

CITY OF JEROME, IDAHO

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2013

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report .....	1-2
Management's Discussion and Analysis .....	3-12
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	13
Statement of Activities .....	14
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet .....	15
Statement of Revenue, Expenditures, and Changes In Fund Balances .....	16-17
Proprietary Funds:	
Statement of Net Position .....	18
Statement of Revenues, Expenses, and Changes In Net Position .....	19
Statement of Cash Flows .....	20
Fiduciary Funds:	
Statement of Fiduciary Net Position .....	21
Notes to Financial Statements .....	22-38
Required Supplementary Information:	
Budgetary Comparison Schedules:	
General Fund .....	39
Street Fund .....	40
Library Fund .....	41
Park Fund .....	42
Irrigation Fund .....	43
Sanitation Fund .....	44
Water Fund .....	45
Sewer Fund .....	46
Notes to Required Supplementary Information .....	47
Other Supplementary Information:	
Combining Balance Sheet Nonmajor Internal Service Funds .....	48
Combining Statement of Revenues, Expenses and Changes in Net Position Nonmajor Internal Service Funds .....	49
Schedules of:	
Expenditures by Object and Function - General Fund .....	50
Property Tax Levies and Collections - Last Ten Fiscal Years .....	51
Governmental Expenditures by Function - Last Ten Fiscal Years .....	52
General Revenues by Source - Last Ten Fiscal Years .....	53
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	54-55

# Rexroat, Harberd & Assoc., P.A.

## **Certified Public Accountants**

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March 19, 2014

### Independent Auditors' Report

Mayor and Council  
City of Jerome  
Jerome, Idaho 83338

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Jerome as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Jerome as of September 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-12 and 39-47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2014, on our consideration of internal control over financial reporting of City of Jerome and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Jerome's internal control over financial reporting and compliance.

Reuroat, Harberd & Assoc., P.A.

CITY OF JEROME  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2013

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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 2013 represents the ninth 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 2014 Priorities. This report covers the Fiscal Year 2013 that began on October 1, 2012 and ended on September 30, 2013. Fiscal Year 2014 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 2013 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,

CITY OF JEROME  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2013

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 MVERT 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, 2013

(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 2013, 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, 2013

<b>Table 3.1 Net Position - FY 2012 &amp; FY 2013</b>						
	<b>Governmental Activities FY 2012</b>	<b>Governmental Activities FY 2013</b>	<b>Business- Type Activities FY 2012</b>	<b>Business- Type Activities FY 2013</b>	<b>Total FY 2012</b>	<b>Total FY 2013</b>
Current Assets	\$2,681,651	\$3,229,758	\$4,813,108	\$6,366,326	\$7,494,759	\$9,596,084
Capital Assets - Net	\$10,508,885	\$10,419,131	\$27,695,934	\$27,124,930	\$38,204,819	\$37,544,061
<b>Total Assets</b>	<b>\$13,190,536</b>	<b>\$13,648,889</b>	<b>\$32,509,042</b>	<b>\$33,491,256</b>	<b>\$45,699,578</b>	<b>\$47,140,145</b>
Current Liabilities	\$616,195	\$540,339	\$852,290	\$877,372	\$1,468,485	\$1,417,711
Non-Current Liabilities	\$1,176,053	\$1,092,800	\$10,327,878	\$9,752,417	\$11,503,931	\$10,845,217
<b>Total Liabilities</b>	<b>\$1,792,248</b>	<b>\$1,633,139</b>	<b>\$11,180,168</b>	<b>\$10,629,789</b>	<b>\$12,972,416</b>	<b>\$12,262,928</b>
<b>Net Position:</b>						
Invested in Capital Assets	\$9,597,340	\$9,574,021	\$17,036,883	\$17,114,700	\$26,634,223	\$26,688,721
Restricted	\$117,306	\$21,534	\$3,262,008	\$2,859,736	\$3,379,314	\$2,881,270
Unrestricted	\$1,683,642	\$2,420,195	\$1,029,983	\$2,887,031	\$2,713,625	\$5,307,226
<b>Total Net Position</b>	<b>\$11,398,288</b>	<b>\$12,015,750</b>	<b>\$21,328,874</b>	<b>\$22,861,467</b>	<b>\$32,727,162</b>	<b>\$34,877,217</b>

As indicated in Table 3.1, the large proportion of the City of Jerome's net assets of \$34,877,217 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 \$2,881,270 in the restricted column for Fiscal Year 2013 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 \$5,307,226 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 2012, the City of Jerome had total restricted net assets of \$3,379,314 – which is a decrease of \$498,044, or fourteen and seventy-four hundredths percent (14.74%) and total unrestricted net assets of \$2,713,625 – which is an increase of \$2,593,601, or ninety-five and fifty-eight hundredths percent (95.58%).

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, 2013

<b>Table 3.2 Change in Net Position - FY 2012 &amp; FY 2013</b>						
	<b>Governmental Activities FY 2012</b>	<b>Governmental Activities FY 2013</b>	<b>Business-Type Activities FY 2012</b>	<b>Business-Type Activities FY 2013</b>	<b>Total FY 2012</b>	<b>Total FY 2013</b>
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Service	\$1,599,581	\$931,870	\$6,181,714	\$7,325,672	\$7,781,295	\$8,257,542
Operating Grants & Contributions	\$236,485	\$77,117		\$74,885	\$236,485	\$152,002
Capital Grants & Contributions	\$199,635	\$241,393			\$199,635	\$241,393
General Revenues:					\$0	\$0
Property & Other Taxes	\$3,741,913	\$4,116,254			\$3,741,913	\$4,116,254
Other Governmental License & Permits	\$1,169,284	\$1,285,273			\$1,169,284	\$1,285,273
Investment Earnings	\$4,000	\$5,857	\$10,038	\$11,943	\$14,038	\$17,800
Net Change in value of investments		(\$13,377)		(\$17,944)		(\$31,321)
Grant Revenues					\$0	\$0
Transfers:	\$11,000	\$0	(\$11,000)	\$0	\$0	\$0
<b>Total Revenues</b>	<b>\$6,961,898</b>	<b>\$6,644,387</b>	<b>\$6,180,752</b>	<b>\$7,394,556</b>	<b>\$13,142,650</b>	<b>\$14,038,943</b>
<b>Expenses</b>						
General Government	\$3,695,662	\$4,138,120			\$3,695,662	\$4,138,120
Street Services	\$1,255,712	\$1,197,071			\$1,255,712	\$1,197,071
Library Services	\$396,159	\$424,795			\$396,159	\$424,795
Park Services	\$154,851	\$183,685			\$154,851	\$183,685
Irrigation			\$140,667	\$155,205	\$140,667	\$155,205
Sanitation			\$241,627	\$245,563	\$241,627	\$245,563
Water			\$1,807,243	\$1,947,859	\$1,807,243	\$1,947,859
Sewer			\$3,494,712	\$3,513,336	\$3,494,712	\$3,513,336
<b>Total Expenses</b>	<b>\$5,502,384</b>	<b>\$5,943,671</b>	<b>\$5,684,249</b>	<b>\$5,861,963</b>	<b>\$11,186,633</b>	<b>\$11,805,634</b>
Change in Net Position	\$1,459,514	\$700,716	\$496,503	\$1,532,593	\$1,956,017	\$2,233,309
Net Position - beginning as reported	\$10,009,914	\$11,398,288	\$20,304,682	\$21,328,874	\$30,314,596	\$32,727,162
Prior Period adjustment for errors in deferred revenue and cost of property sold	(\$71,140)	(\$83,254)	\$303	\$0	(\$70,837)	(\$83,254)
Net Position - beginning as corrected	\$9,938,774	\$11,315,034	\$20,304,985	\$21,328,874	\$30,243,759	\$32,643,908
Increase in contributed capital			\$527,386	\$0	\$527,386	\$0
<b>Net Position - ending</b>	<b>\$11,398,288</b>	<b>\$12,015,750</b>	<b>\$21,328,874</b>	<b>\$22,861,467</b>	<b>\$32,727,162</b>	<b>\$34,877,217</b>

CITY OF JEROME  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2013

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 \$14,038,943 while total expenses were \$11,805,634. This indicates that the City was able to cover its year's overall costs. When looking at the Business-Type Activities, the City reports a \$1,532,593 change in net position.

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 \$2,546,581, 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 2012 were \$1,952,425. This represents an increase of \$594,156 or thirty and forty-three hundredths percent (30.43%). 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 \$22,861,467 for the Proprietary Funds part of which is attributed to \$27,124,930 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 \$4,484,215 which is an increase of \$960,078 from the previous year. The Water and Sewer Enterprise Funds have a combined unrestricted pooled cash reserve of \$1,475,055. (Not allocated to any debt payment).

In summary, the City of Jerome continues to face the fiscal challenges many municipalities are experiencing through state shared revenue, interest, and other revenue source declines. The general fund balance and street fund balance increased by \$263,698 and \$330,942, respectively, to keep in line with the City's desire to maintain an unrestricted fund balance for each of the cities funds at a minimum of 25% of the total budgeted annual expenditures. Net Position did improve in both the water and sewer funds due to increased utility rates over the prior year, and cash balances continued to increase as well. The combined total of restricted and unrestricted assets is \$34,877,217. 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, 2013

**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, 2013 was \$37,544,061. This is a decrease of \$660,758 from the previous year and reflects the following investments:

<b>Table 4.1 Capital Assets</b>				
	<b>Balance 1-Oct-12</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 30-Sep-13</b>
<b>Governmental Activities:</b>				
Land	\$833,286			\$833,286
Buildings	\$3,648,551			\$3,648,551
Machinery and Equipment	\$5,118,904	\$289,955	(\$135,114)	\$5,273,745
Infrastructure	\$5,340,969	\$1,082,310		\$6,423,279
Construction in Progress	\$730,838	\$4,721	(\$730,838)	\$4,721
<b>Less Accumulated Depreciation for:</b>				
Buildings	\$1,258,755	\$106,259		\$1,365,014
Machinery and Equipment	\$3,407,122	\$222,026	(\$24,243)	\$3,604,905
Infrastructure	\$577,901	\$216,631		\$794,532
<b>Net Capital Assets</b>	<b>\$10,428,770</b>	<b>\$832,070</b>	<b>(\$841,709)</b>	<b>\$10,419,131</b>
<b>Business Type Activities:</b>				
Land	\$589,368			\$589,368
Buildings	\$13,110,823	\$26,853		\$13,137,676
Machinery and Equipment	\$1,809,091	\$61,952		\$1,871,043
Infrastructure	\$22,762,730	\$66,733		\$22,829,463
Construction in Progress	\$313,143	\$219,309		\$532,452
<b>Less Accumulated Depreciation for:</b>				
Infrastructure	\$1,791,334	\$577,975		\$2,369,309
Buildings	\$8,104,590	\$207,297		\$8,311,887
Machinery and Equipment	\$993,297	\$160,579		\$1,153,876
<b>Net Capital Assets</b>	<b>\$27,695,934</b>	<b>(\$571,004)</b>	<b>\$0</b>	<b>\$27,124,930</b>

Of the capital expenditures \$241,393 was received from various grant sources such as the Economic Development Administration (EDA), Environmental Protection Agency (EPA), Idaho Department of Environmental Quality (DEQ), and the City of Jerome's Urban Renewal Agency (JURA).

CITY OF JEROME  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2013

Debt Management and Administration. The City of Jerome currently maintains long-term debt in the amount of \$11,477,767. Included in long-term debt is the following:

- Revenue Bonds in the amount of \$10,116,442 in the Water and Sewer Funds (annual payments estimated at \$1,023,548),
- General Obligation Bond in the amount of \$658,091 for the Senior Citizen Center (annual payment of \$30,000),
- Lease/Purchase agreement on fire pumper in the amount of \$187,019 (annual payments of \$46,434),
- Debt payable to employees for compensated absences (e.g., vacation and compensated time) in the amount of \$469,450,
- Customer deposits to be refunded at a future date in the amount of \$46,765.

The table of long-term debt is as follows:

<b>Table 4.2 Long-Term Debt</b>				
	<b>Balance 1-Oct-12</b>	<b>Additions</b>	<b>Payment Adjustments</b>	<b>Balance 30-Sep-13</b>
<b>Governmental Activities:</b>				
Loan Payable/Capital	\$223,079		(\$36,060)	\$187,019
Bonds Payable	\$688,464		(\$30,373)	\$658,091
Compensated Absences	\$330,371	\$315,240	(\$330,371)	\$315,240
<b>Business-Type Activities:</b>				
Customer Deposits	\$49,127		(\$2,362)	\$46,765
<b>Loans Payable:</b>				
Revenue Bonds	\$10,659,051		(\$542,609)	\$10,116,442
Compensated Absences	\$159,700	\$154,210	(\$159,700)	\$154,210
<b>Total</b>	<b>\$12,109,792</b>	<b>\$469,450</b>	<b>(\$1,101,475)</b>	<b>\$11,477,767</b>

CITY OF JEROME  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2013

V. Fiscal Year 2014 Fiscal Priorities

In August of 2013, the Mayor, City Council and City Staff developed the Fiscal Year 2014 spending priorities to help focus the efforts of the City's resources in the current fiscal year that began on October 1, 2013 and ends on September 30, 2014. The priorities with significant allocations are illustrated in Table 5.1.

<b>Table 5.1 2014 Fiscal Priorities</b>		
<b>Capital Improvements</b>	<b>Projected Cost</b>	<b>Explanation</b>
Water System Improvements	\$1.8 million	In 2002 the City was approved for a \$3.6 million low interest loan from the Idaho Department of Environmental Quality's State Revolving Fund (IDEQ SRF). The purpose of the funding is to replace old water lines and create new water sources. In 2008 the City refinanced the loan and received \$1.2 million in bond proceeds for this project.
Sewer System Improvements	\$1.96 million	In 2013 the City was awarded a \$1.75 million low interest loan from the Idaho Department of Environmental Quality's State Revolving Fund (IDEQ SRF). The purpose of the funding is to upgrade the collections system.

CITY OF JEROME  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2013

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 Mike Williams, City Administrator, 152 East Avenue A, Jerome, Idaho 83338.



Mike Williams  
City Administrator  
City of Jerome

CITY OF JEROME, IDAHO  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2013

<u>ASSETS:</u>	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 2,507,256	\$ 1,624,479	\$ 4,131,735
Prepaid expenses	120,384	-	120,384
Receivables	566,082	1,616,342	2,182,424
Deposits	919	102,500	103,419
Inventories	-	57,057	57,057
Restricted assets:			
Cash and cash equivalents	21,534	2,859,736	2,881,270
Capital assets:			
Land and construction in progress	838,007	589,368	1,427,375
Buildings, equipment and infrastructure, less accumulated depreciation	9,581,124	26,535,562	36,116,686
Other assets	13,583	106,212	119,795
Total assets	<u>13,648,889</u>	<u>33,491,256</u>	<u>47,140,145</u>
 <u>LIABILITIES:</u>			
Accounts payable and other accrued liabilities	472,789	312,372	785,161
Long-term liabilities:			
Current portion	67,550	565,000	632,550
Noncurrent portion	1,092,800	9,752,417	10,845,217
Total liabilities	<u>1,633,139</u>	<u>10,629,789</u>	<u>12,262,928</u>
 <u>NET POSITION:</u>			
Net investment in capital assets, net of related debt	9,574,021	17,114,700	26,688,721
Restricted for:			
Capital projects	-	1,875,096	1,875,096
Other	21,534	984,640	1,006,174
Unrestricted	2,420,195	2,887,031	5,307,226
Total net position	<u>\$ 12,015,750</u>	<u>\$ 22,861,467</u>	<u>\$ 34,877,217</u>

The accompanying notes are an integral part of the financial statements

CITY OF JEROME, IDAHO  
STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2013

	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Functions/Programs:</u>							
<u>Governmental Activities:</u>							
General government	\$ 4,138,120	\$ 785,961	\$ 76,152	\$ -	\$ (3,276,007)	\$ -	\$ (3,276,007)
Street services	1,197,071	119,911	-	241,393	(835,767)	-	(835,767)
Library services	424,795	22,251	965	-	(401,579)	-	(401,579)
Parks services	183,685	3,747	-	-	(179,938)	-	(179,938)
Total governmental activities	<u>\$ 5,943,671</u>	<u>\$ 931,870</u>	<u>\$ 77,117</u>	<u>\$ 241,393</u>	<u>(4,693,291)</u>	<u>-</u>	<u>(4,693,291)</u>
<u>Business-type Activities:</u>							
Irrigation	\$ 155,205	\$ 144,725	\$ -	\$ -	-	(10,480)	(10,480)
Sanitation	245,563	261,382	-	-	-	15,819	15,819
Water	1,947,859	2,597,502	53,100	-	-	702,743	702,743
Sewer	3,513,336	4,322,063	21,785	-	-	830,512	830,512
Total business-type activities	<u>\$ 5,861,963</u>	<u>\$ 7,325,672</u>	<u>\$ 74,885</u>	<u>\$ -</u>	<u>-</u>	<u>1,538,594</u>	<u>1,538,594</u>
<u>General Revenues:</u>							
Property and other taxes					4,116,254	-	4,116,254
State shared revenue					1,285,273	-	1,285,273
Unrestricted investment earnings					5,857	11,943	17,800
Net change in value of investments					(13,377)	(17,944)	(31,321)
Transfers					-	-	-
Total general revenues and special items					<u>5,394,007</u>	<u>(6,001)</u>	<u>5,388,006</u>
Change in net position					<u>700,716</u>	<u>1,532,593</u>	<u>2,233,309</u>
<u>Net position:</u>							
Net position beginning of year, as reported					11,398,288	21,328,874	32,727,162
Prior period adjustment					(83,254)	-	(83,254)
Net position beginning of year, as corrected					<u>11,315,034</u>	<u>21,328,874</u>	<u>32,643,908</u>
Net position-end of year					<u>\$ 12,015,750</u>	<u>\$ 22,861,467</u>	<u>\$ 34,877,217</u>

The accompanying notes are an integral part of the financial statements



CITY OF JEROME, IDAHO  
BALANCE SHEET-GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013

<u>ASSETS:</u>	<u>General</u>	<u>Street</u>	<u>Library</u>	<u>Park</u>	<u>Total Governmental</u>
Pooled cash and cash equivalents	\$ 1,168,673	\$ 1,165,457	\$ 108,270	\$ 44,815	\$ 2,487,215
Non-pooled cash and cash equivalents	375	-	200	-	575
Prepaid workers compensation premium	120,384	-	-	-	120,384
Deposit on payroll tax liabilities	919	-	-	-	919
Receivables:	-	-	-	-	-
Due from Irrigation Fund	15,988	-	-	-	15,988
Delinquent property taxes	157,890	40,349	19,760	8,808	226,807
Sales tax	47,950	11,401	5,881	2,503	67,735
Agriculture equipment tax	293	70	36	16	415
Highway user fee	-	88,360	-	-	88,360
Jerome Highway District	-	7,666	-	-	7,666
State revenue sharing	126,786	-	-	-	126,786
Other	32,325	-	-	-	32,325
Restricted assets:					
Pooled cash and cash equivalents	18,758	1,250	-	1,526	21,534
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 1,690,341</u></b>	<b><u>\$ 1,314,553</u></b>	<b><u>\$ 134,147</u></b>	<b><u>\$ 57,668</u></b>	<b><u>\$ 3,196,709</u></b>
 <u>LIABILITIES:</u>					
Accounts payable - trade	\$ 192,953	\$ 33,676	\$ 4,274	\$ 16,274	\$ 247,177
Miscellaneous payable	99,624	24	181	5	99,834
Accrued payroll taxes	54,412	16,777	8,218	1,697	81,104
<b><u>TOTAL LIABILITIES</u></b>	<b><u>346,989</u></b>	<b><u>50,477</u></b>	<b><u>12,673</u></b>	<b><u>17,976</u></b>	<b><u>428,115</u></b>
 <u>DEFERRED INFLOWS OF RESOURCES:</u>					
Unavailable revenue	154,266	42,386	17,549	7,812	222,013
<b><u>TOTAL DEFERRED INFLOWS OF RESOURCES</u></b>	<b><u>154,266</u></b>	<b><u>42,386</u></b>	<b><u>17,549</u></b>	<b><u>7,812</u></b>	<b><u>222,013</u></b>
 <u>FUND BALANCES:</u>					
Nonspendable	121,303	-	-	-	121,303
Restricted	18,758	1,250	-	1,526	21,534
Committed	288,859	1,220,440	103,925	30,354	1,643,578
Assigned	-	-	-	-	-
Unassigned	760,166	-	-	-	760,166
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>1,189,086</u></b>	<b><u>1,221,690</u></b>	<b><u>103,925</u></b>	<b><u>31,880</u></b>	<b><u>2,546,581</u></b>
<b><u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u></b>	<b><u>\$ 1,690,341</u></b>	<b><u>\$ 1,314,553</u></b>	<b><u>\$ 134,147</u></b>	<b><u>\$ 57,668</u></b>	<b><u>\$ 3,196,709</u></b>

Reconciliation to the Statement of Net Position:

Total Fund Balances - Governmental Funds	\$ 2,546,581
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	10,419,131
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	198,063
Deferred charges and related amortization are recognized in full in the year incurred and are not capitalized and amortized in the funds	13,583
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	(1,258)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	(1,160,350)
Total Net Position - Governmental Activities	<u>\$ 12,015,750</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, 2013

<u>REVENUES:</u>	<u>General</u>	<u>Street</u>	<u>Library</u>	<u>Park</u>	<u>Total Governmental</u>
Property taxes	\$ 2,897,970	\$ 692,387	\$ 355,987	\$ 151,963	\$ 4,098,307
Penalties - property tax	30,557	8,313	3,950	1,816	44,636
Business and franchise taxes	147,805	64,413	-	-	212,218
Payment in lieu of taxes	6,764	1,608	829	353	9,554
Licenses and permits	102,151	-	-	-	102,151
State shared	660,360	594,649	21,229	9,035	1,285,273
Grant income	71,167	-	-	-	71,167
Rent	30,372	-	-	199	30,571
Interest	2,518	3,059	280	-	5,857
Contributions	4,985	-	965	-	5,950
Refunds and reimbursements	325,706	294,369	1,780	-	621,855
Fines	99,789	-	8,214	-	108,003
Miscellaneous	66,383	2,522	12,257	3,548	84,710
Total revenue	<u>4,446,527</u>	<u>1,661,320</u>	<u>405,491</u>	<u>166,914</u>	<u>6,680,252</u>
<u>EXPENDITURES:</u>					
Current:					
Salaries	1,949,148	418,467	214,809	55,772	2,638,196
Personnel benefits	954,260	167,134	93,083	24,547	1,239,024
Operating supplies	145,835	40,596	8,761	4,249	199,441
Public relations	53,144	-	-	-	53,144
Professional services	200,873	697	-	-	201,570
Advertising and publishing	4,409	192	-	-	4,601
Insurance	35,402	29,956	-	-	65,358
Travel and meetings	774	-	-	-	774
Dues and subscriptions	15,693	200	285	180	16,358
Personnel training	37,762	4,362	2,622	373	45,119
Telephone	51,437	2,877	3,725	3	58,042
Utilities	35,367	12,250	9,374	84,142	141,133
Gas and Oil	61,177	16,527	-	1,782	79,486
Repairs and maintenance	141,884	129,976	6,572	3,531	281,963
Other purchased services	19,704	6,779	304	5,284	32,071
Cost share with Jerome County	111,513	-	-	-	111,513
Uniforms	19,271	138	-	-	19,409
Medical services	7,119	-	-	-	7,119
Books and magazines	-	-	25,197	-	25,197
Street lighting	-	71,946	-	-	71,946
Miscellaneous	8,181	470	975	197	9,823
Capital outlay	139,954	414,049	519	492	555,014
Debt service	108,093	-	-	-	108,093
Total expenditures	<u>4,101,000</u>	<u>1,316,616</u>	<u>366,226</u>	<u>180,552</u>	<u>5,964,394</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER</u>	<u>345,527</u>	<u>344,704</u>	<u>39,265</u>	<u>(13,638)</u>	<u>715,858</u>
<u>EXPENDITURES</u>					
<u>OTHER FINANCING SOURCES (USES):</u>					
Net change in fair value of investments	(6,079)	(6,296)	(532)	(470)	(13,377)
Transfers in (out)	(73,922)	(7,466)	(21,966)	(3,143)	(106,497)
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(80,001)</u>	<u>(13,762)</u>	<u>(22,498)</u>	<u>(3,613)</u>	<u>(119,874)</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>265,526</u>	<u>330,942</u>	<u>16,767</u>	<u>(17,251)</u>	<u>595,984</u>
Fund balance October 1, 2012, as originally reported	925,388	890,748	87,158	49,131	1,952,425
Prior period adjustment	(1,828)	-	-	-	(1,828)
Fund balance October 1, 2012, as corrected	<u>923,560</u>	<u>890,748</u>	<u>87,158</u>	<u>49,131</u>	<u>1,950,597</u>
<u>FUND BALANCE SEPTEMBER 30, 2013</u>	<u>\$ 1,189,086</u>	<u>\$ 1,221,690</u>	<u>\$ 103,925</u>	<u>\$ 31,880</u>	<u>\$ 2,546,581</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, 2013

Continued from previous page

Reconciliation to the Statement of Activities:

Total net changes in fund balances - governmental funds (from previous page)	\$ 595,984
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	80,937
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	555,014
Depreciation expense	(544,916)
Undepreciated cost in asset junked	(19,737)
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	<u>33,434</u>
Change in net position of governmental activities	<u>\$ 700,716</u>

The accompanying notes are an integral part of the financial statements

CITY OF JEROME, IDAHO  
STATEMENT OF NET POSITION-PROPRIETARY FUNDS  
SEPTEMBER 30, 2013

ASSETS:	Business-type Activities					Governmental Activities- Internal Service Funds
	Irrigation	Sanitation	Water	Sewer	Total	
Current Assets:						
Pooled cash and cash equivalents	\$ -	\$ 149,074	\$ 430,049	\$ 1,045,006	\$ 1,624,129	\$ 19,466
Non-pooled cash and cash equivalents	-	-	350	-	350	-
Patron receivables	71,269	44,202	546,993	886,948	1,549,412	-
Less allowance for uncollectible accounts	-	(122)	(1,603)	(2,167)	(3,892)	-
Other receivables	-	-	45,000	-	45,000	-
Grant receivable	-	-	3,600	-	3,600	-
Accrued interest	22,222	-	-	-	22,222	-
Deposit on land purchase	-	-	102,500	-	102,500	-
Inventory of supplies	-	-	57,057	-	57,057	-
Total current assets	<u>93,491</u>	<u>193,154</u>	<u>1,183,946</u>	<u>1,929,787</u>	<u>3,400,378</u>	<u>19,466</u>
Restricted assets:						
Pooled cash and cash equivalents	-	5,545	1,471,406	25,725	1,502,676	-
Non-pooled cash and cash equivalents	-	-	969,770	387,290	1,357,060	-
Total restricted assets	<u>-</u>	<u>5,545</u>	<u>2,441,176</u>	<u>413,015</u>	<u>2,859,736</u>	<u>-</u>
Noncurrent Assets:						
Land	-	-	296,834	292,534	589,368	-
Construction in progress	-	-	75,239	457,213	532,452	-
Infrastructure	7,153	-	4,260,449	18,561,861	22,829,463	-
Buildings	-	-	1,448,928	11,688,748	13,137,676	-
Machinery and equipment	45,480	-	845,434	980,129	1,871,043	-
Less accumulated depreciation	(20,722)	-	(2,070,211)	(9,744,139)	(11,835,072)	-
Total noncurrent assets	<u>31,911</u>	<u>-</u>	<u>4,856,673</u>	<u>22,236,346</u>	<u>27,124,930</u>	<u>-</u>
Other Assets:						
Deferred charge - Bonds	-	-	67,136	71,629	138,765	-
Less accumulated amortization	-	-	(13,571)	(18,982)	(32,553)	-
	<u>-</u>	<u>-</u>	<u>53,565</u>	<u>52,647</u>	<u>106,212</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>125,402</u>	<u>198,699</u>	<u>8,535,360</u>	<u>24,631,795</u>	<u>33,491,256</u>	<u>19,466</u>
<b>LIABILITIES AND NET POSITION</b>						
<b>LIABILITIES:</b>						
Current Liabilities:						
Due to General Fund	15,988	-	-	-	15,988	-
Accounts payable - trade	2,036	13,409	53,987	125,090	194,522	19,466
Accrued interest payable	-	-	6,621	24,758	31,379	-
Accrued compensation	1,075	2,095	29,709	37,604	70,483	-
Current maturity of long-term liabilities	-	-	180,000	385,000	565,000	-
Total current liabilities	<u>19,099</u>	<u>15,504</u>	<u>270,317</u>	<u>572,452</u>	<u>877,372</u>	<u>19,466</u>
Long-term Liabilities:						
Bonds payable (including amortized premium)	-	-	3,321,442	6,230,000	9,551,442	-
Customer deposits (payable from restricted assets)	-	5,545	15,495	25,725	46,765	-
Future compensated absences of employees	6,030	4,211	67,157	76,812	154,210	-
Total long-term liabilities	<u>6,030</u>	<u>9,756</u>	<u>3,404,094</u>	<u>6,332,537</u>	<u>9,752,417</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>25,129</u>	<u>25,260</u>	<u>3,674,411</u>	<u>6,904,989</u>	<u>10,629,789</u>	<u>19,466</u>
<b>NET POSITION:</b>						
Invested in capital assets, net of related debt	31,911	-	1,408,796	15,673,993	17,114,700	-
Restricted for:						
Capital projects	-	-	1,875,096	-	1,875,096	-
Other	-	5,545	566,080	413,015	984,640	-
Unrestricted	68,362	167,894	1,010,977	1,639,798	2,887,031	-
<b>TOTAL NET POSITION</b>	<u>\$ 100,273</u>	<u>\$ 173,439</u>	<u>\$ 4,860,949</u>	<u>\$ 17,726,806</u>	<u>\$ 22,861,467</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, 2013

	Business-type Activities					Governmental
	<u>Irrigation</u>	<u>Sanitation</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	Activities - Internal Service Funds
Operating Revenues:						
Charges for services	\$ 130,820	\$ 259,147	\$ 2,578,021	\$ 4,160,210	\$ 7,128,198	\$ -
Miscellaneous income	13,905	2,235	19,481	161,853	197,474	-
Total operating revenues	<u>144,725</u>	<u>261,382</u>	<u>2,597,502</u>	<u>4,322,063</u>	<u>7,325,672</u>	<u>-</u>
Operating Expenses:						
Salaries	55,650	57,286	663,156	858,277	1,634,369	-
Personnel benefits	24,894	22,551	297,144	350,716	695,305	-
Office supplies	841	4,839	6,030	6,341	18,051	-
Operating supplies	17,831	1,559	120,946	226,889	367,225	25,915
New equipment - non-capital	-	-	4,166	30,044	34,210	42,629
Public relations	-	-	9,345	-	9,345	-
Professional services	10,342	-	34,964	66,775	112,081	93,631
Purchased services	9,204	156,842	8,957	205,349	380,352	-
Advertising and publishing	187	-	997	1,212	2,396	2,381
Insurance and bonds	-	-	34,956	61,718	96,674	-
Dues and subscriptions	-	-	1,046	1,859	2,905	1,790
Personnel training	-	-	3,544	2,591	6,135	15,950
Telephone	593	-	6,257	14,226	21,076	2,374
Utilities	256	-	206,262	398,863	605,381	4,275
Gas and oil	614	-	45,965	48,646	95,225	864
Repairs	24,423	141	73,126	118,156	215,846	6,905
Cost share with Jerome County	-	-	5,869	-	5,869	2,525
Uniforms	484	-	541	5,321	6,346	-
Miscellaneous	150	537	2,540	4,941	8,168	-
Loss on uncollectible accounts	-	118	12,979	7,692	20,789	-
Allowance for depreciation	4,845	-	208,361	732,645	945,851	-
Total operating expenses	<u>150,314</u>	<u>243,873</u>	<u>1,747,151</u>	<u>3,142,261</u>	<u>5,283,599</u>	<u>199,239</u>
Operating income (loss)	(5,589)	17,509	850,351	1,179,802	2,042,073	(199,239)
Nonoperating Revenues (Expenses):						
State grants	-	-	8,100	847	8,947	-
Donations	-	-	45,000	20,938	65,938	-
Interest revenue	27	562	7,766	3,588	11,943	-
Net change in fair value of investments	(102)	(944)	(10,601)	(6,297)	(17,944)	-
Amortization of bond issue costs/discounts	-	-	(2,722)	(2,905)	(5,627)	-
Interest expense	-	-	(164,511)	(315,484)	(479,995)	-
Income before other revenues, expenses, gains, losses and transfers	(5,664)	17,127	733,383	880,489	1,625,335	(199,239)
Operating transfers in (out)	(4,891)	(1,690)	(33,475)	(52,686)	(92,742)	199,239
Loss on disposition of assets	-	-	-	-	-	-
<u>INCREASE (DECREASE) IN NET POSITION</u>	<u>(10,555)</u>	<u>15,437</u>	<u>699,908</u>	<u>827,803</u>	<u>1,532,593</u>	<u>-</u>
<u>NET POSITION AT OCTOBER 1, 2012</u>	<u>110,828</u>	<u>158,002</u>	<u>4,161,041</u>	<u>16,899,003</u>	<u>21,328,874</u>	<u>-</u>
<u>NET POSITION AT SEPTEMBER 30, 2013</u>	<u>\$ 100,273</u>	<u>\$ 173,439</u>	<u>\$ 4,860,949</u>	<u>\$ 17,726,806</u>	<u>\$ 22,861,467</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

CITY OF JEROME, IDAHO  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities					Governmental Activities - Internal
	<u>Irrigation</u>	<u>Sanitation</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>Service Funds</u>
<u>Cash Flows from Operating Activities:</u>						
Cash received from customers	\$ 149,519	\$ 255,923	\$ 2,495,843	\$ 3,924,587	\$ 6,825,872	\$ -
Cash payments for employees' services and benefits	(80,467)	(81,317)	(955,088)	(1,207,464)	(2,324,336)	-
Cash payments to suppliers for goods and services	(56,759)	(165,573)	(552,097)	(1,254,798)	(2,029,227)	(187,733)
Net cash provided (used) by operating activities	<u>12,293</u>	<u>9,033</u>	<u>988,658</u>	<u>1,462,325</u>	<u>2,472,309</u>	<u>(187,733)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>						
Other revenue	-	-	50,000	40,655	90,655	-
Operating subsidies and transfers to other funds	(4,891)	(1,690)	(33,475)	(52,686)	(92,742)	199,239
Increase (decrease) in customer deposits	-	(248)	(948)	(1,166)	(2,362)	-
Net cash provided (used) by noncapital financing activities	<u>(4,891)</u>	<u>(1,938)</u>	<u>15,577</u>	<u>(13,197)</u>	<u>(95,104)</u>	<u>199,239</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>						
Principal payments on long-term debt	-	-	(177,609)	(365,000)	(542,609)	-
Interest payments on long-term debt	-	-	(164,828)	(316,997)	(481,825)	-
Deposit on property purchase	-	-	(102,500)	-	(102,500)	-
Purchase of property and equipment	(7,327)	-	(139,252)	(228,268)	(374,847)	-
Net cash provided (used) by capital and related financing activities	<u>(7,327)</u>	<u>-</u>	<u>(584,189)</u>	<u>(910,265)</u>	<u>(1,501,781)</u>	<u>-</u>
<u>Cash Flows from Investing Activities:</u>						
Change in net value of investments	(102)	(944)	(10,601)	(6,297)	(17,944)	-
Interest and dividends	27	562	7,766	3,588	11,943	-
Net cash provided (used) by investing activities	<u>(75)</u>	<u>(382)</u>	<u>(2,835)</u>	<u>(2,709)</u>	<u>(6,001)</u>	<u>-</u>
<u>Net increase (decrease) in cash and cash equivalents</u>	<u>-</u>	<u>6,713</u>	<u>417,211</u>	<u>536,154</u>	<u>960,078</u>	<u>11,506</u>
<u>Cash and cash equivalents October 1, 2012</u>	<u>-</u>	<u>147,906</u>	<u>2,454,364</u>	<u>921,867</u>	<u>3,524,137</u>	<u>7,960</u>
<u>Cash and cash equivalents September 30, 2013</u>	<u>\$ -</u>	<u>\$ 154,619</u>	<u>\$ 2,871,575</u>	<u>\$ 1,458,021</u>	<u>\$ 4,484,215</u>	<u>\$ 19,466</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>						
Operating income (loss)	\$ (5,589)	\$ 17,509	\$ 850,351	\$ 1,179,802	\$ 2,042,073	\$ (199,239)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	4,845	-	208,361	732,645	945,851	-
(Increase) decrease in accounts receivable	4,794	(5,459)	(101,659)	(397,476)	(499,800)	-
(Increase) decrease in inventories	-	-	(5,032)	-	(5,032)	-
Increase (decrease) in accounts payable	8,166	(1,537)	31,425	(54,175)	(16,121)	11,506
Increase (decrease) in accrued liabilities	77	(1,480)	5,212	1,529	5,338	-
<u>Net cash provided (used) by operating activities</u>	<u>\$ 12,293</u>	<u>\$ 9,033</u>	<u>\$ 988,658</u>	<u>\$ 1,462,325</u>	<u>\$ 2,472,309</u>	<u>\$ (187,733)</u>
<u>Reconciliation of Cash and Cash Equivalents at September 30, 2013:</u>						
Pooled cash and cash equivalents in current assets	\$ -	\$ 149,074	\$ 430,049	\$ 1,045,006	\$ 1,624,129	\$ 19,466
Non-pooled cash and cash equivalents in current assets	-	-	350	-	350	-
Pooled cash and cash equivalents in restricted assets	-	5,545	1,471,406	25,725	1,502,676	-
Non-pooled cash and cash equivalents in restricted assets	-	-	969,770	387,290	1,357,060	-
	<u>\$ -</u>	<u>\$ 154,619</u>	<u>\$ 2,871,575</u>	<u>\$ 1,458,021</u>	<u>\$ 4,484,215</u>	<u>\$ 19,466</u>

Supplemental Disclosure of Cash Flow Information:

Cash paid during the year for interest by all proprietary funds was \$481,825.

The accompanying notes are an integral part of the financial statements

CITY OF JEROME, IDAHO  
STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2013

<u>ASSETS:</u>	<u>MVERT</u>
Pooled cash and cash equivalents	\$ 6,686
	<u>6,686</u>
<u>LIABILITIES:</u>	
Due to other entities	<u>6,686</u>
	<u>6,686</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, 2013

**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

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.

Generally accepted accounting principles require government financial statements to include the primary government 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. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing board.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no entities which would be component units of the City.

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.



CITY OF JEROME, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013

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.

**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.

CITY OF JEROME, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013

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.
- 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.

CITY OF JEROME, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013

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. Magic Valley Emergency Response Team Fund - used to account for and report the receipt of grant funding to expenditure for the operation of the MVERT team to mitigate and respond to hazardous waste incidents.

CITY OF JEROME, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013

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 Inflows of Resources

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

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

CITY OF JEROME, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013

K) 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.

L) 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.

M) 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.

N) 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.

O) 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.

P) Subsequent Events

Management has evaluated subsequent events through March 19, 2014, the date on which the financial statements were available to be issued.

**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).

CITY OF JEROME, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013

The City has a written investment policy that allows the Treasurer to invest money only in those investment instruments allowed by Idaho 50-1013. Through its investment policy, the City manages its exposure to fair value losses arising from increasing interest rates by investing primarily in shorter-term securities. 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.

The City has a deposit policy for custodial credit risk. As of September 30, 2013, the carrying amount of the City's deposits with financial institutions (after considering outstanding and other reconciling items) was \$56,107 and the bank balances were \$122,936, of which none was uninsured or uncollateralized.

Of the City's total investments of \$6,962,659, \$6,593,560 is invested with the Idaho Local Government Investment Pool, of which all of the underlying securities are held by the Pool, not in the name of the Agency. The Idaho Local Government Investment Pool is reported at fair value which is determined by the pool's share price. The City has no regulatory oversight for the pool, which is governed by the State of Idaho and is administered by the State Treasurer.

Reconciliation of carrying amount to cash numbers on balance sheets:

Sources of cash:	
Deposits with financial institutions ...	\$ 56,107
U.S. Government Bonds .....	369,099
State of Idaho Local Government	
Investment Pool .....	6,593,560
Petty cash .....	925
	<u>\$ 7,019,691</u>
Cash on balance sheets:	
Governmental funds:	
Pooled cash, unrestricted .....	\$ 2,487,215
Non-pooled cash, unrestricted .....	575
Pooled cash, restricted .....	21,534
Proprietary funds:	
Pooled cash, unrestricted .....	1,624,129
Non-pooled cash, unrestricted .....	350
Pooled cash, restricted .....	1,502,676
Non-pooled cash, restricted .....	1,357,060
Internal Service funds:	
Pooled cash, unrestricted .....	19,466
Fiduciary net position:	
Pooled cash, unrestricted .....	6,686
	<u>\$ 7,019,691</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, 2013

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

<u>General Fund:</u>	
Released Evidence Non-Drug Related	\$ 2,728
Released Evidence Drug Related	618
Animal Shelter	14,212
Fire Safehouse	1,200
	<u>18,758</u>
<u>Street Fund:</u>	
217 East D Curb/gutter	<u>1,250</u>
<u>Park Fund:</u>	
Tennis Courts	1,000
Modern Woodmen	526
	<u>1,526</u>
<u>Sanitation Fund:</u>	
Customer deposits	<u>5,545</u>
<u>Water Fund:</u>	
Customer deposits	15,495
Capital reserve fund	905,326
Debt reserve fund	550,585
Water System Improvement Construction	969,770
	<u>2,441,176</u>
<u>Sewer:</u>	
Customer deposits	25,725
Debt service reserve fund	387,290
	<u>413,015</u>
Total restricted funds	<u>\$ 2,881,270</u>

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, 2013, was as follows:

	Balance October 1, 2012	Increases	Decreases	Balance September 30, 2013
<u>Governmental activities:</u>				
Land	\$ 833,286	\$ ...	\$ ...	\$ 833,286
Buildings	3,648,551	...	...	3,648,551
Machinery and equipment	5,118,904	289,955	135,114	5,273,745
Infrastructure	5,340,969	1,082,310	...	6,423,279
Construction in progress	730,838	4,721	730,838	4,721
	<u>15,672,548</u>	<u>1,376,986</u>	<u>865,952</u>	<u>16,183,582</u>
Less accumulated depreciation for:				
Buildings	1,258,755	106,259	...	1,365,014
Machinery and equipment	3,407,122	222,026	24,243	3,604,905
Infrastructure	577,901	216,631	...	794,532
	<u>5,243,778</u>	<u>544,916</u>	<u>24,243</u>	<u>5,764,451</u>
Net capital assets	<u>\$10,428,770</u>	<u>\$ 832,070</u>	<u>\$ 841,709</u>	<u>\$10,419,131</u>

CITY OF JEROME, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013

	Balance October 1, 2012	Increases	Decreases	Balance September 30, 2013
<u>Business-type activities:</u>				
Land	\$ 589,368	\$ ...	\$ ...	\$ 589,368
Infrastructure	22,762,730	66,733	...	22,829,463
Buildings	13,110,823	26,853	...	13,137,676
Machinery and equipment	1,809,091	61,952	...	1,871,043
Construction in progress	313,143	219,309	...	532,452
	<u>38,585,155</u>	<u>374,847</u>	<u>...</u>	<u>38,960,002</u>
Less accumulated depreciation for:				
Infrastructure	1,791,334	577,817	...	2,369,151
Buildings	8,104,590	207,296	...	8,311,886
Machinery and equipment	993,297	160,738	...	1,154,035
	<u>10,889,221</u>	<u>945,851</u>	<u>...</u>	<u>11,835,072</u>
Net capital assets	<u>\$27,695,934</u>	<u>\$ (571,004)</u>	<u>\$ ...</u>	<u>\$27,124,930</u>

Depreciation expense was charged to governmental functions as follows:

General Fund:	
Administration	\$ 36,609
Building	1,586
Animal Control	1,778
Fire	118,879
Law Enforcement	44,665
	<u>203,517</u>
Streets	291,083
Library	44,441
Parks	5,875
	<u>\$ 544,916</u>

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

Long-term liability activity for the year ended September 30, 2013, was as follows:

	Balance October 1, 2012	Additions	Reductions	Balance September 30, 2013	Amounts Due Within One Year
Notes payable:					
Farmers National Bank - Fire	\$ 223,079	\$ ...	\$ 36,060	\$ 187,019	\$ 37,550
Bonds payable:					
General Obligation Bonds (including amortized premium)	688,464	...	30,373	658,091	30,000
Other liabilities:					
Compensated absences	330,371	315,240	330,371	315,240	...
	<u>\$1,241,914</u>	<u>\$ 315,240</u>	<u>\$396,804</u>	<u>\$1,160,350</u>	<u>\$ 67,550</u>



CITY OF JEROME, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013

Farmers National Bank lease/purchase for fire pumper - The contract interest rate is 4.75% with annual payments of \$46,434 and a maturity date of February 15, 2018 with a final additional balloon payment of \$26,997. The agreement is cancelable if funds for the payment are not appropriated in any fiscal year. The principal balance as of September 30, 2013, is \$187,019.

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, 2013, is \$650,000.

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 \$315,240.

As of September 30, 2013, debt service requirements to maturity for principal and interest, for the notes payable, are as follows:

Year Ended				
<u>Sept. 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2014	\$ 67,550	\$ 39,234	\$ 106,784	
2015	74,334	36,050	110,384	
2016	76,203	32,781	108,984	
2017	78,160	29,324	107,484	
2018	60,772	25,675	86,447	
2019-2023	210,000	97,650	307,650	
2024-2028	270,000	41,750	311,750	
	<u>837,019</u>	<u>\$302,464</u>	<u>\$1,139,483</u>	
Premium on bonds less				
accumulated				
amortization	8,091			
Compensated Absences	315,240			
	<u>\$1,160,350</u>			

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

Long-term liability activity for the year ended September 30, 2013, was as follows:

	Balance			Balance	Amounts Due
	October	Additions	Reductions	September	Within One
	<u>1, 2012</u>			<u>30, 2013</u>	<u>Year</u>
Irrigation:					
Compensated					
absences	\$ 6,061	\$ 6,030	\$ 6,061	\$ 6,030	\$ ...
Sanitation:					
Compensated					
Absences	5,775	4,211	5,775	4,211	...
Customer deposits	5,793	...	248	5,545	...
	<u>11,568</u>	<u>4,211</u>	<u>6,023</u>	<u>9,756</u>	<u>...</u>

CITY OF JEROME, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013

Water:

Revenue Bonds (including amortized premium)	3,679,051	...	177,609	3,501,442	180,000
Compensated absences	65,148	67,157	65,148	67,157	...
Customer deposits	16,443	...	948	15,495	...
	<u>3,760,642</u>	<u>67,157</u>	<u>243,705</u>	<u>3,584,094</u>	<u>180,000</u>

Sewer:

Revenue Bonds	6,980,000	...	365,000	6,615,000	385,000
Compensated absences	82,716	76,812	82,716	76,812	...
Customer deposits	26,891	...	1,166	25,725	...
	<u>7,089,607</u>	<u>76,812</u>	<u>448,882</u>	<u>6,717,537</u>	<u>385,000</u>
	<u>\$10,867,878</u>	<u>\$ 154,210</u>	<u>\$ 704,671</u>	<u>\$10,317,417</u>	<u>\$565,000</u>

As of September 30, 2013, debt service requirements to maturity for principal and interest, for the notes payable, are as follows:

Year Ended Sept. 30,	Principal	Interest	Total
2014	\$ 565,000	\$ 458,538	\$ 1,023,538
2015	595,000	430,887	1,025,887
2016	625,000	403,038	1,028,038
2017	655,000	373,187	1,028,187
2018	680,000	345,788	1,025,788
2019-2023	3,865,000	1,272,543	5,137,543
2024-2027	3,080,000	340,335	3,420,335
	<u>10,065,000</u>	<u>\$3,624,316</u>	<u>\$13,689,316</u>
Premium on bonds less accumulated amortization	51,442		
Compensated absences	154,210		
Customer deposits	46,765		
	<u>\$10,317,417</u>		

**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, 2013, is \$3,450,000.

**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, 2013, is \$6,615,000.

CITY OF JEROME, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013

**Compensated Absences**

In accordance with Statement Number 16 of the Governmental Accounting Standards Board, a liability has been accrued at September 30, 2013, for employee rights to receive compensation for future absences in the amount of \$154,210.

**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, 2013, is \$46,765.

**Note 6 - Rent**

The City received rent from outside sources. During the year ended September 30, 2013, the general fund received \$30,372 for rental of property owned by the City.

**Note 7 - Public Employee Retirement System of Idaho**

The Public Employee Retirement System of Idaho (PERSI) Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

ERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

The actuarially determined contribution requirements of the City and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended September 30, 2013, the required contribution rate as a percentage of covered payroll for members was 6.23% for general members and 7.69% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members, 10.73% for police/firefighter members. The City contributions required and paid were \$554,011, \$535,853, and \$536,526 for the three years ended September 30, 2013, 2012 and 2011.

**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.

CITY OF JEROME, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013

**Note 9 - Individual Fund Deficits**

All governmental and proprietary funds showed surplus fund balances and net position, respectively. The Park and Irrigation funds 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, 2013, the City of Jerome contributed \$111,513 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 \$4,325,000 in water revenue bonds. The general purpose of the bonds is to pay for a previous interim financing note and for water system improvements. 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, 2013, is \$4,803,431. 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, 2013. 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 \$342,438 and \$1,075,501, 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 \$9,000,000 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 30, 2026. The total principal and interest remaining to be paid on the bonds is \$8,885,885. 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, 2013. 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 \$682,000 and \$1,878,837, respectively.

**Note 13 - Interest Expense**

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

General government	\$ 41,981
Water	164,511
Sewer	315,484

CITY OF JEROME, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013

**Note 14 - Commitments**

At year end, the City had committed to purchase a piece of property and was obligated to pay \$65,234 at the closing. At year end the City had also committed to complete construction projects for an estimated total cost of \$1,336,495.

**Note 15 - Related Organizations**

The Jerome Urban Renewal Agency (JURA) is defined per GASB Statement 14 as a related organization to the City. These organizations have some or all of their board members appointed by the primary government and are not financially accountable by the primary government. JURA is a taxing district and undertakes commitments for the improvement and redevelopment of property in designated Agency areas. The board of JURA consists of five members appointed by the City. Financial statements of JURA will be made available upon request. During the year ended September 30, 2013, JURA reimbursed the City \$356,869 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.
- *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.
- *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.

The assigned fund balance is delegated by the Mayor and Council to the discretion of the City Finance Director and City Administrator as outlined in the City's fund balance policy. 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.

CITY OF JEROME, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013

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(M) and 15, respectively.

As of September 30, 2013, fund balances are composed of the following:

	<u>General</u>	<u>Street</u>	<u>Library</u>	<u>Park</u>
Nonspendable:				
Prepaid insurance	\$ 120,384	\$ ...	\$ ...	\$ ...
Deposit on payroll tax liabilities	919	...	...	...
	<u>121,303</u>	<u>...</u>	<u>...</u>	<u>...</u>
Restricted:				
Released evidence - Non-drug related	2,728	...	...	...
Released evidence - Drug related	618	...	...	...
Animal Shelter	14,212	...	...	...
Fire Safehouse	1,200	...	...	...
Curb and gutter	...	1,250	...	...
Tennis courts	...	...	...	1,000
Modern Woodmen	...	...	...	526
	<u>18,758</u>	<u>1,250</u>	<u>...</u>	<u>1,526</u>
Committed:				
Employee Benefits	81,670	...	...	...
Firefighter PERSI Contributions	189,848	...	...	...
Animal Shelter	11,066	...	...	...
Equipment replacement	6,275	256	2,567	...
Street operations	...	1,024,151	...	...
Aerial Update	...	96,033	...	...
ITD Main/Tiger Drive	...	100,000	...	...
Library operations	...	...	101,358	...
Park operations	...	...	...	30,354
	<u>288,859</u>	<u>1,220,440</u>	<u>103,925</u>	<u>30,354</u>
Unassigned	760,166	...	...	...
Total fund balances	<u>\$1,189,086</u>	<u>\$1,221,690</u>	<u>\$ 103,925</u>	<u>\$ 31,880</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.

CITY OF JEROME, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013

**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 \$194,000.

**Note 18 - Interfund Transfers**

A summary of interfund transfers follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
Major Funds:		
General	\$ ...	\$ 73,922
Street	11,000	18,466
Library	...	21,966
Parks	...	3,143
Irrigation	...	4,891
Sanitation	...	1,690
Water	...	33,475
Sewer	...	52,686
Non-major Funds:		
Human Resources	26,262	...
Engineering	13,101	...
Information Technology	159,876	...
	\$ 210,239	\$ 210,239

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. Non-routine items occurring during the course of the year include a transfer of \$11,000 from the General Fund to the Street Fund for the Fiscal Year 2013 Aerial Update.

**Note 19 - Restatement of Prior Year Fund Balance**

Beginning fund balance for Governmental funds has been restated to correct errors in the prior year. An error was made in the prior year in reporting deferred revenue in the General Fund. The net adjustment resulted in a decrease in fund balance of \$1,828.

**Note 20 - Restatement of Prior Year Net Position**

Beginning net position for Governmental activities has been restated to correct errors in the prior year. Errors were made in the prior year in reporting deferred revenue in the General Fund and reporting the cost of property sold and traded in the Street Fund. The correction of these errors resulted in a decrease to net position in Governmental Activities of \$83,254.

**Note 21 - Pending or Threatened Litigation, Claims and Assessments**

The City of Jerome withdrew from the III-A (Idaho Independent Intergovernmental Authority) on January 31, 2013. Accordingly, the III-A has claimed a penalty for early withdrawal from the Trust. The City is currently defending this penalty in court and the outcome cannot be properly determined. Should the City lose the case, the potential loss is estimated at \$500,000.

CITY OF JEROME, IDAHO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013

**Note 22 - Subsequent Events**

On November 27, 2013, the Fifth District Court for Jerome County judicially confirmed the issuance of a municipal bond in the principal amount of \$13,600,000 for the purpose of financing the costs of design and construction of various improvements for the sewer system of the City of Jerome. The bond bears varying interest rates from 1.5% to 5%. The bond payments will be made from the Sewer Fund beginning September 15, 2014, with a maturity date of September 15, 2038. Annual payments will be as follows:

<u>Year Ended Sept. 30</u>	<u>Interest Due</u>	<u>Principal Due</u>	<u>Payment Due</u>
2014	\$ 297,509	\$ ...	\$ 297,509
2015	538,208	90,000	628,208
2016	536,407	90,000	626,407
2017	535,058	90,000	625,058
2018	530,557	95,000	625,557
2019-2023	2,593,913	545,000	3,138,913
2024-2028	2,441,137	2,065,000	4,506,137
2029-2033	1,758,500	4,800,000	6,558,500
2034-2038	728,540	5,825,000	6,553,540
	<u>\$ 9,959,829</u>	<u>\$13,600,000</u>	<u>\$ 23,559,829</u>



CITY OF JEROME, IDAHO  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts Budgetary Basis	With Final Budget Over (Under)
<u>REVENUE:</u>				
Property taxes	\$ 2,975,633	\$ 2,975,633	\$ 2,897,970	\$ (77,663)
Penalties and interest	25,000	25,000	30,557	5,557
Business and franchise taxes	150,000	150,000	147,805	(2,195)
Payment in lieu of taxes	6,747	6,747	6,764	17
Licenses and permits	88,863	88,863	102,151	13,288
State shared	600,694	600,694	660,360	59,666
Federal grant	55,007	63,775	71,167	7,392
Court revenues	75,877	75,877	97,389	21,512
Rents	28,319	28,319	30,372	2,053
Interest	614	614	2,518	1,904
Contributions	2,018	4,268	4,985	717
Refunds and reimbursements	418,774	479,561	325,706	(153,855)
Fines	700	700	2,400	1,700
Miscellaneous	1,507	1,507	66,383	64,876
Total revenue	<u>4,429,753</u>	<u>4,501,558</u>	<u>4,446,527</u>	<u>(55,031)</u>
<u>EXPENDITURES:</u>				
Legislative	47,199	47,199	48,438	1,239
Executive	21,389	21,389	27,095	5,706
Finance and administration	750,103	750,103	645,889	(104,214)
Law enforcement	1,726,106	1,736,124	1,697,970	(38,154)
Fire control	1,653,766	1,714,553	1,457,636	(256,917)
Building inspection	139,757	139,757	143,897	4,140
Animal control	84,343	85,343	80,075	(5,268)
Total expenditures	<u>4,422,663</u>	<u>4,494,468</u>	<u>4,101,000</u>	<u>(393,468)</u>
<u>EXCESS (DEFICIENCY) OF REVENUE</u>				
<u>OVER EXPENDITURES</u>	<u>7,090</u>	<u>7,090</u>	<u>345,527</u>	<u>338,437</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Net change in fair value of investments	-	-	(6,079)	(6,079)
Transfers in (out)	(88,544)	(88,544)	(73,922)	14,622
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(88,544)</u>	<u>(88,544)</u>	<u>(80,001)</u>	<u>8,543</u>
<u>NET CHANGES IN FUND BALANCE</u>	<u>\$ (81,454)</u>	<u>\$ (81,454)</u>	<u>\$ 265,526</u>	<u>\$ 346,980</u>

CITY OF JEROME, IDAHO  
BUDGETARY COMPARISON SCHEDULE  
STREET FUND  
YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Over (Under)</u>
<u>REVENUE:</u>				
Property taxes	\$ 710,316	\$ 710,316	\$ 692,387	\$ (17,929)
Penalties and interest	7,106	7,106	8,313	1,207
Business and franchise taxes	74,960	74,960	64,413	(10,547)
Payment in lieu of taxes	1,793	1,793	1,608	(185)
State grants	-	-	35,935	35,935
State shared	535,564	535,564	558,714	23,150
Interest	1,235	1,235	3,059	1,824
Refunds and reimbursements	6,000	6,000	294,369	288,369
Miscellaneous	2,379	2,379	2,522	143
Total revenue	<u>1,339,353</u>	<u>1,339,353</u>	<u>1,661,320</u>	<u>321,967</u>
<u>EXPENDITURES:</u>				
Salaries	446,277	446,277	418,467	(27,810)
Personnel benefits	177,166	177,166	167,134	(10,032)
Office supplies and postage	1,300	1,300	106	(1,194)
Operating supplies	75,000	75,000	38,020	(36,980)
New equipment - non-capital	-	-	2,470	2,470
Professional services	-	-	697	697
Advertising	500	500	192	(308)
Insurance and bonds	29,956	29,956	29,956	-
Dues and subscriptions	400	400	200	(200)
Personnel training	4,000	4,000	4,362	362
Telephone	6,500	6,500	2,877	(3,623)
Utilities	10,650	10,650	12,250	1,600
Gas and oil	42,000	42,000	16,527	(25,473)
Repairs and maintenance	60,200	60,200	36,048	(24,152)
Street maintenance	289,074	289,074	93,928	(195,146)
Other purchased services	5,000	5,000	6,779	1,779
Uniforms	1,500	1,500	138	(1,362)
Medical services	750	750	-	(750)
Miscellaneous expense	-	-	470	470
Street lighting	63,000	63,000	71,946	8,946
Capital outlay - equipment	57,780	57,780	57,857	77
Construction project	240,500	240,500	356,192	115,692
Total expenditures	<u>1,511,553</u>	<u>1,511,553</u>	<u>1,316,616</u>	<u>(194,937)</u>
<u>EXCESS (DEFICIENCY) OF REVENUE</u>				
<u>OVER EXPENDITURES</u>	<u>(172,200)</u>	<u>(172,200)</u>	<u>344,704</u>	<u>516,904</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Net change in fair value of investments	-	-	(6,296)	(6,296)
Transfers in (out)	(27,800)	(27,800)	(7,466)	20,334
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(27,800)</u>	<u>(27,800)</u>	<u>(13,762)</u>	<u>14,038</u>
<u>NET CHANGES IN FUND BALANCE</u>	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	<u>\$ 330,942</u>	<u>\$ 530,942</u>

CITY OF JEROME, IDAHO  
BUDGETARY COMPARISON SCHEDULE  
LIBRARY FUND  
YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts Budgetary	With Final Budget Over (Under)
<u>REVENUE:</u>				
Property taxes	\$ 365,361	\$ 365,361	\$ 355,987	\$ (9,374)
Penalties and interest	3,450	3,450	3,950	500
Payment in lieu of taxes	886	886	829	(57)
State shared revenue	21,240	21,240	21,229	(11)
Interest	181	181	280	99
Contributions	596	596	965	369
Refunds and reimbursements	723	723	1,780	1,057
Fines	6,157	6,157	8,214	2,057
Miscellaneous	8,652	8,652	12,257	3,605
Total revenue	<u>407,246</u>	<u>407,246</u>	<u>405,491</u>	<u>(1,755)</u>
<u>EXPENDITURES:</u>				
Salaries	225,164	225,164	214,809	(10,355)
Personnel benefits	81,376	81,376	93,083	11,707
Office supplies and postage	2,000	2,000	1,398	(602)
Operating supplies	11,500	11,500	7,363	(4,137)
Dues and subscriptions	400	400	285	(115)
Personnel training	5,264	5,264	2,622	(2,642)
Telephone	2,080	2,080	3,725	1,645
Utilities	8,700	8,700	9,374	674
Repairs	8,940	8,940	6,572	(2,368)
Other purchased services	120	120	304	184
Books and magazines	37,684	37,684	25,197	(12,487)
Miscellaneous	800	800	975	175
Capital outlay - equipment	180	180	519	339
Total expenditures	<u>384,208</u>	<u>384,208</u>	<u>366,226</u>	<u>(17,982)</u>
<u>EXCESS (DEFICIENCY) OF REVENUE</u>				
<u>OVER EXPENDITURES</u>	<u>23,038</u>	<u>23,038</u>	<u>39,265</u>	<u>16,227</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Net change in fair value of investments	-	-	(532)	(532)
Transfers in (out)	(29,038)	(29,038)	(21,966)	7,072
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(29,038)</u>	<u>(29,038)</u>	<u>(22,498)</u>	<u>6,540</u>
<u>NET CHANGES IN FUND BALANCE</u>	<u>\$ (6,000)</u>	<u>\$ (6,000)</u>	<u>\$ 16,767</u>	<u>\$ 22,767</u>

CITY OF JEROME, IDAHO  
BUDGETARY COMPARISON SCHEDULE  
PARK FUND  
YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts Budgetary	With Final Budget Over (Under)
<u>REVENUE:</u>				
Property taxes	\$ 156,271	\$ 156,271	\$ 151,963	\$ (4,308)
Penalties and interest	1,714	1,714	1,816	102
Payment in lieu of taxes	411	411	353	(58)
State shared revenue	10,414	10,414	9,035	(1,379)
Interest	98	98	199	101
Miscellaneous	589	589	3,548	2,959
Total revenue	<u>169,497</u>	<u>169,497</u>	<u>166,914</u>	<u>(2,583)</u>
<u>EXPENDITURES:</u>				
Salaries	60,179	60,179	55,772	(4,407)
Personnel benefits	24,157	24,157	24,547	390
Office supplies and postage	50	50	13	(37)
Operating supplies	10,000	10,000	4,236	(5,764)
New equipment - non-capital	2,000	2,000	-	(2,000)
Advertising	100	100	-	(100)
Dues and subscriptions	300	300	180	(120)
Personnel training	800	800	373	(427)
Telephone	500	500	3	(497)
Utilities	47,500	47,500	84,142	36,642
Gas and oil	3,500	3,500	1,782	(1,718)
Repairs and maintenance	4,950	4,950	3,531	(1,419)
Other purchased services	6,000	6,000	5,284	(716)
Tree maintenance	1,500	1,500	-	(1,500)
Habitat project	2,000	2,000	171	(1,829)
Miscellaneous	170	170	26	(144)
Capital outlay - equipment	60	60	492	432
Total expenditures	<u>163,766</u>	<u>163,766</u>	<u>180,552</u>	<u>16,786</u>
<u>EXCESS (DEFICIENCY) OF REVENUE</u>				
<u>OVER EXPENDITURES</u>	<u>5,731</u>	<u>5,731</u>	<u>(13,638)</u>	<u>(19,369)</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Net change in fair value of investments	-	-	(470)	(470)
Transfers in (out)	(4,077)	(4,077)	(3,143)	934
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(4,077)</u>	<u>(4,077)</u>	<u>(3,613)</u>	<u>464</u>
<u>NET CHANGES IN FUND BALANCE</u>	<u>\$ 1,654</u>	<u>\$ 1,654</u>	<u>\$ (17,251)</u>	<u>\$ (18,905)</u>

CITY OF JEROME, IDAHO  
BUDGETARY COMPARISON SCHEDULE  
IRRIGATION FUND  
YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts Budgetary Basis	With Final Budget Over (Under)
<u>REVENUE:</u>				
Charges for services	\$ 131,550	\$ 131,550	\$ 130,820	\$ (730)
Miscellaneous	<u>21,682</u>	<u>21,682</u>	<u>13,905</u>	<u>(7,777)</u>
Total revenue	<u>153,232</u>	<u>153,232</u>	<u>144,725</u>	<u>(8,507)</u>
<u>EXPENDITURES:</u>				
Salaries	54,799	54,799	55,650	851
Personnel benefits	21,450	21,450	24,894	3,444
Office supplies and postage	1,000	1,000	841	(159)
Operating supplies	10,115	10,115	17,831	7,716
Professional services	17,600	17,600	10,342	(7,258)
Advertising and publishing	200	200	187	(13)
Telephone	3,000	3,000	593	(2,407)
Utilities	500	500	256	(244)
Gas and oil	3,500	3,500	614	(2,886)
Repairs and maintenance	32,500	32,500	24,423	(8,077)
Other services	2,000	2,000	9,204	7,204
Uniforms	300	300	484	184
Medical services	100	100	-	(100)
Miscellaneous	20	20	150	130
Allowance for depreciation	<u>-</u>	<u>-</u>	<u>4,845</u>	<u>4,845</u>
Total expenditures	<u>147,084</u>	<u>147,084</u>	<u>150,314</u>	<u>3,230</u>
<u>EXCESS (DEFICIENCY) OF REVENUE</u>				
<u>OVER EXPENDITURES</u>	<u>6,148</u>	<u>6,148</u>	<u>(5,589)</u>	<u>(11,737)</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Interest revenue	9	9	27	18
Net change in fair value of investments	-	-	(102)	(102)
Transfers in (out)	<u>(6,097)</u>	<u>(6,097)</u>	<u>(4,891)</u>	<u>1,206</u>
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(6,088)</u>	<u>(6,088)</u>	<u>(4,966)</u>	<u>1,122</u>
<u>NET CHANGES IN FUND BALANCE</u>	<u>\$ 60</u>	<u>\$ 60</u>	<u>\$ (10,555)</u>	<u>\$ (10,615)</u>

Reconciliation of Earnings to Budget

Earnings	\$ 60	\$ 60	\$ (10,555)	\$ (10,615)
Allowance for depreciation	-	-	4,845	4,845
Capital outlay	<u>(10,060)</u>	<u>(10,060)</u>	<u>(7,327)</u>	<u>2,733</u>
	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	<u>\$ (13,037)</u>	<u>\$ (3,037)</u>

CITY OF JEROME, IDAHO  
BUDGETARY COMPARISON SCHEDULE  
SANITATION FUND  
YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts Budgetary Basis	With Final Budget Over (Under)
<u>REVENUE:</u>				
Charges for services	\$ 235,060	\$ 235,060	\$ 259,147	\$ 24,087
Miscellaneous	<u>3,748</u>	<u>3,748</u>	<u>2,235</u>	<u>(1,513)</u>
Total revenue	<u>238,808</u>	<u>238,808</u>	<u>261,382</u>	<u>22,574</u>
<u>EXPENDITURES:</u>				
Salaries	60,691	60,691	57,286	(3,405)
Personnel benefits	21,750	21,750	22,551	801
Office supplies and postage	6,616	6,616	4,839	(1,777)
Operating supplies	2,500	2,500	1,559	(941)
Repairs and maintenance	150	150	141	(9)
Purchased services	139,147	139,147	156,842	17,695
Loss on uncollectible accounts	1,000	1,000	118	(882)
Miscellaneous	<u>359</u>	<u>359</u>	<u>537</u>	<u>178</u>
Total expenditures	<u>232,213</u>	<u>232,213</u>	<u>243,873</u>	<u>11,660</u>
<u>EXCESS (DEFICIENCY) OF REVENUE</u>				
<u>OVER EXPENDITURES</u>	<u>6,595</u>	<u>6,595</u>	<u>17,509</u>	<u>10,914</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Interest revenue	643	643	562	(81)
Net change in fair value of investments	-	-	(944)	(944)
Transfers in (out)	<u>(3,738)</u>	<u>(3,738)</u>	<u>(1,690)</u>	<u>2,048</u>
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(3,095)</u>	<u>(3,095)</u>	<u>(2,072)</u>	<u>1,023</u>
<u>NET CHANGES IN FUND BALANCE</u>	<u>\$ 3,500</u>	<u>\$ 3,500</u>	<u>\$ 15,437</u>	<u>\$ 11,937</u>

Reconciliation of Earnings to Budget

Earnings	\$ 3,500	\$ 3,500	\$ 15,437	\$ 11,937
Capital outlay	<u>(240)</u>	<u>(240)</u>	<u>-</u>	<u>240</u>
	<u>\$ 3,260</u>	<u>\$ 3,260</u>	<u>\$ 15,437</u>	<u>\$ 12,177</u>

CITY OF JEROME, IDAHO  
 BUDGETARY COMPARISON SCHEDULE  
 WATER FUND  
 YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts	With Final
			Amounts	Budget
			Basis	Over (Under)
<u>REVENUE:</u>				
Charges for services	\$ 2,353,738	\$ 2,353,738	\$ 2,578,021	\$ 224,283
Miscellaneous	30,000	30,000	19,481	(10,519)
Total revenue	<u>2,383,738</u>	<u>2,383,738</u>	<u>2,597,502</u>	<u>213,764</u>
<u>EXPENDITURES:</u>				
Salaries	659,547	659,547	663,156	3,609
Personnel benefits	264,715	264,715	297,144	32,429
Office supplies and postage	8,000	8,000	6,030	(1,970)
Operating supplies	159,256	159,256	120,946	(38,310)
New equipment - non-capital	5,700	5,700	4,166	(1,534)
Public relations	11,000	11,000	9,345	(1,655)
Professional services	18,160	18,160	34,964	16,804
Advertising and publishing	1,100	1,100	997	(103)
Insurance and bonds	34,956	34,956	34,956	-
Dues and subscriptions	1,710	1,710	1,046	(664)
Personnel training	6,200	6,200	3,545	(2,655)
Telephone	9,000	9,000	6,257	(2,743)
Utilities	189,000	189,000	206,262	17,262
Gas and oil	73,000	73,000	45,965	(27,035)
Repairs and maintenance	77,500	77,500	73,126	(4,374)
Other purchased services	23,000	23,000	8,957	(14,043)
Cost share with Jerome County	5,869	5,869	5,869	-
Uniforms	2,000	2,000	541	(1,459)
Medical services	1,000	1,000	-	(1,000)
Loss on uncollectible accounts	9,500	9,500	12,979	3,479
Miscellaneous	2,000	2,000	2,540	540
Allowance for depreciation	-	-	208,361	208,361
Total expenditures	<u>1,562,213</u>	<u>1,562,213</u>	<u>1,747,152</u>	<u>184,939</u>
<u>EXCESS (DEFICIENCY) OF REVENUE</u>				
<u>OVER EXPENDITURES</u>	<u>821,525</u>	<u>821,525</u>	<u>850,350</u>	<u>28,825</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
State grants	-	-	8,100	8,100
Donations	350,000	350,000	45,000	(305,000)
Interest revenue	6,600	6,600	7,766	1,166
Net change in value of investments	-	-	(10,601)	(10,601)
Amortization of bond issuance costs	-	-	(2,721)	(2,721)
Interest expense	(342,438)	(342,438)	(164,511)	177,927
Transfers in (out)	(48,474)	(48,474)	(33,475)	14,999
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(34,312)</u>	<u>(34,312)</u>	<u>(150,442)</u>	<u>(116,130)</u>
<u>NET CHANGES IN FUND BALANCE</u>	<u>\$ 787,213</u>	<u>\$ 787,213</u>	<u>\$ 699,908</u>	<u>\$ (87,305)</u>

Reconciliation of Earnings to Budget

Earnings	\$ 787,213	\$ 787,213	\$ 699,908	\$ (87,305)
Allowance for depreciation	-	-	208,361	208,361
Allowance for amortization	-	-	2,721	2,721
Capital outlay	(1,845,909)	(1,845,909)	(139,252)	1,706,657
Principal on bonds payable	-	-	(175,000)	(175,000)
	<u>\$ (1,058,696)</u>	<u>\$ (1,058,696)</u>	<u>\$ 596,738</u>	<u>\$ 1,655,434</u>

CITY OF JEROME, IDAHO  
BUDGETARY COMPARISON SCHEDULE  
SEWER FUND  
YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Amounts</u>	<u>Budget</u>
			<u>Basis</u>	<u>Over (Under)</u>
<u>REVENUE:</u>				
Charges for services	\$ 6,213,068	\$ 6,213,068	\$ 4,160,210	\$ (2,052,858)
Miscellaneous	63,551	63,551	161,853	98,302
Total revenue	<u>6,276,619</u>	<u>6,276,619</u>	<u>4,322,063</u>	<u>(1,954,556)</u>
<u>EXPENDITURES:</u>				
Salaries	997,632	997,632	858,277	(139,355)
Personnel benefits	369,684	369,684	350,716	(18,968)
Office supplies and postage	6,500	6,500	6,341	(159)
Operating supplies	347,581	347,581	226,889	(120,692)
New equipment - non-capital	13,400	13,400	30,044	16,644
Professional services	200,000	200,000	66,775	(133,225)
Advertising and publishing	-	-	1,212	1,212
Insurance and bonds	57,394	57,394	61,718	4,324
Personnel training	9,500	9,500	2,591	(6,909)
Dues and subscriptions	1,400	1,400	1,859	459
Telephone	9,900	9,900	14,226	4,326
Utilities	397,280	397,280	398,863	1,583
Gas and oil	73,000	73,000	48,646	(24,354)
Repairs and maintenance	115,750	115,750	118,156	2,406
Other purchased services	302,133	302,133	205,349	(96,784)
Uniforms	5,163	5,163	5,321	158
Medical services	1,000	1,000	-	(1,000)
Equipment replacement	859,553	859,553	-	(859,553)
Loss on uncollectible accounts	6,500	6,500	7,692	1,192
Miscellaneous	3,200	3,200	4,941	1,741
Allowance for depreciation	-	-	732,645	732,645
Total expenditures	<u>3,776,570</u>	<u>3,776,570</u>	<u>3,142,261</u>	<u>(634,309)</u>
<u>EXCESS (DEFICIENCY) OF REVENUE</u>				
<u>OVER EXPENDITURES</u>	<u>2,500,049</u>	<u>2,500,049</u>	<u>1,179,802</u>	<u>(1,320,247)</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
State grants	-	-	847	847
Donations	-	-	20,938	20,938
Interest revenue	2,333	2,333	3,588	1,255
Net change in value of investments	-	-	(6,297)	(6,297)
Interest expense	(2,382,521)	(2,382,521)	(315,484)	2,067,037
Amortization of bond issuance costs	-	-	(2,905)	(2,905)
Transfers in (out)	(68,381)	(68,381)	(52,686)	15,695
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(2,448,569)</u>	<u>(2,448,569)</u>	<u>(351,999)</u>	<u>2,096,570</u>
<u>NET CHANGES IN FUND BALANCE</u>	<u>\$ 51,480</u>	<u>\$ 51,480</u>	<u>\$ 827,803</u>	<u>\$ 776,323</u>

Reconciliation of Earnings to Budget

Earnings	\$ 51,480	\$ 51,480	\$ 827,803	\$ 776,323
Bond proceeds	43,000,000	43,000,000	-	(43,000,000)
Allowance for depreciation	-	-	732,645	732,645
Allowance for amortization	-	-	2,905	2,905
Capital outlay	(43,051,480)	(43,051,480)	(228,268)	42,823,212
Principal on bonds payable	-	-	(365,000)	(365,000)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 970,085</u>	<u>\$ 970,085</u>



CITY OF JEROME, IDAHO  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2013

**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, and Library Fund show budgeted expenditures in excess of revenue.

CITY OF JEROME, IDAHO  
 COMBINING BALANCE SHEET NONMAJOR INTERNAL SERVICE FUNDS  
 YEAR ENDED SEPTEMBER 30, 2013

<u>ASSETS:</u>	<u>Engineering</u>	<u>Human Resources</u>	<u>Information Technology</u>	<u>Total</u>
Current Assets:				
Pooled cash and cash equivalents	\$ 1,227	\$ 529	\$ 17,710	\$ 19,466
Total current assets	<u>1,227</u>	<u>529</u>	<u>17,710</u>	<u>19,466</u>
<u>TOTAL ASSETS</u>	<u>1,227</u>	<u>529</u>	<u>17,710</u>	<u>19,466</u>
 <u>LIABILITIES AND NET POSITION</u>				
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts payable - trade	<u>1,227</u>	<u>529</u>	<u>17,710</u>	<u>19,466</u>
Total current liabilities	<u>1,227</u>	<u>529</u>	<u>17,710</u>	<u>19,466</u>
<u>TOTAL LIABILITIES</u>	<u>1,227</u>	<u>529</u>	<u>17,710</u>	<u>19,466</u>
<u>TOTAL NET POSITON</u>	<u>\$ 1,227</u>	<u>\$ 529</u>	<u>\$ 17,710</u>	<u>\$ 19,466</u>

CITY OF JEROME, IDAHO  
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
NONMAJOR INTERNAL SERVICE FUNDS  
SEPTEMBER 30, 2013

	<u>Engineering</u>	<u>Human Resources</u>	<u>Information 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	3,486	2,206	19,461	25,153
New equipment - non-capital	762	-	42,629	43,391
Professional services	-	1,783	91,848	93,631
Advertising and publishing	-	2,381	-	2,381
Dues and subscriptions	240	1,550	-	1,790
Personnel training	7,898	2,114	5,938	15,950
Telephone	1,832	542	-	2,374
Utilities	4,275	-	-	4,275
Gas and oil	864	-	-	864
Repairs	6,905	-	-	6,905
Medical services	-	2,525	-	2,525
	<u>26,262</u>	<u>13,101</u>	<u>159,876</u>	<u>199,239</u>
Operating earnings (loss)	(26,262)	(13,101)	(159,876)	(199,239)
Income before other revenues, expenses, gains, losses and transfers	(26,262)	(13,101)	(159,876)	(199,239)
Operating transfers in (out)	<u>26,262</u>	<u>13,101</u>	<u>159,876</u>	<u>199,239</u>
<u>INCREASE (DECREASE) IN NET POSITION</u>	-	-	-	-
<u>NET POSITION AT OCTOBER 1, 2012</u>	-	-	-	-
<u>NET POSITION AT SEPTEMBER 30, 2013</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF JEROME, IDAHO  
SCHEDULE OF EXPENDITURES BY OBJECT AND FUNTION  
GENERAL FUND  
SEPTEMBER 30, 2013

	<u>Legislative</u>	<u>Executive</u>	<u>Finance &amp; Administration</u>	<u>Law Enforcement</u>	<u>Fire Control</u>	<u>Building Inspections</u>	<u>Animal Control</u>	<u>Total</u>
Current:								
Salaries	\$ 24,005	\$ 12,000	\$ 130,555	\$ 927,366	\$ 715,569	\$ 95,195	\$ 44,458	\$ 1,949,148
Personnel benefits	23,808	14,344	66,236	388,772	408,757	35,759	16,584	954,260
Office supplies	-	-	832	1,207	486	6	12	2,543
Supplies	-	-	9,648	11,902	48,228	340	4,375	74,493
Ammunition	-	-	-	3,657	-	-	-	3,657
New equipment - non-capital	-	-	-	5,039	60,103	-	-	65,142
Public relations	-	-	51,972	-	1,172	-	-	53,144
Professional services	-	-	189,544	3,917	2,889	-	4,523	200,873
Advertising and publishing	-	-	3,055	-	1,354	-	-	4,409
Insurance	-	-	35,161	241	-	-	-	35,402
Travel and meetings	625	149	-	-	-	-	-	774
Dues and subscriptions	-	-	4,533	5,133	4,552	1,115	360	15,693
Personnel training	-	-	13,431	14,592	9,341	269	129	37,762
Telephone	-	602	9,512	25,118	12,989	2,462	754	51,437
Utilities	-	-	14,175	5,221	11,826	-	4,145	35,367
Gas and oil	-	-	490	44,251	12,221	2,942	1,273	61,177
Repairs	-	-	15,191	39,832	83,229	1,177	2,455	141,884
Other purchased services	-	-	4,497	825	9,825	4,557	-	19,704
Cost share with Jerome County	-	-	-	103,296	8,217	-	-	111,513
Uniforms	-	-	138	9,796	8,300	46	991	19,271
Medical services	-	-	-	568	6,551	-	-	7,119
Crime prevention	-	-	-	2,430	-	-	-	2,430
Drug dog expense	-	-	-	1,706	-	-	-	1,706
Equipment replacement	-	-	533	-	-	-	-	533
Miscellaneous	-	-	2,481	711	275	29	16	3,512
Total current	48,438	27,095	551,984	1,595,580	1,405,884	143,897	80,075	3,852,953
Capital outlay	-	-	32,256	102,390	5,308	-	-	139,954
Debt service	-	-	61,649	-	46,444	-	-	108,093
	<u>\$ 48,438</u>	<u>\$ 27,095</u>	<u>\$ 645,889</u>	<u>\$ 1,697,970</u>	<u>\$ 1,457,636</u>	<u>\$ 143,897</u>	<u>\$ 80,075</u>	<u>\$ 4,101,000</u>

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

Fiscal Year Ending September 30,	Beginning Balance October 1,	Levy Charge	<u>Additions</u>	<u>Deletions</u>	<u>Collections</u>	Ending Balance September 30,
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
2007	108,762	2,596,250	...	1,248	2,597,952	105,812
2006	122,127	2,359,795	...	899	2,372,261	108,762
2005	121,119	2,222,246	...	1,560	2,219,678	122,127
2004	122,906	2,216,551	...	3,736	2,214,602	121,119

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

	Year Ended September 30,									
GOVERNMENTAL FUNDS:	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Legislative .....	\$ 48,438	\$43,620	\$ 47,302	\$ 47,663	\$ 47,663	\$ 45,084	\$ 39,906	\$ 38,910	\$ 37,278	\$ 37,418
Executive .....	27,095	21,123	22,887	21,568	20,825	20,169	20,456	17,231	14,055	14,101
Finance and administration .....	645,889	491,427	751,777	741,821	1,035,458	730,381	436,539	416,715	417,120	338,011
Law enforcement .....	1,697,970	1,534,474	1,461,979	1,588,824	1,437,053	1,189,322	1,047,177	1,050,796	966,841	928,714
Fire control .....	1,457,636	1,333,267	1,235,893	1,210,833	1,280,372	791,393	809,153	678,926	651,221	559,378
Building inspection .....	143,897	128,337	124,640	180,410	138,157	117,551	109,714	83,936	59,910	54,641
Animal control .....	80,075	73,038	73,791	71,392	73,949	59,322	54,224	49,357	48,839	45,503
Street .....	1,316,616	2,088,261	1,833,217	1,830,694	2,229,547	2,190,327	1,359,216	1,468,969	1,295,785	888,614
Library .....	366,226	328,037	307,603	322,316	288,919	244,929	232,562	1,106,791	357,041	215,286
Park .....	180,552	148,003	147,204	179,751	115,593	107,043	122,451	113,475	110,070	82,929
<b>PROPRIETARY FUNDS:</b>										
Irrigation .....	150,314	136,209	174,658	223,096	113,563	113,395	103,425	106,894	100,768	98,541
Sanitation .....	243,873	240,056	249,125	256,477	233,020	221,244	200,975	188,517	188,297	242,355
Water .....	1,914,384	1,756,280	1,855,539	1,737,893	1,397,332	1,278,054	1,129,144	1,282,056	1,019,160	971,474
Waste water treatment .....	3,460,649	3,465,759	3,692,062	3,033,032	2,892,092	2,189,962	1,807,185	1,504,554	1,220,595	1,146,466
Engineering .....	26,944	21,944	26,894	23,046	...	...	...	...	...	...
Human Resources .....	13,101	19,509	15,299	10,919	...	...	...	...	...	...
Information technology .....	159,876	109,519	168,179	176,560	97,274	142,678	123,357	98,890	63,013	95,954
	<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>	<u>\$7,595,484</u>	<u>\$8,206,017</u>	<u>\$6,549,993</u>	<u>\$5,719,385</u>

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

	Year Ended September 30,									
<u>GOVERNMENTAL FUNDS:</u>	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Property tax and penalties ...	\$ 4,152,497	\$ 3,758,819	\$ 3,600,762	\$ 3,491,460	\$ 2,674,442	\$ 2,258,464	\$ 2,042,103	\$1,831,141	\$1,648,806	\$1,672,013
Intergovernmental .....	1,356,440	1,403,350	1,388,723	1,336,685	1,149,548	1,279,161	3,555,464	1,530,817	1,408,204	1,240,355
Charges for services and taxable sales .....	13,975	10,446	11,653	15,450	6,361	7,193	6,750	6,499	6,702	4,567
Interest .....	5,857	3,272	5,793	7,339	33,458	113,181	62,693	34,711	21,298	14,962
Contributions .....	5,950	201,854	319,571	386,374	413,392	740,573	80,633	328,998	110,268	27,916
Other .....	1,132,156	1,690,535	710,832	661,616	503,201	1,461,614	919,440	685,333	447,534	233,524
	<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>	<u>6,667,083</u>	<u>4,417,499</u>	<u>3,642,812</u>	<u>3,193,337</u>
<u>PROPRIETARY FUNDS:</u>										
Charges for services .....	7,524,911	6,234,414	5,634,469	6,302,067	6,034,733	4,649,647	3,822,388	3,199,392	2,964,549	2,996,826
Interest .....	11,943	10,610	9,614	16,058	57,617	225,008	587,613	273,850	80,847	50,789
Other .....	56,941	(572)	2,585	4,211	21,159	32,556	223,388	232,880	137,065	404,910
	<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>4,633,389</u>	<u>3,706,122</u>	<u>3,182,461</u>	<u>3,452,525</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>	<u>\$11,300,472</u>	<u>\$8,123,621</u>	<u>\$6,825,273</u>	<u>\$6,645,862</u>

# Rexroat, Harberd & Assoc., P.A.

## Certified Public Accountants

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March 19, 2014

Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards

Mayor and Council  
City of Jerome  
Jerome, Idaho 83338

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of City of Jerome as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 19, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the next paragraph, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the City's lack of ability to prepare financial statements in conformity with generally accepted accounting principles to be a material weakness.



A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### **Compliance and Other Matters**

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

#### **City of Jerome's Response to Findings**

The City of Jerome's response to the findings identified in our audit is described below. The response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

*Response of City of Jerome:* "We are hiring the auditor to assist us in preparing the financial statements as we do not have the expertise to do this ourselves. We consider this to be the best solution to our situation, though we do acknowledge that we technically have a material weakness in our internal control over financial reporting."

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Reynold, Harberd & Assoc., P.A.