

JACKSON COUNTY, ILLINOIS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED NOVEMBER 30, 2006

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INTRODUCTORY SECTION



OFFICE OF COUNTY BOARD

JACKSON COUNTY, ILLINOIS

November 30, 2006

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, 2006.

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, 2006, 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, 2006, 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.

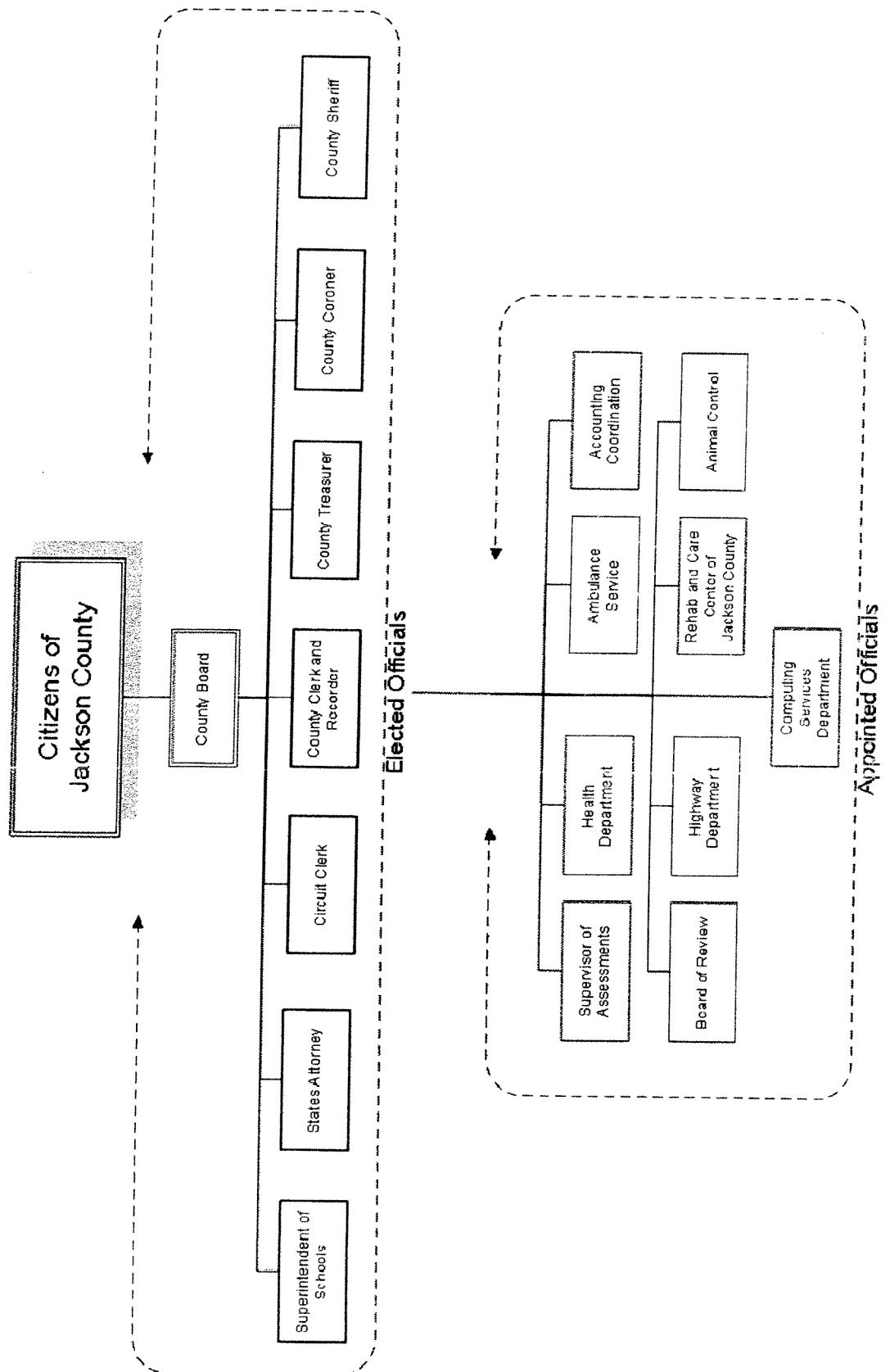
Acknowledgements

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,

A handwritten signature in black ink, appearing to read "Gerald Colmpton", is written over the printed name.

Gerald Colmpton
Finance Committee Chairman
Jackson County Board



JACKSON COUNTY, ILLINOIS
LIST OF ELECTED OFFICIALS
NOVEMBER 30, 2006

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
	Karl Maple
District 2	James Kerley
	Mark Holt
District 3	Frank Puttman
	Mary Korando
District 4	Darnecea Moultrie
	Bob Lorinskas
District 5	Gary G. Hartlieb
	Gwen Nickel
District 6	Gerald Compton
	Donna McCann
District 7	John Evans
	Breton O'Neill

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

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, 2006. 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 placed a referendum on the March 21, 2006, ballot asking voters to allow the county to impose a public safety tax at the rate of a one-quarter percent (0.25%) upon all persons engaged in the business of selling tangible personal property at retail in the county on gross receipts from sales made in the course of their business to be used for crime prevention, detention, and other public safety purposes. The referendum was narrowly defeated by 211 votes and cannot be placed on another ballot before spring 2008.
- Jackson County, as a result of the surrounding cities property annexations, began to see a decrease in sales tax receipts.
- The Rehab & Care Center began to experience positive cash flow as a result of layoffs and Jackson County reallocating 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 and its Health Department explored the possibility of constructing and operating a Household Hazardous Waste Collection Facility with the use of solid waste funds.

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.



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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, 2006, 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, 2006, 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 March 29, 2007 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Jackson County, Illinois. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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.

Carbondale, Illinois
March 29, 2007

Kerber, Eck + Braeckel LP

BASIC FINANCIAL STATEMENTS

JACKSON COUNTY, ILLINOIS
STATEMENT OF NET ASSETS
NOVEMBER 30, 2006

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Total
Assets:				
Cash	\$ 8,265,743	\$ 919,286	\$ 9,185,029	\$ 1,272,396
Investments		278	278	189,837
Accounts receivable:				
Consumers		2,093,802	2,093,802	
Other governmental units and agencies	1,071,815		1,071,815	284,473
Property taxes	2,950,722	1,760,674	4,711,396	728,170
Due from other funds	3,226		3,226	6,964
Prepayments	3,242	1,006	4,248	1,237
Inventories		52,013	52,013	83,158
Other				
Restricted assets:				
Cash	3,234,255		3,234,255	
Investments	67,833		67,833	
Accounts receivable:				
Other governmental units and agencies	62,016		62,016	
Property taxes	3,043,772		3,043,772	
Due from county general	460,520		460,520	
Capital assets, net	<u>16,138,648</u>	<u>3,066,077</u>	<u>19,204,725</u>	<u>1,262,286</u>
Total Assets	<u>35,301,792</u>	<u>7,893,136</u>	<u>43,194,928</u>	<u>3,828,521</u>
Liabilities:				
Accounts payable	314,126	313,341	627,467	52,337
Accrued payroll	242,902	52,985	295,887	51,317
Current portion - compensated absences	223,824	279,538	503,362	72,130
Current portion - notes payable	46,041		46,041	25,796
Due to other funds	3,226		3,226	6,964
Due to others	194,756	140,843	335,599	
Due to agencies	1,180		1,180	
Due to restricted funds	460,520		460,520	
Deferred revenue	2,686,670		2,686,670	724,784
Restricted liabilities				
Accounts payable	9,475		9,475	
Deferred revenue	2,812,104	1,815,369	4,627,473	
Due to others	9,896		9,896	
Noncurrent liabilities:				
Compensated absences	159,226		159,226	62,562
Notes payable	<u>439,509</u>		<u>439,509</u>	<u>171,030</u>
Total Liabilities	<u>7,603,455</u>	<u>2,602,076</u>	<u>10,205,531</u>	<u>1,166,920</u>
NET ASSETS				
Invested in capital assets, net of related debt	15,653,098	3,066,077	18,719,175	1,065,460
Restricted assets	4,036,921		4,036,921	
Designated	7,547,977		7,547,977	
Unrestricted	<u>460,341</u>	<u>2,224,983</u>	<u>2,685,324</u>	<u>1,596,141</u>
Total Net Assets	<u>\$ 27,698,337</u>	<u>\$ 5,291,060</u>	<u>\$ 32,989,397</u>	<u>\$ 2,661,601</u>

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2006

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	Business-Type Activities	Component Units
Primary government:						
Governmental activities:						
General government	\$ 6,507,986	\$ 2,859,958	\$ 223,655	\$ (3,424,373)	\$ (3,424,373)	
Public Works	2,737,432	205,653	543,708	(1,614,365)	(1,614,365)	
Public Safety	4,852,375	279,641	210,576	(4,362,158)	(4,362,158)	
Interest on long term debt	38,172			(38,172)	(38,172)	
Total governmental activities	<u>14,135,965</u>	<u>3,345,252</u>	<u>977,939</u>	<u>(9,439,068)</u>	<u>(9,439,068)</u>	
Business-Type activities:						
Rehab & Care	7,964,927	7,104,475			(860,452)	
Ambulance	2,713,872	1,889,852			(824,020)	
Total Business-Type activities	<u>10,678,799</u>	<u>8,994,327</u>		<u>(1,684,472)</u>	<u>(1,684,472)</u>	
Total Primary Government	<u>\$ 24,814,764</u>	<u>\$ 12,339,579</u>	<u>\$ 977,939</u>			
Component Units:						
Health Department	\$ 3,514,694	\$ 582,130	\$ 2,245,152			\$ (687,412)
Tuberculosis	69,366					(69,366)
Mental Health 708 Board	388,907					(388,907)
Total Component Units	<u>\$ 3,972,967</u>	<u>\$ 582,130</u>	<u>\$ 2,245,152</u>			<u>(1,145,685)</u>
General Revenues:						
Taxes:						
General property taxes				2,401,124	1,487,150	909,628
Property taxes, restricted				982,522	868,331	326,749
Sales and service taxes				2,143,085		
Motor fuel tax				981,319		
State Income Tax				1,615,759		
Replacement Tax				604,933		
Inheritance Tax				8,217		
Local Use Tax				256,791		
Investment earnings				385,898	27,822	
Donations					13,519	46,351
State grant				32,244		
Miscellaneous				46,951	29,802	150
Transfers						
Total general revenues and transfers	<u>9,458,843</u>			<u>2,426,624</u>	<u>11,885,467</u>	<u>1,282,878</u>
Change in net assets	<u>19,775</u>			<u>742,152</u>	<u>761,927</u>	<u>137,193</u>
Net assets - beginning						
Prior period adjustment - See note R	<u>27,678,562</u>			<u>4,978,908</u>	<u>32,657,470</u>	<u>2,524,408</u>
Net assets - ending	<u>\$ 27,698,337</u>			<u>\$ 5,291,060</u>	<u>\$ 32,989,397</u>	<u>\$ 2,661,601</u>

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
NOVEMBER 30, 2006

	General Fund	County Highway Fund	Solid Waste Management Fund	County Motor Fuel Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash		\$ 746,592	\$ 3,234,885	\$ 2,260,322	\$ 2,023,944	\$ 8,265,743
Accounts receivable:						
Consumers						
Other governmental units and agencies	\$ 948,503	40,846	82,466			1,071,815
Property taxes	1,753,951	650,750			546,021	2,950,722
Due from other funds		3,226				3,226
Prepayments	3,242					3,242
Other						
Restricted assets						
Cash	3,234,255					3,234,255
Investments	67,833					67,833
Accounts receivable:						
Other governmental units and agencies	62,016					62,016
Property taxes	3,043,772					3,043,772
Due from county general	460,520					460,520
Total Assets	\$ 9,574,092	\$ 1,441,414	\$ 3,317,351	\$ 2,260,322	\$ 2,569,965	\$ 19,163,144
LIABILITIES, EQUITY AND OTHER CREDITS						
Liabilities:						
Accounts payable	\$ 275,821	\$ 9,933		\$ 26,720	\$ 1,652	\$ 314,126
Accrued payroll	219,428	23,474				242,902
Compensated absences	178,178	45,646				223,824
Due to other funds					3,226	3,226
Due to restricted funds	460,520					460,520
Due to agencies					1,180	1,180
Deferred revenue	1,606,188	594,885			485,597	2,686,670
Due to others	194,756					194,756
Restricted liabilities						
Accounts payable	9,475					9,475
Deferred revenue	2,812,104					2,812,104
Due to others	9,896					9,896
Total liabilities	5,766,366	673,938		26,720	491,655	6,958,679
Fund Balances:						
Reserved for:						
Restricted assets	4,036,921					4,036,921
Debt service					(1,180)	(1,180)
Designated			3,234,885	2,233,602	2,079,490	7,547,977
Unreserved, undesignated	(229,195)	767,476	82,466			620,747
Total fund balances	3,807,726	767,476	3,317,351	2,233,602	2,078,310	12,204,465
Total Liabilities and Fund Balances	\$ 9,574,092	\$ 1,441,414	\$ 3,317,351	\$ 2,260,322	\$ 2,569,965	\$ 19,163,144

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, 2006

Total fund balances for governmental funds	\$ 12,204,465
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Total net assets reported for governmental activities in the statement of net assets is different because:

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

Construction in progress	116,864	
Land	150,000	
Land improvements, net of \$91,591 accumulated depreciation	13,785	
Buildings, net of \$3,447,398 accumulated depreciation	4,136,756	
Building improvements, net of \$265,780 accumulated depreciation	769,788	
Fixed equipment, net of \$169,455 accumulated depreciation	80,763	
Major movable equipment, net of \$738,733 accumulated depreciation	647,346	
Vehicles, net of \$1,810,902 accumulated depreciation	464,365	
Computers, net of \$809,295 accumulated depreciation	21,531	
Infrastructure, net of \$3,108,585 accumulated depreciation	9,737,450	
Total capital assets		16,138,648

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	(485,550)	
Compensated absences	(159,226)	
Total long-term liabilities		(644,776)

Total net assets of governmental activities	\$ 27,698,337
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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, 2006

	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	\$ 1,471,411	\$ 524,801			\$ 404,912	\$ 2,401,124
Sales and service taxes	2,143,085					2,143,085
Intergovernmental revenue	2,907,472	532,685		\$ 1,025,137	43,731	4,509,025
Use of money and property	107,950	30,690	\$ 148,725	105,552	100,931	493,848
Service charges, permits and fees	2,153,010					2,153,010
Sanitation fees						487,707
Other revenue		79,492	487,707			79,492
Total Unrestricted Fund Revenues	8,782,928	1,167,668	636,432	1,130,689	549,574	12,267,291
Expenditures - Unrestricted Funds						
Current:						
General government	3,622,269					3,622,269
Public safety	4,602,149					4,602,149
Public health		1,120,083	332,037			332,037
Public works		472,994		619,075	510,709	1,120,083
Capital improvements					80,896	1,602,778
Debt Service						80,896
Total Unrestricted Fund Expenditures	8,224,418	1,593,077	332,037	619,075	591,605	11,360,212
Excess (Deficiency) of Revenues Over Expenditures - Unrestricted Funds	558,510	(425,409)	304,395	511,614	(42,031)	907,079
Revenues - Restricted Funds:						
General property taxes	872,562	109,960				982,522
Other revenues	905,927					905,927
Total Restricted Fund Revenues	1,778,489	109,960				1,888,449
Expenditures - Restricted Funds						
General property taxes:						
Employee benefits	1,545,162	109,960				1,655,122
Tort liability	390,892					390,892
Other expenditures	819,979					819,979
Total Restricted Fund Expenditures	2,756,033	109,960				2,865,993
Excess of Revenues Over Expenditures - Restricted Funds	(977,544)					(977,544)
Other Financing Sources (Uses):						
Operating transfers in	(80,896)	238,609		(187,636)	80,896	319,505
Operating transfers out	(80,896)	238,609		(187,636)	(50,973)	(319,505)
Total Other Financing Sources (Uses)					29,923	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(499,930)	(186,800)	304,395	323,978	(12,108)	(70,465)
FUND BALANCES, BEGINNING OF YEAR	4,307,656	954,276	3,012,956	1,919,624	2,090,418	12,274,930
FUND BALANCES, END OF YEAR	\$ 3,807,726	\$ 767,476	\$ 3,317,351	\$ 2,233,602	\$ 2,078,310	\$ 12,204,465

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, 2006

Net change in fund balances - total governmental funds \$ (70,465)

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 (\$621,384) exceeded depreciation (\$562,229) in the current period. 59,155

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 (11,639)

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

Repayment of long-term debt 42,724

Change in net assets of governmental activities \$ 19,775

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
NOVEMBER 30, 2006

	Enterprise Funds		
	Rehab & Care Center Fund	Ambulance Fund	Total
ASSETS			
Cash	\$ 389,160	\$ 530,126	\$ 919,286
Investments	278		278
Accounts receivable:			
Consumers	1,645,745	448,057	2,093,802
Property taxes	613,847	1,146,827	1,760,674
Due from other funds			
Prepayments	1,006		1,006
Inventories	5,793	46,220	52,013
Capital Assets:			
Land and improvements	170,583	152,470	323,053
Buildings and improvements	7,899,337	614,453	8,513,790
Vehicles and equipment	1,958,353	1,484,992	3,443,345
Construction in progress	278,090	26,250	304,340
Accumulated depreciation	(7,890,388)	(1,628,063)	(9,518,451)
Total Assets	<u>5,071,804</u>	<u>2,821,332</u>	<u>7,893,136</u>
LIABILITIES			
Accounts payable	180,586	132,755	313,341
Accrued payroll	37,141	15,844	52,985
Compensated absences	203,838	75,700	279,538
Due to third party payors	115,272		115,272
Due to patient trust fund	25,571		25,571
Restricted liabilities:			
Deferred revenue	<u>776,897</u>	<u>1,038,472</u>	<u>1,815,369</u>
Total Liabilities	<u>1,339,305</u>	<u>1,262,771</u>	<u>2,602,076</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,415,975	650,102	3,066,077
Unrestricted	<u>1,316,524</u>	<u>908,459</u>	<u>2,224,983</u>
Total Net Assets	<u>\$ 3,732,499</u>	<u>\$ 1,558,561</u>	<u>\$ 5,291,060</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, 2006

	Enterprise Funds		
	Rehab & Care Center Fund	Ambulance Fund	Total
Operating Revenues:			
Charges for services	\$ 7,084,738	\$ 1,889,852	\$ 8,974,590
Other operating revenues	19,737		19,737
Total Operating Revenues	7,104,475	1,889,852	8,994,327
Operating Expenses:			
Personnel services	5,238,526	1,980,436	7,218,962
Commodities	735,096	195,953	931,049
Contractual	1,290,238	250,320	1,540,558
Maintenance	21,526	10,860	32,386
Other charges	53,978	24,125	78,103
Bad debts	302,129	158,878	461,007
Depreciation	323,434	93,300	416,734
Total Operating Expenses	7,964,927	2,713,872	10,678,799
Operating Loss	(860,452)	(824,020)	(1,684,472)
Nonoperating Revenues (Expenses):			
General property taxes	1,100,797	1,254,684	2,355,481
Use of money and property	14,571	13,251	27,822
Donations		13,519	13,519
State grant			
Miscellaneous revenue	20,532	9,270	29,802
Total Nonoperating Revenues	1,135,900	1,290,724	2,426,624
Net income (loss)	275,448	466,704	742,152
Net assets - beginning of year as previously reported	3,887,051	1,091,857	4,978,908
Less adjustment relating to prior periods	(430,000)		(430,000)
Net assets - beginning of year as restated	3,457,051	1,091,857	4,548,908
Total net assets - ending	\$ 3,732,499	\$ 1,558,561	\$ 5,291,060

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, 2006

	Enterprise Funds		
	Rehab & Care Center Fund	Ambulance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from patients and third party payors	\$ 6,673,548	\$ 1,893,452	\$ 8,567,000
Payments to suppliers	(2,352,230)	(615,269)	(2,967,499)
Payments to employees	(5,472,430)	(2,037,294)	(7,509,724)
Net cash used in operating activities	(1,151,112)	(759,111)	(1,910,223)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Property tax support	1,100,797	1,254,684	2,355,481
State grants			
Donations		13,519	13,519
Miscellaneous revenue	20,532	9,270	29,802
Net cash provided by noncapital financing activities	1,121,329	1,277,473	2,398,802
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(269,560)	(273,216)	(542,776)
Net cash used in capital and related financing activities	(269,560)	(273,216)	(542,776)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	1,731		1,731
Investment income	14,644	13,251	27,895
Net cash provided by investing activities	16,375	13,251	29,626
NET INCREASE (DECREASE) IN CASH	(282,968)	258,397	(24,571)
CASH, BEGINNING OF YEAR	672,128	271,729	943,857
CASH, END OF YEAR	\$ 389,160	\$ 530,126	\$ 919,286
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Loss	\$ (860,452)	\$ (824,020)	\$ (1,684,472)
Items not requiring (providing) cash:			
Depreciation	323,434	93,300	416,734
Changes in:			
Accounts receivable	(270,735)	3,600	(267,135)
Due from other funds	13,150		13,150
Prepaid expenses	8		8
Inventories	96	(10,848)	(10,752)
Accounts payable	(41,538)	36,597	(4,941)
Accrued payroll	(186,565)	(56,736)	(243,301)
Accrued vacation	(47,338)	(122)	(47,460)
Due to other funds	(924)		(924)
Due to third parties	(160,192)		(160,192)
Deferred revenue	79,944	(882)	79,062
NET CASH USED IN OPERATING ACTIVITIES	\$ (1,151,112)	\$ (759,111)	\$ (1,910,223)

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
NOVEMBER 30, 2006

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 6,946,681
Investments	344,000
Due from agencies	1,976
Due from debt service	<u>1,180</u>
Total assets	<u>7,293,837</u>
 LIABILITIES	
Due to others	1,394,123
Due to taxing units	5,383,716
Due to individuals	452,751
Accrued interest	<u>63,247</u>
Total liabilities	<u>7,293,837</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, 2006

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, 2006, 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, 2006

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, 2006

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, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Encumbrances

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

7. Investments

Investments are reported at fair value.

8. Inventories and prepaids

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

9. Capital Assets

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

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

The estimated useful lives are as follows:

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

10. Compensated Absences

Accumulated unpaid vacation and 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, 2006

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

At November 30, 2006, the carrying amount of the County's deposits with financial institutions was \$13,691,680 and the bank balances were \$14,166,062.

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, 2006, the County has \$832,575 of uninsured/uncollateralized deposits.

At November 30, 2006, the bank balance of \$22,008,157, including fiduciary funds, \$698,757 was covered by federal depository insurance, \$6,673,647 were collateralized by pledged bank assets in the County's name, \$13,803,178 was deposited in the Illinois Funds, a state investment pool, and \$832,575 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, 2006, 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	\$ 114,550	\$ 114,550	
U.S. Government Securities	278	278	
Illinois Funds:			
Mental Health 708 Board	<u>143,120</u>	<u>143,120</u>	
Total	<u>\$ 257,948</u>	<u>\$ 257,948</u>	<u>\$ _____</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, 2006, 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, 2006, 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, 2006

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, 2006, accounts receivable in the Enterprise Fund totaled \$ 2,792,572 which is net of contractual allowances and provisions for bad debts of \$ 1,986,284.

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 2005 assessed valuation for property taxes collected in Fiscal Year 2006 was \$540,804,172. The tax levy for 2005, which represents the property taxes collected in Fiscal Year 2006, was \$133,244 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, 2006 is as follows:

<u>Restricted Assets</u>	<u>General</u>
Tort Liability	
Cash	\$ 238,545
Property tax receivable	232,453
Workers' Compensation	
Cash	778,706
Property tax receivable	273,407
Unemployment Insurance	
Cash	340,513
Property tax receivable	91,080
Social Security	
Cash	904,467
Property tax receivable	1,039,116
Illinois Municipal Retirement Fund	
Cash	107,509
Property tax receivable	1,407,716

JACKSON COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
NOVEMBER 30, 2006

NOTE E - RESTRICTED ASSETS - CONTINUED

Sheriff Drug Fund	
Cash	8,540
DUI Sheriff Law Enforcement Equipment	
Cash	34,679
Sheriff Drug Asset Fund	
Cash	39,750
Court Assessment	
Cash	376,104
Law Library	
Cash	38,994
State's Attorney Drug Asset Fund	
Cash	21,039
State's Attorney Victim Assist Fund	
Cash	3
County Clerk Revenue Stamps	
Cash	109,310
Circuit Clerk Child Support Admin Fund	
Cash	157,239
Automation and Capital Improvement	
Cash	517,000
Investments	67,833
Prisoner Trust Accounts	
Cash	9,896
County Board Unclaimed Monies	
Cash	12,481
Assessments Reimbursement Account	
Accounts receivable	4,000
State's Attorney Reimbursement Account	
Accounts receivable	26,859
Public Defender Reimbursement Account	
Accounts Receivable	30,994
Court Security Reimbursement Account	
Accounts receivable	163

JACKSON COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
NOVEMBER 30, 2006

NOTE E - RESTRICTED ASSETS - CONTINUED

Due from County General

	460,520
Cash Contra account	<u>(460,520)</u>
	<u>\$ 6,868,396</u>

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended November 30, 2006 was as follows:

General Government

	Balance November 30, 2005	Additions	Deductions and Transfers	Balance November 30, 2006
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Construction in progress	<u>616,508</u>	<u>-</u>	<u>(499,644)</u>	<u>116,864</u>
Total capital assets, not being depreciated	<u>766,508</u>	<u>-</u>	<u>(499,644)</u>	<u>266,864</u>
Capital assets, being depreciated:				
Land improvements	105,376	-	-	105,376
Buildings	7,584,154	-	-	7,584,154
Building improvements	1,017,738	20,586	(2,756)	1,035,568
Fixed equipment	250,218	2,756	(2,756)	250,218
Major movable equipment	806,819	585,084	(5,824)	1,386,079
Vehicles	2,343,977	143,798	(212,508)	2,275,267
Computers	851,273	5,451	(25,898)	830,826
Infrastructure	<u>12,232,940</u>	<u>613,095</u>	<u>-</u>	<u>12,846,035</u>
Total capital assets being depreciated	25,192,495	1,370,770	(249,742)	26,313,523
Less accumulated depreciation for:				
Land improvements	(86,792)	(4,799)	-	(91,591)
Buildings	(3,267,265)	(180,133)	-	(3,447,398)
Building improvements	(199,170)	(66,610)	-	(265,780)
Fixed equipment	(155,899)	(13,556)	-	(169,455)
Major movable equipment	(664,997)	(73,736)	-	(738,733)
Vehicles	(1,858,823)		47,921	(1,810,902)
Computers	(807,025)	(2,270)	-	(809,295)
Infrastructure	<u>(2,839,539)</u>	<u>(269,046)</u>	<u>-</u>	<u>(3,108,585)</u>
Total accumulated depreciation	<u>(9,879,510)</u>	<u>(610,150)</u>	<u>47,921</u>	<u>(10,441,739)</u>
Total capital assets, being depreciated, net	<u>15,312,985</u>	<u>760,620</u>	<u>(201,821)</u>	<u>15,871,784</u>
Governmental activities capital assets, net	<u>\$16,079,493</u>	<u>\$ 760,620</u>	<u>\$ (701,465)</u>	<u>\$ 16,138,648</u>

JACKSON COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
NOVEMBER 30, 2006

NOTE F - CAPITAL ASSETS – CONTINUED

	Balance November 30, <u>2005</u>	<u>Additions</u>	Deductions and <u>Transfers</u>	Balance November 30, <u>2006</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 70,375	\$ 6,083	\$ -	\$ 76,458
Construction in progress	<u>64,010</u>	<u>268,041</u>	<u>(27,711)</u>	<u>304,340</u>
Total capital assets, not being depreciated	<u>134,385</u>	<u>274,124</u>	<u>(27,711)</u>	<u>380,798</u>
Capital assets, being depreciated:				
Land improvements	242,660	3,935	-	246,595
Buildings and improvements	8,480,122	33,668	-	8,513,790
Vehicles and equipments	<u>3,258,550</u>	<u>258,760</u>	<u>(73,965)</u>	<u>3,443,345</u>
Total capital assets being depreciated	11,981,332	296,363	(73,965)	12,203,730
Less accumulated depreciation for:				
Land improvements	(206,528)	(6,766)	-	(213,294)
Buildings and improvements	(6,172,664)	(267,991)	-	(6,440,655)
Vehicles and equipment	<u>(2,796,490)</u>	<u>(141,977)</u>	<u>73,965</u>	<u>(2,864,502)</u>
Total accumulated depreciation	<u>(9,175,682)</u>	<u>(416,734)</u>	<u>73,965</u>	<u>(9,518,451)</u>
Total capital assets, Being depreciated, net	<u>2,805,650</u>	<u>(120,371)</u>	<u>-</u>	<u>2,685,279</u>
Business-type activities Capital assets, net	<u>\$ 2,940,035</u>	<u>\$ 153,753</u>	<u>\$ (27,711)</u>	<u>\$ 3,066,077</u>

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

Governmental activities:	
General government	\$ 118,046
Public Safety	250,226
Public works	<u>193,957</u>
Total depreciation expense – governmental activities	<u>\$ 562,229</u>
Business-type activities:	
Rehab & Care Center	\$ 323,434
Ambulance	<u>93,300</u>
Total depreciation expense – business-type activities	<u>\$ 416,734</u>

JACKSON COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
NOVEMBER 30, 2006

NOTE F - CAPITAL ASSETS - CONTINUED

Capital asset activity of the component unit for the year ended November 30, 2006 follows:

	Balance November 30, <u>2005</u>	<u>Additions</u>	Deductions And <u>Transfers</u>	Balance November 30, <u>2006</u>
Capital assets, not being depreciated:				
Land	\$ 49,500	\$ -	\$ -	\$ 49,500
Total capital assets, not being depreciated	49,500	-	-	49,500
Capital assets, being depreciated:				
Land improvements	53,503	5,965	-	59,468
Buildings and improvements	1,529,336	5,264	-	1,534,600
Equipment	<u>379,984</u>	<u>12,186</u>	<u>-</u>	<u>392,170</u>
Total capital assets being depreciated	1,962,823	23,415		1,986,238
Less accumulated depreciation for:				
Land improvements	(25,835)	(2,337)	-	(28,172)
Buildings and improvements	(434,863)	(43,819)	-	(478,682)
Equipment	<u>(237,313)</u>	<u>(29,285)</u>	<u>-</u>	<u>(266,598)</u>
Total accumulated depreciation	<u>(698,011)</u>	<u>(75,441)</u>	<u>-</u>	<u>(773,452)</u>
Total capital assets, being depreciated, net	<u>1,264,812</u>	<u>(52,026)</u>	<u>-</u>	<u>1,212,786</u>
Component unit, capital assets, net	<u>\$ 1,314,312</u>	<u>\$ (52,026)</u>	<u>\$ -</u>	<u>\$ 1,262,286</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, 2006 as follows:

Installment agreement, due in monthly installments of \$ 6741.31 Beginning in December 2004 through November 2014 including interest at 7.5%	<u>\$ 485,550</u>
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JACKSON COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
NOVEMBER 30, 2006

NOTE G – LONG TERM DEBT - CONTINUED

The annual requirements to amortize all governmental activity long-term debt notes payable as of November 30, 2006 are as follows:

<u>Year Ending November 30</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 46,041	\$ 34,855
2008	49,615	31,281
2009	53,467	27,429
2010	57,618	23,278
2011	62,091	18,805
2012-2014	<u>216,718</u>	<u>25,968</u>
	<u>\$ 485,550</u>	<u>\$ 161,616</u>

Component Unit Notes Payable

The component unit funds notes payable at November 30, 2006, 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% \$ 196,826

The annual requirements to amortize all component unit fund notes payable at November 30, 2006, are as follows:

<u>Year Ending November 30,</u>	<u>Principle</u>	<u>Interest</u>
2007	\$ 25,796	\$ 10,961
2008	27,247	9,520
2009	28,928	7,839
2010	30,712	6,055
2011	32,606	4,161
2012-2030	<u>51,537</u>	<u>2,442</u>
	<u>\$196,826</u>	<u>\$ 40,978</u>

During the year ended November 30, 2006, the following changes occurred in long-term liabilities reported in the government-wide financial statements of primary government:

	<u>Balance November 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance November 30, 2006</u>	<u>Due Within One Year</u>
Notes Payable	\$ 528,274	\$ -	\$ 42,724	\$ 485,550	\$ 46,041
Compensated absences	<u>372,172</u>	<u>42,419</u>	<u>31,541</u>	<u>383,050</u>	<u>223,824</u>
	<u>\$ 900,446</u>	<u>\$ 42,419</u>	<u>\$ 74,265</u>	<u>\$ 868,600</u>	<u>\$ 269,865</u>

JACKSON COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
NOVEMBER 30, 2006

NOTE G - LONG-TERM DEBT- CONTINUED

During the year ended November 30, 2006, the following changes occurred in long-term liabilities reported in the government-wide financial statements within the Component Unit Fund:

	Balance November 30, 2005	<u>Additions</u>	<u>Reductions</u>	Balance November 30, 2006	Due Within <u>One Year</u>
Notes payable	\$ 321,022	\$	\$ 124,196	\$ 196,826	\$ 25,796
Compensated absences	<u>133,381</u>	<u>1,311</u>	<u></u>	<u>134,692</u>	<u>72,130</u>
	<u>\$ 454,403</u>	<u>\$ 1,311</u>	<u>\$ 124,196</u>	<u>\$ 331,518</u>	<u>\$ 97,926</u>

NOTE H - RETIREMENT PLANS

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

Illinois Municipal Retirement Fund - Countywide:

Plan Description. 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 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 2005 was 7.59 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, 2005 was 27 years.

Annual Pension Cost. For December 31, 2005, the employer's annual pension cost of \$857,203 was equal to the employer's required and actual contributions. The required contribution was determined as part of the December 31, 2003 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 with a 15% corridor. However, the 2005 actuarial valuation information is based on the assumptions based on the 2002-2004 experience study.

JACKSON COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
NOVEMBER 30, 2006

NOTE H - RETIREMENT PLANS- CONTINUED

The actuarial assumptions used to determine the actuarial accrued liability for 2005 were based on the 2002-2004 Experience Study. The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- 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.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 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 2005 was 20.29 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, 2005 was 27 years.

Annual Pension Cost. For December 31, 2005, the employer's annual pension cost of 299,187 was equal to the employer's required and actual contributions. The required contribution was determined as part of the December 31, 2003 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 with a 15% corridor. However, the 2004 actuarial valuation information is based on the assumptions based on the 2002-2004 experience study.

The actuarial assumptions used to determine the actuarial accrued liability for 2005 were based on the 2002-2004 Experience Study. The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- 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 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, 2006

NOTE H - RETIREMENT PLANS – CONTINUED

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 2005 was 28.09 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, 2005 was 31 years.

Annual Pension Cost. For December 31, 2005, the employer's annual pension cost of \$95,132 was equal to the employer's required and actual contributions. The required contribution was determined as part of the December 31, 2003 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 with a 15% corridor. However, the 2005 actuarial valuation information is based on the assumptions based on the 2002-2004 experience study.

The actuarial assumptions used to determine the actuarial accrued liability for 2005 were based on the 2002-2004 Experience Study. The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- 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>
12/31/03	\$ 249,047	100%	\$ 0
12/31/04	\$ 629,862	100%	\$ 0
12/31/05	\$ 857,203	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>
12/31/03	\$ 85,340	100%	\$ 0
12/31/04	\$ 181,209	100%	\$ 0
12/31/05	\$ 299,187	100%	\$ 0

JACKSON COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
NOVEMBER 30, 2006

NOTE H - RETIREMENT PLANS – CONTINUED

Elected County Official IMRF:

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/03	\$ 95,620	100%	\$ 0
12/31/04	\$ 66,399	100%	\$ 0
12/31/05	\$ 95,132	100%	\$ 0

Required supplementary information - schedule of funding progress:

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

12/31/03	\$ 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%
12/31/05	\$ 31,169,783	\$ 29,310,733	\$(1,859,050)	106.34%	\$ 11,274,495	0.00%

Sheriff's IMRF:

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 %
12/31/05	\$ 3,806,378	\$ 5,708,962	\$ 1,902,584	66.67%	\$ 1,453,745	130.87 %

Elected County Official IMRF:

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 %
12/31/05	\$ 685,371	\$ 1,094,498	\$ 409,127	62.62 %	\$ 338,668	120.80 %

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 \$1,775,748 at November 30, 2006, 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.

JACKSON COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
NOVEMBER 30, 2006

NOTE K - OTHER REQUIRED DISCLOSURE

Excess of Expenditures Over Appropriations

Excess of expenditures over appropriations in individual funds for the year ended November 30, 2006, are as follows:

<u>Fund</u>	<u>Expenditures</u>	<u>Budget</u>
General Fund	\$10,980,451	\$10,431,871
Enterprise Funds:		
Rehab & Care Center	7,964,927	7,212,069
Component Units:		
Health Department	\$ 3,583,470	\$ 3,358,596
Tuberculosis	69,366	65,600

NOTE L - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and interfund payables are as follows at November 30, 2006:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Special Revenue Funds:		
Highway	\$ 3,226	
Bridge		\$ 3,226
Component Units:		
Health Department	6,964	
Tuberculosis		6,964
	<hr/>	<hr/>
Total All Funds	<u>\$ 10,190</u>	<u>\$ 10,190</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		\$ 80,896
County Highway	\$ 238,609	
County Motor Fuel Tax Fund		<u>187,636</u>
Total Major Funds	238,609	268,532

JACKSON COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
NOVEMBER 30, 2006

NOTE M – INTERFUND TRANSFERS-CONTINUED

Nonmajor Governmental Funds:

County Bridge Fund		40,305
Federal Aid and Matching Fund		10,668
Debt Service Fund	<u>80,896</u>	<u> </u>
Total Nonmajor Funds	80,896	50,973
Total All Funds	<u>\$ 319,505</u>	<u>\$ 319,505</u>

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

NOTE 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.

JACKSON COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
NOVEMBER 30, 2006

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, 2006, is as follows:

	Rehab & Care Center	Ambulance Service	Total Enterprise Funds
Operating revenues	\$ 7,104,475	\$ 1,889,852	\$ 8,994,327
Operating expenses:			
Depreciation	\$ 323,434	\$ 93,300	\$ 416,734
Other	\$ 7,641,493	\$ 2,620,572	\$ 10,262,065
Operating loss	\$ (860,452)	\$ (824,020)	\$ (1,684,472)
Non-operating revenues	\$ 1,135,900	\$ 1,290,724	\$ 2,426,624
Capital assets:			
Additions	\$ 269,559	\$ 226,963	\$ 496,522
Deletions	\$ -	\$ 101,676	\$ 101,676
Net working capital	\$ 1,316,524	\$ 908,459	\$ 2,224,983
Change in net assets	\$ 275,448	\$ 466,704	\$ 742,152
Beginning net assets	\$ 3,887,051	\$ 1,091,857	\$ 4,978,908
Prior period adjustment	\$ 430,000	\$ -	\$ 430,000
Ending net assets	\$ 3,732,499	\$ 1,558,561	\$ 5,291,060
Current assets	\$ 2,655,829	\$ 2,171,230	\$ 4,827,059
Capital assets	\$ 2,415,975	\$ 650,102	\$ 3,066,077
Current liabilities	\$ 1,339,305	\$ 1,262,771	\$ 2,602,076
Long-term liabilities	\$ -	\$ -	\$ -
Invested in capital assets	\$ 2,415,975	\$ 650,102	\$ 3,066,077
Unrestricted net assets	\$ 1,316,524	\$ 908,459	\$ 2,224,983
Net cash used in operating activities	\$ (1,152,112)	\$ (759,111)	\$ (1,480,223)
Net cash provided by noncapital financing activities	\$ 1,121,329	\$ 1,277,473	\$ 2,398,802
Net cash used in capital and related financing activities	\$ (269,560)	\$ (273,216)	\$ (542,776)
Net cash provided by investing activities	\$ 16,375	\$ 13,251	\$ 29,626
Beginning cash	\$ 672,128	\$ 271,729	\$ 943,857
Ending cash	\$ 389,160	\$ 530,126	\$ 919,286

NOTE Q - INTEREST EXPENDITURES/EXPENSES

The total interest expenditures/expenses of the County aggregated \$55,744.

NOTE R - PRIOR PERIOD ADJUSTMENT

The prior period adjustment is due to the accumulation of old accounts receivable over the past years resulting in prior years allowance to be understated.

JACKSON COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues - Unrestricted Funds:				
General Property Taxes:				
Real property taxes	\$ 1,416,712	1,416,712	1,387,274	(29,438)
Penalties on late taxes	160,000	160,000	84,137	(75,863)
Total General Property Taxes	1,576,712	1,576,712	1,471,411	(105,301)
Sales and Service Taxes:				
Sales tax	475,000	475,000	461,288	(13,712)
Supplemental sales tax	1,450,000	1,450,000	1,602,604	152,604
Cable television franchise tax	25,000	25,000	22,216	(2,784)
Pari-Mutual handle tax	57,000	57,000	56,977	(23)
Total Sales and Service Taxes	2,007,000	2,007,000	2,143,085	136,085
Intergovernmental Revenue:				
Illinois state income tax	1,500,000	1,500,000	1,615,759	115,759
Replacement tax	550,000	550,000	604,933	54,933
Local use tax	210,000	210,000	256,791	46,791
Inheritance tax	2,000	2,000	8,217	6,217
Federal flood reimbursement	20,400	20,400	18,219	(2,181)
Federal reimbursement in lieu of property tax	81,500	81,500	141,396	59,896
Federal terrorism reimbursement			51,581	51,581
Other federal/state grants	196,880	196,880	210,576	13,696
Total Intergovernmental Revenue	2,560,780	2,560,780	2,907,472	346,692
Use of Money and Property:				
Interest on investments	46,000	46,000	97,050	51,050
Timber sales	5,900	5,900	6,100	200
Rental payments	4,800	4,800	4,800	
Total Use of Money and Property	56,700	56,700	107,950	51,250
Service Charges, Permits and Fees:				
General Government:				
Executive	388,849	388,849	364,741	(24,108)
County clerk	286,000	286,000	293,288	7,288
Judiciary and courts	1,018,951	1,018,951	914,525	(104,426)
Assessments	78,000	78,000	70,706	(7,294)
Total General Government	1,771,800	1,771,800	1,643,260	(128,540)
Public Safety:				
Sheriff	107,500	107,500	86,740	(20,760)
Jail	422,000	422,000	382,401	(39,599)
Animal control	29,000	29,000	38,763	9,763
Coroner	500	500	1,846	1,346
Total Public Safety	559,000	559,000	509,750	(49,250)
Total Service Charges, Permits and Fees	2,330,800	2,330,800	2,153,010	(177,790)
Total Unrestricted Fund Revenues	8,531,992	8,531,992	8,782,928	250,936

JACKSON COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Expenditures - Unrestricted Funds - Current:				
General Government:				
Executive:				
County Board	223,000	223,000	133,518	89,482
Board of Review	74,076	74,076	71,215	2,861
Total Executive	297,076	297,076	204,733	92,343
Treasurer:				
Treasurer's office	274,306	272,506	269,918	2,588
Total Treasurer	274,306	272,506	269,918	2,588
County Clerk:				
County Clerk's office	425,074	425,074	422,541	2,533
Elections	98,500	98,500	102,874	(4,374)
Total County Clerk	523,574	523,574	525,415	(1,841)
Judiciary and Courts:				
State's Attorney	594,159	594,159	518,841	75,318
Circuit Clerk's office	473,122	473,122	505,457	(32,335)
Jury Commission	120,500	120,500	120,307	193
Courts	140,486	140,486	159,620	(19,134)
Public Defender	391,010	391,010	353,654	37,356
Probation circuit	340,399	340,399	314,305	26,094
Total Judiciary and Courts	2,059,676	2,059,676	1,972,184	87,492
Assessments:				
Assessments	256,715	256,715	237,542	19,173
Total Assessments	256,715	256,715	237,542	19,173
Other:				
Data processing	78,819	78,819	65,366	13,453
Building maintenance	284,460	284,460	192,571	91,889
Debt redemption				
Education	77,363	77,363	29,798	47,565
Central Services	7,600	7,600	124,742	(117,142)
Total Other	448,242	448,242	412,477	35,765
Total General Government	3,859,589	3,857,789	3,622,269	235,520
Public Safety:				
Sheriff's office	2,203,943	2,163,943	2,202,870	(38,927)
Jail	2,003,184	2,003,184	1,909,568	93,616
Jail building maintenance	200,231	200,231	191,113	9,118
Merit board	2,950	2,950	2,323	627
Animal control	94,413	89,413	92,165	(2,752)
Coroner	88,295	88,295	96,934	(8,639)
Emergency service	55,813	55,813	107,176	(51,363)
Total Public Safety	4,648,829	4,603,829	4,602,149	1,680
Total Unrestricted Fund Expenditures	8,508,418	8,461,618	8,224,418	237,200
Excess (Deficiency) of Revenues Over Expenditures - Unrestricted Funds	23,574	70,374	558,510	488,136

JACKSON COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues - Restricted Funds:				
General Property Taxes:				
Tort Liability	181,499	181,499	177,841	(3,658)
Worker's Compensation	159,759	159,759	40,446	(119,313)
Unemployment Insurance	27,102	27,102	26,384	(718)
Social Security	361,566	361,566	366,387	4,821
Illinois Municipal Retirement Fund	207,268	207,268	261,504	54,236
Total General Property Taxes	937,194	937,194	872,562	(64,632)
Other:				
Law Library Fees	12,750	12,750	12,700	(50)
DUI Fees	10,000	10,000		(10,000)
DUI Sheriff Law Enforcement Equipment			4,943	4,943
Drug Federal Seizures			100,979	100,979
Inheritance Tax			136,949	136,949
Election Grant			22,452	22,452
Treasurer's Automation			17,155	17,155
County Clerk Automation			68,860	68,860
Court Automation			121,235	121,235
Court Document Storage			90,184	90,184
Court Security			186,377	186,377
Child Support Administration			131,634	131,634
Interest			12,459	12,459
Total Other	22,750	22,750	905,927	883,177
Total Restricted Fund Revenues	959,944	959,944	1,778,489	818,545
Expenditures - Restricted Funds:				
General Property Taxes:				
Tort Liability	372,800	372,800	390,892	(18,092)
Worker's Compensation	92,785	92,785	138,465	(45,680)
Unemployment Insurance	29,288	29,288	34,839	(5,551)
Social Security	492,722	491,722	469,113	22,609
Illinois Municipal Retirement Fund	848,143	848,242	908,055	(59,813)
Reimbursements from Funds			(5,310)	5,310
Total General Property Taxes	1,835,738	1,834,837	1,936,054	(101,217)
Other:				
Law Library	1,500	1,500		1,500
Drug			23,378	(23,378)
Inheritance Tax			136,949	(136,949)
Treasurer's Automation			6,170	(6,170)
County Clerk Automation			66,682	(66,682)
Court Automation			88,847	(88,847)
Court Document Storage			91,780	(91,780)
Court Security			136,001	(136,001)
Child Support Administration			35,981	(35,981)
Assessments	23,160	23,160	24,000	(840)
States Attorney	25,521	25,521	24,983	538
Public Defender	85,235	85,235	67,360	17,875
Courts			73,082	(73,082)
Misc. Expenses			44,766	(44,766)
Total Other	135,416	135,416	819,979	(684,563)
Total Restricted Fund Expenditures	1,971,154	1,970,253	2,756,033	(785,780)
Deficiency of Revenues Over Expenditures - Restricted Funds	(1,011,210)	(1,010,309)	(977,544)	32,765
Other Financing Sources and (Uses):				
Transfers to Debt Service Fund			(80,896)	(80,896)
Total Other Financing Sources and (Uses)			(80,896)	(80,896)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(987,636)	(939,935)	(499,930)	440,005
FUND BALANCE, BEGINNING OF YEAR	4,307,656	4,307,656	4,307,656	
FUND BALANCE, END OF YEAR	\$ 3,320,020	\$ 3,367,721	\$ 3,807,726	\$ 440,005

SUPPLEMENTARY INFORMATION

JACKSON COUNTY, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2006

	Special Revenue Funds			Total Nonmajor Governmental Funds
	County Bridge Fund	Federal Aid & Matching Fund	Debt Service Funds	
ASSETS				
Cash	\$ 868,771	\$ 1,155,173	\$	\$ 2,023,944
Investments				
Accounts receivable:				
Consumers				
Other governmental units and agencies				
Property taxes	206,293	339,728		546,021
Total Assets and Other Debits	<u>\$ 1,075,064</u>	<u>\$ 1,494,901</u>	<u>\$</u>	<u>\$ 2,569,965</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	1,652			1,652
Due to other funds	3,226			3,226
Due to other agencies			1,180	1,180
Deferred revenue	188,155	297,442		485,597
Total Liabilities	193,033	297,442	1,180	491,655
Fund Balances:				
Reserved for:				
Debt service			(1,180)	(1,180)
Designated	882,031	1,197,459		2,079,490
Total Fund Balances	<u>882,031</u>	<u>1,197,459</u>	<u>(1,180)</u>	<u>2,078,310</u>
Total Liabilities and Fund Balances	<u>\$ 1,075,064</u>	<u>\$ 1,494,901</u>	<u>\$</u>	<u>\$ 2,569,965</u>

JACKSON COUNTY, ILLINOIS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2006

	Special Revenue Funds			Total Nonmajor
	County Bridge	Federal Aid	Debt Service	Governmental
	Fund	& Matching Fund	Funds	Funds
Revenues - Unrestricted Funds:				
General property taxes	\$ 170,459	\$ 234,453	\$	\$ 404,912
Sales and service taxes				
Intergovernmental revenue	5,973	37,758		43,731
Use of money and property	44,376	56,555		100,931
Service charges, permits and fees				
Sanitation fees				
Other revenue				
Total Unrestricted Fund Revenues	220,808	328,766		549,574
Expenditures - Unrestricted Funds:				
Current:				
General government				
Public safety				
Public Health				
Public Works				
Capital improvements	244,428	266,281		510,709
Debt service				
Principle			42,724	42,724
Interest			38,172	38,172
Total Unrestricted Fund Expenditures	244,428	266,281	80,896	591,605
Excess (Deficiency) of Revenues Over Expenditures - Unrestricted Funds	(23,620)	62,485	(80,896)	(42,031)
Other Financing Sources (Uses):				
Operating transfers in			80,896	80,896
Operating transfers out	(40,305)	(10,668)		(50,973)
Total Other Financing Sources (Uses)	(40,305)	(10,668)	80,896	29,923
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(63,925)	51,817		(12,108)
FUND BALANCES, BEGINNING OF YEAR	945,956	1,145,642	(1,180)	2,090,418
FUND BALANCES, END OF YEAR	\$ 882,031	\$ 1,197,459	\$ (1,180)	\$ 2,078,310

JACKSON COUNTY, ILLINOIS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
November 30, 2006

	Agency Funds						
	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							Total
Cash	\$ 5,382,536	\$ 110,848	\$ 1,130,867	\$ 3,460	\$ 148,897	\$ 51	\$ 170,022
Investments							344,000
Due from agencies							1,976
Due from debt service	1,180						
Total assets	5,383,716	110,848	1,130,867	3,460	148,897	51	515,998
							7,293,837
LIABILITIES							
Due to others		110,848	1,130,867	3,460	148,897	51	1,394,123
Due to individuals							452,751
Due to taxing units	5,383,716						5,383,716
Accrued interest							63,247
Total liabilities	5,383,716	110,848	1,130,867	3,460	148,897	51	515,998
							7,293,837
NET ASSETS	\$	\$	\$	\$	\$	\$	\$

JACKSON COUNTY, ILLINOIS
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING BALANCE SHEET
NOVEMBER 30, 2006

	Health Department	Tuberculosis	Mental Health (708) Board	Totals
Assets and Other Debits				
Cash	\$ 1,032,247	\$ 116,768	\$ 123,381	\$ 1,272,396
Investments	46,717		143,120	189,837
Accounts Receivable:				
Other governmental units and agencies	284,473			284,473
Property taxes	613,847	74,061	40,262	728,170
Due from other funds	6,964			6,964
Prepayments	1,024		213	1,237
Inventory	76,370	6,788		83,158
	<u>\$ 2,061,642</u>	<u>\$ 197,617</u>	<u>\$ 306,976</u>	<u>\$ 2,566,235</u>
Total Assets				
Liabilities, Equity and Other Credits				
Liabilities:				
Accounts payable	\$ 52,196	\$ 81	\$ 60	\$ 52,337
Accrued payroll	50,037		1,280	51,317
Compensated absences	72,130			72,130
Due to other funds		6,964		6,964
Deferred revenue	657,532	67,252		724,784
	<u>831,895</u>	<u>74,297</u>	<u>1,340</u>	<u>907,532</u>
Total Liabilities				
Fund Balance:				
Unreserved, undesignated	1,229,747	123,320	305,636	1,658,703
	<u>1,229,747</u>	<u>123,320</u>	<u>305,636</u>	<u>1,658,703</u>
Total Fund Balances				
	<u>\$ 2,061,642</u>	<u>\$ 197,617</u>	<u>\$ 306,976</u>	<u>\$ 2,566,235</u>
Total Liabilities and Fund Balances				

JACKSON COUNTY, ILLINOIS
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2006

	Health Department	Tuberculosis	Mental Health (708) Board	Totals
Revenues - Unrestricted Funds:				
General property taxes	\$ 469,584	\$ 63,916	\$ 376,128	\$ 909,628
Intergovernmental revenue	2,181,202			2,181,202
Use of money and property	40,046	1,003	5,302	46,351
Service charges, permits and fees	560,685			560,685
Other income	85,395		150	85,545
Total Unrestricted Fund Revenues	3,336,912	64,919	381,580	3,783,411
Expenditures - Unrestricted Funds:				
Public health	3,117,128	69,366	386,733	3,573,227
Capital improvements				
Debt service:				
Principal	124,195			124,195
Interest	17,572			17,572
Total Unrestricted Fund Expenditures	3,258,895	69,366	386,733	3,714,994
Excess (Deficiency) of Revenues Over Expenditures				
Expenditures - Unrestricted Funds	78,017	(4,447)	(5,153)	68,417
Revenues - Restricted Funds:				
General property taxes:				
Employee benefits	324,575		2,174	326,749
Total Restricted Fund Revenues	324,575		2,174	326,749
Expenditures - Restricted Fund:				
General property taxes:				
Employee benefits	324,575		2,174	326,749
Total Restricted Fund Expenditures	324,575		2,174	326,749
Excess (Deficiency) of Revenues Over Expenditures				
Expenditures - Rnrestricted Funds				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 78,017	\$ (4,447)	\$ (5,153)	\$ 68,417

JACKSON COUNTY, ILLINOIS
RECONCILIATION OF THE DISCRETELY PRESENTED COMPONENT UNITS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
NOVEMBER 30, 2006

Total fund balances for discretely presented component units	\$ 1,658,703
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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 \$28,172 accumulated depreciation	31,296	
Buildings, net of \$464,002 accumulated depreciation	1,004,052	
Building improvements, less \$14,680 accumulated depreciation	51,866	
Equipment, less \$266,598 accumulated depreciation	125,572	
Total capital assets		1,262,286

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	(196,826)	
Compensated absences	(62,562)	
Total long-term liabilities		(259,388)

Total net assets of discretely presented component units	\$ 2,661,601
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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, 2006

Net change in fund balances - total discretely presented component units	\$ 68,417
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The change in net assets reported for discretely presented component units in the statement of activities is different because:

<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$75,441) exceeded capital outlays (\$23,415) in the current period.</p>	(52,026)
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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	(3,394)
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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 activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of notes payable	124,196
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Change in net assets of discretely presented component units	\$ <u>137,193</u>
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FEDERAL FINANCIAL ASSISTANCE



Kerber, Eck & Braeckel LLP

CPAs and
Management Consultants

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

Jackson County Board
Courthouse
Murphysboro, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Jackson County, Illinois, as of and for the year ended November 30, 2006, which collectively comprise the Jackson County, Illinois' basic financial statements and have issued our report thereon dated March 29, 2007. 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 and Other Matters

As part of obtaining reasonable assurance about whether Jackson County, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters 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 an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be a weakness. A material weakness is a reportable 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 caused by error or fraud 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

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

Kerber, Eck + Braeckel LLP

Carbondale, Illinois
March 29, 2007



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, 2006. 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, 2006.

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 reportable 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 caused by error or fraud 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 and use of the County Board, management, the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kemper, Eck & Braeckel LLP

Carbondale, Illinois
March 29, 2007

JACKSON COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2006

Program	CFDA Number	Grantor	Pass-through Grantor's Number	Pass-through Grantor	Expenditures
Cash Federal Award Expenditures					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	U.S. Department of Agriculture	11G6270000 11G7270000	Illinois Department of Human Services	118,900 <u>92,000</u> 210,900
Women, Infants, & Children Farmers' Market Nutrition Program	10.572	U.S. Department of Agriculture	11G7270000	Illinois Department of Human Services	1,000
Social Services Block Grant - Title XX	93.667	U.S. Department of Health and Human Services	11G6270000	Illinois Department of Human Services	62,100
HIV Care Formula Grants	93.917	U.S. Department of Health and Human Services	55780361 65780396 55780406 65780407	Illinois Department of Public Health	158,232 94,599 16,233 <u>10,832</u> 279,896
Family Planning Services - Title X	93.217	U.S. Department of Health and Human Services	11G6270000 11G7270000	Illinois Department of Human Services	31,900 <u>62,000</u> 93,900
Centers for Disease Control and Prevention	93.283	U.S. Department of Health and Human Services	60067181038 70077181038 70075380122 60067181135	Illinois Department of Public Health	92,207 4,812 7,000 <u>18,765</u> 122,784
Maternal and Child Health Services Grant	93.994	U.S. Department of Health and Human Services	11G6270000 11G7270000	Illinois Department of Human Services	25,000 <u>15,000</u> 40,000
Summer Food Service Program for Children	10.559	U.S. Department of Agriculture	60065280609 70065280609	Illinois Department of Public Health	600 <u>150</u> 750
Housing Opportunities for Persons with AIDS	14.241	U.S. Department of Housing and Urban Development	55780315 65780267	Illinois Department of Public Health	21,791 <u>53,229</u> 75,020
State Domestic Preparedness Equipment Support Program	97.004	U.S. Department of Homeland Security	N/A	Illinois Emergency Management Agency	47,394
Emergency Management Performance Grants	97.042	U.S. Department of Homeland Security	N/A	Illinois Emergency Management Agency	18,700
Homeland Security Grant Program	97.067	U.S. Department of Homeland Security	04IESMAEQU	Illinois Emergency Services Management Association	4,333
Public Safety Partnership and Community Policing Grants	16.710	U.S. Department of Justice	2003CKWX0090	N/A	241,404
Immunization Grant	93.268	U.S. Department of Health and Human Services	N/A	Illinois Department of Public Health	67,779
Highway Planning and Construction	20.205	Federal Highway Administration	03-00011-03-RS 04-00045-02-RS 02-13134-01-SD 02-00135-01-SD 04-15118-01-FP 03-00136-00-BR 00-00130-00-BR 01-16117-00-BR	Illinois Department of Transportation	5,272 3,263 1,200 3,000 7,692 27,994 4,250 <u>8,004</u> 60,675
Edward Byrne Memorial Justice Assistance Grant Program	16.738	U.S. Department of Justice	087755	City of Carbondale, Illinois	5,785
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	111,376
Help America Vote Act Requirements Payments	90.401	Election Assistance Commission	N/A	Illinois State Board of Elections	<u>426,689</u>
Sub-total Cash Federal Award Expenditures					1,881,038
Non-Cash Federal Award Expenditures					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	U.S. Department of Agriculture	N/A	Illinois Department of Human Services	<u>401,985</u>
Sub-total Non-Cash Federal Award Expenditures					<u>\$ 401,985</u>
Total Federal Expenditures					<u>\$ 2,283,023</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, 2006

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 provided \$241,404 of Public Safety Partnership and Community Policing Grants federal funds (cfda 16.710) to subrecipient Southern Illinois Enforcement Group and provided \$14,472 of Maternal and Child Health Services Grants federal funds (cfda 93.994) to subrecipient University of Illinois Extension during fiscal year ended November 30, 2006,.

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, 2006.

Non -cash assistance received in the amount \$401,985 as 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, 2006

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____yes X no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<i>CFDA Number</i>	<i>Name of Federal Program</i>
10.557	Special Supplemental Nutrition Program for Women, Infants & Children
16.710	Public Safety Partnership and Community Policing Grants
90.401	Help America Vote Act Requirements Payments

Dollar threshold used to distinguish between type
A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? _____yes X no

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

JACKSON COUNTY, ILLINOIS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2006

Prior Audit Findings

- 05-1 Finding has been corrected.
- 05-2 Finding has been corrected.

