

CITY OF JEROME, IDAHO

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2017

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CITY OF JEROME
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017

I. Background.

As a result of heightened fiscal responsibility, taxpayers demand better accounting of how and where their money is being spent. With the drafting in June 1999 of GASB 34 – the Government Accounting Standards Board Statement Number 34 – the scope of maintaining public asset records has been changing.

GASB 34 requires all government entities, including local and state governments, school districts, publicly operated hospitals, public utilities, and state universities, and all other public entities that collected tax revenues, to report on the value and condition of all capital and infrastructure assets. Two reporting methods are outlined in the statement: (1) the standard approach, which is a simple depreciation method; and (2) the modified method, which takes into account maintenance expenses and the value that these expenses add to an asset. This method requires a current inventory of all assets, a condition assessment every three years, and estimates of annual maintenance costs. In either case, local and state governments now must adhere to some of the accounting standards that have been required of private sector firms for years.

At the conclusion of Fiscal Year 2004, the City of Jerome implemented a new accounting reporting requirement. Fiscal Year 2017 represents the thirteenth year in which the City has followed the financial standards established with the adoption of GASB-34.

As part of these new standards, the City is now required to provide an overview of its financial activities in a narrative form called the “Management’s Discussion and Analysis”. This report highlights the general fiscal health of the City, outlines key financial decisions that were initiated by the City’s leadership and identifies future financial priorities and activities as determined by the Mayor, City Council and City Staff. In order to fully understand the financial statements included in the City’s Audit, residents should first read the Management’s Discussion and Analysis document. It is our goal that through its reading, our citizens will be better informed and involved.

II. Understanding this Report.

This Management’s Discussion and Analysis report is broken into three major components that include a Financial Statements Overview, a Debt Management and Administration Overview and a glimpse into the Fiscal Year 2018 Priorities. This report covers the Fiscal Year 2017 that began on October 1, 2016 and ended on September 30, 2017. Fiscal Year 2018 priorities address those financial activities that the City leadership is currently addressing as of the date of this analysis.

Like the report issued at the conclusion of the previous fiscal year, the Fiscal Year 2017 Management Discussion and Analysis provides financial comparisons and financial trends analysis, all designed to provide the reader with a greater understanding of the City’s overall financial health.

The City’s financial statements are broken into two categories: Government Wide Financial Statements and Fund Financial Statements.

- A. Government-Wide Financial Statements. Government-wide financial statements, presented on pages 13-14 of the audit, are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private sector business. The statement of net position presents information on all of the City of Jerome’s assets and liabilities with the difference between the two reported as net position. Over time,

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017

increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. In other words, it will help to show how solvent the City is.

The statement of activities presents information showing how the government's assets and liabilities changed during the most recent fiscal year. All changes in net position are reported as they occur, regardless of the timing of related cash flows. This is accrual accounting and thus, revenues and expenses are reported in this statement for some items that might not reflect actual cash flows until future fiscal periods (i.e., delinquent taxes and earned but unused compensated absences such as personal time off and short term disability).

The government-wide financial statements distinguish functions of the City of Jerome as either governmental activities, those activities that are supported primarily by taxes and intergovernmental activity, or business-type activities, those activities that are intended to recover all or a significant portion of their costs through user fees and charges.

The governmental activities of the City of Jerome include general government administration and operations, transportation assets, capital projects and asset depreciation. Business-type activities of the City of Jerome include water and sewer administration and operations.

- B. **Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been separated for specific activities or objectives. All of the funds of the City of Jerome can be divided into two categories: government funds or proprietary funds.

(1) Government Funds. Government funds are used to account for essentially the same activities as previously identified under governmental activities in the government-wide financial statement. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of City liquid resources as well as balances of liquid resources at the end of the fiscal year. Such information is helpful when determining the City's near-term financing requirements and health.

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 both as readers may better understand the long-term impact of the government's near-term financing decisions.

The City of Jerome maintains four (4) individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Street Fund, Library Fund and Park Fund which are considered to be major funds. The other fund, which consists of the Cafeteria Fund, is considered an agency fund and the information related to this fund is presented on page 21 of the financial statements.

CITY OF JEROME
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017

(2) Proprietary Funds. The City of Jerome maintains one type of proprietary funds called enterprise funds. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The City of Jerome uses enterprise funds to account for its water and sewer operations.

Proprietary fund financial statements 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 irrigation, sanitation, water, and sewer operations, all of which are considered to be major funds of the City of Jerome. Data for these funds is found on pages 18-20 of the financial statements.

If the reader comes upon either "Notes to the Financial Statements" or "Other Information", these sections are to provide additional narrative and required supplementary information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

III. Health of the City – Financial Statements Overview

Government-Wide Financial Analysis. One important question to ask about the City's finances is, "Is the City better or worse off as a result of the previous year's activities?" The information in the government-wide financial statement helps answer this question because it captures all City assets and liabilities using the accrual basis of accounting with the addition of reporting depreciation on capital assets. In this way, all of the City's financial transactions both in revenues and expenses are captured both for the long-term and the near-term and one can see the true financial health of the City.

For the City of Jerome for the Fiscal Year 2017, changes in governmental and business-type assets and liabilities are illustrated in Table 3.1, which appears on the following page.

CITY OF JEROME MANAGEMENT'S
DISCUSSION AND ANALYSIS For the Year Ended
September 30, 2017

	Governmental Activities FY 2016	Governmental Activities FY 2017	Business-Type Activities FY 2016	Business-Type Activities FY 2017	Total FY 2016	Total FY 2017
Current Assets	\$4,166,477	\$4,366,505	\$17,124,706	\$18,283,206	\$21,291,183	\$22,649,711
Capital Assets - Net	\$12,937,382	\$13,067,977	\$37,068,080	\$46,659,570	\$50,005,462	\$59,727,547
Net Pension Assets	\$584,696	\$901,121	\$0	\$0	\$584,696	\$901,121
Total Assets	\$17,688,555	\$18,335,603	\$54,192,786	\$64,942,776	\$71,881,341	\$83,278,379
Total Deferred Outflows	\$1,093,966	\$277,652	\$657,813	\$184,319	\$1,751,779	\$461,971
Current Liabilities	\$1,010,210	\$552,104	\$1,998,724	\$4,847,694	\$3,008,934	\$5,399,798
Non-Current Liabilities	\$1,251,982	\$1,173,278	\$22,457,768	\$27,881,212	\$23,709,750	\$29,054,490
Net Pension Liability	\$1,440,766	\$1,107,493	\$1,190,144	\$899,615	\$2,630,910	\$2,007,108
Total Liabilities	\$3,702,958	\$2,832,875	\$25,646,636	\$33,628,521	\$29,349,594	\$36,461,396
Total Deferred Inflows	\$643,102	\$237,699	\$413,968	\$154,916	\$1,057,070	\$392,615
Net Position:						
Invested in Capital Assets	\$12,235,620	\$12,091,256	\$14,399,655	\$16,121,266	\$26,635,275	\$28,212,522
Restricted	\$17,023	\$14,144	\$12,156,840	\$12,580,256	\$12,173,863	\$12,594,400
Unrestricted	\$2,183,818	\$3,437,281	\$2,233,500	\$2,642,136	\$4,417,318	\$6,079,417
Total Net Position	\$14,436,461	\$15,542,681	\$28,789,995	\$31,343,658	\$43,226,456	\$46,886,339

As indicated in Table 3.1, the large proportion of the City of Jerome's net assets of \$46,886,339 are reflected in capital assets (land, buildings, machinery, equipment, etc.) less any debt used to acquire those assets that is still outstanding. The City of Jerome uses these assets to provide services to its citizens and so consequently, these assets are not available for future spending.

When looking at the City's net assets, the other area to look at is the restricted and unrestricted totals. The \$12,594,400 in the restricted column for Fiscal Year 2017 represents amounts that are subject to external restrictions on how they may be used. The majority of these assets are related to debt service required for the issuance of revenue related debt in the water and sewer enterprises and leases in governmental activities. The remaining \$6,079,417 in the unrestricted category represents assets that could be used to meet the City's ongoing obligations to citizens and creditors. For comparison purposes, at the end of Fiscal Year 2016, the City of Jerome had total restricted net assets of \$12,173,863 – which is an increase of \$420,537, or three and forty-five hundredths percent (3.45%) and total unrestricted net assets of \$4,417,318 – which is an increase of \$1,662,099, or thirty-seven and sixty-three hundredths percent (37.63%).

At the end of the fiscal year, the City of Jerome is able to report positive balances in its net position for both governmental and business-type activities.

CITY OF JEROME
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017

Table 3.2 Change in Net Position - FY 2016 & FY 2017						
	Governmental Activities FY 2016	Governmental Activities FY 2017	Business-Type Activities FY 2016	Business-Type Activities FY 2017	Total FY 2016	Total FY 2017
Revenues						
Program Revenues:						
Charges for Service	\$652,802	\$663,476	\$9,206,125	\$9,454,823	\$9,858,927	\$10,118,299
Operating Grants & Contributions	\$169,773	\$233,480			\$169,773	\$233,480
Capital Grants & Contributions	\$1,501,909	\$489,010			\$1,501,909	\$489,010
General Revenues:						
Property & Other Taxes	\$4,336,910	\$4,520,894			\$4,336,910	\$4,520,894
Other Governmental License & Permits	\$1,603,219	\$1,648,173			\$1,603,219	\$1,648,173
Investment Earnings	\$12,386	\$31,013	\$67,976	\$125,392	\$80,362	\$156,405
Net Change in value of investments	(\$694)	\$1,084	\$1,566	\$10,519	\$872	\$11,603
Total Revenues	\$8,276,305	\$7,587,130	\$9,275,667	\$9,590,734	\$17,551,972	\$17,177,864
Expenses						
General Government	\$3,942,483	\$4,313,892			\$3,942,483	\$4,313,892
Street Services	\$1,608,023	\$1,554,046			\$1,608,023	\$1,554,046
Library Services	\$426,869	\$436,056			\$426,869	\$436,056
Park Services	\$192,269	\$181,746			\$192,269	\$181,746
Irrigation			\$194,188	\$139,137	\$194,188	\$139,137
Sanitation			\$297,615	\$314,814	\$297,615	\$314,814
Water			\$1,938,539	\$2,097,049	\$1,938,539	\$2,097,049
Sewer			\$4,233,402	\$4,487,257	\$4,233,402	\$4,487,257
Total Expenses	\$6,169,644	\$6,485,740	\$6,663,744	\$7,038,257	\$12,833,388	\$13,523,997
Special Items:						
Transfers:	\$11,000		(\$1,111,662)		(\$1,111,662)	
Change in Net Position	\$2,117,661	\$1,101,390	\$1,489,261	\$2,552,477	\$3,606,922	\$3,653,867
Net Position - beginning as reported	\$12,336,369	\$14,436,461	\$27,030,332	\$28,789,995	\$39,366,701	\$43,226,456
Prior Period adjustment	(\$17,569)	\$4,830	\$270,402	\$1,186	\$252,833	\$6,016
Net Position - beginning as corrected	\$12,318,800	\$14,441,291	\$27,300,734	\$28,791,181	\$39,619,534	\$43,232,472
Increase in contributed capital						
Net Position - ending	\$14,436,461	\$15,542,681	\$28,789,995	\$31,343,658	\$43,226,456	\$46,886,339

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017

Table 3.2, Change in Net Position, reflects the overall change in net position for the City of Jerome. For the fiscal year, the City's total revenues were \$17,177,864 while total expenses were \$13,523,997. This indicates that the City was able to cover its year's overall costs. When looking at the Governmental and Business-Type Activities, the City reports a \$1,101,390 and \$2,552,477 change in net position, respectively.

Fund Financial Analysis. As noted earlier, the City of Jerome uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Government Funds. The focus of the City of Jerome governmental fund reporting is to provide information on near-term inflows, outflows, and balances of expendable resources. Perhaps the key area to look at in government fund balance sheets is the final unassigned fund balance as they indicate resources available for spending at the end of the fiscal year.

At the end of this last fiscal year, the City of Jerome reported positive combined ending fund balances of \$3,584,224, which accounts for financial activities in the General Fund, Street Fund, Park Fund and Library Fund. For comparison purposes, the combined ending fund balances at the conclusion of Fiscal Year 2016 were \$3,078,232. This represents an increase of \$505,992 or sixteen and forty-four hundredths percent (16.44%). The City of Jerome reports positive balances in all of the governmental funds.

Proprietary Funds. The City of Jerome's proprietary funds include the Irrigation, Sanitation, Water, and Sewer Enterprise Funds. The City of Jerome reports a positive combined ending operating balance of \$31,343,658 for the Proprietary Funds part of which is attributed to \$46,659,570 in accumulated depreciated assets. When analyzing cash flows, the combined ending cash and cash equivalent balance at the end of the year was a positive \$15,835,632 which is an increase of \$960,528 from the previous year. The Water and Sewer Enterprise Funds have a combined unrestricted pooled cash reserve of \$3,181,520. (Not allocated to any debt payment).

The unassigned fund balance of the general fund decreased by \$6,581 and the committed fund balance of the Street fund increased by \$249,520, mainly due to capital project budget savings. Net Position did improve in both the Water and Sewer funds due to new investments made in water and sewer infrastructure projects during the year. Restricted cash balances in the Sewer fund continues to be drawn down as part of the improvements being made in the wastewater plant. The combined total of net investment in capital assets, net of related debt, restricted and unrestricted net position is \$46,886,339. The City leadership is proactively analyzing financial activities in both the restricted and unrestricted net assets for both governmental and proprietary funds.

CITY OF JEROME
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017

IV. Capital Assets and Debt Management Administration

Capital Assets. The City of Jerome's investment in capital assets for its governmental and business-type activities as of September 30, 2017 was \$59,727,547. This is an increase of \$9,722,085 from the previous year and reflects the following investments:

Table 4.1 Capital Assets				
	Balance 1-Oct-16	Increases	Decreases	Balance 30-Sep-17
Governmental Activities:				
Land	\$842,589			\$842,589
Buildings	\$4,055,564	\$15,800		\$4,071,364
Machinery and Equipment	\$6,266,456	\$151,633	(\$250,000)	\$6,168,089
Infrastructure	\$9,095,078	\$494,395		\$9,589,473
Construction in Progress		\$181,029		\$181,029
Less Accumulated Depreciation for:				
Buildings	\$1,709,865	\$115,223		\$1,825,088
Machinery and Equipment	\$4,098,979	\$236,989	(\$221,479)	\$4,114,489
Infrastructure	\$1,513,461	\$331,529		\$1,844,990
Net Capital Assets	\$12,937,382	\$159,116	(\$28,521)	\$13,067,977
Business Type Activities:				
Land	\$757,102			\$757,102
Buildings	\$19,009,540	\$315,234		\$19,324,774
Machinery and Equipment	\$2,468,354	\$90,208		\$2,558,562
Infrastructure	\$24,478,979	\$92,268		\$24,571,247
Construction in Progress	\$5,225,023	\$10,364,913	(\$22,626)	\$15,567,310
Less Accumulated Depreciation for:				
Infrastructure	\$4,260,584	\$634,305		\$4,894,889
Buildings	\$8,990,190	\$420,746		\$9,410,936
Machinery and Equipment	\$1,620,144	\$193,456		\$1,813,600
Net Capital Assets	\$37,068,080	\$9,614,116	(\$22,626)	\$46,659,570

Of the capital expenditures \$489,010 was received as a grant source in the fiscal year from the City of Jerome's Urban Renewal Agency (JURA) to fund street improvements in JURA Area 2. Additionally, \$290,582 and \$5,727,402 were received in loan proceeds from the Idaho Department of Environmental Quality as part of the City's \$1.75 million and \$22.2 million loans for wastewater collection system and plant upgrades.

CITY OF JEROME
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017

Debt Management and Administration. The City of Jerome currently maintains long-term debt in the amount of \$32,370,865. Included in long-term debt is the following:

- Revenue Bonds in the amount of \$23,977,618 in the Water and Sewer Funds (annual payments estimated at \$1,915,592),
- General Obligation Bond in the amount of \$521,408 for the Senior Citizen Center (annual payment of \$60,350),
- Idaho Department of Environmental Quality note payable in the amount of \$6,899,857 in the Sewer Fund,
- Lease/Purchase agreement on fire pumper in the amount of \$455,312 (annual payments of \$56,210),
- Debt payable to employees for compensated absences (e.g., vacation and compensated time) in the amount of \$443,110,
- Customer deposits to be refunded at a future date in the amount of \$73,560.

The table of long-term debt is as follows:

Table 4.2 Long-Term Debt				
	Balance	Additions	Payment	Balance
	1-Oct-16		Adjustments	30-Sep-17
Governmental Activities:				
Loan Payable/Capital	\$503,456		(\$48,144)	\$455,312
Bonds Payable	\$556,844		(\$35,436)	\$521,408
Compensated Absences	\$274,826	\$277,933	(\$274,826)	\$277,933
Business-Type Activities:				
Customer Deposits	\$67,195	\$6,365		\$73,560
Loans Payable:	\$881,873	\$6,017,984		\$6,899,857
Revenue Bonds	\$22,087,499	\$2,640,561	(\$750,442)	\$23,977,618
Compensated Absences	\$166,201	\$165,177	(\$166,201)	\$165,177
Total	\$24,537,894	\$9,108,020	(\$1,275,049)	\$32,370,865

CITY OF JEROME
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017

V. Fiscal Year 2018 Fiscal Priorities

In May of 2017, the Mayor, City Council and City Staff developed the Fiscal Year 2018 spending priorities to help focus the efforts of the City’s resources in the current fiscal year that began on October 1, 2017 and ends on September 30, 2018. The priorities with significant allocations are illustrated in Table 5.1.

Table 5.1 2018 Fiscal Priorities		
Capital Improvements	Projected Cost	Explanation
Bridon Way and S. Birch Street	\$355,313	The City will be making street improvements at Bridon Way (S. Lincoln - W. Nez Pierce) and S. Birch Street
4th Avenue East Improvement	\$500,000	The City will be replacing water lines at identified locations on 4th Avenue East
Sewer System Improvements	\$23.95 million	The City of Jerome, Idaho, has obtained loans in the amounts of \$1,750,000 and \$22,200,000 from the Idaho Department of Environmental Quality Drinking Water State Revolving Fund. The projects are for wastewater collection system and plant improvements and are in process at September 30, 2017. Of the \$1,750,000 loan, \$1,172,455 and \$5,727,402 of the \$22,200,000 loan was spent as of September 30, 2017. All of the projects are expected to be completed in the next two years.

VI. Jerome Urban Renewal Agency

The Urban Renewal Agency of the City of Jerome, Idaho (JURA) was organized under Idaho law in 1994. The agency currently has three separate revenue allocation areas. Area 2 is commonly referred to as the “Southeast Industrial Project Area”. Area 3 is called the “Downtown Improvement Project Area” and Area 4 has not yet been assigned a project name. Previously, the Agency had an additional revenue allocation area. Area 1 was commonly referred to as the “South Lincoln Project Area”.

Under governmental accounting standards the Agency is considered a component unit of the City so a summary of its financial information is discretely presented in the City’s financial statements. The Agency’s financial statements are available upon request.

CITY OF JEROME
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017

Conclusion. This financial report is designed to provide a general overview of the City of Jerome's finances for all those with an interest in the government's finances and activities. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ross Hyatt, Finance Director, 152 East Avenue A, Jerome, Idaho 83338.

A handwritten signature in black ink, appearing to read "Ross Hyatt", written in a cursive style.

Ross Hyatt
Finance Director
City of Jerome

CITY OF JEROME, IDAHO
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS:				
Cash and cash equivalents	\$ 3,464,380	\$ 3,255,377	\$ 6,719,757	\$ 2,042,426
Prepaid expenses	90,337	-	90,337	-
Receivables	786,881	1,684,645	2,471,526	-
Inventories	-	423,758	423,758	-
Restricted assets:				
Cash and cash equivalents	14,144	12,580,255	12,594,399	431,367
Capital assets:				
Land and construction in progress	842,589	16,324,411	17,167,000	-
Buildings, equipment and infrastructure, less accumulated depreciation	12,225,388	30,335,159	42,560,547	-
Other assets	10,763	339,171	349,934	5,775
Net pension assets	901,121	-	901,121	-
Total assets	18,335,603	64,942,776	83,278,379	2,479,568
DEFERRED OUTFLOWS OF RESOURCES:				
Differences between expected and actual experience	47,216	230,832	278,048	-
Changes in pension assumptions or other inputs	20,897	16,218	37,115	-
Net difference between projected and actual earnings on pension plan	116,069	(116,069)	-	-
Employer contributions to pension plan made subsequent to the measurement date for the net pension liability	93,470	53,338	146,808	-
	277,652	184,319	461,971	-
LIABILITIES:				
Accounts payable and other accrued liabilities	470,729	1,612,694	2,083,423	6,120
Long-term liabilities:				
Current portion	81,375	3,235,000	3,316,375	293,796
Noncurrent portion	1,173,278	27,881,212	29,054,490	5,156,043
Net pension liability	1,107,493	899,615	2,007,108	-
Total liabilities	2,832,875	33,628,521	36,461,396	5,455,959
DEFERRED INFLOWS OF RESOURCES:				
Differences between expected and actual experience	100,519	80,304	180,823	-
Net difference between projected and actual earnings on pension plan investments	98,294	42,024	140,318	-
Change in proportionate share percentage from prior year	38,886	32,588	71,474	-
	237,699	154,916	392,615	-
NET POSITION:				
Net investment in capital assets, net of related debt	12,091,256	16,121,266	28,212,522	-
Restricted for:				
Capital projects	-	5,485,106	5,485,106	-
Other	14,144	7,095,150	7,109,294	431,367
Unrestricted	3,437,281	2,642,136	6,079,417	(3,407,758)
Total net position	\$ 15,542,681	\$ 31,343,658	\$ 46,886,339	\$ (2,976,391)

The accompanying notes are an integral part of the financial statements

CITY OF JEROME, IDAHO
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 4,313,892	\$ 537,183	\$ 224,890	\$ -	\$ (3,551,819)	\$ -	\$ (3,551,819)	\$ -
Street services	1,554,046	101,908	-	489,010	(963,128)	-	(963,128)	-
Library services	436,056	21,702	8,590	-	(405,764)	-	(405,764)	-
Parks services	181,746	2,683	-	-	(179,063)	-	(179,063)	-
Total governmental activities	<u>6,485,740</u>	<u>663,476</u>	<u>233,480</u>	<u>489,010</u>	<u>(5,099,774)</u>	<u>-</u>	<u>(5,099,774)</u>	<u>-</u>
Business-type Activities:								
Irrigation	139,137	199,313	-	-	-	60,176	60,176	-
Sanitation	314,814	273,307	-	-	-	(41,507)	(41,507)	-
Water	2,097,049	2,531,488	-	-	-	434,439	434,439	-
Sewer	4,487,257	6,450,715	-	-	-	1,963,458	1,963,458	-
Total business-type activities	<u>7,038,257</u>	<u>9,454,823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,416,566</u>	<u>2,416,566</u>	<u>-</u>
Total primary government	<u>\$ 13,523,997</u>	<u>\$ 10,118,299</u>	<u>\$ 233,480</u>	<u>\$ 489,010</u>	<u>(5,099,774)</u>	<u>2,416,566</u>	<u>(2,683,208)</u>	<u>-</u>
Component Unit:	<u>\$ 811,736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(811,736)</u>
General Revenues:								
Property and other taxes					4,520,894	-	4,520,894	1,601,610
State shared revenue					1,648,173	-	1,648,173	-
Unrestricted investment earnings					31,013	125,392	156,405	15,285
Net change in value of investments					1,084	10,519	11,603	-
Total general revenues					<u>6,201,164</u>	<u>135,911</u>	<u>6,337,075</u>	<u>1,616,895</u>
Change in net position					<u>1,101,390</u>	<u>2,552,477</u>	<u>3,653,867</u>	<u>805,159</u>
Net position:								
Net position beginning of year, as reported					14,436,461	28,789,995	43,226,456	(3,713,044)
Prior period adjustment to record correct previous deferred inflows change in proportionate share and accrued interest					<u>4,830</u>	<u>1,186</u>	<u>6,016</u>	<u>(68,506)</u>
Net position beginning of year, as corrected					<u>14,441,291</u>	<u>28,791,181</u>	<u>43,232,472</u>	<u>(3,781,550)</u>
Net position-end of year					<u>\$ 15,542,681</u>	<u>\$ 31,343,658</u>	<u>\$ 46,886,339</u>	<u>\$ (2,976,391)</u>

The accompanying notes are an integral part of the financial statements

CITY OF JEROME, IDAHO
BALANCE SHEET-GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

<u>ASSETS:</u>	<u>General</u>	<u>Street</u>	<u>Library</u>	<u>Park</u>	<u>Total Governmental</u>
Pooled cash and cash equivalents	\$ 1,784,716	\$ 1,395,727	\$ 189,903	\$ 84,253	\$ 3,454,599
Non-pooled cash and cash equivalents	300	-	200	-	500
Prepaid workers compensation premium	90,337	-	-	-	90,337
Receivables:					-
Due from Irrigation Fund	19,621	-	-	-	19,621
Delinquent property taxes	143,954	35,429	16,996	9,015	205,394
Sales tax	63,742	13,883	6,847	3,501	87,973
Agriculture equipment tax	300	65	32	17	414
Highway user fee	-	133,280	-	-	133,280
Jerome Highway District	-	7,079	-	-	7,079
State revenue sharing	146,969	-	-	-	146,969
Other	36,151	150,000	-	-	186,151
Restricted assets:					-
Pooled cash and cash equivalents	12,618	-	-	1,526	14,144
TOTAL ASSETS	<u>\$ 2,298,708</u>	<u>\$ 1,735,463</u>	<u>\$ 213,978</u>	<u>\$ 98,312</u>	<u>\$ 4,346,461</u>
 <u>LIABILITIES:</u>					
Accounts payable - trade	\$ 30,603	\$ 220,814	\$ 11,326	\$ 2,695	\$ 265,438
Miscellaneous payable	117,252	54	237	14	117,557
Accrued payroll	24,817	8,489	3,912	1,127	38,345
TOTAL LIABILITIES	<u>172,672</u>	<u>229,357</u>	<u>15,475</u>	<u>3,836</u>	<u>421,340</u>
 <u>DEFERRED INFLOWS OF RESOURCES:</u>					
Unavailable revenue	130,296	187,062	15,380	8,159	340,897
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>130,296</u>	<u>187,062</u>	<u>15,380</u>	<u>8,159</u>	<u>340,897</u>
 <u>FUND BALANCES:</u>					
Nonspendable	90,337	-	-	-	90,337
Restricted	12,618	-	-	1,526	14,144
Committed	640,000	1,317,538	180,556	84,791	2,222,885
Assigned	113,937	1,506	2,567	-	118,010
Unassigned	1,138,848	-	-	-	1,138,848
TOTAL FUND BALANCES	<u>1,995,740</u>	<u>1,319,044</u>	<u>183,123</u>	<u>86,317</u>	<u>3,584,224</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 2,298,708</u>	<u>\$ 1,735,463</u>	<u>\$ 213,978</u>	<u>\$ 98,312</u>	<u>\$ 4,346,461</u>

Reconciliation to the Statement of Net Position:

Total Fund Balances - Governmental Funds	\$ 3,584,224
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	13,067,977
Property tax revenues and other billed revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred outflows of resources in the funds	307,919
Deferred charges and related amortization are recognized in full in the year incurred and are not capitalized and amortized in the funds	10,763
Net pension assets not reported in the funds	901,121
Payables expected to be paid in the next year but not soon enough to use the current period's revenues are not included in the funds	(7,130)
Pension related deferred outflows of resources not reported in the funds	277,652
Pension related deferred inflows of resources not reported in the funds	(237,699)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	
Long-term debt including amortized premium on bonds	(1,254,653)
Net pension liability	(1,107,493)
Total Net Position - Governmental Activities	<u>\$ 15,542,681</u>

The accompanying notes are an integral part of the financial statements

CITY OF JEROME, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	<u>General</u>	<u>Street</u>	<u>Library</u>	<u>Park</u>	<u>Total Governmental</u>
<u>REVENUES:</u>					
Property taxes	\$ 3,008,350	\$ 748,076	\$ 368,764	\$ 188,528	\$ 4,313,718
Penalties - property tax	24,335	5,897	2,901	1,425	34,558
Business and franchise taxes	172,572	83,252	-	-	255,824
Payment in lieu of taxes	8,526	2,122	1,046	535	12,229
Licenses and permits	116,733	-	-	-	116,733
State shared	834,524	766,294	30,616	16,740	1,648,174
Grant income	224,890	-	1,086	-	225,976
Rent	35,533	-	-	-	35,533
Interest	21,946	7,455	1,094	518	31,013
Contributions	14,123	489,010	7,504	1,871	512,508
Refunds and reimbursements	139,480	16,213	686	812	157,191
Fines	52,137	-	6,716	-	58,853
Miscellaneous	6,604	2,441	14,301	-	23,346
Total revenue	<u>4,659,753</u>	<u>2,120,760</u>	<u>434,714</u>	<u>210,429</u>	<u>7,425,656</u>
<u>EXPENDITURES:</u>					
Current:					
Salaries	2,205,066	493,507	218,227	64,567	2,981,367
Personnel benefits	911,575	193,565	84,027	26,382	1,215,549
Operating supplies	79,618	81,679	10,526	14,151	185,974
Public relations	60,921	-	1,020	-	61,941
Professional services	170,627	847	3,174	-	174,648
Advertising and publishing	5,998	74	-	-	6,072
Insurance	53,023	44,372	202	-	97,597
Travel and meetings	2,379	-	-	-	2,379
Dues and subscriptions	18,799	-	73	300	19,172
Personnel training	52,507	2,287	4,651	1,152	60,597
Telephone	47,537	3,827	2,318	5	53,687
Utilities	41,950	9,105	9,475	47,518	108,048
Gas and Oil	41,572	10,560	-	1,732	53,864
Repairs and maintenance	113,834	199,037	8,421	2,896	324,188
Other purchased services	17,000	6,511	304	6,530	30,345
Cost share with Jerome County	103,840	-	-	-	103,840
Uniforms	23,844	2,650	-	785	27,279
Medical services	7,270	180	-	-	7,450
Books and magazines	-	-	42,822	-	42,822
Street lighting	-	85,062	-	-	85,062
Miscellaneous	10,512	1,044	418	941	12,915
IOF Grant Agreements	200,000	-	-	-	200,000
Capital outlay	122,021	715,336	-	5,500	842,857
Debt service	117,260	-	-	-	117,260
Total expenditures	<u>4,407,153</u>	<u>1,849,643</u>	<u>385,658</u>	<u>172,459</u>	<u>6,814,913</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER</u>	<u>252,600</u>	<u>271,117</u>	<u>49,056</u>	<u>37,970</u>	<u>610,743</u>
<u>EXPENDITURES</u>					
<u>OTHER FINANCING SOURCES (USES):</u>					
Net change in fair value of investments	360	619	44	61	1,084
Transfers in (out)	(62,207)	(22,216)	(18,628)	(2,784)	(105,835)
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(61,847)</u>	<u>(21,597)</u>	<u>(18,584)</u>	<u>(2,723)</u>	<u>(104,751)</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>190,753</u>	<u>249,520</u>	<u>30,472</u>	<u>35,247</u>	<u>505,992</u>
<u>FUND BALANCE SEPTEMBER 30, 2016</u>	<u>1,804,987</u>	<u>1,069,524</u>	<u>152,651</u>	<u>51,070</u>	<u>3,078,232</u>
<u>FUND BALANCE SEPTEMBER 30, 2017</u>	<u>\$ 1,995,740</u>	<u>\$ 1,319,044</u>	<u>\$ 183,123</u>	<u>\$ 86,317</u>	<u>\$ 3,584,224</u>

Continued on next page

The accompanying notes are an integral part of the financial statements

CITY OF JEROME, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

Continued from previous page

Reconciliation to the Statement of Activities:

Total net changes in fund balances - governmental funds (from previous page)	\$ 505,992
Repayment of note principal is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets	79,742
Governmental funds report the acquisition or construction of capital assets as expenditures, while governmental activities report depreciation expense to allocate the cost of these assets over their estimated useful life. In the current period, these amounts are:	
Capital outlay	842,857
Depreciation expense	(683,741)
Revenues and expenditures in the Statement of Activities that do not provide or use current financial resources are not reported as revenues or expenditures in the funds	131,291
Changes in pension related deferred outflows of resources, deferred inflows of resources, and net pension liability do not require the use of current financial resources and are not reported in the governmental funds	225,249
Change in net position of governmental activities	<u>\$ 1,101,390</u>

The accompanying notes are an integral part of the financial statements

CITY OF JEROME, IDAHO
STATEMENT OF NET POSITION-PROPRIETARY FUNDS
SEPTEMBER 30, 2017

	Business-type Activities					Governmental Activities- Internal
	Irrigation	Sanitation	Water	Sewer	Total	Service Funds
ASSETS:						
Current Assets:						
Pooled cash and cash equivalents	\$ -	\$ 73,532	\$ 971,228	\$ 2,210,292	\$ 3,255,052	\$ 9,281
Non-pooled cash and cash equivalents	-	-	325	-	325	-
Patron receivables	103,805	41,621	369,764	1,172,922	1,688,112	-
Less allowance for uncollectible accounts	-	(115)	(1,088)	(3,484)	(4,687)	-
Accrued interest	37	-	1,183	-	1,220	-
Inventory of supplies	-	-	423,758	-	423,758	-
Total current assets	<u>103,842</u>	<u>115,038</u>	<u>1,765,170</u>	<u>3,379,730</u>	<u>5,363,780</u>	<u>9,281</u>
Restricted assets:						
Pooled cash and cash equivalents	-	8,835	2,214,091	4,418,984	6,641,910	-
Non-pooled cash and cash equivalents	-	-	2,543,390	3,394,955	5,938,345	-
Total restricted assets	<u>-</u>	<u>8,835</u>	<u>4,757,481</u>	<u>7,813,939</u>	<u>12,580,255</u>	<u>-</u>
Noncurrent Assets:						
Land	-	-	464,568	292,534	757,102	-
Construction in progress	-	-	494,960	15,072,350	15,567,310	-
Infrastructure	37,040	-	5,965,553	18,568,654	24,571,247	-
Buildings	-	-	1,505,565	17,819,209	19,324,774	-
Machinery and equipment	45,737	1,029	909,982	1,601,814	2,558,562	-
Less accumulated depreciation	(36,639)	(587)	(3,025,136)	(13,057,063)	(16,119,425)	-
Total noncurrent assets	<u>46,138</u>	<u>442</u>	<u>6,315,492</u>	<u>40,297,498</u>	<u>46,659,570</u>	<u>-</u>
Other Assets:						
Deferred charge - Bonds	-	-	114,410	289,377	403,787	-
Less accumulated amortization	-	-	(25,673)	(38,943)	(64,616)	-
Net pension asset	-	-	-	-	-	-
TOTAL ASSETS	<u>149,980</u>	<u>124,315</u>	<u>12,926,880</u>	<u>51,741,601</u>	<u>64,942,776</u>	<u>9,281</u>
DEFERRED OUTFLOWS OF RESOURCES:						
Differences between expected and actual experience	8,632	7,563	87,865	126,772	230,832	-
Changes in pension assumptions or other inputs	492	566	5,909	9,251	16,218	-
Net difference between projected and actual earnings on pension plan investments	(1,833)	(3,295)	(55,652)	(55,289)	(116,069)	-
Employer contributions to pension plan made subsequent to the measurement date for the net pension liability	1,745	1,788	21,109	28,696	53,338	-
	<u>9,036</u>	<u>6,622</u>	<u>59,231</u>	<u>109,430</u>	<u>184,319</u>	<u>-</u>
LIABILITIES AND NET POSITION						
LIABILITIES:						
Current Liabilities:						
Due to General Fund	19,621	-	-	-	19,621	-
Accounts payable - trade	5,891	18,140	146,444	1,305,727	1,476,202	9,281
Accrued interest payable	-	-	9,795	72,534	82,329	-
Accrued compensation	1,222	1,150	13,918	18,252	34,542	-
Current maturity of long-term liabilities	-	-	2,675,000	560,000	3,235,000	-
Total current liabilities	<u>26,734</u>	<u>19,290</u>	<u>2,845,157</u>	<u>1,956,513</u>	<u>4,847,694</u>	<u>9,281</u>
Long-term Liabilities:						
Bonds payable (including amortized premium)	-	-	2,675,372	24,967,103	27,642,475	-
Customer deposits (payable from restricted assets)	-	8,835	23,615	41,110	73,560	-
Future compensated absences of employees	4,341	5,973	68,201	86,662	165,177	-
Total long-term liabilities	<u>4,341</u>	<u>14,808</u>	<u>2,767,188</u>	<u>25,094,875</u>	<u>27,881,212</u>	<u>-</u>
Net pension liability	34,878	31,802	322,360	510,575	899,615	-
TOTAL LIABILITIES	<u>65,953</u>	<u>65,900</u>	<u>5,934,705</u>	<u>27,561,963</u>	<u>33,628,521</u>	<u>9,281</u>
DEFERRED INFLOWS OF RESOURCES:						
Differences between expected and actual pension experience related to the pension plan	2,933	2,830	28,824	45,717	80,304	-
Net difference between projected and actual earnings on pension plan investments	(949)	1,370	15,201	26,402	42,024	-
Change in proportionate share percentage from prior year	1,231	1,125	12,225	18,007	32,588	-
	<u>3,215</u>	<u>5,325</u>	<u>56,250</u>	<u>90,126</u>	<u>154,916</u>	<u>-</u>
NET POSITION:						
Invested in capital assets, net of related debt	46,138	442	1,053,857	15,020,829	16,121,266	-
Restricted for:						
Capital projects	-	-	1,633,938	3,851,168	5,485,106	-
Other	-	8,835	3,123,544	3,962,771	7,095,150	-
Unrestricted	43,710	50,435	1,183,817	1,364,174	2,642,136	-
TOTAL NET POSITION	<u>\$ 89,848</u>	<u>\$ 59,712</u>	<u>\$ 6,995,156</u>	<u>\$ 24,198,942</u>	<u>\$ 31,343,658</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

CITY OF JEROME, IDAHO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION-
PROPRIETARY FUNDS
SEPTEMBER 30, 2017

	Business-type Activities					Governmental
	Irrigation	Sanitation	Water	Sewer	Total	Activities - Internal
Operating Revenues:						
Charges for services	\$ 199,127	\$ 272,731	\$ 2,522,147	\$ 6,387,775	9,381,780	\$ -
Miscellaneous income	186	576	9,341	62,940	73,043	-
Total operating revenues	<u>199,313</u>	<u>273,307</u>	<u>2,531,488</u>	<u>6,450,715</u>	<u>9,454,823</u>	-
Operating Expenses:						
Salaries	59,605	67,566	736,778	1,052,304	1,916,253	-
Personnel benefits	23,709	21,804	261,661	367,966	675,140	-
Office supplies	1,129	5,419	6,171	7,403	20,122	-
Operating supplies	16,370	1,250	141,217	197,795	356,632	16,038
New equipment - non-capital	-	-	5,922	7,209	13,131	12,801
Public Relations	-	-	2,500	113	2,613	-
Professional services	882	-	60,825	65,257	126,964	141,167
Purchased services	1,000	212,558	5,514	168,771	387,843	-
Advertising and publishing	-	-	-	178	178	21
Insurance and bonds	-	-	52,823	83,404	136,227	-
Dues and subscriptions	120	-	1,521	1,467	3,108	4,454
Personnel training	852	-	5,556	6,438	12,846	19,635
Telephone	613	-	7,379	12,324	20,316	3,558
Utilities	350	-	227,449	476,776	704,575	4,472
Gas and oil	799	-	32,358	22,146	55,303	456
Repairs	23,811	-	57,269	153,707	234,787	1,698
Cost share with Jerome County	-	-	5,465	-	5,465	-
Uniforms	1,673	-	3,721	5,776	11,170	1,207
Miscellaneous	766	2,116	9,548	19,608	32,038	1,824
Loss on uncollectible accounts	-	31	253	2,663	2,947	-
Allowance for depreciation	2,515	180	241,069	1,004,744	1,248,508	-
Total operating expenses	<u>134,194</u>	<u>310,924</u>	<u>1,864,999</u>	<u>3,656,049</u>	<u>5,966,166</u>	<u>207,331</u>
Operating income (loss)	65,119	(37,617)	666,489	2,794,666	3,488,657	(207,331)
Nonoperating Revenues (Expenses):						
Interest revenue	13	887	41,501	82,991	125,392	-
Net change in fair value of investments	6	18	1,263	9,232	10,519	-
Amortization of bond issue costs/discounts	-	-	(127)	(5,792)	(5,919)	-
Interest expense	-	-	(194,704)	(769,972)	(964,676)	-
Income before other revenues, expenses, gains, losses and transfers	65,138	(36,712)	514,422	2,111,125	2,653,973	(207,331)
Operating transfers in (out)	(4,943)	(3,890)	(37,219)	(55,444)	(101,496)	207,331
INCREASE (DECREASE) IN NET POSITION	<u>60,195</u>	<u>(40,602)</u>	<u>477,203</u>	<u>2,055,681</u>	<u>2,552,477</u>	-
NET POSITION:						
Net position beginning of year, as reported	29,515	100,165	6,516,525	22,143,790	28,789,995	-
Prior period adjustment to record correct previous accumulated depreciation and inventory	138	149	1,428	(529)	1,186	-
Net position beginning of year, as corrected	29,653	100,314	6,517,953	22,143,261	28,791,181	-
NET POSITION AT SEPTEMBER 30, 2017	<u>\$ 89,848</u>	<u>\$ 59,712</u>	<u>\$ 6,995,156</u>	<u>\$ 24,198,942</u>	<u>\$ 31,343,658</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

CITY OF JEROME, IDAHO
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
SEPTEMBER 30, 2017

	Business-type Activities					Governmental
	<u>Irrigation</u>	<u>Sanitation</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	Activities - Internal Service Funds
Cash Flows from Operating Activities:						
Cash received from customers	\$ 202,233	\$ 264,792	\$ 2,515,843	\$ 6,290,764	\$ 9,273,632	\$ -
Cash payments for employees' services and benefits	(93,504)	(91,030)	(1,018,272)	(1,459,135)	(2,661,941)	-
Cash payments to suppliers for goods and services	(99,825)	(219,868)	(544,401)	(923,153)	(1,787,247)	(233,211)
Net cash provided (used) by operating activities	<u>8,904</u>	<u>(46,106)</u>	<u>953,170</u>	<u>3,908,476</u>	<u>4,824,444</u>	<u>(233,211)</u>
Cash Flows from Noncapital Financing Activities:						
Operating subsidies and transfers to other funds	(4,943)	(3,890)	(37,219)	(55,444)	(101,496)	207,331
Increase (decrease) in customer deposits	-	844	1,630	3,890	6,364	-
Net cash provided (used) by noncapital financing activities	<u>(4,943)</u>	<u>(3,046)</u>	<u>(35,589)</u>	<u>(51,554)</u>	<u>(95,132)</u>	<u>207,331</u>
Cash Flows from Capital and Related Financing Activities:						
Proceeds from issuance of long-term debt	-	-	2,637,514	6,020,672	8,658,186	-
Prior-period adjustment	138	149	1,428	(529)	1,186	-
Principal payments on long-term debt	-	-	(254,225)	(540,000)	(794,225)	-
Interest payments on long-term debt	-	-	(190,511)	(739,333)	(929,844)	-
Purchase of property and equipment	(4,118)	-	(572,744)	(10,263,136)	(10,839,998)	-
Net cash provided (used) by capital and related financing	<u>(3,980)</u>	<u>149</u>	<u>1,621,462</u>	<u>(5,522,326)</u>	<u>(3,904,695)</u>	<u>-</u>
Cash Flows from Investing Activities:						
Change in net value of investments	13	18	1,263	9,232	10,526	-
Interest and dividends	6	887	41,501	82,991	125,385	-
Net cash provided (used) by investing activities	<u>19</u>	<u>905</u>	<u>42,764</u>	<u>92,223</u>	<u>135,911</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	-	(48,098)	2,581,807	(1,573,181)	960,528	(25,880)
Cash and cash equivalents October 1, 2016	-	130,465	3,147,227	11,597,412	14,875,104	35,161
Cash and cash equivalents September 30, 2017	<u>\$ -</u>	<u>\$ 82,367</u>	<u>\$ 5,729,034</u>	<u>\$ 10,024,231</u>	<u>\$ 15,835,632</u>	<u>\$ 9,281</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	\$ 65,119	\$ (37,617)	\$ 666,489	\$ 2,794,666	\$ 3,488,657	\$ (207,331)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	2,515	180	241,069	1,004,744	1,248,508	-
(Increase) decrease in accounts receivable	2,920	(8,514)	(15,646)	(159,951)	(181,191)	-
(Increase) decrease in inventories	-	-	21,444	-	21,444	-
(Increase) decrease in net pension asset	-	-	-	-	-	-
(Increase) decrease in deferred outflows	16,823	16,618	179,060	260,992	473,493	-
Increase (decrease) in accounts payable	(51,460)	1,505	59,646	307,882	317,573	(25,880)
Increase (decrease) in accrued liabilities	(7,553)	937	10,270	1,887	5,541	-
Increase (decrease) in net pension liability	(10,273)	(10,149)	(110,735)	(159,372)	(290,529)	-
Increase (decrease) in deferred inflows	(9,187)	(9,066)	(98,427)	(142,372)	(259,052)	-
Net cash provided (used) by operating activities	<u>\$ 8,904</u>	<u>\$ (46,106)</u>	<u>\$ 953,170</u>	<u>\$ 3,908,476</u>	<u>\$ 4,824,444</u>	<u>\$ (233,211)</u>
Reconciliation of Cash and Cash Equivalents at September 30, 2017:						
Pooled cash and cash equivalents in current assets	\$ -	\$ 73,532	\$ 971,228	\$ 2,210,292	\$ 3,255,052	\$ 9,281
Non-pooled cash and cash equivalents in current assets	-	-	325	-	325	-
Pooled cash and cash equivalents in restricted assets	-	8,835	2,214,091	4,418,984	6,641,910	-
Non-pooled cash and cash equivalents in restricted assets	-	-	2,543,390	3,394,955	5,938,345	-
	<u>\$ -</u>	<u>\$ 82,367</u>	<u>\$ 5,729,034</u>	<u>\$ 10,024,231</u>	<u>\$ 15,835,632</u>	<u>\$ 9,281</u>
Supplemental Disclosure of Cash Flow Information:						
Cash paid during the year for interest by all proprietary funds was \$929,844.						

The accompanying notes are an integral part of the financial statements

CITY OF JEROME, IDAHO
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017

<u>ASSETS:</u>	<u>CAFETERIA</u>
Pooled cash and cash equivalents	\$ 59,215
	<u>59,215</u>
 <u>LIABILITIES:</u>	
Held for the benefit of employees	<u>59,215</u>
	<u>59,215</u>
 <u>NET POSITION</u>	 <u>\$ -</u>

The accompanying notes are an integral part of the financial statements

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

Note 1 - Summary of Significant Accounting Policies

A) Basis of Presentation

The financial statements of the City of Jerome (City) are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. GASB is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments through its pronouncements.

B) Financial Reporting Entity

Reporting Entity

The City of Jerome is located in Jerome County in southern Idaho. The City provides various services and facilities including police and fire protection, building inspection; library; street and park maintenance; irrigation, sanitation and water supply; and sewage treatment/disposal. Operations of the City are the responsibility of a mayor and four council members.

As required by generally accepted accounting principles, these financial statements present the City and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the City's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the City.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that the Jerome Urban Renewal Agency is a discretely presented component unit of the City, and is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government. A brief description of the discretely presented component unit follows:

Discretely Presented Component Unit-Jerome Urban Renewal Agency

The Jerome Urban Renewal Agency is responsible for the rehabilitation, conservation and redevelopment of deteriorated properties in areas within the City's jurisdiction. The five-member board is appointed by the City Council. The City and the Agency have an agreement that the City will make available certain personnel for administrative, engineering, budgeting, and accounting services and assistance to the Agency to the extent that the City has appropriated necessary funds to provide such assistance. The Agency has agreed to reimburse the City for these costs. The City has no responsibility for debt issuance of the Agency. The Agency is presented as a governmental fund type.

For financial reporting purposes, the City's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the City Council. The financial statements of the Jerome Urban Renewal Agency may be obtained at the City's administrative offices.

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

C) Government-Wide and Fund Financial Statements

The City's financial statements include the activities of the City. The City's *government-wide financial statements* provide both short-term and long-term information about the City's overall financial status. *Fund financial statements* focus on the individual activities of City government, reporting the City's operations in more detail than the government-wide financial statements.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. The government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements. These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting.

The Statement of Net Position presents information on all of the City's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, with the difference between the two presented as net position (deficit). Net position is divided into three components:

- a. Invested in capital assets, net of related debt - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- b. Restricted net position - consists of balances that are restricted by the City's creditors (for example, through debt covenants), by state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (including those who have donated to the City).
- c. Unrestricted - all other balances are reported in this category.

The Statement of Activities presents information showing how the net position changed during the most recent year. All changes in net position are reported as soon as the underlying event gives rise to the change that occurs, regardless of the timing of the 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).

Amounts reported as program revenues on the government-wide financial statements include (a) charges for services - amounts received from customers or applicants who purchase, use or directly benefit from the goods, services or privileges provided by the City, (b) program-specific operating grants and contributions, and (c) program-specific capital grants and contributions. General revenues consist of taxes and all other revenues that do not meet the definition of program revenues. Special items are significant transactions or events within the control of management that are either unusual in nature or infrequent in occurrence.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

Fund Financial Statements - The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 use a current financial resources measurement focus and the modified accrual basis of accounting, focusing on the near-term inflows and outflows of spendable resources, and balances of spendable resources available at fiscal year end.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter (usually 60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes are susceptible to accrual. Other receipts become measurable and available when the cash is received by the government and are recognized as revenue at that time.

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.

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The City has presented all major funds that met those qualifications. In addition, the City has presented certain funds as major funds because the City believes the financial position and activities of these funds are significant to the City as a whole. The City reports the following major governmental funds:

- a. General Fund - the principal operating fund of the City. It is used to account for and report all financial resources not accounted for and reported in another fund.
- b. Street Fund - a special revenue fund used to account for and report the receipt of street maintenance assessments and state gas tax distributions restricted or committed to expenditure for striping, signing, and other traffic safety functions, as well as street cleaning, snow and ice control, and other street maintenance functions.
- c. Library Fund - a special revenue fund used to account for and report property tax revenues restricted or committed for the operation and maintenance of the City's library system.

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

- d. Park Fund - a special revenue fund used to account for and report property tax revenues restricted or committed for the operation and maintenance of the City's parks.

Proprietary Funds. Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide financial statements. The City reports the following major proprietary funds:

- a. Irrigation Fund - enterprise fund used to account for and report the receipt of irrigation assessments to expenditure for the operation and maintenance of the City's irrigation system.
- b. Sanitation Fund - enterprise fund used to account for and report the receipt of sanitation assessments to expenditure for the contract of sanitation services.
- c. Water Fund - enterprise fund used to account for and report the financial activity related to operating the City's water supply, treatment, and distribution system. Revenues consist primarily of charges for services.
- d. Sewer Fund - enterprise fund used to account for and report the financial activity related to operating the City's wastewater collection and treatment system. Revenues consist primarily of charges for services.
- e. Internal Service Funds - Engineering, Human Resources, and Information Technology funds are used to account for the operations of the respective department to provide services to other departments of the City on a cost-reimbursement basis.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Funds. Fiduciary Fund Financial Statements include a Statement of Net Position. The City's Fiduciary funds represent Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above. The City reports the following fiduciary funds:

- a. Cafeteria Fund - used to account for and report the City's Internal Revenue Code Section 125 Cafeteria Plan for employees.

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

D) Use of Restricted Funds

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

E) Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

F) Receivables

All receivables are reported net of estimated uncollectible amounts. The allowance for uncollectible accounts is based on .5% of the outstanding balances of the accounts receivable in the sanitation, water and sewer funds.

G) Inventories

Inventories are carried at cost using the first-in first-out method.

H) Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements and the proprietary fund statements. Assets are capitalized when they have a useful life in excess of one year and have a cost of \$5,000 or more. Purchased or constructed capital assets are valued at cost or estimated historical cost if actual cost is unavailable. Donated assets are reported at fair value at the time received.

As a Phase 3 government under GASB No. 34, the City is allowed to and has elected not to report major general infrastructure assets retroactively.

Exhaustible capital assets are depreciated on the straight-line method over the asset's estimated useful life. Depreciation expense is recorded in the government-wide financial statements and proprietary fund statements. There is no depreciation recorded for land, construction in process, or other capital assets defined as inexhaustible.

I) Deferred Outflows of Resources

In the governmental fund statements, expenditures that are unearned or unavailable are reported as deferred outflows of resources.

J) Deferred Inflows of Resources

In the governmental fund statements, revenues that are unearned or unavailable are reported as deferred inflows of resources.

K) Long-term Debt Obligations

In the government-wide financial statements and proprietary fund statements long-term debt is reported as a liability. Bond discounts and issuance costs are deferred and amortized over the term of the bonds using the effective interest rate method. Bond premiums/discounts are presented as an addition to/reduction of the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

on debt issuances are reported as other financing sources and other financing uses, respectively.

L) Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place.

M) Property Tax Calendar

The City is responsible for levying property taxes but the taxes are collected by the County. Taxes are levied in September with the first half of real property taxes, along with all personal property and mobile home taxes, due on December 20th. Taxes not paid on or before December 20th are considered to be delinquent.

The second half of the real property taxes are due June 20th of the following year and are considered to be delinquent on June 21st. An initial late penalty of 2% of tax plus 1% per month interest charge is assessed on all delinquent taxes. A tax lien is filed for properties whose taxes become three years delinquent. Taxes collected by the County are remitted to the City on a monthly basis.

N) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the general fund, special revenue funds and proprietary funds. This is in conformance with Idaho State Statute which requires that appropriations lapse at the end of a fiscal year and are not available to be carried forward to be used in addition to the succeeding year's appropriation.

O) Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

P) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Q) Pensions

For purposes of measuring the net pension liability (asset) and pension expense (revenue), information about the fiduciary net position of both the Public Employee Retirement System of Idaho Base Plan (Base Plan) and the Firefighters' Retirement Fund Plan (FRF) and additions to/deductions from both fiduciary net positions have been determined on the same basis as they are reported by the Base Plan and FRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

R) Investment Valuation

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 3 inputs.

Fair value measurements of the City's investments are as follows at September 30, 2017:

- State Investment Pool: valued at \$15.1 million, based on quoted market prices (Level 1 inputs).
- U.S. Government Bonds: valued at \$1.4 million, based on quoted market prices (Level 1 inputs).
- U.S. Treasury Securities: valued at \$2.5 million, based on quoted market prices (Level 1 inputs).

Note 2 - Cash and Investments

Nearly all of the cash balances of the City's funds are pooled for investment purposes. The individual funds' portions of the pool's cash and investments are reported as pooled cash and cash equivalents. Investments are stated at fair value (quoted market price or the best available estimate).

Reconciliation of carrying amount to cash numbers on balance sheets:

Sources of cash:	
Deposits with financial institutions ...	\$ 271,027
U.S. Government Bonds	1,423,210
U.S. Treasury Securities	2,543,390
State of Idaho Local Government	
Investment Pool	15,134,919
Petty cash	825
	<u>\$19,373,371</u>
Cash on balance sheets:	
Governmental funds:	
Pooled cash, unrestricted	\$ 3,454,599
Non-pooled cash, unrestricted	500
Pooled cash, restricted	14,144
Proprietary funds:	
Pooled cash, unrestricted	3,255,052
Non-pooled cash, unrestricted	325
Pooled cash, restricted	6,641,910
Non-pooled cash, restricted	5,938,345
Internal Service funds:	
Pooled cash, unrestricted	9,281
Fiduciary net position:	
Pooled cash, unrestricted	59,215
	<u>\$19,373,371</u>

The City of Jerome receives a large portion of revenues during the months of January and July. During the past year a significant portion of the additional funds could have been uninsured and uncollateralized.

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

As of September 30, 2017, the City had the following investments and maturities:

Investment	Investment Maturities (in Years)		
	Fair Value	Less Than 1	1-5
State Investment Pool	\$ 15,134,919	\$ 15,134,919	\$...
U.S. Treasury Securities	2,543,390	...	2,543,390
Federal Farm Credit Bank	322,248	...	322,248
Federal Farm Credit Bank	298,648	...	298,648
Federal Home Loan Mortgage	328,910	...	328,910
Federal Natl Mortgage Assn	149,762	...	149,762
Federal Natl Mortgage Assn	323,642	...	323,642
Total	<u>\$ 19,101,519</u>	<u>\$ 15,134,919</u>	<u>\$ 3,966,600</u>

Interest rate risk. Through its investment policy, the City manages its exposure to interest rate risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Interest rate risk will be mitigated by:

1. Structuring the City's portfolio so that securities mature to meet the City's cash demands for ongoing operations, thereby precluding the need to sell securities on the open market prior to their maturity.
2. Investing operating funds primarily in shorter-term securities, money market funds, or LGIP and limiting the average weighted maturity of the portfolio to three (3) years.

Credit Risk. The City has a written investment policy that allows the Treasurer to invest money only in those investment instruments allowed by Idaho 50-1013. To minimize credit risk, the City's general investment policy is to apply the prudent person standard which states that investments shall be made with judgment and care, under the circumstances prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Custodial Credit Risk. The City has a deposit policy for custodial credit risk. As of September 30, 2017, the carrying amount of the City's deposits with financial institutions (after considering outstanding and other reconciling items) was \$271,027 and the bank balances were \$427,828, of which \$79,907 was uninsured or uncollateralized. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The elected State Treasurer, following Idaho Code Section 67-2328, is authorized to sponsor an investment pool in which the City voluntarily participates. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight is with the State Treasurer and Idaho Code defines allowable investments. All investments are entirely insured or collateralized with securities held by the Pool or by its agent in the Pool's name and the fair value of the City's position in the external investment pool is the same as the value of the pool

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

shares. The fund was assigned a AAAf fund credit quality rating and an S1+ volatility rating by Standard & Poor's Rating Service in 2009 but has not had a credit rating since 2009. The City's investment in the State of Idaho Local Government Investment Pool as of September 30, 2017, was \$15,134,919. The City's investment in U.S. Treasury Securities as of September 30, 2017, was \$2,543,390. The City's investment in Federal Farm Credit Bank, Federal Home Loan Mortgage, and Federal National Mortgage Association were rated Aaa by Moody's Investors Service, AA+ by Standard & Poor's, and AAA by Fitch Ratings.

Concentration of Credit Risk. It is the policy of the City to diversify its investment portfolio to avoid incurring unreasonable and avoidable risks or loss resulting from over-concentration of assets in a specific maturity, specific insurer, or specific class of securities, with the exception of U.S. Treasury Securities and authorized pools. No more than 20% of the City's total investment will be invested in corporate bonds, with no more than 5% in a single issuer. No more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution, with the exception of U.S. Treasury Securities and authorized pools.

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percentage</u>
State Investment Pool	External Investment Pool	\$ 15,134,919	79.23%
U.S. Federal Government	U.S. Treasury Securities	2,543,390	13.32%
Federal Farm Credit Bank	U.S. Government Bond	620,896	3.25%
Federal Home Loan Mortgage	U.S. Government Bond	328,910	1.72%
Federal Natl Mortgage Assn	U.S. Government Bond	473,404	2.48%
Total		<u>\$ 19,101,519</u>	<u>100.00%</u>

Of the carrying amount of cash and investments, the following are restricted for a particular purpose:

<u>General Fund:</u>	
Released Evidence Drug Related	\$ 7,341
Animal Shelter	3,577
Fireworks Show	500
Fire Safehouse	1,200
	<u>12,618</u>
<u>Park Fund:</u>	
High Five Grant	1,000
Modern Woodmen	526
	<u>1,526</u>
<u>Sanitation Fund:</u>	
Customer deposits	<u>8,835</u>
<u>Water Fund:</u>	
Customer deposits	23,615
Capital reserve fund	1,633,937
Debt reserve fund	3,099,929
	<u>4,757,481</u>
<u>Sewer:</u>	
Customer deposits	41,110
Capital reserve fund	5,398,220
Debt service reserve fund	2,374,609
	<u>7,813,939</u>
Total restricted funds	<u>\$12,594,399</u>

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Note 3 - Capital Assets

Capital asset activity for the fiscal year ended September 30, 2017, was as follows:

	Balance October 1, 2016	Increases	Decreases	Balance September 30, 2017
<u>Governmental activities:</u>				
Land	\$ 842,589	\$...	\$...	\$ 842,589
Buildings	4,055,564	15,800	...	4,071,364
Machinery and equipment	6,266,456	151,633	250,000	6,168,089
Infrastructure	9,095,078	494,395	...	9,589,473
Construction in progress	...	181,029	...	181,029
	<u>20,259,687</u>	<u>842,857</u>	<u>250,000</u>	<u>20,852,544</u>
Less accumulated depreciation				
for:				
Buildings	1,709,865	115,223	...	1,825,088
Machinery and equipment	4,098,979	236,989	221,479	4,114,489
Infrastructure	1,513,461	331,529	...	1,844,990
	<u>7,322,305</u>	<u>683,741</u>	<u>221,479</u>	<u>7,784,567</u>
Net capital assets	<u>\$12,937,382</u>	<u>\$ 159,116</u>	<u>\$ 28,521</u>	<u>\$13,067,977</u>

	Balance October 1, 2016	Increases	Decreases	Balance September 30, 2017
<u>Business-type activities:</u>				
Land	\$ 757,102	\$...	\$...	\$ 757,102
Infrastructure	24,478,979	92,268	...	24,571,247
Buildings	19,009,540	315,234	...	19,324,774
Machinery and equipment	2,468,354	90,208	...	2,558,562
Construction in progress	5,225,023	10,364,913	22,626	15,567,310
	<u>51,938,998</u>	<u>10,862,623</u>	<u>22,626</u>	<u>62,778,995</u>
Less accumulated depreciation				
for:				
Infrastructure	4,260,584	634,305	...	4,894,889
Buildings	8,990,190	420,746	...	9,410,936
Machinery and equipment	1,620,144	193,456	...	1,813,600
	<u>14,870,918</u>	<u>1,248,507</u>	<u>...</u>	<u>16,119,425</u>
Net capital assets	<u>\$37,068,080</u>	<u>\$ 9,614,116</u>	<u>\$ 22,626</u>	<u>\$46,659,570</u>

Depreciation expense was charged to governmental functions as follows:

General Fund:	
Administration	\$ 32,935
Building	1,586
Animal Control	1,455
Fire	119,550
Law Enforcement	57,961
	<u>213,487</u>
Streets	413,175
Library	38,109
Parks	18,970
	<u>\$ 683,741</u>

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

Note 4 - Changes in Long-Term Liabilities (Governmental Activities)

Long-term liability activity for the year ended September 30, 2017, was as follows:

	Balance October 1, 2016	Additions	Reductions	Balance September 30, 2017	Amounts Due Within One Year
Notes payable:					
Zions Public					
Finance - Fire	\$ 503,456	\$...	\$ 48,144	\$ 455,312	\$ 46,375
Bonds payable:					
General Obligation					
Bonds (including					
amortized premium)	556,844	...	35,436	521,408	35,000
Other liabilities:					
Compensated absences	274,826	277,933	274,826	277,933	...
	<u>\$1,335,126</u>	<u>\$ 277,933</u>	<u>\$358,406</u>	<u>\$1,254,653</u>	<u>\$ 81,375</u>

Zions Public Finance lease/purchase for fire pumper - The contract interest rate is 2.16% with annual payments of \$56,210 and a maturity date of February 15, 2026. The agreement is cancelable if funds for the payment are not appropriated in any fiscal year. The principal balance as of September 30, 2017, is \$455,312.

Bonds Payable - Series 2008

General obligation bonds for the construction of a new Senior Citizen Center were issued on April 1, 2008, for \$800,000. The bonds are redeemable in annual installments and interest is payable semi-annually at various rates from 4.00% to 5.00%. The bonds have a maturity date of September 15, 2028. The total of the bonds at September 30, 2017, is \$515,000.

Compensated absences - In accordance with Statement Number 16 of the Governmental Accounting Standards Board, a liability has been accrued for employee rights to receive compensation for future absences in the amount of \$277,933.

As of September 30, 2017, debt service requirements to maturity for principal and interest, for the notes payable, are as follows:

Year Ended Sept. 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 81,375	\$ 34,285	\$ 115,660
2019	87,376	31,783	119,159
2020	88,400	29,110	117,510
2021	89,445	26,414	115,859
2022	95,513	23,696	119,209
2023-2027	468,202	66,136	534,338
2028	60,000	3,000	63,000
	<u>970,311</u>	<u>\$214,424</u>	<u>\$1,184,735</u>
Premium on bonds less accumulated amortization	6,409		
Compensated Absences	277,933		
	<u>\$1,254,653</u>		

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

Note 5 - Changes in Long-Term Liabilities (Business-Type Activities)

Long-term liability activity for the year ended September 30, 2017, was as follows:

	Balance October 1, 2016	Additions	Reductions	Balance September 30, 2017	Amounts Due Within One Year
Irrigation:					
Compensated absences	\$ 12,071	\$ 4,341	\$ 12,071	\$ 4,341	\$...
Sanitation:					
Compensated Absences	5,317	5,973	5,317	5,973	...
Customer deposits	7,990	845	...	8,835	...
	<u>13,307</u>	<u>6,818</u>	<u>5,317</u>	<u>14,808</u>	<u>...</u>
Water:					
Revenue Bonds (including amortized premium)	2,922,942	2,640,561	213,131	5,350,372	2,675,000
Compensated absences	60,963	68,201	60,963	68,201	...
Customer deposits	21,985	1,630	...	23,615	...
	<u>3,005,890</u>	<u>2,710,392</u>	<u>274,094</u>	<u>5,442,188</u>	<u>2,675,000</u>
Sewer:					
Notes Payable Idaho Dept of Environmental Quality	881,873	6,017,984	...	6,899,857	...
Revenue Bonds (including amortized premium)	19,164,557	...	537,311	18,627,246	560,000
Compensated absences	87,850	86,662	87,850	86,662	...
Customer deposits	37,220	3,890	...	41,110	...
	<u>20,171,500</u>	<u>6,108,536</u>	<u>625,161</u>	<u>25,654,875</u>	<u>560,000</u>
	<u>\$23,202,768</u>	<u>\$ 8,830,087</u>	<u>\$ 916,643</u>	<u>\$31,116,212</u>	<u>\$3,235,000</u>

As of September 30, 2017, debt service requirements to maturity for principal and interest, for the notes payable, are as follows:

Year Ended Sept. 30,	Principal	Interest	Total
2018	\$ 3,235,000	\$ 987,145	\$ 4,222,145
2019	815,000	840,453	1,655,452
2020	845,000	805,653	1,650,653
2021	885,000	767,190	1,652,190
2022	930,000	727,140	1,657,140
2023-2027	5,030,000	2,960,155	7,990,155
2028-2032	4,620,000	1,938,675	6,558,675
2033-2037	5,600,000	953,750	6,553,750
2038-2039	1,260,000	51,660	1,311,660
	<u>23,220,000</u>	<u>\$10,031,820</u>	<u>\$33,251,820</u>
Premium on bonds less accumulated amortization	757,618		

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
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Idaho DEQ Loan, not fully funded	6,899,857
Compensated absences	165,177
Customer deposits	73,560
	<u>\$31,116,212</u>

Water Bonds Payable - Series 2017

Revenue refunding bonds for an advanced refunding of the Series 2008 Water Bonds were issued on March 1, 2017, for \$2,265,000. The bonds are redeemable in annual installments and interest is payable semi-annually at various rates from 3.00% to 5.00%. The bonds have a maturity date of September 15, 2027 and payments begin September 15, 2018. The total of the bonds at September 30, 2017, is \$2,265,000. \$2,587,616 of the advanced refunding funds were placed into an escrow account to pay remaining 2008 Water Bond principal and interest.

Water Bonds Payable - Series 2008

Revenue refunding bonds for refunding the USDA Rural Development loan and the Idaho Department of Environmental Quality Drinking Water State Revolving Loan Fund loan were issued on April 1, 2008, for \$4,325,000. The bonds are redeemable in annual installments and interest is payable semi-annually at various rates from 4.00% to 5.00%. The bonds have a maturity date of September 15, 2027. The total of the bonds at September 30, 2017, is \$2,670,000.

Sewer Bonds Payable - Series 2006

Revenue bonds for improvements to the Sewer plant were issued on May 11, 2006, for \$9,000,000. The bonds are redeemable in annual installments and interest is payable semi-annually at various rates from 4.00% to 5.00%. The bonds have a maturity date of September 1, 2026. The total of the bonds at September 30, 2017, is \$4,955,000.

Sewer Bonds Payable - Series 2014

Revenue bonds for improvements to the Sewer plant were issued on February 26, 2014, for \$13,600,000. The bonds are redeemable in annual installments and interest is payable semi-annually at various rates from 1.50% to 5.00%. The bonds have a maturity date of September 15, 2038. The total of the bonds at September 30, 2017, is \$13,330,000.

Sewer Note Payable - Idaho Department of Environmental Quality

A loan from the Idaho Department of Environmental Quality Clean Water State Revolving Fund was approved in May 2014 for \$1,750,000. The loan had not been fully funded as of September 30, 2017. The loan will carry an interest rate of 1.25% and will be payable in biannual installments over 30 years. The balance at September 30, 2017 was \$1,172,455.

Sewer Note Payable - Idaho Department of Environmental Quality

A loan from the Idaho Department of Environmental Quality Clean Water State Revolving Fund was approved in November 2014 for \$22,200,000. The loan had not been fully funded as of September 30, 2017. The loan will carry an interest rate of 1.50% and will be payable in biannual installments over 30 years. The balance at September 30, 2017 was \$5,727,402.

Compensated Absences

In accordance with Statement Number 16 of the Governmental Accounting Standards Board, a liability has been accrued at September 30, 2017, for employee rights to receive compensation for future absences in the amount of \$165,177.

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
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Customer Deposits

According to City resolution, customer utility deposits are collected and refunded at a future date according to City policy. The balance of customer deposits at September 30, 2017, is \$73,560.

Note 6 - Rent

The City received rent from outside sources. During the year ended September 30, 2017, the general fund received \$35,533 for rental of property owned by the City.

Note 7 - Public Employee Retirement System of Idaho Pension Plan

Plan Description

The City of Jerome contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

The City of Jerome contributes to the FRF which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Retirement System of Idaho (PERSI or System) that covers a closed group of firefighters who were hired before October 1, 1980, and who received benefits in addition to those provided under the PERSI Base Plan. The cost to administer the plan is financed through the contributions and investment earnings of the FRF. Additional FRF funding is obtained from receipts from a state fire insurance premium tax. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan and FRF is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan/System members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan/System except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however,

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

any amount above the 1% minimum is subject to review by the Idaho Legislature.

The FRF provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service as well as the final average salary. A firefighter must have 5 years of service to be eligible for a lifetime retirement allowance at age 60. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance is based on Idaho Code Title 72 Chapter 14.

The benefit payments for the FRF are calculated using a benefit formula adopted by the Idaho Legislature. The FRF cost of living is based on the increase in the statewide average firefighter's wage.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan and FRF are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

For the Base Plan the contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2017 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% general employees and 11.66% for police and firefighters. The City's contributions were \$448,956 for the year ended June 30, 2017.

For the FRF Plan as of June 30, 2017, the total employer rate was 25.31% which includes the employer excess rate of 13.65% plus the PERSI class 2 firefighters rate of 11.66%. The FRF member rate for the year for class B is 11.45% which is 3.09% above the class 2 rate of 8.36%. The Jerome Fire Department's contributions were \$38,342 for the year ended June 30, 2017.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2017, the City reported a liability for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions in the Base and FRF pension plans relative to the total contributions of all participating PERSI Base Plan and FRF employers. At June 30, 2017, the City's proportion was .001276925 and the FRF's proportion was .010503112.

For the year ended September 30, 2017, the City recognized a pension expense of \$183,520. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$278,048	\$180,823
Changes in pension assumptions or other inputs	\$37,115	\$0
Net difference between projected and actual earnings on pension plan investments	\$0	\$140,318
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	\$0	\$71,474
Employer contributions subsequent to the measurement date	\$146,808	\$0
Total	\$461,971	\$392,615

\$146,808 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ending September 30, 2017.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2016 the beginning of the measurement period ended June 30, 2017 is 4.9 and 5.5 for the measurement period June 30, 2016 for the Base Plan.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2016 the beginning of the measurement period ended June 30, 2017 is 1 year and 1 year for the measurement period June 30, 2016 for the FRF Plan.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Base Plan

Year ended September 30, 2017:

2018	(\$109,113)
2019	\$188,568
2020	\$53,505
2021	(\$118,873)

Change in Proportionate Share	\$119,512
Amortization	(\$48,038)
	\$71,474

FRF Plan

Year ended September 30, 2017:

2018	(\$24,919)
2019	\$36,783

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
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2020	\$4,555
2021	(\$36,483)
Change in Proportionate Share	\$21,575
Amortization	<u>(\$21,575)</u>
	\$0

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years. Unfunded actuarial accrued liability for FRF is the difference between the actuarial present value of the FRF benefits not provided by the Base Plan and the FRF assets. Currently FRF assets exceed this actuarial present value; therefore there is not an unfunded liability to amortize at this time. The maximum amortization period for the FRF permitted under Section 59-1394, Idaho code, is 50 years.

The total pension liability (asset) in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Base Plan

Inflation	3.25%
Salary increases	4.25 - 10.00%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1.00%

FRF Fund

Inflation	3.25%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	3.75%

Mortality rates were based on the RP - 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

For the Base Plan an experience study was performed for the period July 1, 2007

CITY OF JEROME, IDAHO
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through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2017 is based on the results of an actuarial valuation date of July 1, 2017.

For the FRF Plan an experience study was performed for the period July 1, 2011 through June 30, 2015 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Asset as of June 30, 2016 is based on the results of an actuarial valuation date of July 1, 2016.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2017.

Capital Market Assumptions

Asset Class	Expected Return	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55%	50% - 65%
International	9.25%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%
Total Fund	Expected Return	Expected Inflation	Expected Real Return	Expected Risk
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

* Expected arithmetic return net of fees and expenses

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
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Actuarial Assumptions

Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	0.40%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

Base Plan

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	\$4,664,929	\$2,007,107	(\$201,614)

FRF Fund

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)

CITY OF JEROME, IDAHO
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YEAR ENDED SEPTEMBER 30, 2017

Employer's proportionate share of the net pension liability (asset)	(\$579,919)	(\$901,121)	(\$1,173,685)
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Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the pension plan

At September 30, 2017, the City of Jerome reported no payables to the defined benefit pension plan for legally required employer contributions nor for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Note 8- Other Employee Benefits

The City of Jerome has instituted a "401(k)" profit-sharing retirement plan to supplement employees' income upon retirement. A cafeteria plan, by which employees can elect to reduce their gross income and choose from a variety of benefits including medical expense reimbursements, group life insurance, and dependent care reimbursements, is also in place.

Note 9 - Individual Fund Deficits

All governmental and proprietary funds showed surplus fund balances and net position, respectively. The Sanitation fund showed an excess of expenditures over revenues.

Note 10 - Cost Share Agreement with Jerome County

The City of Jerome annually enters into a cost sharing arrangement with Jerome County. The agreement covers cost of law enforcement facilities, dispatching and the prosecutor's office. During the year ended September 30, 2017, the City of Jerome contributed \$109,305 to this agreement.

Note 11 - Risk

The City of Jerome has risk from employee dishonesty, employee injury, property damage and general liability. Commercial insurance is purchased to cover these risks.

Note 12 - Pledging of Net Revenues

The City has pledged future revenues derived from the operation of the City's Water Plant, net of operating and maintenance expenses, to repay a \$2,265,000 2017 Series Water Revenue Bond and \$425,000 2008 Series Water Revenue Bond. The general purpose of the 2017 bond is to refund the previous 2008 revenue bond used for water system improvements in order to decrease the associated interest rate costs. The bonds are payable solely from the net revenues of the Water System and payments are required through the year ending September 30, 2027. The total principal and interest remaining to be paid on the bonds at September 30, 2017, is \$3,147,250. Net revenues for the year must not be less than 1.25 times the average annual debt service on the bonds, and the City met this requirement at September 30, 2017. Net revenues differ from net earnings as depreciation expense, amortization expense,

CITY OF JEROME, IDAHO
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and interest expense are not deducted. Principal and interest paid for the current year and net revenues were \$444,736 and \$913,103, respectively.

The City has pledged future revenues derived from the operation of the City's Sewer Plant, net of operating and maintenance expenses, to repay \$22,600,000 in sewer revenue bonds. The general purpose of the bonds is to upgrade the sewer plant. The bonds are payable solely from the net revenues of the Sewer System and payments are required through the year ending September 15, 2038. The total principal and interest remaining to be paid on the bonds is \$27,533,033. Net revenues for the year must not be less than 1.25 times the average annual debt service on bonds, and the City met this requirement at September 30, 2017. Net revenues differ from net earnings as depreciation expense, amortization expense, and interest expense are not deducted. Principal and interest paid for the current year and net revenues were \$1,279,333 and \$3,836,189, respectively.

Note 13 - Interest Expense

Interest expense in the following amounts is included under direct expenses on the Statement of Activities:

General government	\$ 33,180
Water	194,703
Sewer	769,972

Note 14 - Commitments

At year end, the City had committed to complete public works construction projects for an estimated total cost of \$15,563,738. \$14,559,014 of the total are wastewater system improvement contracts funded from Idaho Department of Environmental Quality Drinking Water State Revolving Fund loans. \$701,595 of the total is for street improvements funded from City reserve funds and \$303,129 of the total is for water system improvements funded from City reserve funds.

Note 15 - Related Party Transactions

The following schedule presents significant transactions between the primary government and its component unit during the year ended September 30, 2017:

<u>Component Unit</u>	<u>Significant Transactions</u>
Jerome Urban Renewal Agency	Major Assets paid for by the Agency and donated to the City of Jerome for the year were: 1. South Tiger Drive Improvements for \$489,010.

During the year ended September 30, 2017, JURA there were no accrued reimbursements to the City for expenses incurred by the City relating to public works projects contracted in the name of the City.

Note 16 - Fund Balances

In accordance with GASB Statement No. 54, fund balances are classified as follows:

- *Nonspendable* - amounts that cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- *Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

CITY OF JEROME, IDAHO
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- *Committed* - amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.
- *Assigned* - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's adopted fund balance policy, discretion is given to the City Finance Director and City Administrator as delegated by the Mayor and Council to assign amounts for specific purposes.
- *Unassigned* - all other spendable amounts.

As required by GASB 54, the City's establishment, modification, and rescinding of a committed fund balance is decided upon by passage of an annual appropriations ordinance by the Mayor and City Council, acting as the highest level of decision-making authority.

When expenditures are incurred for which both restricted and unrestricted fund balances are available, the City considers restricted fund balances to have been spent first. In the case of an expenditure being incurred for a purpose for which amounts in any of the unrestricted fund balances could be used, the City does not have a formal policy, but defaults to the order as follows: first against committed, then assigned and finally unassigned fund balance as considered to have been spent.

The City's policy regarding encumbrances and other significant commitments required to be disclosed by major funds and nonmajor funds in the aggregate per GASB 54 have been disclosed under Notes 1(N) and 15, respectively.

As of September 30, 2017, fund balances are composed of the following:

	<u>General</u>	<u>Street</u>	<u>Library</u>	<u>Park</u>
Nonspendable:				
Prepaid insurance	\$ 90,337	\$...	\$...	\$...
	<u>90,337</u>	<u>...</u>	<u>...</u>	<u>...</u>
Restricted:				
Released evidence -				
Drug related	7,342	...	...	...
Animal Shelter	3,576	...	...	...
Fire Safehouse	1,200	...	...	...
Fireworks Show	500	...	...	...
High Five grant	...	...	...	1,000
Modern Woodmen	...	...	...	526
	<u>12,618</u>	<u>...</u>	<u>...</u>	<u>1,526</u>
Committed:				
Admin Vehicle Replacement	10,000	...	...	...
Building Vehicle Replacement	10,000	...	...	...
Animal Control Shelter Improvement	20,000	...	...	...
Fire Engine Replacement	100,000	...	...	...
Police Building Replacement	500,000	...	...	...
Tennis Courts	...	...	...	16,000
Street operations	...	1,188,505	...	...
Aerial Update	...	129,033	...	...
Library operations	...	...	180,556	...
Park operations	...	...	...	68,791
	<u>640,000</u>	<u>1,317,538</u>	<u>180,556</u>	<u>84,791</u>
Assigned:				
Released evidence -				
Non-drug related	3,742	...	...	...
Curb and gutter	...	1,250	...	...
Employee Benefits	93,224	...	...	...

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

Senior Center Taxes	10,696	...	...	...
Equipment replacement	<u>6,275</u>	<u>256</u>	<u>2,567</u>	<u>...</u>
	113,937	1,506	2,567	...
Unassigned	<u>1,138,848</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total fund balances	<u>\$1,995,740</u>	<u>\$1,319,044</u>	<u>\$ 183,123</u>	<u>\$ 86,317</u>

The City formally adopted a fund balance policy on October 6, 2009. It states that the City will strive to maintain an unrestricted fund balance for each of the City's funds equal to a minimum of 25% of the total budgeted annual expenditures of each respective fund. This percentage is to be maintained as a precaution to provide financing for unanticipated expenditures and revenue shortfalls. The City Council will be advised annually, during the budget process, of the unrestricted fund balances. The City will strive to budget each year the amount necessary to maintain the unrestricted fund balance at the appropriate amount. Amounts in excess of the aforementioned targeted 25% will be considered for future capital replacement needs. The City Administrator and Finance Director are authorized to assign fund balances for purposes of tracking designated activities within each of the City's funds.

The purpose of the streets, library, and parks funds as special revenue funds are to carry on the operations and programs of those funds as a part of services offered by the City. A major revenue source for the special revenue funds are property taxes, while the street fund also receives funding through road and bridge taxes as well as gas taxes.

Note 17 - City Health Insurance Deductible Buy-Down Liability

The City purchases a \$2,000 deductible from Blue Cross of Idaho for each employee. Employees are responsible for the first \$500 of that deductible. The City of Jerome then self-insures the remaining deductible between \$500 and \$2,000 with a maximum annual reimbursement of \$1,500 per person or \$2,500 per family. The liability for these reimbursements for the year ranges from \$0 with no claims to \$226,500.

Note 18 - Interfund Transactions

A summary of interfund receivables and payables follows:

	<u>Receivable</u> <u>Fund</u>	<u>Payable</u> <u>Fund</u>
Major Funds:		
General	\$ 19,621	\$...
Irrigation	...	19,621
	<u>\$ 19,621</u>	<u>\$ 19,621</u>

A summary of interfund transfers follows:

	<u>Transfers</u> <u>In</u>	<u>Transfers</u> <u>Out</u>
Major Funds:		
General	\$...	\$ 62,207
Street	...	22,216
Library	...	18,628
Park	...	2,784
Irrigation	...	4,943
Sanitation	...	3,890
Water	...	37,219
Sewer	...	55,444

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

Non-major Funds:		
Human Resources	15,022	...
Engineering	37,398	...
Information Technology	154,911	...
	<u>\$ 207,331</u>	<u>\$ 207,331</u>

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds are eliminated in the Statement of Net Position. The interfund receivable in the General Fund and interfund payable in the Irrigation Fund for \$19,621 is due to several prior fiscal year decreases in net position in the Irrigation Fund.

Interfund Transfers

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources primarily to provide services and equipment. The Governmental and Proprietary fund financial statements generally reflect such transactions as transfers. There were no non-routine items occurring during the course of the year.

Note 19 - Restatement of Prior Year Net Position

Beginning net position for Governmental and Business-Type Activities has been restated to correct errors in the prior year. An error was made in the prior year in reporting the correct 2016 change in proportionate share percentage from the prior year in the General, Street, Park, Library, Irrigation, Sanitation, Water, and Sewer Funds and accrued interest in the Sewer Fund. The correction of this restatement resulted in an increase to net position in Governmental and Business-Type Activities of \$6,016.

Note 20 - Change in Accounting Principle

As of October 1, 2015, the City adopted GASB No. 72, *Fair Value Measurement and Application*. GASB 72 establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value.

Note 22 - Subsequent Events

The City of Jerome, Idaho, has obtained loans in the amounts of \$1,750,000 and \$22,200,000 from the Idaho Department of Environmental Quality Drinking Water State Revolving Fund. The projects are for wastewater collection system and plant improvements and are in process at September 30, 2017. Of the \$1,750,000 loan, \$1,172,455 and \$5,727,402 of the \$22,200,000 loan was spent as of September 30, 2017. All of the projects are expected to be completed in the next two years.

CITY OF JEROME, IDAHO
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	<u>Original</u>	<u>Final</u>	Budgetary Basis	<u>Over (Under)</u>
<u>REVENUE:</u>				
Property taxes	\$ 2,991,372	\$ 2,991,372	\$ 3,008,350	\$ 16,978
Penalties and interest	26,793	26,793	24,335	(2,458)
Business and franchise taxes	170,000	170,000	172,572	2,572
Payment in lieu of taxes	7,903	7,903	8,526	623
Licenses and permits	163,369	163,369	116,733	(46,636)
State shared	794,526	794,526	834,524	39,998
Federal grant	-	14,645	24,890	10,245
State grant	-	200,000	200,000	-
Court revenues	64,798	64,798	51,477	(13,321)
Rents	31,309	31,309	35,533	4,224
Interest	4,277	4,277	21,946	17,669
Contributions	27,969	33,194	14,123	(19,071)
Refunds and reimbursements	114,738	114,738	139,480	24,742
Fines	1,040	1,040	660	(380)
Miscellaneous	5,605	5,605	6,604	999
Total revenue	<u>4,403,699</u>	<u>4,623,569</u>	<u>4,659,753</u>	<u>36,184</u>
<u>EXPENDITURES:</u>				
Legislative	78,991	78,991	60,758	(18,233)
Executive	16,337	16,337	17,293	956
Finance and administration	659,893	865,118	817,117	(48,001)
Law enforcement	2,184,449	2,199,094	1,867,300	(331,794)
Fire control	1,365,628	1,365,628	1,403,037	37,409
Building inspection	128,065	128,065	115,984	(12,081)
Animal control	131,129	131,129	125,664	(5,465)
Total expenditures	<u>4,564,492</u>	<u>4,784,362</u>	<u>4,407,153</u>	<u>(377,209)</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>				
	<u>(160,793)</u>	<u>(160,793)</u>	<u>252,600</u>	<u>413,393</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Net change in fair value of investments	-	-	360	360
Transfers in (out)	(69,563)	(69,563)	(62,207)	7,356
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(69,563)</u>	<u>(69,563)</u>	<u>(61,847)</u>	<u>7,716</u>
<u>NET CHANGES IN FUND BALANCE</u>	<u>\$ (230,356)</u>	<u>\$ (230,356)</u>	<u>\$ 190,753</u>	<u>\$ 421,109</u>

CITY OF JEROME, IDAHO
 BUDGETARY COMPARISON SCHEDULE
 STREET FUND
 YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	<u>Original</u>	<u>Final</u>	Budgetary Basis	<u>Over (Under)</u>
REVENUE:				
Property taxes	\$ 744,358	\$ 744,358	\$ 748,076	\$ 3,718
Penalties and interest	8,000	8,000	5,897	(2,103)
Business and franchise taxes	81,519	81,519	83,252	1,733
Payment in lieu of taxes	1,935	1,935	2,122	187
State shared	845,676	845,676	766,294	(79,382)
Interest	4,362	4,362	7,455	3,093
Contributions	-	862,342	489,010	(373,332)
Refunds and reimbursements	20,000	42,309	16,213	(26,096)
Miscellaneous	1,290	1,290	2,441	1,151
Total revenue	<u>1,707,140</u>	<u>2,591,791</u>	<u>2,120,760</u>	<u>(471,031)</u>
EXPENDITURES:				
Salaries	466,093	466,093	493,507	27,414
Personnel benefits	194,031	194,031	193,565	(466)
Office supplies and postage	500	500	302	(198)
Operating supplies	73,880	73,880	81,377	7,497
Professional services	40,000	40,000	847	(39,153)
Advertising	500	500	74	(426)
Insurance and bonds	45,069	45,069	44,372	(697)
Dues and subscriptions	400	400	-	(400)
Personnel training	4,000	4,000	2,287	(1,713)
Telephone	3,200	3,200	3,827	627
Utilities	7,280	7,280	9,105	1,825
Gas and oil	10,000	10,000	10,560	560
Repairs and maintenance	45,800	68,109	50,966	(17,143)
Street maintenance	175,000	175,000	148,071	(26,929)
Other purchased services	7,000	7,000	6,511	(489)
Uniforms	6,200	6,200	2,650	(3,550)
Medical services	205	205	180	(25)
Miscellaneous expense	-	-	1,044	1,044
Street lighting	85,000	85,000	85,062	62
Equipment Replacement	67,044	67,044	-	(67,044)
Capital outlay - equipment	36,000	36,000	39,913	3,913
Construction project	712,851	1,575,193	675,423	(899,770)
Total expenditures	<u>1,980,053</u>	<u>2,864,704</u>	<u>1,849,643</u>	<u>(1,015,061)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(272,913)</u>	<u>(272,913)</u>	<u>271,117</u>	<u>544,030</u>
OTHER FINANCING SOURCES (USES):				
Net change in fair value of investments	-	-	619	619
Transfers in (out)	(34,138)	(34,138)	(22,216)	11,922
TOTAL OTHER FINANCING SOURCES (USES)	<u>(34,138)</u>	<u>(34,138)</u>	<u>(21,597)</u>	<u>12,541</u>
NET CHANGES IN FUND BALANCE	<u>\$ (307,051)</u>	<u>\$ (307,051)</u>	<u>\$ 249,520</u>	<u>\$ 556,571</u>

CITY OF JEROME, IDAHO
 BUDGETARY COMPARISON SCHEDULE
 LIBRARY FUND
 YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final
			Budgetary	Budget
	Original	Final	Basis	Over (Under)
<u>REVENUE:</u>				
Property taxes	\$ 367,142	\$ 367,142	\$ 368,764	\$ 1,622
Penalties and interest	4,000	4,000	2,901	(1,099)
Payment in lieu of taxes	886	886	1,046	160
State shared revenue	30,130	30,130	30,616	486
State grants	-	6,239	1,086	(5,153)
Interest	395	395	1,094	699
Contributions	1,927	5,584	7,504	1,920
Refunds and reimbursements	2,926	2,926	686	(2,240)
Fines	7,599	7,599	6,716	(883)
Miscellaneous	12,651	12,651	14,301	1,650
Total revenue	<u>427,656</u>	<u>437,552</u>	<u>434,714</u>	<u>(2,838)</u>
<u>EXPENDITURES:</u>				
Salaries	233,871	233,871	218,227	(15,644)
Personnel benefits	90,966	90,966	84,027	(6,939)
Office supplies and postage	1,325	1,325	1,455	130
Office supplies and postage	10,590	16,829	9,071	(7,758)
Public relations	-	-	1,020	1,020
Professional Services	-	-	3,174	3,174
Insurance	-	-	202	202
Dues and subscriptions	270	270	73	(197)
Personnel training	4,573	4,573	4,651	78
Telephone	2,704	2,704	2,318	(386)
Utilities	9,980	9,980	9,475	(505)
Repairs	7,615	7,615	8,421	806
Other purchased services	305	305	304	(1)
Books and magazines	39,350	43,007	42,822	(185)
Miscellaneous	500	500	418	(82)
Total expenditures	<u>402,049</u>	<u>411,945</u>	<u>385,658</u>	<u>(26,287)</u>
<u>EXCESS (DEFICIENCY) OF REVENUE</u>				
<u>OVER EXPENDITURES</u>	<u>25,607</u>	<u>25,607</u>	<u>49,056</u>	<u>23,449</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Net change in fair value of investments	-	-	44	44
Transfers in (out)	(25,607)	(25,607)	(18,628)	6,979
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(25,607)</u>	<u>(25,607)</u>	<u>(18,584)</u>	<u>7,023</u>
<u>NET CHANGES IN FUND BALANCE</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,472</u>	<u>\$ 30,472</u>

CITY OF JEROME, IDAHO
 BUDGETARY COMPARISON SCHEDULE
 PARK FUND
 YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final
	<u>Original</u>	<u>Final</u>	Budgetary Basis	Budget Over (Under)
<u>REVENUE:</u>				
Property taxes	\$ 187,711	\$ 187,711	\$ 188,528	\$ 817
Penalties and interest	1,800	1,800	1,425	(375)
Payment in lieu of taxes	494	494	535	41
State shared revenue	15,011	15,011	16,740	1,729
Interest	56	56	518	462
Contributions	-	1,646	1,871	225
Miscellaneous	717	717	812	95
Total revenue	<u>205,789</u>	<u>207,435</u>	<u>210,429</u>	<u>2,994</u>
<u>EXPENDITURES:</u>				
Salaries	62,300	62,300	64,567	2,267
Personnel benefits	27,636	27,636	26,382	(1,254)
Office supplies and postage	50	50	19	(31)
Operating supplies	12,800	12,800	12,947	147
New equipment - non-capital	5,500	7,146	1,185	(5,961)
Dues and subscriptions	300	300	300	-
Personnel training	707	707	1,152	445
Telephone	-	-	5	5
Utilities	52,000	52,000	47,518	(4,482)
Gas and oil	1,800	1,800	1,732	(68)
Repairs and maintenance	6,250	6,250	2,896	(3,354)
Other purchased services	15,092	15,092	6,530	(8,562)
Tree maintenance	2,000	2,000	860	(1,140)
Miscellaneous	1,290	1,290	866	(424)
Capital outlay - equipment	13,686	13,686	5,500	(8,186)
Total expenditures	<u>201,411</u>	<u>203,057</u>	<u>172,459</u>	<u>(30,598)</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>				
	<u>4,378</u>	<u>4,378</u>	<u>37,970</u>	<u>33,592</u>
Net change in fair value of investments	-	-	61	61
Transfers in (out)	(4,488)	(4,488)	(2,784)	1,704
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>				
	<u>(4,488)</u>	<u>(4,488)</u>	<u>(2,723)</u>	<u>1,765</u>
<u>NET CHANGES IN FUND BALANCE</u>				
	<u>\$ (110)</u>	<u>\$ (110)</u>	<u>\$ 35,247</u>	<u>\$ 35,357</u>

CITY OF JEROME, IDAHO
 BUDGETARY COMPARISON SCHEDULE
 IRRIGATION FUND
 YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts Budgetary	Variance With Final Budget <u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	
<u>REVENUE:</u>				
Charges for services	\$ 195,706	\$ 195,706	\$ 199,127	\$ 3,421
Miscellaneous	14,000	14,000	186	(13,814)
Total revenue	209,706	209,706	199,313	(10,393)
<u>EXPENDITURES:</u>				
Salaries	67,417	67,417	59,605	(7,812)
Personnel benefits	27,175	27,175	23,709	(3,466)
Office supplies and postage	1,700	1,700	1,129	(571)
Operating supplies	31,385	31,385	16,370	(15,015)
Professional services	-	-	882	882
Advertising and publishing	200	200	-	(200)
Telephone	445	445	613	168
Utilities	350	350	350	-
Gas and oil	1,058	1,058	799	(259)
Repairs and maintenance	29,000	29,000	23,811	(5,189)
Other services	1,500	1,500	1,000	(500)
Office supplies and postage	1,860	1,860	1,673	(187)
Medical services	165	165	395	230
Miscellaneous	850	850	1,343	493
Allowance for depreciation	-	-	2,515	2,515
Total expenditures	163,105	163,105	134,194	(28,911)
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>	46,601	46,601	65,119	18,518
<u>OTHER FINANCING SOURCES (USES):</u>				
Interest revenue	-	-	13	13
Net change in fair value of investments	-	-	6	6
Transfers in (out)	(7,826)	(7,826)	(4,943)	2,883
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	(7,826)	(7,826)	(4,924)	2,902
<u>INCREASE (DECREASE) IN NET POSITION</u>	\$ 38,775	\$ 38,775	\$ 60,195	\$ 21,420

Reconciliation of Earnings to Budget

Earnings	\$ 38,775	\$ 38,775	\$ 60,195	\$ 21,420
Allowance for depreciation	-	-	2,515	2,515
Capital outlay	(15,000)	(15,000)	(4,118)	10,882
	\$ 23,775	\$ 23,775	\$ 58,592	\$ 34,817

CITY OF JEROME, IDAHO
 BUDGETARY COMPARISON SCHEDULE
 SANITATION FUND
 YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final
	Original	Final	Budgetary Basis	Budget Over (Under)
<u>REVENUE:</u>				
Charges for services	\$ 261,952	\$ 261,952	\$ 272,731	\$ 10,779
Miscellaneous	1,500	1,500	576	(924)
Total revenue	263,452	263,452	273,307	9,855
<u>EXPENDITURES:</u>				
Salaries	63,063	63,063	67,566	4,503
Personnel benefits	22,985	22,985	21,804	(1,181)
Office supplies and postage	6,000	6,000	5,419	(581)
Operating supplies	2,800	2,800	1,250	(1,550)
Purchased services	206,434	206,434	212,558	6,124
Loss on uncollectible accounts	300	300	31	(269)
Miscellaneous	2,000	2,000	2,116	116
Allowance for depreciation	-	-	180	180
Total expenditures	303,582	303,582	310,924	7,342
<u>EXCESS (DEFICIENCY) OF REVENUE</u>				
Office supplies and postage	(40,130)	(40,130)	(37,617)	2,513
<u>OTHER FINANCING SOURCES (USES):</u>				
Interest revenue	669	669	887	218
Net change in fair value of investments	-	-	18	18
Transfers in (out)	(4,094)	(4,094)	(3,890)	204
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	(3,425)	(3,425)	(2,985)	440
<u>INCREASE (DECREASE) IN NET POSITION</u>	\$ (43,555)	\$ (43,555)	\$ (40,602)	\$ 2,953

Reconciliation of Earnings to Budget

Earnings	\$ (43,555)	\$ (43,555)	\$ (40,602)	\$ 2,953
Allowance for depreciation	-	-	180	180
	\$ (43,555)	\$ (43,555)	\$ (40,422)	\$ 3,133

CITY OF JEROME, IDAHO
 BUDGETARY COMPARISON SCHEDULE
 WATER FUND
 YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final
			Amounts	Budget
	Original	Final	Basis	Over (Under)
<u>REVENUE:</u>				
Charges for services	\$ 2,512,412	\$ 2,512,412	\$ 2,522,147	\$ 9,735
Miscellaneous	12,724	12,724	9,341	(3,383)
Total revenue	<u>2,525,136</u>	<u>2,525,136</u>	<u>2,531,488</u>	<u>6,352</u>
<u>EXPENDITURES:</u>				
Salaries	729,826	729,826	736,778	6,952
Personnel benefits	289,510	289,510	261,661	(27,849)
Office supplies and postage	8,000	8,000	6,171	(1,829)
Operating supplies	123,500	123,500	141,217	17,717
New equipment - non-capital	10,466	10,466	5,922	(4,544)
Public relations	5,000	5,000	2,500	(2,500)
Professional services	40,590	40,590	60,825	20,235
Advertising and publishing	500	500	-	(500)
Insurance and bonds	52,591	52,591	52,823	232
Dues and subscriptions	1,910	1,910	1,521	(389)
Personnel training	7,200	7,200	5,556	(1,644)
Telephone	7,000	7,000	7,379	379
Office supplies and postage	224,906	224,906	227,449	2,543
Gas and oil	38,000	38,000	32,358	(5,642)
Repairs and maintenance	64,987	64,987	57,269	(7,718)
Other purchased services	12,700	12,700	5,514	(7,186)
Cost share with Jerome County	5,806	5,806	5,465	(341)
Uniforms	6,200	6,200	3,721	(2,479)
Medical services	1,130	1,130	-	(1,130)
Loss on uncollectible accounts	1,000	1,000	253	(747)
Miscellaneous	7,508	7,508	9,548	2,040
Allowance for depreciation	50	50	241,069	241,019
Total expenditures	<u>1,638,380</u>	<u>1,638,380</u>	<u>1,864,999</u>	<u>226,619</u>
<u>EXCESS (DEFICIENCY) OF REVENUE</u>				
<u>OVER EXPENDITURES</u>	<u>886,756</u>	<u>886,756</u>	<u>666,489</u>	<u>(220,267)</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Interest revenue	8,783	8,783	41,501	32,718
Net change in value of investments	-	-	1,263	1,263
Amortization of bond issuance costs	-	-	(127)	(127)
Interest expense	(339,788)	(339,788)	(194,704)	145,084
Transfers in (out)	(55,384)	(55,384)	(37,219)	18,165
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(386,389)</u>	<u>(386,389)</u>	<u>(189,286)</u>	<u>197,103</u>
<u>INCREASE (DECREASE) IN NET POSITION</u>	<u>\$ 500,367</u>	<u>\$ 500,367</u>	<u>\$ 477,203</u>	<u>\$ (23,164)</u>

Reconciliation of Earnings to Budget

Earnings	\$ 500,367	\$ 500,367	\$ 477,203	\$ (23,164)
Allowance for depreciation	-	-	241,069	241,069
Allowance for amortization	-	-	127	127
Capital outlay	(1,071,593)	(1,071,593)	(572,744)	498,849
Principal on bonds payable	-	-	(254,225)	(254,225)
	<u>\$ (571,226)</u>	<u>\$ (571,226)</u>	<u>\$ (108,570)</u>	<u>\$ 462,656</u>

CITY OF JEROME, IDAHO
 BUDGETARY COMPARISON SCHEDULE
 SEWER FUND
 YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	Basis	Over (Under)
<u>REVENUE:</u>				
Charges for services	\$ 6,281,870	\$ 6,281,870	\$ 6,387,775	\$ 105,905
Miscellaneous	<u>13,147,012</u>	<u>13,147,012</u>	<u>62,940</u>	<u>(13,084,072)</u>
Total revenue	<u>19,428,882</u>	<u>19,428,882</u>	<u>6,450,715</u>	<u>(12,978,167)</u>
<u>EXPENDITURES:</u>				
Salaries	1,083,148	1,083,148	1,052,304	(30,844)
Personnel benefits	397,611	397,611	367,966	(29,645)
Office supplies and postage	5,750	5,750	7,403	1,653
Operating supplies	138,779	138,779	197,795	59,016
New equipment - non-capital	6,500	6,500	7,209	709
Professional services	77,966	77,966	65,370	(12,596)
Advertising and publishing	500	500	178	(322)
Insurance and bonds	82,059	82,059	83,404	1,345
Personnel training	9,500	9,500	6,438	(3,062)
Dues and subscriptions	2,400	2,400	1,467	(933)
Telephone	11,500	11,500	12,324	824
Utilities	421,805	421,805	476,776	54,971
Office supplies and postage	30,000	30,000	22,146	(7,854)
Repairs and maintenance	210,700	210,700	153,707	(56,993)
Other purchased services	183,858	183,858	168,771	(15,087)
Uniforms	6,000	6,000	5,776	(224)
Medical services	1,500	1,500	1,262	(238)
Equipment replacement	1,058,542	1,058,542	-	(1,058,542)
Loss on uncollectible accounts	3,600	3,600	2,663	(937)
Miscellaneous	1,300	1,300	18,346	17,046
Allowance for depreciation	-	-	<u>1,004,744</u>	<u>1,004,744</u>
Total expenditures	<u>3,733,018</u>	<u>3,733,018</u>	<u>3,656,049</u>	<u>(76,969)</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>	<u>15,695,864</u>	<u>15,695,864</u>	<u>2,794,666</u>	<u>(12,901,198)</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Interest revenue	30,278	30,278	82,991	52,713
Net change in value of investments	3,413	3,413	9,232	5,819
Interest expense	(1,406,058)	(1,406,058)	(769,972)	636,086
Amortization of bond issuance costs	-	-	(5,792)	(5,792)
Transfers in (out)	<u>(78,973)</u>	<u>(78,973)</u>	<u>(55,444)</u>	<u>23,529</u>
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(1,451,340)</u>	<u>(1,451,340)</u>	<u>(738,985)</u>	<u>712,355</u>
<u>INCREASE (DECREASE) IN NET POSITION</u>	<u>\$ 14,244,524</u>	<u>\$ 14,244,524</u>	<u>\$ 2,055,681</u>	<u>\$ (12,188,843)</u>

Reconciliation of Earnings to Budget

Earnings	\$ 14,244,524	\$ 14,244,524	\$ 2,055,681	\$ (12,188,843)
Loan proceeds	-	-	6,017,984	6,017,984
Allowance for depreciation	-	-	1,004,744	1,004,744
Allowance for amortization	-	-	5,792	5,792
Capital outlay	(14,795,288)	(14,795,288)	(10,263,135)	4,532,153
Principal on bonds payable	-	-	<u>(540,000)</u>	<u>(540,000)</u>
	<u>\$ (550,764)</u>	<u>\$ (550,764)</u>	<u>\$ (1,718,934)</u>	<u>\$ (1,168,170)</u>

City of Jerome, Idaho
Required Supplementary Information
September 30, 2017

Schedule of Employer's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years *

	2015	2016	2017
Employer's portion of net the pension liability	.001319366	.001297833	.001276925
Employer's proportionate share of the net pension liability	\$1,737,391	\$2,630,910	\$2,007,107
Employer's covered-employee payroll	\$3,738,480	\$3,904,821	\$3,872,313
Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	46.47%	67.38%	51.83%
Plan fiduciary net position as a percentage of the total pension liability	91.38%	87.26%	90.68%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City of Jerome will present information for those years for which information is available.

Data reported is measured as of June 30, 2017

Schedule of Employer Contributions
PERSI - Base Plan
Last 10 - Fiscal Years *

	2015	2016	2017
Statutorily required contribution	\$431,567	\$445,271	\$458,097
Contributions in relation to the statutorily required contribution	(\$423,834)	(\$445,271)	(\$458,097)
Contribution (deficiency) excess	\$7,733	\$0	\$0
Employer's covered-employee payroll	\$3,738,480	\$3,904,821	\$3,872,313
Contributions as a percentage of covered-employee payroll	11.34%	11.40%	11.83%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City of Jerome will present information for those years for which information is available.

Data is reported is measured as of September 30, 2017.

Schedule of Employer's Share of Net Pension Asset
FRF
Last 10 - Fiscal Years *

	2015	2016	2017
Employer's portion of net the pension asset	.009588766	.010878382	.010503112
Employer's proportionate share of the net pension asset	(\$517,896)	(\$584,696)	(\$901,121)
Employer's covered-employee payroll	\$684,379	\$751,644	\$775,130
Employer's proportional share of the net pension asset as a percentage of its covered-employee payroll	75.67%	77.79%	116.25%
Plan fiduciary net position as a percentage of the total pension liability	118.08%	118.42%	129.65%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City of Jerome will present information for those years for which information is available.

Data reported is measured as of June 30, 2017

Schedule of Employer Contributions
FRF
Last 10 - Fiscal Years *

	2015	2016	2017
Statutorily required contribution	\$108,406	\$125,224	\$129,137

City of Jerome, Idaho
Required Supplementary Information
September 30, 2017

Contributions in relation to the statutorily required contribution	<u>(\$108,406)</u>	<u>(\$125,224)</u>	<u>(\$129,137)</u>
Contribution (deficiency) excess			
Employer's covered-employee payroll	\$0	\$0	\$0
Contributions as a percentage of covered-employee payroll	\$684,379	\$751,644	\$775,130
	15.84%	16.67%	16.66%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City of Jerome will present information for those years for which information is available.

Data is reported is measured as of September 30, 2017.

CITY OF JEROME, IDAHO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2017

NOTE 1 - BUDGETARY INFORMATION

A) Budgetary-GAAP Reporting Reconciliation

The accompanying Budgetary Comparison Schedules for the General, Street, Library and Park Funds compare the legally adopted budget with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on the budgetary basis do not differ significantly from those used to present financial statements in conformity with generally accepted accounting principles (GAAP).

The accompanying Budgetary Comparison Schedules for the Irrigation, Sanitation, Water, and Sewer funds compare the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation is presented at the bottom of each schedule.

B) Budgetary Policies

The City of Jerome, Idaho, prepares an annual budget of revenue and expenditures prior to the beginning of the fiscal year. The budget is prepared on the modified accrual basis of accounting for all funds. Budget figures are based on prior levels of revenue and expenditures taking into account specific items which may be planned in advance by the City such as capital outlay expenditures. Any excess of budgeted expenditures over budgeted revenue are temporary situations and are budgeted so as to utilize cash balances in the individual fund.

C) Net Change in Fund Balance

The Budgetary Comparison Schedules for the General Fund, Street Fund, Park Fund, Sanitation Fund, Water Fund, and Sewer Fund show budgeted expenditures in excess of revenue.

NOTE 2 - PERSI - BASE PLAN

No Note 2 information to report.

NOTE 3 - PERSI - FRF PLAN

No Note 3 information to report.

CITY OF JEROME, IDAHO
 COMBINING BALANCE SHEET NONMAJOR INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2017

<u>ASSETS:</u>	<u>Engineering</u>	<u>Human Resources</u>	<u>Information Technology</u>	<u>Total</u>
Current Assets:				
Pooled cash and cash equivalents	\$ 4,581	\$ 2,919	\$ 1,781	\$ 9,281
Total current assets	<u>4,581</u>	<u>2,919</u>	<u>1,781</u>	<u>9,281</u>
<u>TOTAL ASSETS</u>	<u>4,581</u>	<u>2,919</u>	<u>1,781</u>	<u>9,281</u>
 <u>LIABILITIES AND NET POSITION</u>				
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts payable - trade	<u>4,581</u>	<u>2,919</u>	<u>1,781</u>	<u>9,281</u>
Total current liabilities	<u>4,581</u>	<u>2,919</u>	<u>1,781</u>	<u>9,281</u>
<u>TOTAL LIABILITIES</u>	<u>4,581</u>	<u>2,919</u>	<u>1,781</u>	<u>9,281</u>
<u>TOTAL NET POSITON</u>	<u>\$ 4,581</u>	<u>\$ 2,919</u>	<u>\$ 1,781</u>	<u>\$ 9,281</u>

CITY OF JEROME, IDAHO
 COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
 NONMAJOR INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2017

	<u>Engineering</u>	Human <u>Resources</u>	Information <u>Technology</u>	<u>Total</u>
Operating Revenue:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous income	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating Expenses:				
Operating supplies	4,611	467	10,960	16,038
New equipment - non-capital	690	-	12,111	12,801
Professional services	13,205	5,080	122,882	141,167
Advertising and publishing	-	21	-	21
Dues and subscriptions	855	685	2,914	4,454
Personnel training	8,655	6,307	4,673	19,635
Telephone	1,549	638	1,371	3,558
Utilities	4,472	-	-	4,472
Gas and oil	456	-	-	456
Repairs	1,698	-	-	1,698
Uniforms	1,207	-	-	1,207
Medical services	-	1,824	-	1,824
	<u>37,398</u>	<u>15,022</u>	<u>154,911</u>	<u>207,331</u>
Operating earnings (loss)	(37,398)	(15,022)	(154,911)	(207,331)
Income before other revenues, expenses, gains, losses and Office supplies and postage	(37,398)	(15,022)	(154,911)	(207,331)
Operating transfers in (out)	<u>37,398</u>	<u>15,022</u>	<u>154,911</u>	<u>207,331</u>
<u>INCREASE (DECREASE) IN NET POSITION</u>	-	-	-	-
<u>NET POSITION AT OCTOBER 1, 2016</u>	-	-	-	-
<u>NET POSITION AT SEPTEMBER 30, 2017</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF JEROME, IDAHO
SCHEDULE OF EXPENDITURES BY OBJECT AND FUNCTION
GENERAL FUND
SEPTEMBER 30, 2017

	<u>Legislative</u>	<u>Executive</u>	<u>Finance & Administration</u>	<u>Law Enforcement</u>	<u>Fire Control</u>	<u>Building Inspections</u>	<u>Animal Control</u>	<u>Total</u>
Current:								
Salaries	\$ 24,000	\$ 11,945	\$ 132,764	\$ 1,092,844	\$ 789,835	80,008	\$ 73,670	\$ 2,205,066
Personnel benefits	35,422	3,656	66,420	401,015	347,995	29,148	27,919	911,575
Office supplies	-	-	712	1,036	807	11	12	2,578
Supplies	-	-	5,973	13,659	20,914	486	4,830	45,862
Ammunition	-	-	-	5,763	-	-	-	5,763
New equipment - non-capital	-	-	-	13,245	12,170	-	-	25,415
Public relations	-	-	59,972	-	949	-	-	60,921
Professional services	-	-	162,909	3,748	-	243	3,727	170,627
Advertising and publishing	-	-	5,998	-	-	-	-	5,998
Insurance	-	-	52,908	115	-	-	-	53,023
Travel and meetings	1,336	1,043	-	-	-	-	-	2,379
Dues and subscriptions	-	-	7,987	6,437	2,914	1,101	360	18,799
Personnel training	-	-	14,115	20,555	17,837	-	-	52,507
Telephone	-	649	8,598	26,172	9,776	1,755	587	47,537
Utilities	-	-	14,191	4,987	18,052	-	4,720	41,950
Gas and oil	-	-	200	29,036	10,132	1,276	928	41,572
Repairs	-	-	3,030	37,681	63,657	1,005	8,461	113,834
Other purchased services	-	-	6,807	1,370	8,189	634	-	17,000
Office supplies and postage	-	-	-	96,189	7,651	-	-	103,840
Uniforms	-	-	600	9,020	13,538	265	421	23,844
Medical services	-	-	-	1,287	5,983	-	-	7,270
Crime prevention	-	-	-	1,342	-	-	-	1,342
IOF Grant Agreements	-	-	200,000	-	-	-	-	200,000
Miscellaneous	-	-	6,083	2,419	587	52	29	9,170
Total current	60,758	17,293	749,267	1,767,920	1,330,986	115,984	125,664	4,167,872
Capital outlay	-	-	6,800	99,380	15,841	-	-	122,021
Debt service	-	-	61,050	-	56,210	-	-	117,260
	<u>\$ 60,758</u>	<u>\$ 17,293</u>	<u>\$ 817,117</u>	<u>\$ 1,867,300</u>	<u>\$ 1,403,037</u>	<u>\$ 115,984</u>	<u>\$ 125,664</u>	<u>\$ 4,407,153</u>

CITY OF JEROME, IDAHO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ending <u>September 30,</u>	Beginning Balance <u>October 1,</u>	Levy <u>Charge</u>	<u>Additions</u>	<u>Deletions</u>	<u>Collections</u>	Ending Balance <u>September 30,</u>
2017	\$182,661	\$5,152,971	\$...	\$6,007	\$5,124,231	\$205,394
2016	212,098	4,918,098	...	2,841	4,944,694	182,661
2015	226,690	4,867,287	548	4,131	4,878,296	212,098
2014	226,807	4,881,668	...	116,132	4,765,653	226,690
2013	284,794	4,663,533	...	116,522	4,604,998	226,807
2012	273,179	5,130,454	...	7,530	5,111,309	284,794
2011	229,921	4,828,291	...	9,524	4,775,509	273,179
2010	178,472	5,107,660	...	10,596	5,045,615	229,921
2009	138,874	3,316,273	...	5,375	3,271,300	178,472
2008	105,812	2,860,952	...	3,343	2,824,547	138,874

CITY OF JEROME, IDAHO
 GOVERNMENTAL EXPENDITURES BY FUNCTION
 LAST TEN FISCAL YEARS

	Year Ended September 30,									
GOVERNMENTAL FUNDS:	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Legislative	\$ 60,758	\$ 56,844	\$ 47,839	\$ 48,301	\$ 48,438	\$ 43,620	\$ 47,302	\$ 47,663	\$ 47,663	\$ 45,084
Executive	17,293	16,448	16,188	16,736	27,095	21,123	22,887	21,568	20,825	20,169
Finance and administration	817,117	775,147	657,061	884,778	645,889	491,427	751,777	741,821	1,035,458	730,381
Law enforcement	1,867,300	1,763,964	1,766,094	1,724,941	1,697,970	1,534,474	1,461,979	1,588,824	1,437,053	1,189,322
Fire control	1,403,037	1,971,594	1,265,180	1,326,673	1,457,636	1,333,267	1,235,893	1,210,833	1,280,372	791,393
Building inspection	115,984	108,665	110,228	158,291	143,897	128,337	124,640	180,410	138,157	117,551
Animal control	125,664	116,687	111,800	83,819	80,075	73,038	73,791	71,392	73,949	59,322
Street	1,849,643	3,125,504	1,674,139	1,617,322	1,316,616	2,088,261	1,833,217	1,830,694	2,229,547	2,190,327
Library	385,658	375,819	354,091	394,328	366,226	328,037	307,603	322,316	288,919	244,929
Park	172,459	182,024	249,491	436,404	180,552	148,003	147,204	179,751	115,593	107,043
PROPRIETARY FUNDS:										
Irrigation	134,194	188,555	164,865	153,857	150,314	136,209	174,658	223,096	113,563	113,395
Sanitation	310,924	294,358	260,185	254,764	243,873	240,056	249,125	256,477	233,020	221,244
Water	2,059,830	1,899,408	1,754,404	1,975,553	1,914,384	1,756,280	1,855,539	1,737,893	1,397,332	1,278,054
Waste water treatment ...	4,431,813	4,180,655	4,023,311	3,930,335	3,460,649	3,465,759	3,692,062	3,033,032	2,892,092	2,189,962
Engineering	37,398	35,868	27,276	22,365	26,944	21,944	26,894	23,046	...	...
Human Resources	15,022	16,099	19,938	13,338	13,101	19,509	15,299	10,919	...	...
Information technology ...	154,911	155,655	156,034	161,878	159,876	109,519	168,179	176,560	97,274	142,678
	<u>\$13,959,005</u>	<u>\$15,263,294</u>	<u>\$12,658,124</u>	<u>\$13,203,683</u>	<u>\$11,933,535</u>	<u>\$11,938,863</u>	<u>\$12,188,049</u>	<u>\$11,656,295</u>	<u>\$11,400,817</u>	<u>\$9,440,854</u>

CITY OF JEROME, IDAHO
GENERAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS

	Year Ended September 30,									
GOVERNMENTAL FUNDS:	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Property tax and penalties ...	\$ 4,360,505	\$ 4,334,394	\$ 4,297,319	\$ 4,209,120	\$ 4,152,497	\$ 3,758,819	\$ 3,600,762	\$ 3,491,460	\$ 2,674,442	\$ 2,258,464
Intergovernmental	1,874,150	1,772,103	1,438,573	1,460,915	1,356,440	1,403,350	1,388,723	1,336,685	1,149,548	1,279,161
Charges for services and taxable sales	14,359	14,143	34,471	13,562	13,975	10,446	11,653	15,450	6,361	7,193
Interest	31,013	12,385	8,112	4,793	5,857	3,272	5,793	7,339	33,458	113,181
Contributions	512,508	1,513,667	301,503	201,244	5,950	201,854	319,571	386,374	413,392	740,573
Other	634,205	627,096	865,219	656,863	1,132,156	1,690,535	710,832	661,616	503,201	1,461,614
	<u>7,426,740</u>	<u>8,273,788</u>	<u>6,945,197</u>	<u>6,546,497</u>	<u>6,666,875</u>	<u>7,068,276</u>	<u>6,037,334</u>	<u>5,898,924</u>	<u>4,780,402</u>	<u>5,860,186</u>
PROPRIETARY FUNDS:										
Charges for services	9,662,154	9,413,747	9,331,657	8,832,947	7,524,911	6,234,414	5,634,469	6,302,067	6,034,733	4,649,647
Interest	125,392	67,976	34,762	18,186	11,943	10,610	9,614	16,058	57,617	225,008
Other	10,519	1,566	19,708	21,601	56,941	(572)	2,585	4,211	21,159	32,556
	<u>9,798,065</u>	<u>9,483,289</u>	<u>9,386,127</u>	<u>8,872,734</u>	<u>7,593,795</u>	<u>6,244,452</u>	<u>5,646,668</u>	<u>6,322,336</u>	<u>6,113,509</u>	<u>4,907,211</u>
	<u>\$17,224,805</u>	<u>\$17,757,077</u>	<u>\$16,331,324</u>	<u>\$15,419,231</u>	<u>\$14,260,670</u>	<u>\$13,312,728</u>	<u>\$11,684,002</u>	<u>\$12,221,260</u>	<u>\$10,893,911</u>	<u>\$10,767,397</u>

CITY OF JEROME, IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2017

<u>Federal (Pass-through) Grantor/Program</u>	<u>Federal CFDA No.</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation:			
Pass-through program from State of Idaho:			
National Priority Safety Programs	20.616	H05D16	24,890
U.S. Environmental Protection Agency:			
Office of Water:			
Indirect programs:			
Capitalization Grants for Clean Water			
State Revolving Funds (Recovery Act Award)	66.458	WW1403	167,155
Capitalization Grants for Clean Water			
State Revolving Funds (Recovery Act Award)	66.458	WW1502	<u>6,874,205</u>
			<u>\$ 7,066,250</u>

Notes to Schedule of Expenditures of Federal Awards:

Note 1. – Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Jerome under programs of the federal government for the year ended September 30, 2017. The Information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Jerome, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Jerome.

Note 2. – Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in the Uniform Guidance and OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. – Indirect Cost Rate:

The City of Jerome has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.