324,512	\$ 3,138,197	\$ 9,462,709
Receipts from Ambulance fund	561,421		561,421
Payments to suppliers	(2,358,569)	(2,006,540)	(4,365,109)
Payments to employees	(5,637,852)	(1,861,845)	(7,499,697)
Repayments to Rehab & Care Center fund		(561,421)	(561,421)
Net cash used in operating activities	<u>(1,110,488)</u>	<u>(1,291,609)</u>	<u>(2,402,097)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Property tax support	866,260	1,569,984	2,436,244
State grants		14,600	
Donations		91,571	
Miscellaneous revenue	162	17,862	18,024
Net cash provided by noncapital financing activities	<u>866,422</u>	<u>1,694,017</u>	<u>2,454,268</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	<u>(60,768)</u>	<u>(207,056)</u>	<u>(267,824)</u>
Net cash used in capital and related financing activities	<u>(60,768)</u>	<u>(207,056)</u>	<u>(267,824)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	4,655		4,655
Investment income	6,527	2,770	9,297
Net cash provided by investing activities	<u>11,182</u>	<u>2,770</u>	<u>13,952</u>
NET INCREASE (DECREASE) IN CASH	(293,652)	198,122	(201,701)
CASH, BEGINNING OF YEAR	<u>965,780</u>	<u>73,607</u>	<u>1,039,387</u>
CASH, END OF YEAR	<u>\$ 672,128</u>	<u>\$ 271,729</u>	<u>\$ 837,686</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Loss	\$ (1,735,013)	\$ (674,855)	\$ (2,409,868)
Items not requiring (providing) cash:			
Depreciation	343,186	266,812	609,998
Changes in:			
Accounts receivable	(463,968)	143,723	(320,245)
Due from other funds	561,421		561,421
Prepaid expenses	(5)		
Inventories	522	(13,140)	(12,618)
Accounts payable	9,013	(43,385)	(34,372)
Accrued payroll	3,563	(116,490)	(112,927)
Accrued vacation	19,921	14,852	34,773
Due to other funds	(3,312)		
Due to third parties	275,464		
Repayments to Rehab & Care Center fund		(561,421)	(561,421)
Deferred revenue	(121,280)	(307,705)	(428,985)
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (1,110,488)</u>	<u>\$ (1,291,609)</u>	<u>\$ (2,674,244)</u>

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
NOVEMBER 30, 2005

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 4,761,472
Investments	344,000
Due from debt service	<u>1,180</u>
Total assets	<u>5,106,652</u>
 LIABILITIES	
Due to others	1,484,061
Due to taxing units	3,223,966
Due to agencies	478
Due to individuals	326,748
Accrued interest	<u>71,399</u>
Total liabilities	<u>5,106,652</u>
 NET ASSETS	 <u><u>\$</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, 2005

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.

At November 30, 2005, the County did not have any blended component units.

In fiscal year 2003, the County implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB Statement No. 34), GASB Statement 37, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement 34, and GASB Statement No. 38, *Certain Financial Statement Disclosures* which changes not disclosure requirements for governmental entities.

GASB Statement No. 34 established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, county-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that county-wide financial statements are needed to allow user's of financial reports to assess a government's operational accountability. The new GASB model integrates fund-based financial reporting and county-wide financial reporting as complementary components of a single comprehensive financial reporting model.

In fiscal year 2005, the County adopted GASB Statement No. 40, *Deposits and Investments Risk Disclosures and Amendment of GASB Statement No. 3*, which provides improved information about risks that may potentially impact the ability to provide services and pay future debt obligations. The disclosures required by this standard are presented in Note B to the County's financial statements.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Basis of Presentation - Fund Accounting

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

The various funds are summarized by type in the financial statements. The following fund types are used by the County:

- A. Governmental Fund Types - Governmental funds are those through which most governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

The following are the County's governmental fund types:

- a. 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.
  - b. 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.
  - c. Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.
- B. Proprietary Fund Types - Proprietary funds are used to account for the County's ongoing organizations and activities which are similar to those often found in the private sector. The County consistently follows all FASB pronouncements issued after November 30, 1989 for its proprietary fund activities. The measurement focus is upon the determination of net income. The following is the County's proprietary fund type:
- a. 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.
- C. Fiduciary Fund Types - Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent on behalf of others. The following is the County's fiduciary fund type:
- a. 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.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2005

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 nonfiduciary 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 nonoperating 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.

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, 2005

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 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 vested sick pay are accrued when incurred in proprietary funds. For all other funds, unpaid vacation and vested sick pay are accrued as a current liability for amounts 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, 2005

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

At November 30, 2005, the carrying amount of the County's deposits with financial institutions was \$14,507,797 and the bank balances were \$14,466,013.

Custodial Credited Risk – Custodial risk is the risk that in the event of a bank failure, the County's deposits may not be returned to the County. The County does have a policy to require banks to collateralize balances over the FDIC insured amount. As of November 30, 2005, the County has \$1,226,573 of uninsured/uncollateralized deposits.

At November 30, 2005, the bank balance of \$19,824,258, including fiduciary funds, \$400,000 was covered by federal depository insurance, \$5,542,758 were collateralized by pledged bank assets in the County's name, \$12,654,927 was deposited in the Illinois Funds, a state investment pool, and \$1,226,573 was uninsured/uncollateralized. Due to the nature of the Illinois Funds, they are included as deposit balances on the balance sheet.

Investments

As of November 30, 2005, the County had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>6-12 Months</u>	<u>1-3 Years</u>
Certificates of deposit	\$ 111,213	\$ 111,213	
U.S. Government Securities	<u>2,082</u>	<u>          </u>	<u>2,082</u>
Total	<u>\$ 113,295</u>	<u>\$ 111,213</u>	<u>\$ 2,082</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, 2005, 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, 2005, the County's U.S. government securities were being held by the Agency's investment safekeeping agent in the name of the Agency.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2005

NOTE C - ACCOUNTS RECEIVABLE AND CREDIT RISK

The County grants credit without collateral to the patients and residents of the Ambulance Fund and Rehab and Care Center Fund respectively, most of whom are area residents and are insured under third-party payor agreements. At November 30, 2005, accounts receivable in the Enterprise Fund totaled \$ 2,173,125 which is net of contractual allowances and provisions for bad debts of \$ 1,214,872.

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 2004 assessed valuation for property taxes collected in Fiscal Year 2005 was \$449,721,902. The tax levy for 2004, which represents the property taxes collected in Fiscal Year 2005, was \$133,548 per \$100 assessed valuation.

NOTE E - RESTRICTED ASSETS - GENERAL FUND

Certain resources are classified as restricted assets on the balance sheet because their use is limited to a specific purpose. A summary of restricted assets at November 30, 2005 is as follows:

<u>Restricted Assets</u>	<u>General</u>
Tort Liability	
Cash	\$ 473,441
Property tax receivable	197,700
Workers' Compensation	
Cash	854,951
Property tax receivable	263,836
Unemployment Insurance	
Cash	337,311
Property tax receivable	86,976
Social Security	
Cash	995,364
Property tax receivable	873,826
Illinois Municipal Retirement Fund	
Cash	813,234
Property tax receivable	946,761

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2005

NOTE E - RESTRICTED ASSETS - CONTINUED

Sheriff Drug Fund	
Cash	8,540
DUI Sheriff Law Enforcement Equipment	
Cash	109,936
Court Assessment	
Cash	247,200
Law Library	
Cash	26,294
Circuit Clerk Abandon Property	
Cash	103,162
Treasurer Inheritance Tax	
Cash	3,960
County Clerk Revenue Stamps	
Cash	86,858
Circuit Clerk Child Support Admin Fund	
Cash	62,732
Automation and Capital Improvement	
Cash	469,692
Investments	66,224
Prisoner Trust Accounts	
Cash	5,748
County Board Unclaimed Monies	
Cash	10,789
Assessments Reimbursement Account	
Accounts receivable	8,000
State's Attorney Reimbursement Account	
Accounts receivable	25,142
Court Security Reimbursement Account	
Accounts receivable	611
Due from County General	
	326,854
Cash Contra account	<u>(326,854)</u>
	<u>\$ 7,078,288</u>

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2005

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended November 30, 2005 was as follows:  
General Government

	Balance November 30, 2004	Additions	Deductions and Transfers	Balance November 30, 2005
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Construction in progress	<u>1,555,656</u>	<u>616,508</u>	<u>(1,555,656)</u>	<u>616,508</u>
Total capital assets, not being depreciated	<u>1,705,656</u>	<u>616,508</u>	<u>(1,555,656)</u>	<u>766,508</u>
Capital assets, being depreciated:				
Land improvements	105,376	-	-	105,376
Buildings	7,359,154	225,000	-	7,584,154
Building improvements	587,701	430,037	-	1,017,738
Fixed equipment	213,154	37,064	-	250,218
Major movable equipment	778,935	27,884	-	806,819
Vehicles	2,266,801	77,176	-	2,343,977
Computers	851,273	-	-	851,273
Infrastructure	<u>10,510,331</u>	<u>1,722,609</u>	<u>-</u>	<u>12,232,940</u>
Total capital assets being depreciated	22,672,725	2,519,770	-	25,192,495
Less accumulated depreciation for:				
Land improvements	(81,994)	(4,798)	-	(86,792)
Buildings	(3,087,602)	(179,663)	-	(3,267,265)
Building improvements	(139,720)	(59,450)	-	(199,170)
Fixed equipment	(144,977)	(10,922)	-	(155,899)
Major movable equipment	(620,288)	(44,709)	-	(664,997)
Vehicles	(1,679,046)	(179,777)	-	(1,858,823)
Computers	(768,791)	(38,234)	-	(807,025)
Infrastructure	<u>(2,610,571)</u>	<u>(228,968)</u>	<u>-</u>	<u>(2,839,539)</u>
Total accumulated depreciation	<u>(9,132,989)</u>	<u>(746,521)</u>	<u>-</u>	<u>(9,879,510)</u>
Total capital assets, being depreciated, net	<u>13,539,736</u>	<u>1,773,249</u>	<u>-</u>	<u>15,312,985</u>
Governmental activities capital assets, net	<u>\$15,245,392</u>	<u>\$ 2,389,757</u>	<u>\$ (1,555,656)</u>	<u>\$ 16,079,493</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 70,375	\$ -	\$ -	\$ 70,375
Construction in progress	<u>-</u>	<u>64,010</u>	<u>-</u>	<u>64,010</u>
Total capital assets, not being depreciated	<u>70,375</u>	<u>64,010</u>	<u>-</u>	<u>134,385</u>

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2005

NOTE F - CAPITAL ASSETS – CONTINUED

	Balance November 30, <u>2004</u>	<u>Additions</u>	Deductions and <u>Transfers</u>	Balance November 30, <u>2005</u>
Capital assets, being depreciated:				
Land improvements	242,660	-	-	242,660
Buildings	8,477,401	2,721	-	8,480,122
Vehicles and equipments	<u>3,057,457</u>	<u>201,093</u>	<u>-</u>	<u>3,258,550</u>
Total capital assets being depreciated	11,777,518	203,814	-	11,981,332
Less accumulated depreciation for:				
Land improvements	(199,586)	(6,942)	-	(206,528)
Buildings	(5,884,652)	(288,012)	-	(6,172,664)
Vehicles and equipment	<u>(2,481,446)</u>	<u>(315,044)</u>	<u>-</u>	<u>(2,796,490)</u>
Total accumulated depreciation	<u>(8,565,684)</u>	<u>(609,998)</u>	<u>-</u>	<u>(9,175,682)</u>
Total capital assets, Being depreciated, net	3,211,834	(406,184)	-	2,805,650
Business-type activities Capital assets, net	<u>\$ 3,282,209</u>	<u>\$ (342,174)</u>	<u>\$ -</u>	<u>\$ 2,940,035</u>

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

Governmental activities:	
General government	\$ 119,178
Public Safety	277,806
Public works	<u>349,537</u>
Total depreciation expense – governmental activities	<u>\$ 746,521</u>
Business-type activities:	
Rehab & Care Center	\$ 343,186
Ambulance	<u>266,812</u>
Total depreciation expense – business-type activities	<u>\$ 609,998</u>

Capital asset activity of the component unit for the year ended November 30, 2005 follows:

	Balance November 30, <u>2004</u>	<u>Additions</u>	Deductions And <u>Transfers</u>	Balance November 30, <u>2005</u>
Capital assets, not being depreciated:				
Land	<u>\$ 49,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,500</u>
Total capital assets, not being depreciated	49,500	-	-	49,500

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2005

NOTE F - CAPITAL ASSETS – CONTINUED

	Balance November 30, 2004	Additions	Deductions And Transfers	Balance November 30, 2005
Capital assets, being depreciated:				
Land improvements	53,503	-	-	53,503
Buildings	1,511,578	17,758	-	1,529,336
Equipment	<u>392,033</u>	<u>85,721</u>	<u>(97,770)</u>	<u>379,984</u>
Total capital assets being depreciated	1,957,114	103,479	(97,770)	1,962,823
Less accumulated depreciation for:				
Land improvements	(23,510)	(2,325)	-	(25,835)
Buildings	(393,748)	(41,115)	-	(434,863)
Equipment	<u>(298,509)</u>	<u>(36,344)</u>	<u>97,540</u>	<u>(237,313)</u>
Total accumulated depreciation	<u>(715,767)</u>	<u>(79,784)</u>	<u>97,540</u>	<u>(698,011)</u>
Total capital assets, being depreciated, net	<u>1,241,347</u>	<u>23,695</u>	<u>(230)</u>	<u>1,264,812</u>
Component unit, capital assets, net	<u>\$ 1,290,847</u>	<u>\$ 23,695</u>	<u>\$ (230)</u>	<u>\$ 1,314,312</u>

NOTE G - LONG-TERM DEBT

Governmental Activity Long-Term Debt Notes Payable

The County has financed certain capital expenditures through an installment agreement at November 30, 2005 as follows:

Installment agreement, due in monthly installments of \$ 6741.31  
Beginning in December 2004 through November 2014 including  
interest at 7.5% \$ 528,274

The annual requirements to amortize all governmental activity long-term debt notes payable as of November 30, 2005 are as follows:

<u>Year Ending November 30</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 42,724	\$ 38,172
2007	46,041	34,855
2008	49,615	31,281
2009	53,467	27,429
2010	57,618	23,278
2011-2014	<u>278,809</u>	<u>44,773</u>
	<u>\$ 528,274</u>	<u>\$ 199,788</u>

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2005

NOTE G - LONG-TERM DEBT – CONTINUED

Component Unit Notes Payable

The component unit funds notes payable at November 30, 2005, are described as follows:

Term bank loan, for the construction of a new building,  
due in monthly installments of \$3,064 beginning in June,  
2000 through May, 2030 including interest at 6.00% \$ 321,022

The annual requirements to amortize all component unit fund notes payable at November 30, 2005, are as follows:

<u>Year Ending November 30,</u>	<u>Principle</u>	<u>Interest</u>
2006	\$ 18,071	\$ 18,696
2007	19,123	17,644
2008	20,255	16,512
2009	21,552	15,215
2010	22,881	13,886
2011-2030	<u>219,140</u>	<u>52,674</u>
	<u>\$321,022</u>	<u>\$134,627</u>

During the year ended November 30, 2005, the following changes occurred in long-term liabilities reported in the government-wide financial statements of primary government:

	<u>Balance November 30, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance November 30, 2005</u>	<u>Due Within One Year</u>
Notes Payable	\$	\$ 567,920	\$ 39,646	\$ 528,274	\$ 42,724
General obligation bonds	11,500		11,500		
Compensated absences	<u>317,542</u>	<u>63,334</u>	<u>8,704</u>	<u>372,172</u>	<u>224,585</u>
	<u>\$ 329,042</u>	<u>\$ 631,254</u>	<u>\$ 59,850</u>	<u>\$ 900,446</u>	<u>\$ 267,309</u>

During the year ended November 30, 2005, the following changes occurred in long-term liabilities reported in the government-wide financial statements within the Component Unit Fund:

	<u>Balance November 30, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance November 30, 2005</u>	<u>Due Within One Year</u>
Notes payable	\$ 356,944	\$	\$ 35,922	\$ 321,022	\$ 18,071
Compensated absences	<u>135,314</u>		<u>1,933</u>	<u>133,381</u>	<u>74,214</u>
	<u>\$ 492,258</u>	<u>\$</u>	<u>\$ 37,855</u>	<u>\$ 454,403</u>	<u>\$ 92,285</u>



JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2005

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.* Substantially all County employees are covered under this plan, with the exception of the Sheriff Law Enforcement personnel who are covered by their own IMRF plan. The County's defined benefit pension plan, IMRF, provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at [www.irmf.org/pubs/pub\\_homepage.htm](http://www.irmf.org/pubs/pub_homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

*Funding Policy.* Employees participating in IMRF are required to contribute 4.5 percent of their annual covered salary. The member rate is established by State Statute. The employer is required to contribute at an actuarially determined rate. The employer rate for calendar year 2004 was 5.461 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2004 was 10 years.

*Annual Pension Cost.* For December 31, 2004, the employer's annual pension cost of \$629,862 was equal to the employer's required and actual contributions. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. However, the 2004 actuarial valuation information is based on the assumptions based on the 1999-2001 experience study.

The actuarial assumptions used to determine the actuarial accrued liability for 2004 were based on the 1999-2001 Experience Study. The principal changes were:

- Fewer members are expected to take refunds early in their career.
- For Regular members, fewer normal and early retirements are expected to occur.

Illinois Municipal Retirement Fund – Sheriff Law Enforcement Personnel:

*Plan Description.* Sheriff personnel are covered under this plan. The Sheriff's defined benefit pension plan, IMRF, provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at [www.irmf.org/pubs/pub\\_homepage.htm](http://www.irmf.org/pubs/pub_homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2005

NOTE H - RETIREMENT PLANS – CONTINUED

*Funding Policy.* Employees participating in IMRF are required to contribute 6.5 percent of their annual covered salary. The member rate is established by State Statute. The employer is required to contribute at an actuarially determined rate. The employer rate for calendar year 2004 was 15.68 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2004 was 28 years.

*Annual Pension Cost.* For December 31, 2004, the employer's annual pension cost of \$181,209 was equal to the employer's required and actual contributions. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. However, the 2004 actuarial valuation information is based on the assumptions based on the 1999-2001 experience study.

The actuarial assumptions used to determine the actuarial accrued liability for 2004 were based on the 1999-2001 Experience Study. The principal changes were:

- Fewer members are expected to take refunds early in their career.
- For Regular members, fewer normal and early retirements are expected to occur.

Illinois Municipal Retirement Fund – Elected County Official:

*Plan Description.* Elected County Official (ECO) personnel are covered under this plan. The ECO's defined benefit pension plan, IMRF, provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at [www.imrf.org/pubs/pub\\_homepage.htm](http://www.imrf.org/pubs/pub_homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

*Funding Policy.* Employees participating in IMRF are required to contribute 7.5 percent of their annual covered salary. The member rate is established by State Statute. The employer is required to contribute at an actuarially determined rate. The employer rate for calendar year 2004 was 19.61 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2004 was 32 years.

*Annual Pension Cost.* For December 31, 2004, the employer's annual pension cost of \$66,399 was equal to the employer's required and actual contributions. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. However, the 2004 actuarial valuation information is based on the assumptions based on the 1999-2001 experience study.

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2005

NOTE H - RETIREMENT PLANS – CONTINUED

The actuarial assumptions used to determine the actuarial accrued liability for 2004 were based on the 1999-2001 Experience Study. The principal changes were:

- Fewer members are expected to take refunds early in their career.
- For Regular members, fewer normal and early retirements are expected to occur.

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>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/02	\$ 187,618	100%	\$ 0
12/31/03	\$ 249,047	100%	\$ 0
12/31/04	\$ 629,862	100%	\$ 0

Sheriff's IMRF:

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/02	\$ 86,889	100%	\$ 0
12/31/03	\$ 85,340	100%	\$ 0
12/31/04	\$ 181,209	100%	\$ 0

Elected County Official IMRF:

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/02	\$ 66,673	100%	\$ 0
12/31/03	\$ 95,620	100%	\$ 0
12/31/04	\$ 66,399	100%	\$ 0

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2005

NOTE H - RETIREMENT PLANS – CONTINUED

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)
Countywide IMRF:						
12/31/02	\$ 28,261,350	\$ 24,925,908	\$(3,335,442)	113.38%	\$ 10,660,107	0.00%
12/31/03	\$ 27,362,954	\$ 25,874,142	\$(1,488,812)	105.75%	\$ 10,875,405	0.00%
12/31/04	\$ 28,677,859	\$ 28,076,426	\$ (601,433)	102.14%	\$ 11,535,935	0.00%

Sheriff's IMRF:

12/31/02	\$ 4,698,837	\$ 5,032,324	\$ 333,487	93.37 %	\$ 933,291	35.73 %
12/31/03	\$ 3,008,421	\$ 4,429,001	\$ 1,420,580	67.93 %	\$ 1,033,178	137.50 %
12/31/04	\$ 3,364,365	\$ 4,797,179	\$ 1,432,814	70.13 %	\$ 1,155,669	123.98 %

Elected County Official IMRF:

12/31/02	\$ 132,457	\$ 190,400	\$ 57,943	69.75 %	\$ 261,865	22.13 %
12/31/03	\$ 383,497	\$ 802,656	\$ 419,159	47.78 %	\$ 384,943	108.89 %
12/31/04	\$ 533,870	\$ 927,218	\$ 393,348	57.58 %	\$ 338,600	116.17 %

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 \$1,573,844 at November 30, 2005, 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 - RESERVES OF RETAINED EARNINGS AND FUND BALANCES

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.

NOTE K - OTHER REQUIRED DISCLOSURE

Excess of Expenditures Over Appropriations

Excess of expenditures over appropriations in individual funds for the year ended November 30, 2005, are as follows:

<u>Fund</u>	<u>Expenditures</u>	<u>Budget</u>
General Fund	\$10,401,351	\$11,941,711
Enterprise Funds:		
Rehab & Care Center	8,248,029	8,162,303
Component Units:		
Health Department	\$ 3,485,225	\$ 3,376,400

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2005

NOTE L – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and interfund payables are as follows at November 30, 2005:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund		\$ 13,150
Component Units:		
Health Department	\$ 7,000	
Tuberculosis		7,000
Enterprise Funds:		
Rehab & Care Center	13,150	
Ambulance		
	<hr/>	<hr/>
Total All Funds	<u>\$ 20,150</u>	<u>\$ 20,150</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.

NOTE M – 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	\$	
County Highway	491,398	3,674
Solid Waste Management Fund		<hr/> 74,090
	<hr/>	
Total Major Funds	491,398	77,764
Nonmajor Governmental Funds:		
County Motor Fuel Tax Fund	<hr/> 71,038	<hr/> 484,672
Total Nonmajor Funds		
Total All Funds	<u>\$ 562,436</u>	<u>\$ 562,436</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, 2005

NOTE N – 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; and natural disasters for which the County purchases commercial insurance.

The commercial insurance coverage is consistent with the prior year; no significant reductions in coverage have occurred in and of the preceding years. Settled claims have not exceeded insurance coverage in any of the three preceding years.

During 2005, the County implemented 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 \$75,000 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.

Workers' Compensation is partially self-funded up to a maximum of \$800,000 per plan year.

NOTE O - CONTINGENCIES

Litigation and Claims

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

NOTE P - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains two enterprise funds which provide rehab and nursing care and ambulance services. Segment information for the year ended November 30, 2005, is as follows:

	<u>Rehab &amp; Care Center</u>	<u>Ambulance Service</u>	<u>Total Enterprise Funds</u>
Operating revenues	\$ 6,513,016	\$ 1,934,861	\$ 8,447,877
Operating expenses:			
Depreciation	\$ 343,186	\$ 266,812	\$ 609,998
Other	\$ 7,904,843	\$ 2,342,904	\$ 10,247,747
Operating loss	\$ (1,735,013)	\$ (674,855)	\$ (2,409,868)
Non-operating revenues	\$ 872,595	\$ 1,696,787	\$ 2,569,382
Capital assets:			
Additions	\$ 60,768	\$ 207,056	\$ 267,824
Deletions	\$ -	\$ -	\$ -
Net working capital	\$ 1,417,202	\$ 621,671	\$ 2,038,873
Change in net assets	\$ (862,418)	\$ 1,021,932	\$ 159,514
Beginning net assets	\$ 4,749,469	\$ 69,925	\$ 4,819,394
Ending net assets	\$ 3,887,051	\$ 1,091,857	\$ 4,978,908
Current assets	\$ 3,113,120	\$ 1,905,585	\$ 5,018,705
Capital assets	\$ 2,469,849	\$ 470,186	\$ 2,940,035
Current liabilities	\$ 1,695,918	\$ 1,283,914	\$ 2,979,832
Long-term liabilities	\$ -	\$ -	\$ -
Invested in capital assets	\$ 2,469,849	\$ 470,186	\$ 2,940,035
Unrestricted net assets	\$ 1,417,202	\$ 621,671	\$ 2,038,873

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2005

NOTE P - SEGMENT INFORMATION FOR ENTERPRISE FUNDS – CONTINUED

Net cash used in operating activities	\$ (1,110,488)	\$(1,291,609)	\$ (2,402,097)
Net cash provided by noncapital financing activities	\$ 866,422	\$ 1,694,017	\$ 2,560,439
Net cash used in capital and related financing activities	\$ (60,768)	\$ (207,056)	\$ (267,824)
Net cash provided by investing activities	\$ 11,182	\$ 2,770	\$ 13,952
Beginning cash	\$ 965,780	\$ 73,607	\$ 1,039,387
Ending cash	\$ 672,128	\$ 271,729	\$ 943,857

NOTE Q - INTEREST EXPENDITURES/EXPENSES

The total interest expenditures/expenses of the County aggregated \$62,095.

REQUIRED SUPPLEMENTARY INFORMATION



JACKSON COUNTY, ILLINOIS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues - Unrestricted Funds:				
General Property Taxes:				
Real property taxes	\$ 1,294,480	\$ 1,294,480	\$ 1,356,409	\$ 61,929
Penalties on late taxes	200,000	200,000	133,890	(66,110)
Total General Property Taxes	1,494,480	1,494,480	1,490,299	(4,181)
Sales and Service Taxes:				
Sales tax	450,000	450,000	479,089	29,089
Supplemental sales tax	1,350,000	1,350,000	1,538,864	188,864
Cable television franchise tax	32,000	32,000	23,899	(8,101)
Pari-Mutual handle tax	65,000	65,000	55,924	(9,076)
Total Sales and Service Taxes	1,897,000	1,897,000	2,097,776	200,776
Intergovernmental Revenue:				
Illinois state income tax	1,400,000	1,400,000	1,558,121	158,121
Replacement tax	450,000	450,000	563,582	113,582
Local use tax	200,000	200,000	254,427	54,427
Inheritance tax	7,300	7,300	59,772	52,472
Federal flood reimbursement	20,000	20,000	8,559	(11,441)
Federal reimbursement in lieu of property tax	77,500	77,500	70,229	(7,271)
Federal terrorism reimbursement	162,856	162,856	29,303	(133,553)
Other federal/state grants	235,082	235,082	218,632	(16,450)
Total Intergovernmental Revenue	2,552,738	2,552,738	2,762,625	209,887
Use of Money and Property:				
Interest on investments	50,100	50,100	68,246	18,146
Timber sales	5,000	5,000	5,964	964
Rental payments	-	4,800	4,400	(400)
Total Use of Money and Property	55,100	59,900	78,610	18,710
Service Charges, Permits and Fees:				
General Government:				
Executive	272,000	479,500	282,479	(197,021)
County clerk	286,000	286,000	260,492	(25,508)
Judiciary and courts	915,500	915,500	1,051,019	135,519
Assessments	100,500	100,500	64,558	(35,942)
Total General Government	1,574,000	1,781,500	1,658,548	(122,952)
Public Safety:				
Sheriff	105,500	105,500	97,757	(7,743)
Jail	527,000	527,000	353,029	(173,971)
Animal control	27,000	27,000	30,885	3,885
Coroner	600	600	510	(90)
Total Public Safety	660,100	660,100	482,181	(177,919)
Total Service Charges, Permits and Fees	2,234,100	2,441,600	2,140,729	(300,871)
Total Unrestricted Fund Revenues	8,233,418	8,445,718	8,570,039	124,321

JACKSON COUNTY, ILLINOIS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Expenditures - Unrestricted Funds - Current:				
General Government:				
Executive:				
County Board	280,418	278,421	328,545	(50,124)
Board of Review	74,096	73,849	80,279	(6,430)
Total Executive	354,514	352,270	408,824	(56,554)
Treasurer:				
Treasurer's office	268,318	266,880	264,934	1,946
Total Treasurer	268,318	266,880	264,934	1,946
County Clerk:				
County Clerk's office	436,254	434,034	436,189	(2,155)
Elections	95,000	95,000	97,410	(2,410)
Total County Clerk	531,254	529,034	533,599	(4,565)
Judiciary and Courts:				
State's Attorney	582,931	575,492	562,694	12,798
Circuit Clerk's office	398,889	418,352	456,686	(38,334)
Jury Commission	96,904	96,904	132,594	(35,690)
Courts	117,296	116,885	137,992	(21,107)
Public Defender	475,716	464,125	462,753	1,372
Probation circuit	325,002	325,002	319,934	5,068
Total Judiciary and Courts	1,996,738	1,996,760	2,072,653	(75,893)
Assessments:				
Assessments	310,512	303,895	346,478	(42,583)
Total Assessments	310,512	303,895	346,478	(42,583)
Other:				
Data processing			7,961	(7,961)
Building maintenance	220,000	224,800	476,928	(252,128)
Debt redemption			80,896	(80,896)
Education	71,221	71,221	77,292	(6,071)
Central Services	86,699	86,699	81,528	5,171
Total Other	377,920	382,720	724,605	(341,885)
Total General Government	3,839,256	3,831,559	4,351,093	(519,534)
Public Safety:				
Sheriff's office	2,195,157	2,193,710	2,163,564	30,146
Jail	1,914,328	1,919,472	1,899,008	20,464
Jail building maintenance	200,045	200,045	185,818	14,227
Merit board	2,950	2,950	188	2,762
Animal control	87,773	87,567	83,469	4,098
Coroner	83,154	84,145	76,228	7,917
Emergency service	216,582	216,049	59,957	156,092
Total Public Safety	4,699,989	4,703,938	4,468,232	235,706
Total Unrestricted Fund Expenditures	8,539,245	8,535,497	8,819,325	(283,828)
Excess (Deficiency) of Revenues Over Expenditures - Unrestricted Funds	(305,827)	(89,779)	(249,286)	(159,507)

JACKSON COUNTY, ILLINOIS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues - Restricted Funds:				
General Property Taxes:				
Tort Liability	246,966	246,966	253,627	6,661
Worker's Compensation	152,845	152,845	90,298	(62,547)
Unemployment Insurance	29,027	29,027	29,420	393
Social Security	322,919	322,919	342,328	19,409
Illinois Municipal Retirement Fund	225,345	225,345	233,737	8,392
Total General Property Taxes	977,102	977,102	949,410	(27,692)
Other:				
Law Library Fees	6,000	6,000	12,325	6,325
Computer Center			3,353	3,353
Drug			2,771	2,771
DUI Fees	18,000	18,000	1,475	(16,525)
DUI Sheriff Law Enforcement Equipment			6,492	6,492
Drug Federal Seizures			222	222
Inheritance Tax			21,590	21,590
Treasurer's Automation			18,613	18,613
County Clerk Automation			67,246	67,246
County Clerk			20,379	20,379
Court Automation			51,430	51,430
Court Document Storage			52,379	52,379
Court Security			169,538	169,538
Child Support Administration	9,000	9,000	45,636	36,636
Interest			991,942	991,942
Total Other	33,000	33,000	1,465,391	1,432,391
Total Restricted Fund Revenues	1,010,102	1,010,102	2,414,801	1,404,699
Expenditures - Restricted Funds:				
General Property Taxes:				
Tort Liability	357,600	357,600	367,043	(9,443)
Worker's Compensation	87,247	87,247	238,123	(150,876)
Unemployment Insurance	35,466	35,466	62,138	(26,672)
Social Security	473,752	473,752	455,733	18,019
Illinois Municipal Retirement Fund	922,753	922,753	748,936	173,817
Reimbursements from Funds	(73,941)	(73,941)	(147,688)	73,747
Total General Property Taxes	1,802,877	1,802,877	1,724,285	78,592
Other:				
Law Library	4,500	4,500	654	3,846
Drug			19,549	(19,549)
Inheritance Tax			1,000,591	(1,000,591)
Treasurer's Automation			17,244	(17,244)
County Clerk Automation			59,780	(59,780)
Court Automation			37,608	(37,608)
Court Document Storage			43,224	(43,224)
Court Security			108,283	(108,283)
Child Support Administration			27,227	(27,227)
Assessments	24,014	24,014	22,002	2,012
States Attorney	34,463	34,463	26,026	8,437
Courts			35,913	(35,913)
Total Other	62,977	62,977	1,398,101	(1,335,124)
Total Restricted Fund Expenditures	1,865,854	1,865,854	3,122,386	(1,256,532)
Deficiency of Revenues Over Expenditures - Restricted Funds	(855,752)	(855,752)	(707,585)	148,167
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,161,579)	(945,531)	(956,871)	(11,340)
FUND BALANCE, BEGINNING OF YEAR	5,264,527	5,264,527	5,264,527	
FUND BALANCE, END OF YEAR	\$ 4,102,948	\$ 4,318,996	\$ 4,307,656	\$ (11,340)

SUPPLEMENTARY INFORMATION

JACKSON COUNTY, ILLINOIS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2005

	Special Revenue Funds			Total Nonmajor Governmental Funds
	County Bridge Fund	Federal Aid & Matching Fund	Debt Service Funds	
ASSETS				
Cash	\$ 931,836	\$ 1,124,913	\$ -	\$ 2,056,749
Investments				
Accounts receivable:				
Consumers				
Other governmental units and agencies				-
Property taxes	209,874	255,148		465,022
Total Assets and Other Debits	<u>\$ 1,141,710</u>	<u>\$ 1,380,061</u>	<u>\$ -</u>	<u>\$ 2,521,771</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	6,609			6,609
Due to other agencies			1,180	1,180
Deferred revenue	189,145	234,419		423,564
Total liabilities	195,754	234,419	1,180	431,353
Fund Balances:				
Reserved for:				
Debt service			(1,180)	(1,180)
Designated	945,956	1,145,642		2,091,598
Total fund balances	945,956	1,145,642	(1,180)	2,090,418
Total Liabilities and Fund Balances	<u>\$ 1,141,710</u>	<u>\$ 1,380,061</u>	<u>\$ -</u>	<u>\$ 2,521,771</u>

JACKSON COUNTY, ILLINOIS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2005

	Special Revenue Funds			Total Nonmajor Governmental Funds
	County Bridge Fund	Federal Aid & Matching Fund	Debt Service Funds	
Revenues - Unrestricted Funds:				
General property taxes	\$ 244,592	\$ 246,117	\$ 11,679	\$ 502,388
Sales and service taxes				
Intergovernmental revenue	(35,382)	187,226		151,844
Use of money and property	24,015	29,196		53,211
Service charges, permits and fees				
Sanitation fees				
Other revenue				
Total Unrestricted Fund Revenues	233,225	462,539	11,679	707,443
Expenditures - Unrestricted Funds				
Current:				
General government				
Public safety				
Public health				
Public works		7,901		7,901
Capital improvements	107,335	454,801		562,136
Debt service			11,679	11,679
Total Unrestricted Fund Expenditures	107,335	462,702	11,679	581,716
Excess (Deficiency) of Revenues Over Expenditures - Unrestricted Funds	125,890	(163)		125,727
Other Financing Sources (Uses):				
Operating transfers in				
Operating transfers out		(74,090)		(74,090)
Total Other Financing Sources (Uses)		(74,090)		(74,090)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	125,890	(74,253)		51,637
FUND BALANCES, BEGINNING OF YEAR	820,066	1,219,895	(1,180)	2,038,781
FUND BALANCES, END OF YEAR	\$ 945,956	\$ 1,145,642	\$ (1,180)	\$ 2,090,418

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

	Agency Funds						Total
	County Collector's Funds	Township Bridge Program	Township Motor Fuel Tax Fund	Abandoned Property Trust Fund	Tax Sale Fund	Eminent Domain Fund	Circuit Clerk Bond Fund
ASSETS							
Cash	\$ 3,222,786	\$ 135,394	\$ 1,196,895	\$ 3,408	\$ 148,313	\$ 51	\$ 54,625
Investments	1,180						344,000
Due from debt service							
Total assets	<u>3,223,966</u>	<u>135,394</u>	<u>1,196,895</u>	<u>3,408</u>	<u>148,313</u>	<u>51</u>	<u>398,625</u>
							<u>1,180</u>
							<u>5,106,652</u>
LIABILITIES							
Due to others		135,394	1,196,895	3,408	148,313	51	1,484,061
Due to agencies							478
Due to individuals							326,748
Due to taxing units	3,223,966						3,223,966
Accrued interest							71,399
Total liabilities	<u>3,223,966</u>	<u>135,394</u>	<u>1,196,895</u>	<u>3,408</u>	<u>148,313</u>	<u>51</u>	<u>398,625</u>
							<u>5,106,652</u>
NET ASSETS	\$	\$	\$	\$	\$	\$	\$

JACKSON COUNTY, ILLINOIS  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING BALANCE SHEET  
NOVEMBER 30, 2005

	Health Department	Tuberculosis	Mental Health (708) Board	Totals
Assets and Other Debits				
Cash	\$ 1,052,183	\$ 121,624	\$ 273,705	\$ 1,447,512
Investments	44,989			44,989
Accounts Receivable:				
Other governmental units and agencies	303,015			303,015
Property taxes	522,244	71,092	38,212	631,548
Due from other funds	7,000			7,000
Prepayments	792		213	1,005
Inventory	29,543	7,683		37,226
	<u>29,543</u>	<u>7,683</u>	<u>213</u>	<u>37,226</u>
Total Assets	<u>\$ 1,959,766</u>	<u>\$ 200,399</u>	<u>\$ 312,130</u>	<u>\$ 2,472,295</u>
Liabilities, Equity and Other Credits				
Liabilities:				
Accounts payable	\$ 88,697	\$ 369	\$ 61	\$ 89,127
Accrued payroll	45,731		1,280	47,011
Compensated absences	74,214			74,214
Due to other funds		7,000		7,000
Deferred revenue	599,394	65,263		664,657
	<u>599,394</u>	<u>65,263</u>	<u></u>	<u>664,657</u>
Total Liabilities	<u>808,036</u>	<u>72,632</u>	<u>1,341</u>	<u>882,009</u>
Fund Balance:				
Unreserved, undesignated	<u>1,151,730</u>	<u>127,767</u>	<u>310,789</u>	<u>1,590,286</u>
Total Fund Balances	<u>1,151,730</u>	<u>127,767</u>	<u>310,789</u>	<u>1,590,286</u>
Total Liabilities and Fund Balances	<u>\$ 1,959,766</u>	<u>\$ 200,399</u>	<u>\$ 312,130</u>	<u>\$ 2,472,295</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, 2005

	Health Department	Tuberculosis	Mental Health (708) Board	Totals
Revenues:				
General property taxes	\$ 769,919	\$ 65,411	\$ 389,380	\$ 1,224,710
Intergovernmental revenue	2,102,670			2,102,670
Use of money and property	22,411	723	2,993	26,127
Service charges, permits and fees	596,765			596,765
Other income	88,395			88,395
Total Revenues	<u>3,580,160</u>	<u>66,134</u>	<u>392,373</u>	<u>4,038,667</u>
Expenditures:				
Public health	3,428,458	53,275	386,666	3,868,399
Capital improvements				
Debt service:				
Principal	35,922			35,922
Interest	20,845			20,845
Bad debts				
Total Expenditures	<u>3,485,225</u>	<u>53,275</u>	<u>386,666</u>	<u>3,925,166</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>94,935</u>	<u>12,859</u>	<u>5,707</u>	<u>113,501</u>
Other Financing Sources:				
Operating transfers in				
Proceeds from construction loan				
Total Other Financing Sources				
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ 94,935</u>	<u>\$ 12,859</u>	<u>\$ 5,707</u>	<u>\$ 113,501</u>

JACKSON COUNTY, ILLINOIS  
RECONCILIATION OF THE DISCRETELY PRESENTED COMPONENT UNITS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
NOVEMBER 30, 2005

Total fund balances for discretely presented component units	\$ 1,590,286
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Total net assets reported for discretely presented component units in the statement of net assets is different because:

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

Land	49,500	
Land improvements, net of \$25,835 accumulated depreciation	27,668	
Buildings, net of \$434,863 accumulated depreciation	1,094,473	
Equipment, net of \$237,313 accumulated depreciation	<u>142,671</u>	
Total capital assets		1,314,312

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

Notes payable	(321,022)	
Compensated absences	<u>(59,168)</u>	
Total long-term liabilities		<u>(380,190)</u>

Total net assets of discretely presented component units	\$ <u><u>2,524,408</u></u>
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JACKSON COUNTY  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF DISCRETELY PRESENTED COMPONENT UNITS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2005

Net change in fund balances - total discretely presented component units	\$ 113,501
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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 (\$80,014) exceeded capital outlays (\$103,479) in the current period.	23,465
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental fund: Change in compensated absences	7,628
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activites. This amount is the net effect of these differences in the treatment of long-term debt and related items. Repayment of notes payable	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">35,922</div>
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Change in net assets of discretely presented component units	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">\$ 180,516</div>
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FEDERAL FINANCIAL ASSISTANCE



Kerber, Eck & Braeckel LLP

CPAs and  
Management Consultants

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

Jackson County Board  
Courthouse  
Murphysboro, Illinois

We have audited the financial statements of Jackson County, Illinois as of and for the year ended November 30, 2005, and have issued our report thereon dated January 20, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jackson County, Illinois' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Jackson County, Illinois' ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 1. and 2. in Section II.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 1 to be a material weakness.

This report is intended solely for the information of the County Board, management, the oversight audit agency and other audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Kerber, Eck & Braeckel LLP*

January 20, 2006



Kerber, Eck & Braeckel LLP

CPAs and  
Management Consultants

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

Jackson County Board  
Courthouse  
Murphysboro, Illinois

Compliance

We have audited the compliance of Jackson County, Illinois with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended November 30, 2005. Jackson County, Illinois' major federal programs are identified in the accompanying Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Jackson County, Illinois' management. Our responsibility is to express an opinion on Jackson County, Illinois' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jackson County, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Jackson County, Illinois' compliance with those requirements.

In our opinion, Jackson County, Illinois complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended November 30, 2004.

Internal Control Over Compliance

The management of Jackson County, Illinois is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Jackson County, Illinois' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the County Board, management, the oversight audit agency and other audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Kerber, Eck & Braeckel LLP*

January 20, 2006

JACKSON COUNTY, ILLINOIS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2005

Program	CFDA Number	Grantor	Pass-through Grantor's Number	Pass-through Grantor	Expenditures
<b>Cash Federal Award Expenditures</b>					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	U.S. Department of Agriculture	11G5270000 11G6270000	Illinois Department of Human Services	120,800 <u>85,000</u> 205,800 *
Social Services Block Grant - Title XX	93.667	U.S. Department of Health and Human Services	11G5270000	Illinois Department of Human Services	44,100
HIV Care Formula Grants	93.917	U.S. Department of Health and Human Services	40045780556 50055780361 50055780406	Illinois Department of Public Health	157,427 84,223 <u>8,767</u> 250,417
Family Planning Services - Title X	93.217	U.S. Department of Health and Human Services	11G5270000 11G6270000	Illinois Department of Human Services	22,400 <u>62,000</u> 84,400
HIV Prevention Activities-Health Department	93.940	U.S. Department of Health and Human Services	50045780465	Illinois Department of Public Health	59,789
Centers for Disease Control and Prevention -	93.283	U.S. Department of Health and Human Services	50057181073 50057181168 60067181038	Illinois Department of Public Health	40,938 124,128 <u>6,135</u> 171,201
Maternal and Child Health Services Grant	93.994	U.S. Department of Health and Human Services	11G5270000 11G6270000 60063780428	Illinois Department of Human Services	39,400 15,000 <u>100</u> 54,500
Summer Food Service Program for Children	10.559	U.S. Department of Agriculture	50055280609 60065280609	Illinois Department of Public Health	425 <u>300</u> 725
Housing Opportunities for Persons with AIDS	14.241	U.S. Department of Housing and Urban Development	40045780545 50055780315	Illinois Department of Public Health	33,700 <u>45,902</u> 79,602
State Domestic Preparedness Equipment Support Program	97.004	U.S. Department of Homeland Security	N/A	N/A	131,625
Public Safety Partnership and Community Policing Grants	16.710	U.S. Department of Justice	2003CK WX0090	N/A	211,003
Bulletproof Vest Partnership Program	16.607	U.S. Department of Justice	N/A	N/A	512
Immunization Grant	93.268	U.S. Department of Health and Human Services	N/A	Illinois Department of Public Health	48,174
Highway Planning and Construction	20.205	Federal Highway Administration	02-00135-01-SD 02-13134-00-SD 02-00132-00-RS 95-15118-00-FP 99-02118-00-FP 03-01112-00-BR	Illinois Department of Transportation	1,934 2,874 2,507 21,393 53,297 <u>4,111</u> 86,116
Disaster Grants - Public Assistance	97.036	U.S. Department of Homeland Security	FEMA-3199-077-UP3HG-00 FEMA-1416-077-UP3HG-00	Illinois Emergency Management Agency	18,308 <u>532</u> 18,840
Child Support Enforcement	93.563	U.S. Department of Health and Human Services	N/A	Illinois Department of Healthcare and Family Services	10,553
Medical Assistance Program	93.778	U.S. Department of Health and Human Services	N/A	Illinois Department of Healthcare and Family Services	7,357
Help America Vote Act Requirements Payments	90.401	Election Assistance Commission	N/A	Illinois State Board of Elections	<u>220,041</u>
Sub-total Cash Federal Award Expenditures					<u>1,684,755</u>
<b>Non-Cash Federal Award Expenditures</b>					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	U.S. Department of Agriculture	N/A	Illinois Department of Human Services	<u>434,828</u> *
Sub-total Non-Cash Federal Award Expenditures					<u>\$ 434,828</u>
Total Federal Expenditures					<u>\$ 2,119,583</u>

\* Denotes Major Program  
DUNS - 884008483

The accompanying notes are an integral part of this schedule.

JACKSON COUNTY, ILLINOIS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2005

Program	CFDA Number	Grantor	Pass-through Grantor's Number	Pass-through Grantor	Expenditures
<b>Cash Federal Award Expenditures</b>					
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HIV Care Formula Grants	93.917	U.S. Department of Health and Human Services	40045780556 50055780361 50055780406	Illinois Department of Public Health	157,427 84,223 8,767 <u>250,417</u>
Family Planning Services - Title X	93.217	U.S. Department of Health and Human Services	11G5270000 11G6270000	Illinois Department of Human Services	22,400 <u>62,000</u> 84,400
HIV Prevention Activities-Health Department	93.940	U.S. Department of Health and Human Services	50045780465	Illinois Department of Public Health	59,789
Centers for Disease Control and Prevention -	93.283	U.S. Department of Health and Human Services	50057181073 50057181168 60067181038	Illinois Department of Public Health	40,938 124,128 6,135 <u>171,201</u>
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Summer Food Service Program for Children	10.559	U.S. Department of Agriculture	50055280609 60065280609	Illinois Department of Public Health	425 300 <u>725</u>
Housing Opportunities for Persons with AIDS	14.241	U.S. Department of Housing and Urban Development	40045780545 50055780315	Illinois Department of Public Health	33,700 <u>45,902</u> 79,602
State Domestic Preparedness Equipment Support Program	97.004	U.S. Department of Homeland Security	N/A	Illinois Emergency Management Agency	76,565
Emergency Management Performance Grant	83.552	Federal Emergency Management Agency	N/A	Illinois Emergency Management Agency	17,000
Public Safety Partnership and Community Policing Grants	16.710	U.S. Department of Justice	2003CKWX0090	N/A	211,003
Bulletproof Vest Partnership Program	16.607	U.S. Department of Justice	N/A	N/A	512
Immunization Grant	93.268	U.S. Department of Health and Human Services	N/A	Illinois Department of Public Health	48,174
Highway Planning and Construction	20.205	Federal Highway Administration	02-00135-01-SD 02-13134-00-SD 02-00132-00-RS 95-15118-00-FP 99-02118-00-FP 03-01112-00-BR	Illinois Department of Transportation	1,934 2,874 2,507 21,393 53,297 4,111 <u>86,116</u>
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Medical Assistance Program	93.778	U.S. Department of Health and Human Services	N/A	Illinois Department of Healthcare and Family Services	7,357
Help America Vote Act Requirements Payments	90.401	Election Assistance Commission	N/A	Illinois State Board of Elections	<u>220,041</u>
Sub-total Cash Federal Award Expenditures					<u>1,646,695</u>
<b>Non-Cash Federal Award Expenditures</b>					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	U.S. Department of Agriculture	N/A	Illinois Department of Human Services	<u>434,828</u> *
Sub-total Non-Cash Federal Award Expenditures					<u>\$ 434,828</u>
Total Federal Expenditures					<u>\$ 2,081,523</u>

\* Denotes Major Program  
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, 2005

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 amount of federal funds to subrecipients during fiscal year ended November 30, 2005.

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 have any insurance in effect during the year, and had no loans or loan guarantees outstanding at year ended November 30, 2005.

Non-cash assistance received was \$434,828 and is reflected in the Schedule of Expenditures of Federal Awards.

JACKSON COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2005

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

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*Financial Statements*

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☒ yes ☐ no
- Reportable condition(s) identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Reportable condition(s) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

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

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

Identification of major programs:

*CFDA Number*

*Name of Federal Program*

10.557                      Special Supplemental Nutrition Program for Women, Infants & Children

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

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**Section II - Financial Statement Findings**

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1. We noted the following weaknesses in the cash disbursement function:
  - Grouping of invoices from the same vendor and assigning an arbitrary invoice number and date when entering invoices into the cash disbursement software.
  - Disbursement was made without proper documentation.
  - Disbursement not following the proper mailing process.
  - No documentation of the approval process at the Jackson County Rehab and Care Center
2. A fixed asset physical inventory has not been performed since 2000.

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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, 2005

Prior Audit Findings

No prior year audit findings.

## **CORRECTIVE ACTION PLAN**

### **CASH DISBURSEMENTS**

Each vendor invoice with supporting documentation will be entered into the cash disbursement software system separately so that each invoice is properly recorded in the general ledger system in which will aid the departments in reconciling invoices already submitted for payment.

The individual who does not input vendor invoice into the cash disbursement software system will mail all disbursements made.

Each department has been instructed to turn all vendor invoices into the County Clerk's office for process no later than the end of each month.

The Jackson County Board, upon the review of State statutes by the State's Attorney Office, will take under the advisement the feasibility of paying bills twice a month.

Documentation of the approval process will be noted on each individual paid invoice.

### **FIXED ASSETS, DATABASE MANAGEMENT AND PHYSICAL INVENTORY**

The county purchased an updated version as well as reinstalled the fixed asset software so that no additional problems would arise due to tight security controls. A physical inventory of all fixed assets will be conducted in the forthcoming year.

