

**JACKSON COUNTY, ILLINOIS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED NOVEMBER 30, 2008**



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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED NOVEMBER 30, 2008**

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## OFFICE OF COUNTY BOARD JACKSON COUNTY, ILLINOIS

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November 30, 2008

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, 2008.

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, 2008, 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, 2008, are fairly presented in

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

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

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

### **Profile of the Government**

Jackson County, incorporated January 10, 1816, is located in the southwestern part of the State of Illinois. Jackson County currently occupies a land area of 588 square miles and serves a population of 59,627 (2000 census). Jackson County is empowered to levy a property tax on real property located within its boundaries.

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

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

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

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

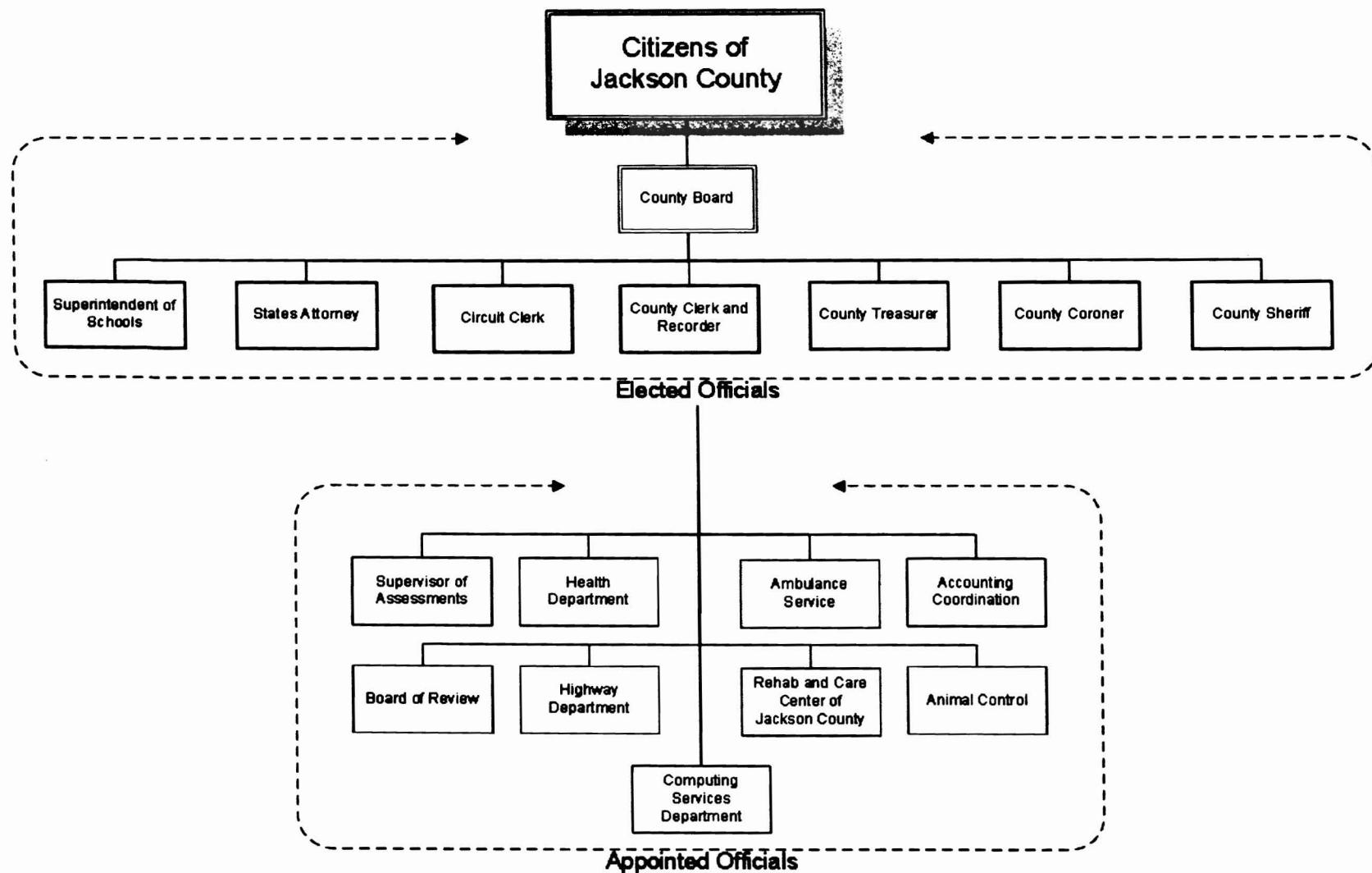
### **Acknowledgements**

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

Respectfully submitted,



Gerald Compton  
Finance Committee Chairman  
Jackson County Board



JACKSON COUNTY, ILLINOIS  
LIST OF ELECTED OFFICIALS  
NOVEMBER 30, 2008

**JACKSON COUNTY ELECTED OFFICIALS**

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

**JACKSON COUNTY BOARD MEMBERS**

District 1	William Alstat
District 2	Karl Maple
District 3	Dan Bost
District 4	Mark Holt
District 5	Frank Puttman
District 6	Mary Korando
District 7	Darnecea Moultrie
	Bob Lorinskas
	Don Barrett
	John Rendleman
	Gerald Compton
	Tom Redmond
	John Evans
	Breton O'Neill

**JACKSON COUNTY APPOINTED OFFICIALS**

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



## 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, 2008. 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 was declared one of nineteen counties as disaster areas on March 20, 2008, as a result of severe spring storms and flooding. The townships, cities, park districts, levee districts, school districts and the county expended \$1,431,205.05 in emergency protective measures. The Illinois Emergency Management Agency with the assistance of the Illinois Governor requested federal assistance that was repeatedly denied.
- The Jackson County Health Department added 2,200 square feet onto their existing facility through grant funds from the Illinois Department of Public Health and the departments operating budget. The additional space allows the Jackson County Health Department to better serve the community through promoting health, preventing illness, protecting the environment, and preparing for emergencies.
- An error had occurred in the tax extension and tax billing process for the property tax year 2007 collected in 2008 resulting in a \$600,000 shortfall for the county corporate levy. An adjustment will be made in the 2008 collected in 2009 property tax year to recoup the \$600,000 and a public explanation of the error will be given.
- Jackson County once again looked at other funding sources in order to meet its obligations.

### 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 618-687-7241.

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, 2008, 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 general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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, 2008, 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 April 27, 2009 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 statements. 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.

*Kerber, Eck + Braeckel LLP*

Carbondale, Illinois  
April 27, 2009

## **BASIC FINANCIAL STATEMENTS**

**JACKSON COUNTY, ILLINOIS**  
**STATEMENT OF NET ASSETS**  
**NOVEMBER 30, 2008**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Total</b>
<b>Assets:</b>				
Cash	\$ 8,469,443	\$ 1,721,057	\$ 10,190,500	\$ 783,458
Investments	-	-	-	50,879
<b>Accounts receivable:</b>				
Consumers	-	2,209,084	2,209,084	-
Other governmental units and agencies	1,222,602	-	1,222,602	667,770
Property taxes	5,013,231	1,973,221	6,986,452	1,332,563
Other receivables	-	-	-	29
Due from other funds	47,676	-	47,676	7,311
Due from others	137,784	-	137,784	-
Due from agencies	70,931	-	70,931	-
Prepayments	3,242	880	4,122	2,485
Inventories	-	55,807	55,807	82,470
<b>Restricted assets:</b>				
Cash	1,111,094	-	1,111,094	-
Investments	101,624	-	101,624	-
<b>Accounts receivable:</b>				
Property taxes	3,626,387	-	3,626,387	-
Due from county general	1,776,676	-	1,776,676	-
Capital assets, net	<u>15,531,443</u>	<u>2,614,238</u>	<u>18,145,681</u>	<u>1,531,732</u>
<b>Total Assets</b>	<u>37,112,133</u>	<u>8,574,287</u>	<u>45,686,420</u>	<u>4,458,697</u>
<b>Liabilities:</b>				
Accounts payable	259,075	456,456	715,531	64,591
Accrued payroll	334,121	281,591	615,712	41,881
Current portion - compensated absences	257,764	283,430	541,194	103,446
Current portion - notes payable	53,467	-	53,467	30,245
Due to other funds	47,676	-	47,676	7,311
Due to others	-	167,913	167,913	-
Due to agencies	1,180	-	1,180	-
Due to restricted funds	1,776,676	-	1,776,676	-
Deferred revenue	3,693,830	1,666,262	5,360,092	1,084,060
<b>Restricted liabilities:</b>				
Accounts payable	2,668	-	2,668	-
Deferred revenue	2,553,952	-	2,553,952	-
Due to others	87,974	-	87,974	-
<b>Noncurrent liabilities:</b>				
Compensated absences	211,225	-	211,225	99,301
Notes payable	<u>336,427</u>	<u>-</u>	<u>336,427</u>	<u>113,929</u>
<b>Total Liabilities</b>	<u>9,616,035</u>	<u>2,855,652</u>	<u>12,471,687</u>	<u>1,544,764</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	15,141,549	2,614,238	17,755,787	1,387,558
Restricted assets	3,971,187	-	3,971,187	-
Designated	8,209,864	-	8,209,864	-
Unrestricted	<u>173,498</u>	<u>3,104,397</u>	<u>3,277,895</u>	<u>1,526,375</u>
<b>Total Net Assets</b>	<u>\$ 27,496,098</u>	<u>\$ 5,718,635</u>	<u>\$ 33,214,733</u>	<u>\$ 2,913,933</u>

The accompanying notes are an integral part of this statement.

**JACKSON COUNTY, ILLINOIS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Service Charges, Permits, and Fees	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-Type Activities		
<b>Primary government:</b>								
<b>Governmental activities:</b>								
General government	\$ 6,969,527	\$ 2,794,687	\$ 142,240	\$ -	\$ (4,032,600)	\$ -	\$ (4,032,600)	\$ -
Public Works	2,493,144	256,608	409,185	-	(1,827,351)	-	(1,827,351)	-
Public Safety	5,670,264	176,682	291,872	-	(5,201,710)	-	(5,201,710)	-
Interest on long term debt	31,281	-	-	-	(31,281)	-	(31,281)	-
<b>Total governmental activities</b>	<b>15,164,216</b>	<b>3,227,977</b>	<b>843,297</b>	<b>\$ -</b>	<b>(11,092,942)</b>	<b>\$ -</b>	<b>(11,092,942)</b>	<b>\$ -</b>
<b>Business-Type activities:</b>								
Rehab & Care	8,482,947	7,360,672	-	-	-	(1,122,275)	(1,122,275)	-
Ambulance	3,045,016	2,224,121	-	-	-	(820,895)	(820,895)	-
<b>Total Business-Type activities</b>	<b>11,527,963</b>	<b>9,584,793</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>(1,943,170)</b>	<b>(1,943,170)</b>	<b>\$ -</b>
<b>Total Primary Government</b>	<b>\$ 26,692,179</b>	<b>\$ 12,812,770</b>	<b>\$ 843,297</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>
<b>Component Units:</b>								
Health Department	\$ 3,676,200	\$ 626,333	\$ 2,678,137	\$ -				\$ (371,730)
Tuberculosis	55,907	-	-	-				(55,907)
Mental Health 708 Board	355,944	-	-	-				(355,944)
<b>Total Component Units</b>	<b>\$ 4,088,051</b>	<b>\$ 626,333</b>	<b>\$ 2,678,137</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(783,581)</b>
<b>General Revenues:</b>								
<b>Taxes:</b>								
General property taxes					3,080,605	1,420,799	4,501,404	894,560
Property taxes, restricted					1,935,406	740,870	2,676,276	195,043
Sales and service taxes					2,157,677	-	2,157,677	-
Motor fuel tax					940,594	-	940,594	-
State Income Tax					1,868,099	-	1,868,099	-
Replacement Tax					704,764	-	704,764	-
Inheritance Tax					13,269	-	13,269	-
Local Use Tax					291,137	-	291,137	-
County Hotel Tax					4,955	-	4,955	-
Investment earnings					231,093	27,332	258,425	21,122
State grant					-	-	-	-
Miscellaneous					69,185	23,679	92,864	3,058
<b>Total general revenues</b>	<b>11,296,784</b>	<b>2,212,680</b>	<b>13,509,464</b>	<b>\$ -</b>	<b>1,113,783</b>	<b>\$ -</b>	<b>1,113,783</b>	<b>\$ -</b>
<b>Change in net assets</b>	<b>203,842</b>	<b>269,510</b>	<b>473,352</b>	<b>\$ -</b>	<b>330,202</b>	<b>\$ -</b>	<b>330,202</b>	<b>\$ -</b>
<b>Net assets - beginning</b>	<b>27,292,256</b>	<b>5,449,125</b>	<b>32,741,381</b>	<b>\$ -</b>	<b>2,583,731</b>	<b>\$ -</b>	<b>2,583,731</b>	<b>\$ -</b>
<b>Net assets - ending</b>	<b>\$ 27,496,098</b>	<b>\$ 5,718,635</b>	<b>\$ 33,214,733</b>	<b>\$ -</b>	<b>\$ 2,913,933</b>	<b>\$ -</b>	<b>\$ 2,913,933</b>	<b>\$ -</b>

The accompanying notes are an integral part of this statement.

**JACKSON COUNTY, ILLINOIS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**NOVEMBER 30, 2008**

	<b>General Fund</b>	<b>Solid Waste Management Fund</b>	<b>County Motor Fuel Tax Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash	\$ -	\$ 3,441,515	\$ 2,434,443	\$ 2,593,485	\$ 8,469,443
Accounts receivable:					
Other governmental units and agencies	1,055,384	42,665	-	124,553	1,222,602
Property taxes	3,617,904	-	-	1,395,327	5,013,231
Due from other funds	-	-	45,907	1,769	47,676
Due from others	137,784	-	-	-	137,784
Due from agencies	-	-	-	70,931	70,931
Prepayments	3,242	-	-	-	3,242
Restricted assets					
Cash	1,111,094	-	-	-	1,111,094
Investments	101,624	-	-	-	101,624
Accounts receivable:					
Property taxes	3,626,387	-	-	-	3,626,387
Due from county general	1,776,676	-	-	-	1,776,676
<b>Total Assets</b>	<b>\$ 11,430,095</b>	<b>\$ 3,484,180</b>	<b>\$ 2,480,350</b>	<b>\$ 4,186,065</b>	<b>\$ 21,580,690</b>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable	\$ 237,749	\$ -	\$ 420	\$ 20,906	\$ 259,075
Accrued payroll	332,863	-	-	1,258	334,121
Compensated absences	208,957	-	-	48,807	257,764
Due to other funds	-	-	-	47,676	47,676
Due to restricted funds	1,776,676	-	-	-	1,776,676
Due to agencies	-	-	-	1,180	1,180
Deferred revenue	2,658,830	-	-	1,035,000	3,693,830
Restricted liabilities					
Accounts payable	2,668	-	-	-	2,668
Deferred revenue	2,553,952	-	-	-	2,553,952
Due to others	87,974	-	-	-	87,974
<b>Total liabilities</b>	<b>7,859,669</b>	<b>-</b>	<b>420</b>	<b>1,154,827</b>	<b>9,014,916</b>
<b>Fund Balances:</b>					
Reserved for:					
Restricted assets	3,971,187	-	-	-	3,971,187
Debt service	-	-	-	(1,180)	(1,180)
Designated	-	3,441,515	2,479,930	2,288,419	8,209,864
Unreserved, undesignated	(400,761)	42,665	-	743,999	385,903
<b>Total fund balances</b>	<b>3,570,426</b>	<b>3,484,180</b>	<b>2,479,930</b>	<b>3,031,238</b>	<b>12,565,774</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,430,095</b>	<b>\$ 3,484,180</b>	<b>\$ 2,480,350</b>	<b>\$ 4,186,065</b>	<b>\$ 21,580,690</b>

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, ILLINOIS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 NOVEMBER 30, 2008

Total fund balances for governmental funds \$ 12,565,774

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 \$101,189 accumulated depreciation	4,187
Buildings, net of \$3,807,664 accumulated depreciation	3,776,490
Building improvements, net of \$401,705 accumulated depreciation	645,903
Fixed equipment, net of \$199,241 accumulated depreciation	69,906
Major movable equipment, net of \$1,052,500 accumulated depreciation	474,299
Vehicles, net of \$1,865,231 accumulated depreciation	484,445
Computers, net of \$851,292 accumulated depreciation	89,481
Infrastructure, net of \$3,681,614 accumulated depreciation	<u>9,719,868</u>
Total capital assets	15,531,443

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	(389,894)
Compensated absences	<u>(211,225)</u>
Total long-term liabilities	<u>(601,119)</u>

Total net assets of governmental activities \$ 27,496,098

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, 2008**

	General Fund	Solid Waste Management Fund	County Motor Fuel Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues - Unrestricted Funds:</b>					
General property taxes	\$ 2,123,702	\$ -	\$ -	\$ 956,902	\$ 3,080,604
Sales and service taxes	2,157,677	-	989,683	269,196	2,157,677
Intergovernmental revenue	3,316,335	-	62,677	63,209	4,575,214
Use of money and property	13,616	77,207	-	-	216,709
Service charges, permits and fees	2,056,377	-	-	-	2,056,377
Sanitation fees	-	307,334	-	-	307,334
Other revenue	-	-	-	87,458	87,458
<b>Total Unrestricted Fund Revenues</b>	<b>9,667,707</b>	<b>384,541</b>	<b>1,052,360</b>	<b>1,376,765</b>	<b>12,481,373</b>
<b>Expenditures - Unrestricted Funds</b>					
<b>Current:</b>					
General government	4,077,474	-	-	-	4,077,474
Public safety	5,474,862	-	-	-	5,474,862
Public health	-	461,424	-	-	461,424
Public works	-	-	-	1,350,441	1,350,441
Capital improvements	-	-	578,170	440,707	1,018,877
Debt Service	-	-	-	80,896	80,896
<b>Total Unrestricted Fund Expenditures</b>	<b>9,552,336</b>	<b>461,424</b>	<b>578,170</b>	<b>1,872,044</b>	<b>12,463,974</b>
<b>Excess (Deficiency) of Revenues Over Expenditures - Unrestricted Funds</b>	<b>115,371</b>	<b>(76,883)</b>	<b>474,190</b>	<b>(495,279)</b>	<b>17,399</b>
<b>Revenues - Restricted Funds:</b>					
General property taxes	1,846,158	-	-	89,248	1,935,406
Other revenues	951,279	-	-	-	951,279
<b>Total Restricted Fund Revenues</b>	<b>2,797,437</b>	<b>-</b>	<b>-</b>	<b>89,248</b>	<b>2,886,685</b>
<b>Expenditures - Restricted Funds:</b>					
General property taxes	1,850,598	-	-	89,248	1,939,846
Other expenditures	762,225	-	-	-	762,225
<b>Total Restricted Fund Expenditures</b>	<b>2,612,823</b>	<b>-</b>	<b>-</b>	<b>89,248</b>	<b>2,702,071</b>
<b>Excess of Revenues Over Expenditures - Restricted Funds</b>	<b>184,614</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>184,614</b>
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	-	-	46,760	641,521	688,281
Operating transfers out	(80,896)	-	(496,828)	(110,557)	(688,281)
<b>Total Other Financing Sources (Uses)</b>	<b>(80,896)</b>	<b>-</b>	<b>(450,068)</b>	<b>530,964</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>219,089</b>	<b>(76,883)</b>	<b>24,122</b>	<b>35,685</b>	<b>202,013</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>3,351,337</b>	<b>3,561,063</b>	<b>2,455,808</b>	<b>2,995,553</b>	<b>12,363,761</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 3,570,426</b>	<b>\$ 3,484,180</b>	<b>\$ 2,479,930</b>	<b>\$ 3,031,238</b>	<b>\$ 12,565,774</b>

The accompanying notes are an integral part of this statement.

**JACKSON COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008**

Net change in fund balances - total governmental funds \$ 202,013

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 depreciation(\$ 856,069) exceeds capital outlays (\$834,494) (21,305) in the current period.

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 (26,481)

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 49,615

Change in net assets of governmental activities \$ 203,842

The accompanying notes are an integral part of this statement.

**JACKSON COUNTY, ILLINOIS**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**NOVEMBER 30, 2008**

	<b>Enterprise Funds</b>		
	<b>Rehab &amp; Care</b>		<b>Total</b>
	<b>Center Fund</b>	<b>Ambulance Fund</b>	
<b>ASSETS</b>			
Cash	\$ 761,025	\$ 960,032	\$ 1,721,057
Accounts receivable:			
Consumers	1,674,193	534,891	2,209,084
Property taxes	669,385	1,303,836	1,973,221
Prepayments	880	-	880
Inventories	7,782	48,025	55,807
Capital Assets:			
Land and improvements	350,770	152,470	503,240
Buildings and improvements	8,013,843	616,652	8,630,495
Vehicles and equipment	2,058,113	1,786,114	3,844,227
Construction in progress	-	-	-
Accumulated depreciation	<u>(8,487,126)</u>	<u>(1,876,598)</u>	<u>(10,363,724)</u>
Total Assets	<u>5,048,865</u>	<u>3,525,422</u>	<u>8,574,287</u>
<b>LIABILITIES</b>			
Accounts payable	420,687	35,769	456,456
Accrued payroll	238,004	43,587	281,591
Compensated absences	212,976	70,454	283,430
Due to third party payors	148,778	-	148,778
Due to patient trust fund	19,135	-	19,135
Restricted liabilities:			
Deferred revenue	<u>714,146</u>	<u>952,116</u>	<u>1,666,262</u>
Total Liabilities	<u>1,753,726</u>	<u>1,101,926</u>	<u>2,855,652</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,935,600	678,638	2,614,238
Unrestricted	<u>1,359,539</u>	<u>1,744,858</u>	<u>3,104,397</u>
Total Net Assets	<u>\$ 3,295,139</u>	<u>\$ 2,423,496</u>	<u>\$ 5,718,635</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, 2008**

	<b>Enterprise Funds</b>		
	<b>Rehab &amp; Care Center Fund</b>	<b>Ambulance Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>			
Charges for services	\$ 7,321,049	\$ 2,224,121	\$ 9,545,170
Other operating revenues	<u>39,623</u>	-	<u>39,623</u>
<b>Total Operating Revenues</b>	<b><u>7,360,672</u></b>	<b><u>2,224,121</u></b>	<b><u>9,584,793</u></b>
<b>Operating Expenses:</b>			
Personnel services	5,590,419	2,075,134	7,665,553
Commodities	867,668	259,202	1,126,870
Contractual	1,443,639	251,144	1,694,783
Maintenance	42,566	5,443	48,009
Other charges	21,796	32,684	54,480
Bad debts	219,231	251,268	470,499
Depreciation	<u>297,628</u>	<u>170,141</u>	<u>467,769</u>
<b>Total Operating Expenses</b>	<b><u>8,482,947</u></b>	<b><u>3,045,016</u></b>	<b><u>11,527,963</u></b>
<b>Operating Loss</b>	<b><u>(1,122,275)</u></b>	<b><u>(820,895)</u></b>	<b><u>(1,943,170)</u></b>
<b>Nonoperating Revenues (Expenses):</b>			
General property taxes	1,068,575	1,093,094	2,161,669
Use of money and property	10,394	16,938	27,332
Miscellaneous revenue	<u>7,846</u>	<u>15,833</u>	<u>23,679</u>
<b>Total Nonoperating Revenues</b>	<b><u>1,086,815</u></b>	<b><u>1,125,865</u></b>	<b><u>2,212,680</u></b>
<b>Net income (loss)</b>	<b><u>(35,460)</u></b>	<b><u>304,970</u></b>	<b><u>269,510</u></b>
<b>Net assets - beginning of year</b>	<b><u>3,330,599</u></b>	<b><u>2,118,526</u></b>	<b><u>5,449,125</u></b>
<b>Total net assets - ending</b>	<b><u>\$ 3,295,139</u></b>	<b><u>\$ 2,423,496</u></b>	<b><u>\$ 5,718,635</u></b>

The accompanying notes are an integral part of this statement.

**JACKSON COUNTY, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008**

	<b>Enterprise Funds</b>		
	<b>Rehab &amp; Care Center Fund</b>	<b>Ambulance Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from patients and third party payors	\$ 7,074,046	\$ 2,130,107	\$ 9,204,153
Payments to suppliers	(2,494,516)	(1,141,324)	(3,635,840)
Payments to employees	(5,576,371)	(2,058,899)	(7,635,270)
Net cash used in operating activities	<u>(996,841)</u>	<u>(1,070,116)</u>	<u>(2,066,957)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Property tax support	1,068,575	1,093,094	2,161,669
Miscellaneous revenue	7,846	15,833	23,679
Net cash provided by noncapital financing activities	<u>1,076,421</u>	<u>1,108,927</u>	<u>2,185,348</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(64,230)	(80,969)	(145,199)
Net cash used in capital and related financing activities	<u>(64,230)</u>	<u>(80,969)</u>	<u>(145,199)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	10,394	16,938	27,332
Net cash provided by investing activities	<u>10,394</u>	<u>16,938</u>	<u>27,332</u>
NET INCREASE (DECREASE) IN CASH	25,744	(25,220)	524
CASH, BEGINNING OF YEAR	<u>735,281</u>	<u>985,252</u>	<u>1,720,533</u>
CASH, END OF YEAR	<u><u>\$ 761,025</u></u>	<u><u>\$ 960,032</u></u>	<u><u>\$ 1,721,057</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Loss	\$ (1,122,275)	(820,895)	\$ (1,943,170)
Items not requiring (providing) cash:			
Depreciation	297,628	170,141	467,769
Changes in:			
Accounts receivable	(410,388)	(443,234)	(853,622)
Prepaid expenses	124	13,630	13,754
Inventories	(572)	(1,421)	(1,993)
Accounts payable	121,632	(2,072)	119,560
Accrued payroll	20,156	15,665	35,821
Accrued vacation	(6,108)	570	(5,538)
Due to other funds	604	-	604
Due to third parties	77,416	-	77,416
Deferred revenue	<u>24,942</u>	<u>(2,500)</u>	<u>22,442</u>
NET CASH USED IN OPERATING ACTIVITIES	<u><u>\$ (996,841)</u></u>	<u><u>\$ (1,070,116)</u></u>	<u><u>\$ (2,066,957)</u></u>

The accompanying notes are an integral part of this statement.

**JACKSON COUNTY, ILLINOIS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**NOVEMBER 30, 2008**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 16,989,400
Investments	344,000
Due from other funds	-
Due from debt service	<u>1,180</u>
 Total assets	<u>17,334,580</u>
 <b>LIABILITIES</b>	
Due to others	1,217,092
Due to other funds	70,931
Due to individuals	474,134
Due to taxing units	15,518,354
Accrued interest	<u>54,069</u>
 Total liabilities	<u>17,334,580</u>
 <b>NET ASSETS</b>	<u>\$</u>

The accompanying notes are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS**

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2008

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, 2008, 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, 2008

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, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**3. Government-Wide and Fund Financial Statements**

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

The statement of activities presents the direct expenses of a given function, segment or program offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment or program.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from the goods or services of a program and 2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function, segment or program. Taxes and other items not properly included in program revenues are reported as general revenues.

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

**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, 2008

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, 2008**

**NOTE B - DEPOSITS AND INVESTMENTS**

**Deposits**

At November 30, 2008, the carrying amount of the County's deposits with financial institutions was \$12,237,555 and the bank balances were \$12,414,731.

**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, 2008, the County has \$394,654 of uninsured/uncollateralized deposits.

At November 30, 2008, the bank balance of \$29,814,496, including fiduciary funds, \$1,533,994 was covered by federal depository insurance, \$16,416,679 were collateralized by pledged bank assets in the County's name, \$11,469,169 was deposited in the Illinois Funds, a state investment pool, and \$394,654 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, 2008, 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	\$ 152,503	\$ 50,879	\$ 101,624

**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, 2008, 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 is 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, 2008, 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, 2008

**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, 2008, accounts receivable in the Enterprise Fund totaled \$2,209,084 which is net of contractual allowances and provisions for bad debts of \$1,508,572.

**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 2007 assessed valuation for property taxes collected in Fiscal Year 2008 was \$639,832,804. The tax levy for 2007, which represents the property taxes collected in Fiscal Year 2008, was \$134,585 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, 2008 is as follows:

<u>Restricted Assets</u>	<u>General</u>
Tort Liability	
Cash	\$ (11,767)
Property tax receivable	408,817
Workers' Compensation	
Cash	491,091
Property tax receivable	156,311
Unemployment Insurance	
Cash	231,295
Property tax receivable	102,567
Social Security	
Cash	159,891
Property tax receivable	1,288,596
Illinois Municipal Retirement Fund	
Cash	548,642
Property tax receivable	1,670,096

**JACKSON COUNTY, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**NOVEMBER 30, 2008**

**NOTE E - RESTRICTED ASSETS - CONTINUED**

Sheriff Drug Fund		
Cash		6,957
DUI Sheriff Law Enforcement Equipment		
Cash		26,039
Sheriff Drug Asset Fund		
Cash		15,790
Court Supervision		
Cash		3,737
Court Assessment		
Cash		458,405
Kids in the Court		
Cash		495
Law Library		
Cash		62,378
Treasurer – Court Ordered Funds		
Cash		53
Treasurer Inheritance Tax		
Cash		193
State's Attorney Drug Asset Fund		
Cash		17,657
State's Attorney Victim Assist Fund		
Cash		825
County Clerk Revenue Stamps		
Cash		113,198
Circuit Clerk Child Support Admin Fund		
Cash		138,770
Hotel Tax		
Cash		4,312
Automation and Capital Improvement		
Cash		598,459
Investments		101,624
Prisoner Trust Accounts		
Cash		18,345
County Board Unclaimed Monies		
Cash		3,005

**JACKSON COUNTY, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**NOVEMBER 30, 2008**

**NOTE E - RESTRICTED ASSETS - CONTINUED**

Due from County General	1,776,676
Cash Contra account	<u>(1,776,676)</u>
	<u><u>\$ 6,615,781</u></u>

**NOTE F - CAPITAL ASSETS**

Capital asset activity for the year ended November 30, 2008 was as follows:

**General Government**

	<u>Balance November 30, 2007</u>	<u>Additions</u>	<u>Deductions and Transfers</u>	<u>Balance November 30, 2008</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Construction in progress	<u>116,864</u>	<u>-</u>	<u>-</u>	<u>116,864</u>
Total capital assets, not being depreciated:	<u>266,864</u>	<u>-</u>	<u>-</u>	<u>266,864</u>
Capital assets, being depreciated:				
Land improvements	105,376	-	-	105,376
Buildings	7,584,154	-	-	7,584,154
Building improvements	1,047,608	-	-	1,047,608
Fixed equipment	268,114	1,033	-	269,147
Major movable equipment	1,521,987	4,812	-	1,526,799
Vehicles	2,298,567	186,581	(135,472)	2,349,676
Computers	924,886	15,887	-	940,773
Infrastructure	<u>12,846,035</u>	<u>555,447</u>	<u>-</u>	<u>13,401,482</u>
Total capital assets being depreciated	26,596,727	763,760	(135,472)	27,225,015
Less accumulated depreciation for:				
Land improvements	(96,390)	(4,799)	-	(101,189)
Buildings	(3,627,531)	(180,133)	-	(3,807,664)
Building improvements	(333,726)	(67,979)	-	(401,705)
Fixed equipment	(183,757)	(15,484)	-	(199,241)
Major movable equipment	(904,669)	(147,831)	-	(1,052,500)
Vehicles	(1,970,688)	(101,019)	206,476	(1,865,231)
Computers	(804,190)	(47,102)	-	(851,292)
Infrastructure	<u>(3,389,892)</u>	<u>(291,722)</u>	<u>-</u>	<u>(3,681,614)</u>
Total accumulated depreciation	<u>(11,310,843)</u>	<u>(856,069)</u>	<u>206,476</u>	<u>(11,960,436)</u>
Total capital assets, being depreciated, net	<u>15,285,884</u>	<u>(92,309)</u>	<u>71,004</u>	<u>15,264,579</u>
Governmental activities capital assets, net	<u>\$ 15,552,748</u>	<u>\$ (92,309)</u>	<u>\$ 71,004</u>	<u>\$ 15,531,443</u>

**JACKSON COUNTY, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**NOVEMBER 30, 2008**

**NOTE F - CAPITAL ASSETS - CONTINUED**

	<u>Balance</u> <u>November 30,</u> <u>2007</u>	<u>Additions</u>	<u>Deductions</u> <u>and</u> <u>Transfers</u>	<u>Balance</u> <u>November 30,</u> <u>2008</u>
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 76,458	\$ -	\$ -	\$ 76,458
Construction in progress	-	-	-	-
Total capital assets, not being depreciated:	<u>76,458</u>	<u>-</u>	<u>-</u>	<u>76,458</u>
Capital assets, being depreciated:				
Land improvements	426,782	-	-	426,782
Buildings and improvements	8,621,783	8,712	-	8,630,495
Vehicles and equipments	<u>3,707,740</u>	<u>136,487</u>	<u>-</u>	<u>3,844,227</u>
Total capital assets being depreciated	12,756,305	145,199	-	12,901,504
Less accumulated depreciation for:				
Land improvements	(220,168)	(17,114)	-	(237,282)
Buildings and improvements	(6,704,699)	(252,815)	-	(6,957,514)
Vehicles and equipment	<u>(2,971,088)</u>	<u>(197,840)</u>	<u>-</u>	<u>(3,168,928)</u>
Total accumulated depreciation	<u>(9,895,955)</u>	<u>(467,769)</u>	<u>-</u>	<u>(10,363,724)</u>
Total capital assets, Being depreciated, net	<u>2,860,350</u>	<u>(322,570)</u>	<u>-</u>	<u>2,537,780</u>
Business-type activities Capital assets, net	<u><b>\$ 2,936,808</b></u>	<u><b>\$ (322,570)</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 2,614,238</b></u>

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

Governmental activities:	
General government	\$ 252,749
Public Safety	195,402
Public works	<u>407,918</u>
Total depreciation expense – governmental activities	<u><b>\$ 856,069</b></u>
Business-type activities:	
Rehab & Care Center	\$ 297,628
Ambulance	<u>170,141</u>
Total depreciation expense – business-type activities	<u><b>\$ 467,769</b></u>

JACKSON COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
NOVEMBER 30, 2008

NOTE F - CAPITAL ASSETS - CONTINUED

Capital asset activity of the component unit for the year ended November 30, 2008 follows:

	Balance November 30, <u>2007</u>	Additions	Deductions And Transfers	Balance November 30, <u>2008</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	59,468	18,980	-	78,448
Buildings and improvements	1,541,200	388,524	-	1,929,724
Equipment	<u>412,793</u>	<u>10,839</u>	<u>(5,246)</u>	<u>418,386</u>
Total capital assets being depreciated	2,013,461	418,343	(5,246)	2,426,558
Less accumulated depreciation for:				
Land improvements	(31,441)	(3,374)	-	(34,815)
Buildings and improvements	(522,736)	(48,603)	-	(571,339)
Equipment	<u>(313,019)</u>	<u>(29,633)</u>	<u>4,480</u>	<u>(338,172)</u>
Total accumulated depreciation	<u>(867,196)</u>	<u>(81,610)</u>	<u>4,480</u>	<u>(944,326)</u>
Total capital assets, being depreciated, net	<u>1,146,265</u>	<u>336,733</u>	<u>(766)</u>	<u>1,482,232</u>
Component unit, capital assets, net	<u>\$ 1,195,765</u>	<u>\$ 336,733</u>	<u>\$ (766)</u>	<u>\$ 1,531,732</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, 2008 as follows:

Installment agreement, due in monthly installments of \$ 6,741.31  
Beginning in December 2004 through November 2014 including  
interest at 7.5% \$ 389,894

**JACKSON COUNTY, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**NOVEMBER 30, 2008**

**NOTE G – LONG TERM DEBT - CONTINUED**

The annual requirements to amortize all governmental activity long-term debt notes payable as of November 30, 2008 are as follows:

<u>Year Ending November 30</u>	<u>Principal</u>	<u>Interest</u>
2009	53,467	27,429
2010	57,618	23,278
2011	62,091	18,805
2012	66,911	13,985
2013-2014	<u>149,807</u>	<u>11,983</u>
	<u><b>\$ 389,894</b></u>	<u><b>\$ 95,480</b></u>

Component Unit Notes Payable

The component unit funds notes payable at November 30, 2008, are described as follows:

Term bank loan, for the construction of a new building, due in monthly installments of \$3,064 beginning in June, 2000 through May, 2013 including interest at 5.00% **\$ 144,174**

The annual requirements to amortize all component unit fund notes payable at November 30, 2008, are as follows:

<u>Year Ending November 30.</u>	<u>Principle</u>	<u>Interest</u>
2009	30,245	6,522
2010	31,793	4,974
2011	33,419	3,348
2012	35,129	1,638
2013	<u>13,588</u>	<u>150</u>
	<u><b>\$144,174</b></u>	<u><b>\$ 16,632</b></u>

During the year ended November 30, 2008, the following changes occurred in long-term liabilities reported in the government-wide financial statements of primary government:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within One Year</u>
	<u>November 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>November 30, 2008</u>	
Notes Payable	\$ 439,509	\$ -	\$ 49,615	\$ 389,894	\$ 53,467
Compensated absences	<u>402,523</u>	<u>71,710</u>	<u>5,244</u>	<u>468,989</u>	<u>257,764</u>
	<u><b>\$ 842,032</b></u>	<u><b>\$ 71,710</b></u>	<u><b>\$ 54,859</b></u>	<u><b>\$ 858,883</b></u>	<u><b>\$ 311,231</b></u>

**JACKSON COUNTY, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**NOVEMBER 30, 2008**

**NOTE G - LONG-TERM DEBT- CONTINUED**

During the year ended November 30, 2008, the following changes occurred in long-term liabilities reported in the government-wide financial statements within the Component Unit Fund:

	<u>Balance</u> <u>November 30,</u> <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>November 30,</u> <u>2008</u>	<u>Due Within</u> <u>One Year</u>
Notes payable	\$ 171,427	\$ -	\$ 27,253	\$ 144,174	\$ 30,245
Compensated absences	<u>158,128</u>	<u>44,047</u>	<u>-</u>	<u>202,175</u>	<u>102,874</u>
	<u><u>\$ 329,555</u></u>	<u><u>\$ 44,047</u></u>	<u><u>\$ 27,253</u></u>	<u><u>\$ 346,349</u></u>	<u><u>\$ 133,119</u></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](http://www.irmf.org/pubs/pub_homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

*Funding Policy.* Employees participating in IMRF are required to contribute 4.5 percent of their annual covered salary. The member rate is established by State Statute. The employer is required to contribute at an actuarially determined rate. The employer rate for calendar year 2007 was 7.44% 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, 2007 was 25 years.

*Annual Pension Cost.* For December 31, 2007, the employer's annual pension cost of \$804,090 was equal to the employer's required and actual contributions. The required contribution was determined as part of the December 31, 2004 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 10.0% 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 2007 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, 2008

NOTE H - RETIREMENT PLANS- CONTINUED

The actuarial assumptions used to determine the actuarial accrued liability for 2007 were based on the 2002-2004 Experience Study. The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and more 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](http://www.imrf.org/pubs/pub_homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

*Funding Policy.* Employees participating in IMRF are required to contribute 7.5 percent of their annual covered salary. The member rate is established by State Statute. The employer is required to contribute at an actuarially determined rate. The employer rate for calendar year 2007 was 20.74 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, 2007 was 25 years.

*Annual Pension Cost.* For December 31, 2007, the employer's annual pension cost of \$589,802 was equal to the employer's required and actual contributions. The required contribution was determined as part of the December 31, 2004 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 10.0% 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 2007 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 2007 were based on the 2002-2004 Experience Study. The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and more early retirements are expected to occur.

Illinois Municipal Retirement Fund – Elected County Official:

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

JACKSON COUNTY, ILLINOIS  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 NOVEMBER 30, 2008

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 2007 was 25.75 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, 2007 was 29 years.

*Annual Pension Cost.* For December 31, 2007, the employer's annual pension cost of \$92,233 was equal to the employer's required and actual contributions. The required contribution was determined as part of the December 31, 2004 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 10.0% 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 2007 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 2007 were based on the 2002-2004 Experience Study. The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and more 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>
12/31/05	\$ 857,203	100%	\$ 0
12/31/06	\$ 850,830	100%	\$ 0
12/31/07	\$ 804,090	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>
12/31/05	\$ 299,187	100%	\$ 0
12/31/06	\$ 548,520	100%	\$ 0
12/31/07	\$ 589,802	100%	\$ 0

**JACKSON COUNTY, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**NOVEMBER 30, 2008**

**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>
12/31/05	\$ 95,132	100%	\$ 0
12/31/06	\$ 87,580	100%	\$ 0
12/31/07	\$ 92,233	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:**

12/31/05	\$ 31,169,783	\$ 29,310,733	\$ (1,859,050)	106.34 %	\$ 11,274,495	0.00%
12/31/06	\$ 33,873,601	\$ 31,477,409	\$ (2,396,192)	107.61 %	\$ 10,189,581	0.00%
12/31/07	\$ 37,680,197	\$ 34,206,973	\$ (3,473,224)	110.15 %	\$ 10,807,660	0.00%

**Sheriff's IMRF:**

12/31/05	\$ 3,806,378	\$ 5,708,962	\$ 1,902,584	66.67 %	\$ 1,453,745	130.87%
12/31/06	\$ 4,831,387	\$ 8,212,519	\$ 3,381,132	58.83 %	\$ 2,692,786	125.56%
12/31/07	\$ 5,997,998	\$ 9,196,769	\$ 3,198,771	65.22 %	\$ 2,832,769	112.92%

**Elected County Official IMRF:**

12/31/05	\$ 685,371	\$ 1,094,498	\$ 409,127	62.62 %	\$ 338,668	120.80 %
12/31/06	\$ 954,260	\$ 2,268,190	\$ 1,313,930	42.07 %	\$ 344,939	380.92 %
12/31/07	\$ 1,153,498	\$ 2,309,878	\$ 1,156,380	49.94 %	\$ 358,186	322.84 %

**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 \$1,545,769 at November 30, 2008, 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, 2008

**NOTE K - OTHER REQUIRED DISCLOSURE**

**Excess of Expenditures Over Appropriations**

Excess of expenditures over appropriations in individual funds for the year ended November 30, 2008, are as follows:

<u>Fund</u>	<u>Expenditures</u>	<u>Budget</u>
General Fund	\$12,165,159	\$11,842,739
Component Units: Health Department	\$ 4,018,283	\$ 3,630,193

**NOTE L - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and interfund payables are as follows at November 30, 2008:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Special Revenue Funds: Highway	\$ 72,700	\$ 45,907
Bridge	-	1,769
Motor Fuel Tax	45,907	
Debt Service Fund	-	1,180
Component Units: Health Department	7,311	-
Tuberculosis	-	7,311
Agency Funds: Township Motor Fuel	-	70,931
County Collector's Fund	<u>1,180</u>	<u>-</u>
<b>Total All Funds</b>	<b><u>\$ 127,098</u></b>	<b><u>\$ 127,098</u></b>

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 Motor Fuel Tax Fund	<u>46,760</u>	<u>496,828</u>

JACKSON COUNTY, ILLINOIS  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 NOVEMBER 30, 2008

NOTE M – INTERFUND TRANSFERS - CONTINUED

Total Major Funds	46,760	577,724
Nonmajor Governmental Funds:		
County Highway	560,625	46,760
County Bridge Fund	-	58,896
Federal Aid and Matching Fund	-	4,901
Debt Service Fund	<u>80,896</u>	-
Total Nonmajor Funds	<u>641,521</u>	<u>110,557</u>
Total All Funds	<u><u>\$ 688,281</u></u>	<u><u>\$ 688,281</u></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.

The County maintains a partially self-funded employee health benefit plan. All full-time employees and certain retired employees who contribute to the fund are covered. It is self-funded to a maximum of \$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 \$1,000,000 per plan year.

NOTE O - CONTINGENCIES

Litigation and Claims

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

NOTE P - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains two enterprise funds which provide rehab and nursing care and ambulance services. Segment information for the year ended November 30, 2008, is as follows:

**JACKSON COUNTY, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**NOVEMBER 30, 2008**

**NOTE P - SEGMENT INFORMATION FOR ENTERPRISE FUNDS—CONTINUED**

	<u>Rehab &amp; Care Center</u>	<u>Ambulance Service</u>	<u>Total Enterprise Funds</u>
Operating revenues	\$ 7,360,672	\$ 2,224,121	\$ 9,584,793
Operating expenses:			
Depreciation	\$ 297,628	\$ 170,141	\$ 467,769
Other	\$ 8,185,319	\$ 2,874,875	\$ 11,060,194
Operating loss	\$ (1,122,275)	\$ (820,895)	\$ (1,943,170)
Non-operating revenues	\$ 1,086,815	\$ 1,125,865	\$ 2,212,680
Capital assets:			
Additions	\$ 64,230	\$ 80,969	\$ 145,199
Deletions	\$ -	\$ -	\$ -
Net working capital	\$ -	\$ -	\$ -
Change in net assets	\$ (35,460)	\$ 304,970	\$ 269,510
Beginning net assets	\$ 3,330,599	\$ 2,118,526	\$ 5,449,125
Prior period adjustment	\$ -	\$ -	\$ -
Ending net assets	\$ 3,295,139	\$ 2,423,496	\$ 5,718,635
Current assets	\$ 3,113,265	\$ 2,846,784	\$ 5,960,049
Capital assets	\$ 1,935,600	\$ 678,638	\$ 2,614,238
Current liabilities	\$ 1,753,726	\$ 1,101,926	\$ 2,855,652
Long-term liabilities	\$ -	\$ -	\$ -
Invested in capital assets	\$ 1,935,600	\$ 678,638	\$ 2,614,238
Unrestricted net assets	\$ 1,359,539	\$ 1,744,858	\$ 3,104,397
Net cash used in operating activities	\$ (996,841)	\$ (1,070,116)	\$ (2,066,957)
Net cash provided by noncapital financing activities	\$ 1,076,421	\$ 1,108,927	\$ 2,185,348
Net cash used in capital and related financing activities	\$ (64,230)	\$ (80,969)	\$ (145,199)
Net cash provided by investing activities	\$ 10,394	\$ 16,938	\$ 27,332
Beginning cash	\$ 735,281	\$ 985,252	\$ 1,720,533
Ending cash	\$ 761,025	\$ 960,032	\$ 1,721,057

**NOTE Q - INTEREST EXPENDITURES/EXPENSES**

The total interest expenditures/expenses of the County aggregated \$40,796.

**JACKSON COUNTY, ILLINOIS**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues - Unrestricted Funds:</b>				
General Property Taxes:				
Real property taxes	\$ 2,093,330	2,093,330	2,089,422	(3,908)
Penalties on late taxes	245,000	245,000	34,280	(210,720)
Total General Property Taxes	<u>2,338,330</u>	<u>2,338,330</u>	<u>2,123,702</u>	<u>(214,628)</u>
Sales and Service Taxes:				
Sales tax	465,000	465,000	476,518	11,518
Supplemental sales tax	1,600,000	1,600,000	1,618,468	18,468
Cable television franchise tax	22,500	22,500	23,196	696
Pari-Mutual handle tax	56,000	56,000	39,495	(16,505)
Total Sales and Service Taxes	<u>2,143,500</u>	<u>2,143,500</u>	<u>2,157,677</u>	<u>14,177</u>
Intergovernmental Revenue:				
Illinois state income tax	1,750,000	1,750,000	1,868,099	118,099
Replacement tax	700,000	700,000	704,764	4,764
Local use tax	260,000	260,000	291,137	31,137
County hotel tax	-	-	4,955	4,955
Inheritance tax	500	500	13,269	12,769
Federal flood reimbursement	16,500	16,500	15,357	(1,143)
Federal reimbursement in lieu of property tax	91,000	91,000	126,703	35,703
Other federal/state grants	244,380	350,884	292,051	(58,833)
Total Intergovernmental Revenue	<u>3,062,380</u>	<u>3,168,884</u>	<u>3,316,335</u>	<u>147,451</u>
Use of Money and Property:				
Interest on investments			2,668	2,668
Timber sales	6,200	6,200	6,148	(52)
Rental payments	4,800	4,800	4,800	-
Total Use of Money and Property	<u>11,000</u>	<u>11,000</u>	<u>13,616</u>	<u>2,616</u>
Service Charges, Permits and Fees:				
General Government:				
Executive	377,500	377,500	265,580	(111,920)
County clerk	296,000	296,000	230,062	(65,938)
Judiciary and courts	838,221	842,721	974,578	131,857
Assessments	64,000	64,000	104,564	40,564
Total General Government	<u>1,575,721</u>	<u>1,580,221</u>	<u>1,574,784</u>	<u>(5,437)</u>
Public Safety:				
Sheriff	89,000	89,000	87,673	(1,327)
Jail	393,500	393,500	363,578	(29,922)
Animal control	33,000	33,000	29,642	(3,358)
Coroner	900	900	700	(200)
Total Public Safety	<u>516,400</u>	<u>516,400</u>	<u>481,593</u>	<u>(34,807)</u>
Total Service Charges, Permits and Fees	<u>2,092,121</u>	<u>2,096,621</u>	<u>2,056,377</u>	<u>(40,244)</u>
Total Unrestricted Fund Revenues	<u>9,647,331</u>	<u>9,758,335</u>	<u>9,667,707</u>	<u>(90,628)</u>

**JACKSON COUNTY, ILLINOIS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Expenditures - Unrestricted Funds - Current:</b>				
General Government:				
Executive:				
County Board	239,384	239,384	126,527	112,857
Board of Review	<u>89,084</u>	<u>89,084</u>	<u>80,213</u>	<u>8,871</u>
	<b>328,468</b>	<b>328,468</b>	<b>206,740</b>	<b>121,728</b>
Treasurer:				
Treasurer's office	293,003	293,003	294,341	(1,338)
	<b>293,003</b>	<b>293,003</b>	<b>294,341</b>	<b>(1,338)</b>
County Clerk:				
County Clerk's office	447,804	450,804	477,105	(26,301)
Elections	<u>111,000</u>	<u>111,000</u>	<u>100,524</u>	<u>10,476</u>
	<b>558,804</b>	<b>561,804</b>	<b>577,629</b>	<b>(15,825)</b>
Judiciary and Courts:				
State's Attorney	656,922	711,282	588,787	122,495
Circuit Clerk's office	518,477	518,477	516,903	1,574
Jury Commission	124,750	124,750	91,229	33,521
Courts	193,850	193,850	263,920	(70,070)
Public Defender	424,301	424,301	446,373	(22,072)
Probation circuit	<u>410,448</u>	<u>410,448</u>	<u>345,310</u>	<u>65,138</u>
	<b>2,328,748</b>	<b>2,383,108</b>	<b>2,252,522</b>	<b>130,586</b>
Assessments:				
Assessments	313,260	313,260	308,004	5,256
	<b>313,260</b>	<b>313,260</b>	<b>308,004</b>	<b>5,256</b>
Other:				
Data processing	121,656	121,656	121,449	207
Building maintenance	277,500	277,500	249,363	28,137
Education	94,998	94,998	40,935	54,063
Central Services	3,600	3,600	1,814	1,786
Miscellaneous revenue	-	-	24,677	(24,677)
	<b>497,754</b>	<b>497,754</b>	<b>438,238</b>	<b>59,516</b>
	<b>4,320,037</b>	<b>4,377,397</b>	<b>4,077,474</b>	<b>299,923</b>
Public Safety:				
Sheriff's office	2,563,181	2,668,983	2,575,809	93,174
Jail	2,220,012	2,220,012	2,235,226	(15,214)
Jail building maintenance	380,712	380,712	338,470	42,242
Merit board	2,950	2,950	3,276	(326)
Animal control	106,452	106,452	104,513	1,939
Coroner	99,650	99,650	112,617	(12,967)
Emergency service	<u>61,387</u>	<u>61,387</u>	<u>104,951</u>	<u>(43,564)</u>
	<b>5,434,344</b>	<b>5,540,146</b>	<b>5,474,862</b>	<b>65,284</b>
	<b>9,754,381</b>	<b>9,917,543</b>	<b>9,552,336</b>	<b>365,207</b>
Excess (Deficiency) of Revenues Over Expenditures - Unrestricted Funds	<b>(107,050)</b>	<b>(159,208)</b>	<b>115,371</b>	<b>274,579</b>

**JACKSON COUNTY, ILLINOIS**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Favorable (Unfavorable)
<b>Revenues - Restricted Funds:</b>				
General Property Taxes:				
Tort Liability	250,000	250,000	241,945	(8,055)
Worker's Compensation	(18,000)	(18,000)	(97,336)	(79,336)
Unemployment Insurance	4,755	4,755	10,347	5,592
Social Security	183,937	183,937	209,205	25,268
Illinois Municipal Retirement Fund	1,567,513	1,567,513	1,481,997	(85,516)
<b>Total General Property Taxes</b>	<b>1,988,205</b>	<b>1,988,205</b>	<b>1,846,158</b>	<b>(142,047)</b>
Other:				
Law Library Fees	12,300	12,300	11,925	(375)
DUI Sheriff Law Enforcement Equipment	-	-	6,108	6,108
Drug Federal Seizures	-	-	7,544	7,544
Inheritance Tax	-	-	206,158	206,158
Treasurer's Automation	-	-	7,966	7,966
County Clerk Automation	-	-	66,866	66,866
Court Automation	-	-	163,301	163,301
Court Document Storage	-	-	109,106	109,106
Court Security	175,000	175,000	178,355	3,355
Child Support Administration	-	-	38,419	38,419
Assessments	120,000	120,000	120,016	16
Victim Assistance	-	-	570	570
Court Supervision	-	-	1,888	1,888
Hotel Tax	-	-	619	619
Disease Test	-	-	20	20
Reimbursement Education Grants	-	-	5,011	5,011
Reimbursement Court Security	-	-	2,074	2,074
Interest	84,100	84,100	25,333	(58,767)
<b>Total Other</b>	<b>391,400</b>	<b>391,400</b>	<b>951,279</b>	<b>559,879</b>
<b>Total Restricted Fund Revenues</b>	<b>2,379,605</b>	<b>2,379,605</b>	<b>2,797,437</b>	<b>417,832</b>
<b>Expenditures - Restricted Funds:</b>				
General Property Taxes:				
Tort Liability	250,000	250,000	339,292	(89,292)
Worker's Compensation	105,282	105,282	168,071	(62,789)
Unemployment Insurance	44,791	45,260	41,225	4,035
Social Security	550,957	556,695	515,846	40,849
Illinois Municipal Retirement Fund	847,682	851,303	768,891	82,412
Reimbursements from Funds	-	-	17,273	(17,273)
<b>Total General Property Taxes</b>	<b>1,798,712</b>	<b>1,808,540</b>	<b>1,850,598</b>	<b>(42,058)</b>
Other:				
Law Library	4,000	4,000	2,985	1,015
Drug	-	-	47,119	(47,119)
Inheritance Tax	-	-	206,158	(206,158)
Treasurer's Automation	-	-	8,732	(8,732)
County Clerk Automation	-	-	25,234	(25,234)
Court Automation	-	-	112,342	(112,342)
Court Document Storage	-	-	67,026	(67,026)
Court Security	-	-	129,947	(129,947)
Child Support Administration	-	-	61,717	(61,717)
Assessments	25,710	25,710	-	25,710
States Attorney	(20,208)	(81,612)	-	(81,612)
Public Defender	46,498	46,498	-	46,498
Courts	122,060	122,060	89,696	32,364
Misc. Expenses	-	-	11,269	(11,269)
<b>Total Other</b>	<b>178,060</b>	<b>116,656</b>	<b>762,225</b>	<b>(645,569)</b>
<b>Total Restricted Fund Expenditures</b>	<b>1,976,772</b>	<b>1,925,196</b>	<b>2,612,823</b>	<b>(687,627)</b>
Deficiency of Revenues Over Expenditures - Restricted Funds	<b>402,833</b>	<b>454,409</b>	<b>184,614</b>	<b>(269,795)</b>
Other Financing Sources and (Uses):				
Transfers to Debt Service Fund	-	-	(80,896)	(80,896)
<b>Total Other Financing Sources and (Uses)</b>	<b>-</b>	<b>-</b>	<b>(80,896)</b>	<b>(80,896)</b>
EXCESS OF REVENUES OVER EXPENDITURES	<b>295,783</b>	<b>295,201</b>	<b>219,089</b>	<b>(76,112)</b>
FUND BALANCE, BEGINNING OF YEAR	<b>3,351,337</b>	<b>3,351,337</b>	<b>3,351,337</b>	<b>-</b>
FUND BALANCE, END OF YEAR	<b>\$ 3,647,120</b>	<b>\$ 3,646,538</b>	<b>\$ 3,570,426</b>	<b>\$ (76,112)</b>

**JACKSON COUNTY, ILLINOIS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008**

	Special Revenue Funds			Total	
	County Bridge Fund	Federal Aid & Matching Fund	County Highway Fund	Debt Service Funds	Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash	\$ 794,206	\$ 1,316,382	\$ 482,897	\$ -	\$ 2,593,485
Investments	-	-	-	-	-
Accounts receivable:					
Consumers	-	-	-	-	-
Other governmental units and agencies	-	52,762	71,791	-	124,553
Property taxes	68,385	443,453	883,489	-	1,395,327
Due from other funds			1,769		1,769
Due from agencies	-	-	70,931	-	70,931
Total Assets and Other Debits	<u>\$ 862,591</u>	<u>\$ 1,812,597</u>	<u>\$ 1,510,877</u>	<u>\$ -</u>	<u>\$ 4,186,065</u>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable	-	-	20,906	-	20,906
Accrued payroll	-	-	1,258	-	1,258
Compensated absences	-	-	48,807	-	48,807
Due to other funds	1,769	-	45,907	-	47,676
Due to other agencies	-	-	-	1,180	1,180
Deferred revenue	60,000	325,000	650,000	-	1,035,000
Total Liabilities	61,769	325,000	766,878	1,180	1,154,827
Fund Balances:					
Reserved for:					
Debt service	-	-	-	(1,180)	(1,180)
Designated	800,822	1,487,597	-	-	2,288,419
Unreserved, undesignated	-	-	743,999	0	743,999
Total Fund Balances	800,822	1,487,597	743,999	(1,180)	3,031,238
Total Liabilities and Fund Balances	<u>\$ 862,591</u>	<u>\$ 1,812,597</u>	<u>\$ 1,510,877</u>	<u>\$ -</u>	<u>\$ 4,186,065</u>

**JACKSON COUNTY, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	County Fund	Bridge Fund	Federal Aid & Matching Fund	County Highway Fund	
<b>Revenues - Unrestricted Funds:</b>					
General property taxes	\$ 22,139	\$ 312,728	\$ 622,035	\$ -	\$ 956,902
Sales and service taxes	-	-	-	-	-
Intergovernmental revenue	-	52,762	216,434	-	269,196
Use of money and property	21,553	33,398	8,258	-	63,209
Service charges, permits and fees	-	-	-	-	-
Sanitation fees	-	-	-	-	-
Other revenue	-	-	87,458	-	87,458
<b>Total Unrestricted Fund Revenues</b>	<b>43,692</b>	<b>398,888</b>	<b>934,185</b>	<b>-</b>	<b>1,376,765</b>
<b>Expenditures - Unrestricted Funds:</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public Health	-	-	-	-	-
Public Works	62,599	-	1,287,842	-	1,350,441
Capital improvements	31,418	409,289	-	-	440,707
Debt service					
Principle	-	-	-	49,615	49,615
Interest	-	-	-	31,281	31,281
<b>Total Unrestricted Fund Expenditures</b>	<b>94,017</b>	<b>409,289</b>	<b>1,287,842</b>	<b>80,896</b>	<b>1,872,044</b>
<b>Excess (Deficiency) of Revenues Over Expenditures - Unrestricted Funds</b>	<b>(50,325)</b>	<b>(10,401)</b>	<b>(353,657)</b>	<b>(80,896)</b>	<b>(495,279)</b>
<b>Revenues - Restricted Funds:</b>					
General property taxes	-	-	89,248	-	89,248
<b>Total Restricted Fund Revenues</b>	<b>-</b>	<b>-</b>	<b>89,248</b>	<b>-</b>	<b>89,248</b>
<b>Expenditures - Restricted Funds:</b>					
General property taxes	-	-	89,248	-	89,248
<b>Total Restricted Fund Expenditures</b>	<b>-</b>	<b>-</b>	<b>89,248</b>	<b>-</b>	<b>89,248</b>
<b>Excess (Deficiency) of Revenues Over Expenditures - Unrestricted Funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	-	-	560,625	80,896	641,521
Operating transfers out	(58,896)	(4,901)	(46,760)	-	(110,557)
<b>Total Other Financing Sources (Uses)</b>	<b>(58,896)</b>	<b>(4,901)</b>	<b>513,865</b>	<b>80,896</b>	<b>530,964</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(109,221)</b>	<b>(15,302)</b>	<b>160,208</b>	<b>-</b>	<b>35,685</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>910,043</b>	<b>1,502,899</b>	<b>583,791</b>	<b>(1,180)</b>	<b>2,995,553</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 800,822</b>	<b>\$ 1,487,597</b>	<b>\$ 743,999</b>	<b>\$ (1,180)</b>	<b>\$ 3,031,238</b>

**JACKSON COUNTY, ILLINOIS**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**November 30, 2008**

	<b>Agency Funds</b>						
	<b>County Collector's Funds</b>	<b>Township Bridge Program</b>	<b>Township Motor Fuel Tax Fund</b>	<b>Tax Sale Fund</b>	<b>Rental Housing Support Program</b>	<b>Circuit Clerk Bond Fund</b>	<b>Total</b>
<b>ASSETS</b>							
Cash	\$ 15,517,174	\$ 251,386	\$ 867,790	\$ 150,763	\$ 4,917	\$ 197,370	\$ 16,989,400
Investments	-	-	-	-	-	344,000	344,000
Due from other funds	-	-	-	-	-	-	-
Due from debt service	1,180	-	-	-	-	-	1,180
<b>Total assets</b>	<b>15,518,354</b>	<b>251,386</b>	<b>867,790</b>	<b>150,763</b>	<b>4,917</b>	<b>541,370</b>	<b>17,334,580</b>
<b>LIABILITIES</b>							
Due to others	-	251,386	796,859	150,763	4,917	13,167	1,217,092
Due to other funds	-	-	70,931	-	-	-	70,931
Due to individuals	-	-	-	-	-	474,134	474,134
Due to taxing units	15,518,354	-	-	-	-	-	15,518,354
Accrued interest	-	-	-	-	-	54,069	54,069
<b>Total liabilities</b>	<b>15,518,354</b>	<b>251,386</b>	<b>867,790</b>	<b>150,763</b>	<b>4,917</b>	<b>541,370</b>	<b>17,334,580</b>
<b>NET ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

JACKSON COUNTY, ILLINOIS  
 DISCRETELY PRESENTED COMPONENT UNITS  
 COMBINING BALANCE SHEET  
 NOVEMBER 30, 2008

	Health Department	Tuberculosis	Mental Health (708) Board	Totals
<b>Assets and Other Debits</b>				
Cash	\$ 531,177	\$ 108,418	\$ 143,863	\$ 783,458
Investments	50,879	-	-	50,879
Accounts Receivable:				
Other governmental units and agencies	667,770	-	-	667,770
Property taxes	728,384	83,384	520,795	1,332,563
Other receivables	-	29	-	29
Due from other funds	7,311	-	-	7,311
Prepayments	2,272	-	213	2,485
Inventory	<u>77,314</u>	<u>5,156</u>	<u>-</u>	<u>82,470</u>
<b>Total Assets</b>	<b><u>\$ 2,065,107</u></b>	<b><u>\$ 196,987</u></b>	<b><u>\$ 664,871</u></b>	<b><u>\$ 2,926,965</u></b>
<b>Liabilities, Equity and Other Credits</b>				
Liabilities:				
Accounts payable	\$ 64,495	\$ 96	\$ -	\$ 64,591
Accrued payroll	41,881	-	-	41,881
Compensated absences	102,874	-	572	103,446
Due to other funds	-	7,311	-	7,311
Deferred revenue	<u>633,167</u>	<u>60,893</u>	<u>390,000</u>	<u>1,084,060</u>
<b>Total Liabilities</b>	<b><u>842,417</u></b>	<b><u>68,300</u></b>	<b><u>390,572</u></b>	<b><u>1,301,289</u></b>
Fund Balance:				
Unreserved, undesignated	<u>1,222,690</u>	<u>128,687</u>	<u>274,299</u>	<u>1,625,676</u>
<b>Total Fund Balances</b>	<b><u>1,222,690</u></b>	<b><u>128,687</u></b>	<b><u>274,299</u></b>	<b><u>1,625,676</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 2,065,107</u></b>	<b><u>\$ 196,987</u></b>	<b><u>\$ 664,871</u></b>	<b><u>\$ 2,926,965</u></b>

**JACKSON COUNTY, ILLINOIS**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008**

	<b>Health Department</b>	<b>Tuberculosis</b>	<b>Mental Health (708) Board</b>	<b>Totals</b>
<b>Revenues - Unrestricted Funds:</b>				
General property taxes	\$ 491,787	\$ 59,918	\$ 342,855	\$ 894,560
Intergovernmental revenue	2,564,589	-	3,058	2,567,647
Use of money and property	18,364	177	2,581	21,122
Service charges, permits and fees	645,840	-	-	645,840
Other income	94,041	-	-	94,041
<b>Total Unrestricted Fund Revenues</b>	<b>3,814,621</b>	<b>60,095</b>	<b>348,494</b>	<b>4,223,210</b>
<b>Expenditures - Unrestricted Funds:</b>				
Public health	3,786,473	55,907	355,944	4,198,324
Capital improvements	-	-	-	-
Debt service:				
Principal	27,252	-	-	27,252
Interest	9,515	-	-	9,515
<b>Total Unrestricted Fund Expenditures</b>	<b>3,823,240</b>	<b>55,907</b>	<b>355,944</b>	<b>4,235,091</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>				
Expenditures - Unrestricted Funds	(8,619)	4,188	(7,450)	(11,881)
<b>Revenues - Restricted Funds:</b>				
General property taxes:				
Employee benefits	195,043	-	-	195,043
<b>Total Restricted Fund Revenues</b>	<b>195,043</b>	<b>-</b>	<b>-</b>	<b>195,043</b>
<b>Expenditures - Restricted Funds:</b>				
General property taxes:				
Employee benefits	195,043	-	-	195,043
<b>Total Restricted Fund Expenditures</b>	<b>195,043</b>	<b>-</b>	<b>-</b>	<b>195,043</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>				
Restricted Funds	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (8,619)</b>	<b>\$ 4,188</b>	<b>\$ (7,450)</b>	<b>\$ (11,881)</b>

JACKSON COUNTY, ILLINOIS  
 RECONCILIATION OF THE DISCRETELY PRESENTED COMPONENT UNITS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 NOVEMBER 30, 2008

Total fund balances for discretely presented component units	\$ 1,625,676
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 \$34,815 accumulated depreciation	43,633
Buildings, net of \$543,752 accumulated depreciation	1,302,746
Building improvements, less \$27,587 accumulated depreciation	55,639
Equipment, less \$328,997 accumulated depreciation	80,214
Total capital assets	1,531,732
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	(144,174)
Compensated absences	(99,301)
Total long-term liabilities	<u>(243,475)</u>
Total net assets of discretely presented component units	<u>\$ 2,913,933</u>

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, 2008

Net change in fund balances - total discretely presented component units \$ (11,881)

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

Governemental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$417,577) exceeded depreciation (\$81,610) in the current period.

335,967

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 (21,137)

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

Repayment of notes payable 27,253

Change in net assets of discretely presented component units \$ 330,202

**FEDERAL FINANCIAL ASSISTANCE**



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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 units, each major fund, and the aggregate remaining fund information of Jackson County, Illinois, as of and for the year ended November 30, 2008, which collectively comprise the Jackson County, Illinois' basic financial statements and have issued our report thereon dated April 27, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Jackson County, Illinois' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Jackson County, Illinois' financial statements that is more than inconsequential will not be prevented or detected by Jackson County, Illinois' internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Jackson County, Illinois' internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weaknesses.

Compliance and Other Matters

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

We noted certain other matters that we reported to the County Board of Jackson County, Illinois, in a separate letter dated April 27, 2009.

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

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

*Kerber, Eck + Braeckel LLP*

Carbondale, Illinois  
April 27, 2009

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, 2008. 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, 2008.

Internal Control Over Compliance

The management of Jackson County, Illinois is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Jackson County, Illinois' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies on internal control that might be significant deficiencies or material weaknesses. 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.

*Kerber, Eck + Brouchet LLP*

Carbondale, Illinois  
April 27, 2009

**JACKSON COUNTY, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008**

Program	CFDA Number	Grantor	Pass-through Grantor's Number	Pass-through Grantor	7 Expenditures
<b>Cash Federal Award Expenditures</b>					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	U.S. Department of Agriculture	11G8270000 11G9270000	Illinois Department of Human Services	137,800 93,400
non-cash					<u>345,180</u>
					576,380 *
Women, Infants, & Children Farmers' Market Nutrition Program	10.572	U.S. Department of Agriculture	11G9270000	Illinois Department of Human Services	1,000
Social Services Block Grant - Title XX	93.667	U.S. Department of Health and Human Services	11G8270000 11G9270000	Illinois Department of Human Services	50,200 -
					<u>50,200</u>
HIV Care Formula Grants	93.917	U.S. Department of Health and Human Services	75780922 85780677 95780376	Illinois Department of Public Health	169,150 50,576 900
					<u>220,626</u>
HIV Prevention Program	93.940	U.S. Department of Health and Human Services	07 G75 5-003 08 G75 5-002	Illinois Public Health Association	28,239 39,366
					<u>67,605</u>
Family Planning Services - Title X	93.217	U.S. Department of Health and Human Services	11G8270000 11G9270000	Illinois Department of Human Services	43,040 57,900
					<u>100,940</u>
Public Health Emergency Preparedness	93.069	U.S. Department of Health and Human Services	80087181038 90097181038	Illinois Department of Public Health	78,086 8,264
					<u>86,350</u>
Maternal and Child Health Services Grant	93.994	U.S. Department of Health and Human Services	11G8270000 11G9270000	Illinois Department of Human Services	17,134 15,000
					<u>32,134</u>
Summer Food Service Program for Children	10.559	U.S. Department of Agriculture	N/A	Illinois Department of Public Health	725
Housing Opportunities for Persons with AIDS	14.241	U.S. Department of Housing and Urban Development	75780307 85780576	Illinois Department of Public Health	31,029 50,063
					<u>81,092</u>
Emergency Management Performance Grants	97.042	U.S. Department of Homeland Security	N/A	Illinois Emergency Management Agency	20,570
State Domestic Preparedness Equipment Support Program	97.004	U.S. Department of Homeland Security	N/A	Illinois Emergency Management Agency	13,900
Immunization Grant	93.268	U.S. Department of Health and Human Services	N/A	Illinois Department of Public Health	101,828
Highway Planning and Construction	20.205	Federal Highway Administration	07-00150-00-RS 02-05115-00-BR 04-02119-00-BR	Illinois Department of Transportation	4,319 3,473 19,381
					<u>27,173</u>
Performance Partnership Programs	66.605	U.S. Environmental Protection Agency	N/A	Illinois Department of Public Health	200
Solid Waste Management Grants	10.762	U.S. Department of Agriculture	00-02	Illinois Rural Development	10,202
Public Safety Partnership and Community Policing Grants	16.710	U.S. Department of Justice	N/A	N/A	82,711
Community Prosecution and Project Safe Neighborhoods	16.609	U.S. Department of Justice	N/A	N/A	86,864
Child Support Enforcement	93.563	U.S. Department of Health and Human Services	N/A	Illinois Department of Healthcare	10,553
Medical Assistance Program	93.778	U.S. Department of Health and Human Services	N/A	Illinois Department of Healthcare and Family Services	100,229
Help America Vote Act Requirement Payments	90.401	Elections Assistance Commission	N/A	Illinois State Board of Elections	22,397
<b>Total Federal Expenditures</b>					<b>\$ 1,693,679</b>

\* Denotes Major Program  
 DUNS - 884008483

**JACKSON COUNTY, ILLINOIS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008**

**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 \$23,235 of Maternal and Child Health Services Grants federal funds (cfda 93.994) to subrecipient University of Illinois Extension. Of the Public Safety Partnership and Community Policing Grants (cfda 16.710) \$8,505 was provided to subrecipient Tom McNamara, \$2,140 to subrecipient Union County Sheriff's Office, \$1,969 to subrecipient Klaine Construction, and \$286 to subrecipient Murphysboro Police Department during fiscal year ended November 30, 2008.

**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, 2008.

Non-cash assistance received in the amount \$345,180 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, 2008

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

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*Financial Statements*

Type of auditors' report issued: unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?  yes  no

*Federal Awards*

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

yes  no

Identification of major programs:

*CFDA Number*

*Name of Federal Program*

10.557 Special Supplemental Nutrition Program for Women, Infants & Children

Dollar threshold used to distinguish between type

A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  yes  no

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**Section II - Financial Statement Findings**

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- 08-1. Segregation of Duties – cash disbursements
  - 08-2. Segregation of Duties – payroll processing
  - 08-3. Segregation of Duties – cash receipts
  - 08-4. Physical Security – signature stamp
  - 08-5. Accounts Receivable – Rehab & Care Center
- 

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

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No matters were reported.

JACKSON COUNTY, ILLINOIS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008

Prior Audit Findings

- 07-1. Accounts Receivable – Rehab & Care Center – finding repeated in current year
- 07-2. Undisclosed cash account set-up in FY05 – comment implemented

JACKSON COUNTY, ILLINOIS  
CORRECTIVE ACTION PLAN FOR CURRENT  
YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008

Corrective Action Plan

Segregation of duties is one of the key controls in an accounting system. Allowing one individual too many steps in an accounting process could enable an individual to commit fraud and conceal a fraudulent act.

Finding No. 08-01 –*Cash Disbursements*

Condition:

In most departments that process accounts payable, the same individual was responsible for, entering new vendors into the master file and entering vendor invoices into the account payable module.

In some locations, the signed payable checks were not forwarded to an independent person for mailing, but are returned to the person who generated the check.

Plan:

The County of Jackson and its' staff will review the cash disbursement process and strengthen controls where practical.

Finding No. 08-03 –*Payroll Processing*

Condition:

Individuals who prepare payroll checks, also; sign the checks; review and authorize electronic payroll disbursements; disburse payroll checks; resolve employee payroll inquiries and; edit the payroll master file.

Plan:

The County of Jackson and its' staff will review the payroll process and strengthen controls where practical.

JACKSON COUNTY, ILLINOIS  
CORRECTIVE ACTION PLAN FOR CURRENT  
YEAR AUDIT FINDINGS - CONTINUED  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008

Finding No. 08-03 – *Cash Receipts*

Condition:

In the County Clerk's office, the same individual responsible for preparing the deposit also reconciles the bank statement.

Plan:

Steps have already been taken in the County Clerk's office to strengthen controls where a change will not create additional cost to the office.

Finding No. 08-04 – *Signature Stamps*

Condition:

Accounts payable and payroll checks require two signatures on all checks. The two authorized signers are the Treasurer and County Clerk. We found the County Clerk's stamp is used by various County employees and the access is not limited to authorized employees. This weakens the internal control procedure of having dual signatures on checks.

Plan:

Steps have already been taken in the County Clerk's office to strengthen controls where a change will not create additional cost to the office.

Finding No. 08-05 – Accounts Receivable Rehab & Care Center

Condition:

While there was improvement with manual documentation of the status of Medicare A and B accounts, we still noted instances of no proper follow-up or inactivity on several accounts.

The Center experienced technical difficulties with the Medicare billing software which delayed billings for approximately three weeks.

**JACKSON COUNTY, ILLINOIS  
CORRECTIVE ACTION PLAN FOR CURRENT  
YEAR AUDIT FINDINGS - CONTINUED  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008**

**Plan:**

The County of Jackson and the staff of its Rehab & Care Center will continue to strive to improve its billing and collection procedures, utilize the billing system's capability to post comments and track billing on every account, and will attempt to cross-train employees where feasible.

