

CITY OF JEROME, IDAHO

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

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

P.O. Box 7 - 125 North Buchanan - Jerome, Idaho 83338

Telephone 208-324-2351 Fax 208-324-8266

February 16, 2015

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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jerome, Idaho, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Jerome, Idaho, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jerome, Idaho, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Jerome, Idaho. The combining statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The other schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2015, on our consideration of internal control over financial reporting of the City of Jerome, Idaho, 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.

Reynold, Harberd & Assoc., P.A.

CITY OF JEROME
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2014

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 2014 represents the tenth 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 2015 Priorities. This report covers the Fiscal Year 2014 that began on October 1, 2013 and ended on September 30, 2014. Fiscal Year 2015 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 2014 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, 2014

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

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for both as readers may better understand the long-term impact of the government's near-term financing decisions.

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

CITY OF JEROME
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2014

(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 2014, 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, 2014

Table 3.1 Net Position - FY 2013 & FY 2014						
	Governmental Activities FY 2013	Governmental Activities FY 2014	Business- Type Activities FY 2013	Business- Type Activities FY 2014	Total FY 2013	Total FY 2014
Current Assets	\$3,229,758	\$2,886,287	\$6,366,326	\$19,549,135	\$9,596,084	\$22,435,422
Capital Assets - Net	\$10,419,131	\$10,725,481	\$27,124,930	\$29,938,771	\$37,544,061	\$40,664,252
Total Assets	\$13,648,889	\$13,611,768	\$33,491,256	\$49,487,906	\$47,140,145	\$63,099,674
Current Liabilities	\$540,339	\$480,143	\$877,372	\$1,320,082	\$1,417,711	\$1,800,225
Non-Current Liabilities	\$1,092,800	\$1,022,605	\$9,752,417	\$23,037,178	\$10,845,217	\$24,059,783
Total Liabilities	\$1,633,139	\$1,502,748	\$10,629,789	\$24,357,260	\$12,262,928	\$25,860,008
Net Position:						
Invested in Capital Assets	\$9,574,021	\$9,948,539	\$17,114,700	\$6,758,940	\$26,688,721	\$16,707,479
Restricted	\$21,534	\$24,592	\$2,859,736	\$13,737,144	\$2,881,270	\$13,761,736
Unrestricted	\$2,420,195	\$2,135,889	\$2,887,031	\$4,634,562	\$5,307,226	\$6,770,451
Total Net Position	\$12,015,750	\$12,109,020	\$22,861,467	\$25,130,646	\$34,877,217	\$37,239,666

As indicated in Table 3.1, the large proportion of the City of Jerome's net assets of \$37,239,666 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 \$13,761,736 in the restricted column for Fiscal Year 2014 represents amounts that are subject to external restrictions on how they may be used. The majority of these assets are related to debt service required for the issuance of revenue related debt in the water and sewer enterprises and leases in governmental activities. The remaining \$6,770,451 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 2013, the City of Jerome had total restricted net assets of \$2,881,270 – which is an increase of \$10,880,466, or three hundred seventy seven and sixty-three hundredths percent (377.63%) and total unrestricted net assets of \$5,307,226 – which is an increase of \$1,463,225, or twenty-seven and fifty-seven hundredths percent (27.57%).

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, 2014

Table 3.2 Change in Net Position - FY 2013 & FY 2014						
	Governmental Activities FY 2013	Governmental Activities FY 2014	Business-Type Activities FY 2013	Business-Type Activities FY 2014	Total FY 2013	Total FY 2014
Revenues						
Program Revenues:						
Charges for Service	\$931,870	\$875,862	\$7,325,672	\$8,635,366	\$8,257,542	\$9,511,228
Operating Grants & Contributions	\$77,117	\$28,787	\$74,885	\$32,715	\$152,002	\$61,502
Capital Grants & Contributions	\$241,393	\$88,069			\$241,393	\$88,069
General Revenues:					\$0	\$0
Property & Other Taxes	\$4,116,254	\$4,190,783			\$4,116,254	\$4,190,783
Other Governmental License & Permits	\$1,285,273	\$1,349,191			\$1,285,273	\$1,349,191
Investment Earnings	\$5,857	\$4,794	\$11,943	\$18,186	\$17,800	\$22,980
Net Change in value of investments	(\$13,377)	(\$9,328)	(\$17,944)	(\$11,114)	(\$31,321)	(\$20,442)
Grant Revenues					\$0	\$0
Transfers:	\$0	\$11,000	\$0	(\$11,000)	\$0	\$0
Total Revenues	\$6,644,387	\$6,539,158	\$7,394,556	\$8,664,153	\$14,038,943	\$15,203,311
Expenses						
General Government	\$4,138,120	\$4,327,692			\$4,138,120	\$4,327,692
Street Services	\$1,197,071	\$1,449,323			\$1,197,071	\$1,449,323
Library Services	\$424,795	\$452,206			\$424,795	\$452,206
Park Services	\$183,685	\$216,748			\$183,685	\$216,748
Irrigation			\$155,205	\$158,247	\$155,205	\$158,247
Sanitation			\$245,563	\$257,423	\$245,563	\$257,423
Water			\$1,947,859	\$2,005,766	\$1,947,859	\$2,005,766
Sewer			\$3,513,336	\$3,973,538	\$3,513,336	\$3,973,538
Total Expenses	\$5,943,671	\$6,445,969	\$5,861,963	\$6,394,974	\$11,805,634	\$12,840,943
Change in Net Position	\$700,716	\$93,189	\$1,532,593	\$2,269,179	\$2,233,309	\$2,362,368
Net Position - beginning as reported	\$11,398,288	\$12,015,750	\$21,328,874	\$22,861,467	\$32,727,162	\$34,877,217
Prior Period adjustment	(\$83,254)	\$81	\$0	\$0	(\$83,254)	\$81
Net Position - beginning as corrected	\$11,315,034	\$12,015,831	\$21,328,874	\$22,861,467	\$32,643,908	\$34,877,298
Increase in contributed capital			\$0	\$0	\$0	\$0
Net Position - ending	\$12,015,750	\$12,109,020	\$22,861,467	\$25,130,646	\$34,877,217	\$37,239,666

CITY OF JEROME
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2014

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 \$15,203,311 while total expenses were \$12,840,943. 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 \$2,269,179 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 \$2,295,450, 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 2013 were \$2,546,581. This represents a decrease of \$251,131 or nine and eighty-six hundredths percent (9.86%). 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 \$25,130,646 for the Proprietary Funds part of which is attributed to \$29,938,771 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 \$16,850,205 which is an increase of \$12,365,990 from the previous year. The Water and Sewer Enterprise Funds have a combined unrestricted pooled cash reserve of \$2,960,240. (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 decreased by \$71,081 and \$174,056, respectively, mainly due to the City penalty payment for early withdrawal from the Idaho Independent Intergovernmental Authority Trust (healthcare trust). Net Position did improve in both the water and sewer funds due to increased utility rates over the prior year, and cash balances in the sewer fund continued to increase as well (\$969,858 of restricted water funds were spent for water improvement projects). The combined total of net investment in capital assets, net of related debt, restricted and unrestricted net position is \$37,239,666. 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, 2014

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, 2014 was \$40,664,252. This is an increase of \$3,120,191 from the previous year and reflects the following investments:

Table 4.1 Capital Assets				
	Balance 1-Oct-13	Increases	Decreases	Balance 30-Sep-14
Governmental Activities:				
Land	\$833,286			\$833,286
Buildings	\$3,648,551	\$274,274		\$3,922,825
Machinery and Equipment	\$5,273,745	\$316,240	(\$15,642)	\$5,574,343
Infrastructure	\$6,423,279	\$279,838		\$6,703,117
Construction in Progress	\$4,721		(\$4,721)	\$0
Less Accumulated Depreciation for:				
Buildings	\$1,365,014	\$108,979		\$1,473,993
Machinery and Equipment	\$3,604,905	\$220,617	(\$15,642)	\$3,809,880
Infrastructure	\$794,532	\$229,685		\$1,024,217
Net Capital Assets	\$10,419,131	\$311,071	(\$4,721)	\$10,725,481
Business Type Activities:				
Land	\$589,368	167734		\$757,102
Buildings	\$13,137,676	\$26,441		\$13,164,117
Machinery and Equipment	\$1,871,043	\$113,713	(\$21,000)	\$1,963,756
Infrastructure	\$22,829,463	\$1,477,732		\$24,307,195
Construction in Progress	\$532,452	\$2,083,886	(\$68,039)	\$2,548,299
Less Accumulated Depreciation for:				
Infrastructure	\$2,369,151	\$627,681		\$2,996,832
Buildings	\$8,311,886	\$206,907		\$8,518,793
Machinery and Equipment	\$1,154,035	\$153,038	(\$21,000)	\$1,286,073
Net Capital Assets	\$27,124,930	\$2,881,880	(\$68,039)	\$29,938,771

Of the capital expenditures \$299,970 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, 2014

Debt Management and Administration. The City of Jerome currently maintains long-term debt in the amount of \$24,819,117. Included in long-term debt is the following:

- Revenue Bonds in the amount of \$23,497,935 in the Water and Sewer Funds (annual payments estimated at \$1,321,047),
- General Obligation Bond in the amount of \$627,716 for the Senior Citizen Center (annual payment of \$60,350),
- Lease/Purchase agreement on fire pumper in the amount of \$149,225 (annual payments of \$46,434),
- Debt payable to employees for compensated absences (e.g., vacation and compensated time) in the amount of \$492,732,
- Customer deposits to be refunded at a future date in the amount of \$51,509.

The table of long-term debt is as follows:

Table 4.2 Long-Term Debt				
	Balance	Additions	Payment	Balance
	1-Oct-13		Adjustments	30-Sep-14
Governmental Activities:				
Loan Payable/Capital	\$187,019		(\$37,794)	\$149,225
Bonds Payable	\$658,091		(\$30,375)	\$627,716
Compensated Absences	\$315,240	\$319,998	(\$315,240)	\$319,998
Business-Type Activities:				
Customer Deposits	\$46,765	\$4,744		\$51,509
Loans Payable:				
Revenue Bonds	\$10,116,442	\$13,949,178	(\$567,685)	\$23,497,935
Compensated Absences	\$154,210	\$172,734	(\$154,210)	\$172,734
Total	\$11,477,767	\$14,446,654	(\$1,105,304)	\$24,819,117

CITY OF JEROME
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2014

V. Fiscal Year 2015 Fiscal Priorities

In February of 2014, the Mayor, City Council and City Staff developed the Fiscal Year 2015 spending priorities to help focus the efforts of the City's resources in the current fiscal year that began on October 1, 2014 and ends on September 30, 2015. The priorities with significant allocations are illustrated in Table 5.1.

Table 5.1 2015 Fiscal Priorities		
Capital Improvements	Projected Cost	Explanation
North Lincoln Avenue from 8th to 16th Street	\$310,000	The threshold for Street reserves to meet the 25% operational reserve requirement is \$357,136, which means the City had approximately \$310,000 of available reserves to go towards a capital project. The funds available have been allocated to a project that will reconstruct Lincoln Ave North from 8th Street to 16th Avenue.
South Davis Waterline Replacement	\$101,030	In November of 2014 the City was aggressively pursuing a \$350,000 CDBG Grant, in order to address deteriorating water lines within the community. If successful, the City will be replacing water lines at identified priority streets.
Sewer System Improvements	\$3.27 million	In 2014 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. In addition, the City will also be building an emergency storage lagoon for \$1.5 million from the City's \$13.6 million sewer bond proceeds.

CITY OF JEROME
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2014

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



Ross Hyatt
Finance Director
City of Jerome

CITY OF JEROME, IDAHO
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

<u>ASSETS:</u>	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 2,125,933	\$ 3,113,061	\$ 5,238,994
Prepaid expenses	142,250	-	142,250
Receivables	580,556	2,316,149	2,896,705
Deposits	-	-	-
Inventories	-	64,677	64,677
Restricted assets:			
Cash and cash equivalents	24,592	13,737,144	13,761,736
Capital assets:			
Land and construction in progress	833,286	3,305,401	4,138,687
Buildings, equipment and infrastructure, less accumulated depreciation	9,892,195	26,633,370	36,525,565
Other assets	12,956	318,104	331,060
Total assets	<u>13,611,768</u>	<u>49,487,906</u>	<u>63,099,674</u>
 <u>LIABILITIES:</u>			
Accounts payable and other accrued liabilities	405,809	635,082	1,040,891
Long-term liabilities:			
Current portion	74,334	685,000	759,334
Noncurrent portion	1,022,605	23,037,178	24,059,783
Total liabilities	<u>1,502,748</u>	<u>24,357,260</u>	<u>25,860,008</u>
 <u>NET POSITION:</u>			
Net investment in capital assets, net of related debt	9,948,539	6,758,940	16,707,479
Restricted for:			
Capital projects	-	11,844,049	11,844,049
Other	24,592	1,893,095	1,917,687
Unrestricted	2,135,889	4,634,562	6,770,451
Total net position	<u>\$ 12,109,020</u>	<u>\$ 25,130,646</u>	<u>\$ 37,239,666</u>

The accompanying notes are an integral part of the financial statements

CITY OF JEROME, IDAHO
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2014

	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Functions/Programs:</u>							
<u>Governmental Activities:</u>							
General government	\$ 4,327,692	\$ 584,028	23,655	\$ -	\$ (3,720,009)	\$ -	\$ (3,720,009)
Street services	1,449,323	86,184	-	87,069	(1,276,070)	-	(1,276,070)
Library services	452,206	23,927	5,132	-	(423,147)	-	(423,147)
Parks services	216,748	181,723	-	1,000	(34,025)	-	(34,025)
Total governmental activities	<u>\$ 6,445,969</u>	<u>\$ 875,862</u>	<u>28,787</u>	<u>\$ 88,069</u>	<u>(5,453,251)</u>	<u>-</u>	<u>(5,453,251)</u>
<u>Business-type Activities:</u>							
Irrigation	\$ 158,247	\$ 149,585	-	\$ -	-	(8,662)	(8,662)
Sanitation	257,423	253,206	-	-	-	(4,217)	(4,217)
Water	2,005,766	2,380,964	32,715	-	-	407,913	407,913
Sewer	3,973,538	5,851,611	-	-	-	1,878,073	1,878,073
Total business-type activities	<u>\$ 6,394,974</u>	<u>\$ 8,635,366</u>	<u>\$ 32,715</u>	<u>\$ -</u>	<u>-</u>	<u>2,273,107</u>	<u>2,273,107</u>
<u>General Revenues:</u>							
Property and other taxes					4,190,783	-	4,190,783
State shared revenue					1,349,191	-	1,349,191
Unrestricted investment earnings					4,794	18,186	22,980
Net change in value of investments					(9,328)	(11,114)	(20,442)
Transfers					11,000	(11,000)	-
Total general revenues and special items					<u>5,546,440</u>	<u>(3,928)</u>	<u>5,542,512</u>
Change in net position					<u>93,189</u>	<u>2,269,179</u>	<u>2,362,368</u>
<u>Net position:</u>							
Net position beginning of year, as reported					12,015,750	22,861,467	34,877,217
Prior period adjustment					81	-	81
Net position beginning of year, as corrected					<u>12,015,831</u>	<u>22,861,467</u>	<u>34,877,298</u>
Net position-end of year					<u>\$ 12,109,020</u>	<u>\$ 25,130,646</u>	<u>\$ 37,239,666</u>

The accompanying notes are an integral part of the financial statements

CITY OF JEROME, IDAHO
BALANCE SHEET-GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

<u>ASSETS:</u>	<u>General</u>	<u>Street</u>	<u>Library</u>	<u>Park</u>	<u>Total Governmental</u>
Pooled cash and cash equivalents	\$ 937,312	\$ 999,465	\$ 127,848	\$ 39,301	\$ 2,103,926
Non-pooled cash and cash equivalents	225	-	200	-	425
Prepaid workers compensation premium	142,250	-	-	-	142,250
Receivables:					-
Due from Irrigation Fund	31,845	-	-	-	31,845
Delinquent property taxes	159,601	38,919	19,649	8,521	226,690
Sales tax	49,691	11,823	6,099	2,596	70,209
Agriculture equipment tax	293	70	36	15	414
Highway user fee	-	91,885	-	-	91,885
Jerome Highway District	-	7,121	-	-	7,121
State revenue sharing	127,193	-	-	-	127,193
Other	25,198	-	-	-	25,198
Restricted assets:					-
Pooled cash and cash equivalents	20,816	1,250	-	2,526	24,592
<u>TOTAL ASSETS</u>	<u>\$ 1,494,424</u>	<u>\$ 1,150,533</u>	<u>\$ 153,832</u>	<u>\$ 52,959</u>	<u>\$ 2,851,748</u>
 <u>LIABILITIES:</u>					
Accounts payable - trade	\$ 73,079	\$ 43,738	\$ 14,411	\$ 26,578	\$ 157,806
Miscellaneous payable	106,470	6	3	1	106,480
Accrued payroll taxes	57,605	19,318	9,486	1,929	88,338
<u>TOTAL LIABILITIES</u>	<u>237,154</u>	<u>63,062</u>	<u>23,900</u>	<u>28,508</u>	<u>352,624</u>
 <u>DEFERRED INFLOWS OF RESOURCES:</u>					
Unavailable revenue	139,265	39,837	17,145	7,427	203,674
<u>TOTAL DEFERRED INFLOWS OF RESOURCES</u>	<u>139,265</u>	<u>39,837</u>	<u>17,145</u>	<u>7,427</u>	<u>203,674</u>
 <u>FUND BALANCES:</u>					
Nonspendable	142,250	-	-	-	142,250
Restricted	20,816	1,250	-	2,526	24,592
Committed	212,695	1,046,384	112,787	14,498	1,386,364
Assigned	-	-	-	-	-
Unassigned	742,244	-	-	-	742,244
<u>TOTAL FUND BALANCES</u>	<u>1,118,005</u>	<u>1,047,634</u>	<u>112,787</u>	<u>17,024</u>	<u>2,295,450</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>	<u>\$ 1,494,424</u>	<u>\$ 1,150,533</u>	<u>\$ 153,832</u>	<u>\$ 52,959</u>	<u>\$ 2,851,748</u>

Reconciliation to the Statement of Net Position:

Total Fund Balances - Governmental Funds	\$ 2,295,450
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	10,725,481
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	173,272
Deferred charges and related amortization are recognized in full in the year incurred and are not capitalized and amortized in the funds	12,956
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	(1,200)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	(1,096,939)
Total Net Position - Governmental Activities	<u>\$ 12,109,020</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, 2014

	General	Street	Library	Park	Total Governmental
REVENUES:					
Property taxes	\$ 2,927,720	\$ 696,852	\$ 358,909	\$ 152,967	\$ 4,136,448
Penalties - property tax	43,831	11,049	5,496	2,419	62,795
Business and franchise taxes	179,329	76,479	-	-	255,808
Payment in lieu of taxes	6,991	1,663	858	365	9,877
Licenses and permits	108,141	-	-	-	108,141
State shared	737,966	570,008	28,912	12,305	1,349,191
Grant income	23,655	87,069	-	1,000	111,724
Rent	30,585	-	-	-	30,585
Interest	1,743	2,795	173	82	4,793
Contributions	15,926	-	5,132	180,186	201,244
Refunds and reimbursements	158,405	8,226	2,313	1,537	170,481
Fines	80,295	-	8,159	-	88,454
Miscellaneous	11,347	1,480	13,456	-	26,283
Total revenue	<u>4,325,934</u>	<u>1,455,621</u>	<u>423,408</u>	<u>350,861</u>	<u>6,555,824</u>
EXPENDITURES:					
Current:					
Salaries	2,030,412	471,690	203,914	64,240	2,770,256
Personnel benefits	907,441	181,880	78,538	23,997	1,191,856
Operating supplies	79,278	52,343	11,956	7,188	150,765
Public relations	50,834	-	-	-	50,834
Professional services	186,038	47,330	-	-	233,368
Advertising and publishing	5,370	234	-	-	5,604
Insurance	41,305	35,175	-	-	76,480
Travel and meetings	1,962	-	-	-	1,962
Dues and subscriptions	22,566	40	220	100	22,926
Personnel training	42,130	3,072	2,222	479	47,903
Telephone	43,231	2,691	5,835	2	51,759
Utilities	44,389	7,460	9,960	43,215	105,024
Gas and Oil	67,772	14,010	-	1,859	83,641
Repairs and maintenance	117,695	160,574	7,484	3,478	289,231
Other purchased services	15,034	5,847	304	6,987	28,172
Cost share with Jerome County	110,148	-	-	-	110,148
Uniforms	15,887	2,756	-	293	18,936
Medical services	10,459	-	-	-	10,459
Books and magazines	-	-	31,564	-	31,564
Street lighting	-	84,249	-	-	84,249
Withdrawal Penalty	245,860	57,334	32,560	7,925	343,679
Miscellaneous	6,651	571	1,029	2,110	10,361
Capital outlay	92,293	490,066	8,742	274,531	865,632
Debt service	106,784	-	-	-	106,784
Total expenditures	<u>4,243,539</u>	<u>1,617,322</u>	<u>394,328</u>	<u>436,404</u>	<u>6,691,593</u>
EXCESS (DEFICIENCY) OF REVENUE OVER	<u>82,395</u>	<u>(161,701)</u>	<u>29,080</u>	<u>(85,543)</u>	<u>(135,769)</u>
EXPENDITURES					
OTHER FINANCING SOURCES (USES):					
Net change in fair value of investments	(4,683)	(4,047)	(416)	(181)	(9,327)
Transfers in (out)	(148,874)	(8,308)	(19,802)	70,868	(106,116)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(153,557)</u>	<u>(12,355)</u>	<u>(20,218)</u>	<u>70,687</u>	<u>(115,443)</u>
NET CHANGE IN FUND BALANCES	<u>(71,162)</u>	<u>(174,056)</u>	<u>8,862</u>	<u>(14,856)</u>	<u>(251,212)</u>
Fund balance October 1, 2013, as originally reported	1,189,086	1,221,690	103,925	31,880	2,546,581
Prior period adjustment	81	-	-	-	81
Fund balance October 1, 2013, as corrected	<u>1,189,167</u>	<u>1,221,690</u>	<u>103,925</u>	<u>31,880</u>	<u>2,546,662</u>
FUND BALANCE SEPTEMBER 30, 2014	<u>\$ 1,118,005</u>	<u>\$ 1,047,634</u>	<u>\$ 112,787</u>	<u>\$ 17,024</u>	<u>\$ 2,295,450</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, 2014

Continued from previous page

Reconciliation to the Statement of Activities:

Total net changes in fund balances - governmental funds (from previous page)	\$ (251,212)
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	62,784
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	865,631
Depreciation expense	(559,281)
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>(24,733)</u>
Change in net position of governmental activities	<u><u>\$ 93,189</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF JEROME, IDAHO
STATEMENT OF NET POSITION-PROPRIETARY FUNDS
SEPTEMBER 30, 2014

ASSETS:	Business-type Activities					Governmental Activities- Internal Service Funds
	Irrigation	Sanitation	Water	Sewer	Total	
Current Assets:						
Pooled cash and cash equivalents	\$ -	\$ 152,496	\$ 810,539	\$ 2,149,701	3,112,736	\$ 21,583
Non-pooled cash and cash equivalents	-	-	325	-	325	-
Patron receivables	78,265	37,491	385,930	1,790,887	2,292,573	-
Less allowance for uncollectible accounts	-	(107)	(1,163)	(6,695)	(7,965)	-
Other receivables	-	-	-	4,365	4,365	-
Grant receivable	-	-	2,565	-	2,565	-
Accrued interest	24,611	-	-	-	24,611	-
Deposit on land purchase	-	-	-	-	-	-
Inventory of supplies	-	-	64,677	-	64,677	-
Total current assets	<u>102,876</u>	<u>189,880</u>	<u>1,262,873</u>	<u>3,938,258</u>	<u>5,493,887</u>	<u>21,583</u>
Restricted assets:						
Pooled cash and cash equivalents	-	6,105	1,192,187	28,565	1,226,857	-
Non-pooled cash and cash equivalents	-	-	-	12,510,287	12,510,287	-
Total restricted assets	<u>-</u>	<u>6,105</u>	<u>1,192,187</u>	<u>12,538,852</u>	<u>13,737,144</u>	<u>-</u>
Noncurrent Assets:						
Land	-	-	464,568	292,534	757,102	-
Construction in progress	-	-	72,000	2,476,299	2,548,299	-
Infrastructure	7,153	-	5,731,388	18,568,654	24,307,195	-
Buildings	-	-	1,459,638	11,704,479	13,164,117	-
Machinery and equipment	45,737	1,029	839,733	1,077,257	1,963,756	-
Less accumulated depreciation	(25,704)	(48)	(2,303,540)	(10,472,406)	(12,801,698)	-
Total noncurrent assets	<u>27,186</u>	<u>981</u>	<u>6,263,787</u>	<u>23,646,817</u>	<u>29,938,771</u>	<u>-</u>
Other Assets:						
Deferred charge - Bonds	-	-	67,136	289,377	356,513	-
Less accumulated amortization	-	-	(16,363)	(22,046)	(38,409)	-
	<u>-</u>	<u>-</u>	<u>50,773</u>	<u>267,331</u>	<u>318,104</u>	<u>-</u>
TOTAL ASSETS	<u>130,062</u>	<u>196,966</u>	<u>8,769,620</u>	<u>40,391,258</u>	<u>49,487,906</u>	<u>21,583</u>
LIABILITIES AND NET POSITION						
LIABILITIES:						
Current Liabilities:						
Due to General Fund	31,845	-	-	-	31,845	-
Accounts payable - trade	2,389	14,040	70,720	390,454	477,603	21,583
Accrued interest payable	-	-	6,273	45,464	51,737	-
Accrued compensation	1,171	2,388	26,534	43,804	73,897	-
Current maturity of long-term liabilities	-	-	190,000	495,000	685,000	-
Total current liabilities	<u>35,405</u>	<u>16,428</u>	<u>293,527</u>	<u>974,722</u>	<u>1,320,082</u>	<u>21,583</u>
Long-term Liabilities:						
Bonds payable (including amortized premium)	-	-	3,128,757	19,684,178	22,812,935	-
Customer deposits (payable from restricted assets)	-	6,105	16,840	28,564	51,509	-
Future compensated absences of employees	3,038	5,400	68,695	95,601	172,734	-
Total long-term liabilities	<u>3,038</u>	<u>11,505</u>	<u>3,214,292</u>	<u>19,808,343</u>	<u>23,037,178</u>	<u>-</u>
TOTAL LIABILITIES	<u>38,443</u>	<u>27,933</u>	<u>3,507,819</u>	<u>20,783,065</u>	<u>24,357,260</u>	<u>21,583</u>
NET POSITION:						
Invested in capital assets, net of related debt	27,186	981	2,995,803	3,734,970	6,758,940	-
Restricted for:						
Capital projects	-	-	647,745	11,196,304	11,844,049	-
Other	-	6,105	544,442	1,342,548	1,893,095	-
Unrestricted	64,433	161,947	1,073,811	3,334,371	4,634,562	-
TOTAL NET POSITION	<u>\$ 91,619</u>	<u>\$ 169,033</u>	<u>\$ 5,261,801</u>	<u>\$ 19,608,193</u>	<u>\$ 25,130,646</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, 2014

	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	\$ 143,850	\$ 251,903	\$ 2,373,114	\$ 5,810,192	8,579,059	\$ -
Miscellaneous income	5,735	1,303	7,850	41,419	56,307	-
Total operating revenues	<u>149,585</u>	<u>253,206</u>	<u>2,380,964</u>	<u>5,851,611</u>	<u>8,635,366</u>	<u>-</u>
Operating Expenses:						
Salaries	54,989	59,169	605,548	959,062	1,678,768	-
Personnel benefits	20,909	20,562	241,868	347,704	631,043	-
Office supplies	1,497	5,936	9,699	9,332	26,464	-
Operating supplies	11,285	1,397	119,747	185,552	317,981	20,655
New equipment - non-capital	-	-	1,288	8,375	9,663	28,559
Public relations	-	-	40	-	40	-
Professional services	16,353	-	78,468	58,295	153,116	115,323
Purchased services	4,085	160,376	14,448	159,317	338,226	-
Advertising and publishing	213	-	935	1,091	2,239	2,141
Insurance and bonds	-	-	41,045	68,658	109,703	-
Dues and subscriptions	-	-	1,581	1,495	3,076	3,857
Personnel training	16	-	7,485	6,605	14,106	14,731
Telephone	867	-	7,767	12,726	21,360	2,179
Utilities	260	-	222,778	426,862	649,900	5,109
Gas and oil	2,379	-	46,391	48,297	97,067	1,349
Repairs	25,569	-	61,988	155,395	242,952	1,943
Cost share with Jerome County	-	-	5,797	-	5,797	1,735
Uniforms	343	-	3,991	3,213	7,547	-
Withdrawal penalty	10,102	6,658	86,293	112,264	215,317	-
Miscellaneous	9	618	4,522	11,328	16,477	-
Loss on uncollectible accounts	-	-	-	6,475	6,475	-
Allowance for depreciation	4,981	48	254,328	728,266	987,623	-
Total operating expenses	<u>153,857</u>	<u>254,764</u>	<u>1,816,007</u>	<u>3,310,312</u>	<u>5,534,940</u>	<u>197,581</u>
Operating income (loss)	(4,272)	(1,558)	564,957	2,541,299	3,100,426	(197,581)
Nonoperating Revenues (Expenses):						
State grants	-	-	32,715	-	32,715	-
Interest revenue	9	386	4,537	13,253	18,186	-
Net change in fair value of investments	(1)	(575)	(6,978)	(3,559)	(11,114)	-
Amortization of bond issue costs/discounts	-	-	(2,793)	(3,064)	(5,857)	-
Interest expense	-	-	(156,753)	(616,959)	(773,712)	-
Income before other revenues, expenses, gains, losses and transfers	(4,264)	(1,747)	435,685	1,930,970	2,360,644	(197,581)
Operating transfers in (out)	(4,390)	(2,659)	(34,833)	(49,583)	(91,465)	197,581
Loss on disposition of assets	-	-	-	-	-	-
<u>INCREASE (DECREASE) IN NET POSITION</u>	<u>(8,654)</u>	<u>(4,406)</u>	<u>400,852</u>	<u>1,881,387</u>	<u>2,269,179</u>	<u>-</u>
<u>NET POSITION AT OCTOBER 1, 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>
<u>NET POSITION AT SEPTEMBER 30, 2014</u>	<u>\$ 91,619</u>	<u>\$ 169,033</u>	<u>\$ 5,261,801</u>	<u>\$ 19,608,193</u>	<u>\$ 25,130,646</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, 2014

	Business-type Activities					Governmental
	Irrigation	Sanitation	Water	Sewer	Total	Activities - Internal Service Funds
<u>Cash Flows from Operating Activities:</u>						
Cash received from customers	\$ 140,200	\$ 259,902	\$ 2,586,587	\$ 4,947,835	7,934,524	\$ -
Cash payments for employees' services and benefits	(78,794)	(78,249)	(849,053)	(1,281,777)	(2,287,873)	-
Cash payments to suppliers for goods and services	(56,768)	(174,354)	(705,150)	(1,009,916)	(1,946,188)	(195,464)
Net cash provided (used) by operating activities	<u>4,638</u>	<u>7,299</u>	<u>1,032,384</u>	<u>2,656,142</u>	<u>3,700,463</u>	<u>(195,464)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>						
Other revenue	-	-	33,750	-	33,750	-
Operating subsidies and transfers to other funds	(4,390)	(2,659)	(34,833)	(49,583)	(91,465)	197,581
Increase (decrease) in customer deposits	-	560	1,345	2,839	4,744	-
Net cash provided (used) by noncapital financing activities	<u>(4,390)</u>	<u>(2,099)</u>	<u>262</u>	<u>(46,744)</u>	<u>(86,721)</u>	<u>197,581</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>						
Proceeds from issuance of long-term debt	-	-	-	13,731,430	13,731,430	-
Principal payments on long-term debt	-	-	(182,685)	(385,000)	(567,685)	-
Interest payments on long-term debt	-	-	(157,102)	(596,253)	(753,355)	-
Deposit on property purchase	-	-	102,500	-	102,500	-
Purchase of property and equipment	(256)	(1,029)	(1,661,442)	(2,138,737)	(3,801,464)	-
Net cash provided (used) by capital and related financing activities	<u>(256)</u>	<u>(1,029)</u>	<u>(1,898,729)</u>	<u>10,611,440</u>	<u>8,711,426</u>	<u>-</u>
<u>Cash Flows from Investing Activities:</u>						
Change in net value of investments	(1)	(575)	(6,978)	(3,559)	(11,113)	-
Interest and dividends	9	386	4,537	13,253	18,185	-
Net cash provided (used) by investing activities	<u>8</u>	<u>(189)</u>	<u>(2,441)</u>	<u>9,694</u>	<u>7,072</u>	<u>-</u>
<u>Net increase (decrease) in cash and cash equivalents</u>	<u>-</u>	<u>3,982</u>	<u>(868,524)</u>	<u>13,230,532</u>	<u>12,365,990</u>	<u>2,117</u>
<u>Cash and cash equivalents October 1, 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>Cash and cash equivalents September 30, 2014</u>	<u>\$ -</u>	<u>\$ 158,601</u>	<u>\$ 2,003,051</u>	<u>\$ 14,688,553</u>	<u>\$ 16,850,205</u>	<u>\$ 21,583</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>						
Operating income (loss)	\$ (4,272)	\$ (1,558)	\$ 564,957	\$ 2,541,299	\$ 3,100,426	\$ (197,581)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	4,981	48	254,328	728,266	987,623	-
(Increase) decrease in accounts receivable	(9,385)	6,696	205,623	(903,776)	(700,842)	-
(Increase) decrease in inventories	-	-	(7,620)	-	(7,620)	-
Increase (decrease) in accounts payable	16,210	631	16,733	265,364	298,938	2,117
Increase (decrease) in accrued liabilities	(2,896)	1,482	(1,637)	24,989	21,938	-
<u>Net cash provided (used) by operating activities</u>	<u>\$ 4,638</u>	<u>\$ 7,299</u>	<u>\$ 1,032,384</u>	<u>\$ 2,656,142</u>	<u>\$ 3,700,463</u>	<u>\$ (195,464)</u>
<u>Reconciliation of Cash and Cash Equivalents at September 30, 2014:</u>						
Pooled cash and cash equivalents in current assets	\$ -	\$ 152,496	\$ 810,539	\$ 2,149,701	\$ 3,112,736	\$ 21,583
Non-pooled cash and cash equivalents in current assets	-	-	325	-	325	-
Pooled cash and cash equivalents in restricted assets	-	6,105	1,192,187	28,565	1,226,857	-
Non-pooled cash and cash equivalents in restricted assets	-	-	-	12,510,287	12,510,287	-
	<u>\$ -</u>	<u>\$ 158,601</u>	<u>\$ 2,003,051</u>	<u>\$ 14,688,553</u>	<u>\$ 16,850,205</u>	<u>\$ 21,583</u>

Supplemental Disclosure of Cash Flow Information:

Cash paid during the year for interest by all proprietary funds was \$753,355.

The accompanying notes are an integral part of the financial statements

CITY OF JEROME, IDAHO
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2014

<u>ASSETS:</u>	<u>CAFETERIA</u>
Pooled cash and cash equivalents	\$ 11,459
	<u>11,459</u>
 <u>LIABILITIES:</u>	
Held for the benefit of employees	<u>11,459</u>
	<u>11,459</u>
 <u>NET POSITION</u>	 <u><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, 2014

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, 2014

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, 2014

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, 2014

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

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

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

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

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

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

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

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, 2014

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 February 16, 2015, 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, 2014

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, 2014, the carrying amount of the City's deposits with financial institutions (after considering outstanding and other reconciling items) was \$202,718 and the bank balances were \$313,982, of which none was uninsured or uncollateralized.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The elected State Treasurer, following Idaho Code Section 67-2328, is authorized to sponsor an investment pool in which the City voluntarily participates. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight is with the State Treasurer and Idaho Code defines allowable investments. All investments are entirely insured or collateralized with securities held by the Pool or by its agent in the Pool's name and the fair value of the City's position in the external investment pool is the same as the value of the pool shares. The fund was assigned a AAaf fund credit quality rating and an S1+ volatility rating by Standard & Poor's Rating Service in 2009 but has not had a credit rating since 2009. The City's investment in the State of Idaho Local Government Investment Pool as of September 30, 2014, was \$17,694,328.

Reconciliation of carrying amount to cash numbers on balance sheets:

Sources of cash:	
Deposits with financial institutions ...	\$ 202,718
U.S. Government Bonds	1,114,393
State of Idaho Local Government	
Investment Pool	17,694,328
Petty cash	750
	<u>\$19,012,189</u>
Cash on balance sheets:	
Governmental funds:	
Pooled cash, unrestricted	\$ 2,103,925
Non-pooled cash, unrestricted	425
Pooled cash, restricted	24,592
Proprietary funds:	
Pooled cash, unrestricted	3,112,736
Non-pooled cash, unrestricted	325
Pooled cash, restricted	1,226,857
Non-pooled cash, restricted	12,510,287
Internal Service funds:	
Pooled cash, unrestricted	21,583
Fiduciary net position:	
Pooled cash, unrestricted	11,459
	<u>\$19,012,189</u>

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

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.

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	\$ 3,674
Released Evidence Drug Related	5,555
Animal Shelter	10,387
Fire Safehouse	1,200
	<u>20,816</u>
<u>Street Fund:</u>	
217 East D Curb/gutter	<u>1,250</u>
<u>Park Fund:</u>	
Tennis Courts	1,000
High Five Grant	1,000
Modern Woodmen	526
	<u>2,526</u>
<u>Sanitation Fund:</u>	
Customer deposits	<u>6,105</u>
<u>Water Fund:</u>	
Customer deposits	16,840
Capital reserve fund	647,745
Debt reserve fund	527,602
	<u>1,192,187</u>
<u>Sewer:</u>	
Customer deposits	28,565
Capital reserve fund	11,196,304
Debt service reserve fund	1,313,983
	<u>12,538,852</u>
Total restricted funds	<u>\$13,761,736</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, 2014, was as follows:

	Balance October <u>1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance September <u>30, 2014</u>
<u>Governmental activities:</u>				
Land	\$ 833,286	\$...	\$...	\$ 833,286
Buildings	3,648,551	274,274	...	3,922,825
Machinery and equipment	5,273,745	316,240	15,642	5,574,343
Infrastructure	6,423,279	279,838	...	6,703,117
Construction in progress	4,721	...	4,721	...
	<u>16,183,582</u>	<u>870,352</u>	<u>20,363</u>	<u>17,033,571</u>

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

Less accumulated depreciation

for:

Buildings	1,365,014	108,979	...	1,473,993
Machinery and equipment	3,604,905	220,617	15,642	3,809,880
Infrastructure	794,532	229,685	...	1,024,217
	<u>5,764,451</u>	<u>559,281</u>	<u>15,642</u>	<u>6,308,090</u>
Net capital assets	<u>\$10,419,131</u>	<u>\$ 311,071</u>	<u>\$ 4,721</u>	<u>\$10,725,481</u>

	Balance October <u>1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance September <u>30, 2014</u>
<u>Business-type activities:</u>				
Land	\$ 589,368	\$ 167,734	\$...	\$ 757,102
Infrastructure	22,829,463	1,477,732	...	24,307,195
Buildings	13,137,676	26,441	...	13,164,117
Machinery and equipment	1,871,043	113,713	21,000	1,963,756
Construction in progress	532,452	<u>2,083,886</u>	<u>68,039</u>	<u>2,548,299</u>
	<u>38,960,002</u>	<u>3,869,506</u>	<u>89,039</u>	<u>42,740,469</u>

Less accumulated depreciation

for:

Infrastructure	2,369,151	627,681	...	2,996,832
Buildings	8,311,886	206,907	...	8,518,793
Machinery and equipment	1,154,035	153,038	21,000	1,286,073
	<u>11,835,072</u>	<u>987,626</u>	<u>21,000</u>	<u>12,801,698</u>
Net capital assets	<u>\$27,124,930</u>	<u>\$ 2,881,880</u>	<u>\$ 68,039</u>	<u>\$29,938,771</u>

Depreciation expense was charged to governmental functions as follows:

General Fund:

Administration	\$ 36,384
Building	1,586
Animal Control	1,455
Fire	105,919
Law Enforcement	<u>54,343</u>
	199,687
Streets	305,910
Library	44,673
Parks	<u>9,011</u>
	<u>\$ 559,281</u>

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

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

Long-term liability activity for the year ended September 30, 2014, was as follows:

	<u>Balance</u> <u>October</u> <u>1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>September</u> <u>30, 2014</u>	<u>Amounts Due</u> <u>Within One</u> <u>Year</u>
Notes payable:					
Farmers National					
Bank - Fire	\$ 187,019	\$...	\$ 37,794	\$ 149,225	\$ 39,334
Bonds payable:					
General Obligation					
Bonds (including					
amortized premium)	658,091	...	30,375	627,716	35,000
Other liabilities:					
Compensated absences	315,240	319,998	315,240	319,998	...
	<u>\$1,160,350</u>	<u>\$ 319,998</u>	<u>\$383,409</u>	<u>\$1,096,939</u>	<u>\$ 74,334</u>

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, 2014, is \$149,225.

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, 2014, is \$620,000.

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 \$319,998.

As of September 30, 2014, debt service requirements to maturity for principal and interest, for the notes payable, are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Sept. 30,</u>			
2015	\$ 74,334	36,050	110,384
2016	76,204	32,781	108,985
2017	78,160	29,324	107,484
2018	60,527	25,675	86,202
2019	40,000	22,950	62,950
2020-2024	220,000	88,200	308,200
2025-2028	220,000	28,250	248,250
	<u>769,225</u>	<u>\$263,230</u>	<u>\$1,032,455</u>
Premium on bonds less			
accumulated			
amortization	7,716		
Compensated Absences	319,998		
	<u>\$1,096,939</u>		

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

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

Long-term liability activity for the year ended September 30, 2014, was as follows:

	Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014	Amounts Due Within One Year
Irrigation:					
Compensated absences	\$ 6,030	\$ 3,038	\$ 6,030	\$ 3,038	\$...
Sanitation:					
Compensated Absences	4,211	5,400	4,211	5,400	...
Customer deposits	5,545	560	...	6,105	...
	<u>9,756</u>	<u>5,960</u>	<u>4,211</u>	<u>11,505</u>	<u>...</u>
Water:					
Revenue Bonds (including amortized premium)	3,501,442	...	182,685	3,318,757	190,000
Compensated absences	67,157	68,695	67,157	68,695	...
Customer deposits	15,495	1,345	...	16,840	...
	<u>3,584,094</u>	<u>70,040</u>	<u>249,842</u>	<u>3,404,292</u>	<u>190,000</u>
Sewer:					
Revenue Bonds	6,615,000	13,949,178	385,000	20,179,178	495,000
Compensated absences	76,812	95,601	76,812	95,601	...
Customer deposits	25,725	2,839	...	28,564	...
	<u>6,717,537</u>	<u>14,047,618</u>	<u>461,812</u>	<u>20,303,343</u>	<u>405,000</u>
	<u>\$10,317,417</u>	<u>\$14,126,656</u>	<u>\$ 721,895</u>	<u>\$23,722,178</u>	<u>\$685,000</u>

As of September 30, 2014, debt service requirements to maturity for principal and interest, for the notes payable, are as follows:

Year Ended Sept. 30,	Principal	Interest	Total
2015	\$ 685,000	\$ 969,095	\$ 1,654,095
2016	715,000	939,446	1,654,446
2017	745,000	908,245	1,653,245
2018	775,000	876,346	1,651,346
2019	810,000	846,341	1,656,341
2020-2024	4,605,000	3,671,833	8,276,833
2025-2029	5,030,000	2,552,600	7,582,600
2030-2034	4,985,000	1,571,125	6,556,125
2035-2038	4,750,000	493,070	5,243,070
	<u>23,100,000</u>	<u>\$12,828,101</u>	<u>\$35,928,101</u>
Premium on bonds less accumulated amortization	397,935		
Compensated absences	172,734		
Customer deposits	51,509		
	<u>\$23,722,178</u>		

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

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, 2014, is \$3,270,000.

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, 2014, is \$6,230,000.

Sewer Bonds Payable - Series 2014

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

Compensated Absences

In accordance with Statement Number 16 of the Governmental Accounting Standards Board, a liability has been accrued at September 30, 2014, for employee rights to receive compensation for future absences in the amount of \$172,734.

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, 2014, is \$51,509.

Note 6 - Rent

The City received rent from outside sources. During the year ended September 30, 2014, the general fund received \$30,585 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.

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

PERSI 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.

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, 2014, the required contribution rate as a percentage of covered payroll for members was 6.79% for general members and 8.36% for police/firefighters. The employer rate as a percentage of covered payroll was 11.32% for general members, 11.66% for police/firefighter members. The City contributions required and paid were \$609,519, \$554,011, and \$535,853 for the three years ended September 30, 2014, 2013 and 2012.

Note 8- Other Employee Benefits

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

Note 9 - Individual Fund Deficits

All governmental and proprietary funds showed surplus fund balances and net position, respectively. The General, Street, Park, Irrigation and Sanitation 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, 2014, the City of Jerome contributed \$110,148 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, 2014, is \$4,463,644. 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, 2014. 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 \$339,788 and \$814,726, respectively.

The City has pledged future revenues derived from the operation of the City's Sewer Plant, net of operating and maintenance expenses, to repay \$22,600,000 in sewer revenue bonds. The general purpose of the bonds is to upgrade the sewer

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

plant. The bonds are payable solely from the net revenues of the Sewer System and payments are required through the year ending September 15, 2038. The total principal and interest remaining to be paid on the bonds is \$31,464,455. 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, 2014. 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 \$981,259 and \$3,229,676, respectively.

Note 13 - Interest Expense

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

General government	\$ 38,932
Water	156,753
Sewer	616,959

Note 14 - Commitments

At year end, the City had committed to complete construction projects for an estimated total cost of \$922,833.

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, 2014, JURA did not reimburse the City for any expenses incurred by the City relating to public works projects contracted in the name of the City, nor were there any such City expenses incurred.

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. Under the City's adopted fund balance policy, discretion is given to the City Finance Director and City Administrator as delegated by the Mayor and Council to assign amounts for specific purposes.

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

- *Unassigned* - all other spendable amounts.

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

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

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

As of September 30, 2014, fund balances are composed of the following:

	<u>General</u>	<u>Street</u>	<u>Library</u>	<u>Park</u>
Nonspendable:				
Prepaid insurance	\$ 142,250	\$...	\$...	\$...
	<u>142,250</u>	<u>...</u>	<u>...</u>	<u>...</u>
Restricted:				
Released evidence -				
Non-drug related	3,674	...	...	...
Released evidence -				
Drug related	5,555	...	...	...
Animal Shelter	10,387	...	...	...
Fire Safehouse	1,200	...	...	...
Curb and gutter	...	1,250	...	...
High Five grant	...	...	...	1,000
Tennis courts	...	...	...	1,000
Modern Woodmen	...	...	...	526
	<u>20,816</u>	<u>1,250</u>	<u>...</u>	<u>2,526</u>
Committed:				
Employee Benefits	81,670	...	...	...
Firefighter PERSI Contributions	113,152	...	...	...
Senior Center Taxes	11,598	...	...	...
Equipment replacement	6,275	256	2,567	...
Street operations	...	939,095	...	...
Aerial Update	...	107,033	...	...
Library operations	...	...	110,220	...
Park operations	...	...	...	14,498
	<u>212,695</u>	<u>1,046,384</u>	<u>112,787</u>	<u>14,498</u>
Unassigned				
	<u>742,244</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total fund balances	<u>\$1,118,005</u>	<u>\$1,047,634</u>	<u>\$ 112,787</u>	<u>\$ 17,024</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

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

for future capital replacement needs. The City Administrator and Finance Director are authorized to assign fund balances for purposes of tracking designated activities within each of the City's funds.

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

Note 17 - City Health Insurance Deductible Buy-Down Liability

The City purchases a \$2,000 deductible from Blue Cross of Idaho for each employee. Employees are responsible for the first \$500 of that deductible. The City of Jerome then self-insures the remaining deductible between \$500 and \$2,000 with a maximum annual reimbursement of \$1,500 per person or \$2,500 per family. The liability for these reimbursements for the year ranges from \$0 with no claims to \$225,000.

Note 18 - Interfund Transfers

A summary of interfund transfers follows:

	<u>Transfers</u> <u>In</u>	<u>Transfers</u> <u>Out</u>
Major Funds:		
General	\$...	\$ 148,874
Street	11,000	19,308
Library	...	19,802
Park	73,637	2,769
Irrigation	...	4,390
Sanitation	...	2,659
Water	...	34,833
Sewer	...	49,583
Non-major Funds:		
Human Resources	13,338	...
Engineering	22,365	...
Information Technology	161,878	...
	<u>\$ 282,218</u>	<u>\$ 282,218</u>

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 \$29,527 from the General Fund to the Park Fund for the purchase of a lawn mower, \$44,110 from the General Fund to the Park Fund for the Historical Depot Building roof replacement, and \$4,620 from the Water and \$6,380 from the Sewer Funds to the Street Fund for the Fiscal year 2014 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 nuisance abatement revenue in the General Fund. The net adjustment resulted in an increase in fund balance of \$81.

CITY OF JEROME, IDAHO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

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 nuisance abatement revenue in the General Fund. The correction of this error resulted in an increase to net position in Governmental Activities of \$81.

Note 21 - Major Components of Receivable Balances Obscured by Aggregation

At year end, a company serviced by the Cities' utility system has an outstanding sewer balance of \$941,400 of which \$779,788 is past due. The City is actively pursuing remedy for this balance in conjunction with current utility agreements.

Note 22 - Subsequent Events

The City of Jerome, Idaho, has obtained loans in the amounts of \$1,750,000 and \$22,200,000 from the Idaho Department of Environmental Quality Drinking Water State Revolving Fund. The projects are for wastewater collection system and plant improvements and are in process and unfunded at September 30, 2014. All of the projects are expected to be completed in the next three years.

On November 6, 2014, the City refunded \$5,400,000 of its \$9,000,000 2006 Wastewater Bond, of which \$6,230,000 remained outstanding at the time of refunding. The new bonds have a maturity date of September 15, 2026. The new bonds are redeemable in annual installments and interest is payable semi-annually at various rates from 2.00% to 5.00%.

CITY OF JEROME, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	<u>Over (Under)</u>
<u>REVENUE:</u>				
Property taxes	\$ 3,070,360	\$ 3,070,360	\$ 2,927,720	\$ (142,640)
Penalties and interest	30,000	30,000	43,831	13,831
Business and franchise taxes	161,806	161,806	179,329	17,523
Payment in lieu of taxes	6,764	6,764	6,991	227
Licenses and permits	94,789	94,789	108,141	13,352
State shared	657,499	657,499	737,966	80,467
Federal grant	-	9,176	23,655	14,479
Court revenues	110,000	110,000	79,590	(30,410)
Rents	29,836	29,836	30,585	749
Interest	2,000	2,000	1,743	(257)
Contributions	2,000	15,835	15,926	91
Refunds and reimbursements	101,390	141,846	158,405	16,559
Fines	2,000	2,000	705	(1,295)
Miscellaneous	1,000	1,000	11,347	10,347
Total revenue	<u>4,269,444</u>	<u>4,332,911</u>	<u>4,325,934</u>	<u>(6,977)</u>
<u>EXPENDITURES:</u>				
Legislative	45,504	45,504	48,301	2,797
Executive	22,954	22,954	16,736	(6,218)
Finance and administration	1,085,031	1,104,518	884,778	(219,740)
Law enforcement	1,752,820	1,776,960	1,724,941	(52,019)
Fire control	1,617,119	1,636,959	1,326,673	(310,286)
Building inspection	161,412	161,412	158,291	(3,121)
Animal control	89,264	89,264	83,819	(5,445)
Total expenditures	<u>4,774,104</u>	<u>4,837,571</u>	<u>4,243,539</u>	<u>(594,032)</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>	<u>(504,660)</u>	<u>(504,660)</u>	<u>82,395</u>	<u>587,055</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Net change in fair value of investments	-	-	(4,683)	(4,683)
Transfers in (out)	(118,083)	(118,083)	(148,874)	(30,791)
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(118,083)</u>	<u>(118,083)</u>	<u>(153,557)</u>	<u>(35,474)</u>
<u>NET CHANGES IN FUND BALANCE</u>	<u>\$ (622,743)</u>	<u>\$ (622,743)</u>	<u>\$ (71,162)</u>	<u>\$ 551,581</u>

CITY OF JEROME, IDAHO
BUDGETARY COMPARISON SCHEDULE
STREET FUND
YEAR ENDED SEPTEMBER 30, 2014

	<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	\$ 732,801	\$ 732,801	\$ 696,852	\$ (35,949)
Penalties and interest	8,000	8,000	11,049	3,049
Business and franchise taxes	71,128	71,128	76,479	5,351
Payment in lieu of taxes	1,608	1,608	1,663	55
Federal grants	-	-	-	-
State grants	-	-	87,069	87,069
State shared	559,776	559,776	570,008	10,232
Interest	2,000	2,000	2,795	795
Refunds and reimbursements	2,382	5,561	8,226	2,665
Miscellaneous	2,000	2,000	1,480	(520)
Total revenue	<u>1,379,695</u>	<u>1,382,874</u>	<u>1,455,621</u>	<u>72,747</u>
<u>EXPENDITURES:</u>				
Salaries	472,092	472,092	471,690	(402)
Personnel benefits	191,831	191,831	181,880	(9,951)
Office supplies and postage	500	500	462	(38)
Operating supplies	75,000	78,179	51,506	(26,673)
New equipment - non-capital	-	-	375	375
Professional services	38,819	38,819	47,330	8,511
Advertising	500	500	234	(266)
Insurance and bonds	35,175	35,175	35,175	-
Dues and subscriptions	400	400	40	(360)
Personnel training	4,000	4,000	3,072	(928)
Telephone	3,000	3,000	2,691	(309)
Utilities	10,650	10,650	7,460	(3,190)
Gas and oil	25,000	25,000	14,010	(10,990)
Repairs and maintenance	45,700	45,700	24,050	(21,650)
Street maintenance	420,500	420,500	136,524	(283,976)
Other purchased services	5,500	5,500	5,847	347
Uniforms	1,500	1,500	2,756	1,256
Medical services	815	815	-	(815)
Withdrawal penalty	57,334	57,334	57,334	-
Miscellaneous expense	-	-	572	572
Street lighting	75,000	75,000	84,249	9,249
Capital outlay - equipment	272,024	272,024	214,948	(57,076)
Construction project	260,000	260,000	275,117	15,117
Total expenditures	<u>1,995,340</u>	<u>1,998,519</u>	<u>1,617,322</u>	<u>(381,197)</u>
<u>EXCESS (DEFICIENCY) OF REVENUE</u>				
<u>OVER EXPENDITURES</u>	<u>(615,645)</u>	<u>(615,645)</u>	<u>(161,701)</u>	<u>453,944</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Net change in fair value of investments	-	-	(4,047)	(4,047)
Transfers in (out)	(29,967)	(29,967)	(8,308)	21,659
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(29,967)</u>	<u>(29,967)</u>	<u>(12,355)</u>	<u>17,612</u>
<u>NET CHANGES IN FUND BALANCE</u>	<u>\$ (645,612)</u>	<u>\$ (645,612)</u>	<u>\$ (174,056)</u>	<u>\$ 471,556</u>

CITY OF JEROME, IDAHO
BUDGETARY COMPARISON SCHEDULE
LIBRARY FUND
YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts Budgetary	With Final Budget Over (Under)
<u>REVENUE:</u>				
Property taxes	\$ 377,212	\$ 377,212	\$ 358,909	\$ (18,303)
Penalties and interest	3,800	3,800	5,496	1,696
Payment in lieu of taxes	886	886	858	(28)
State shared revenue	21,508	21,508	28,912	7,404
Federal grants	-	7,800	-	(7,800)
Interest	250	250	173	(77)
Contributions	1,100	6,500	5,132	(1,368)
Refunds and reimbursements	788	788	2,313	1,525
Fines	7,945	7,945	8,159	214
Miscellaneous	12,575	12,575	13,456	881
Total revenue	<u>426,064</u>	<u>439,264</u>	<u>423,408</u>	<u>(15,856)</u>
<u>EXPENDITURES:</u>				
Salaries	217,525	217,525	203,914	(13,611)
Personnel benefits	99,577	99,577	78,538	(21,039)
Office supplies and postage	2,000	2,000	1,169	(831)
Operating supplies	11,500	11,500	10,787	(713)
Dues and subscriptions	400	400	220	(180)
Personnel training	4,568	4,568	2,222	(2,346)
Telephone	2,406	2,406	5,835	3,429
Utilities	10,051	10,051	9,960	(91)
Repairs	10,360	10,360	7,484	(2,876)
Other purchased services	305	305	304	(1)
Books and magazines	37,705	37,705	31,564	(6,141)
Withdrawal penalty	32,560	32,560	32,560	-
Miscellaneous	800	800	1,029	229
Capital outlay - equipment	908	14,108	8,742	(5,366)
Total expenditures	<u>430,665</u>	<u>443,865</u>	<u>394,328</u>	<u>(49,537)</u>
<u>EXCESS (DEFICIENCY) OF REVENUE</u>				
<u>OVER EXPENDITURES</u>	<u>(4,601)</u>	<u>(4,601)</u>	<u>29,080</u>	<u>33,681</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Net change in fair value of investments	-	-	(416)	(416)
Transfers in (out)	(20,727)	(20,727)	(19,802)	925
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(20,727)</u>	<u>(20,727)</u>	<u>(20,218)</u>	<u>509</u>
<u>NET CHANGES IN FUND BALANCE</u>	<u>\$ (25,328)</u>	<u>\$ (25,328)</u>	<u>\$ 8,862</u>	<u>\$ 34,190</u>

CITY OF JEROME, IDAHO
BUDGETARY COMPARISON SCHEDULE
PARK FUND
YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	<u>Over (Under)</u>
<u>REVENUE:</u>				
Property taxes	\$ 161,040	\$ 161,040	\$ 152,967	\$ (8,073)
Penalties and interest	1,800	1,800	2,419	619
Payment in lieu of taxes	411	411	365	(46)
State shared revenue	9,354	9,354	12,305	2,951
Local grants		1,000	1,000	-
Interest	130	130	82	(48)
Contributions	-	-	180,186	180,186
Miscellaneous	192	1,521	1,537	16
Total revenue	<u>172,927</u>	<u>175,256</u>	<u>350,861</u>	<u>175,605</u>
<u>EXPENDITURES:</u>				
Salaries	66,513	66,513	64,240	(2,273)
Personnel benefits	25,592	25,592	23,997	(1,595)
Office supplies and postage	50	50	22	(28)
Operating supplies	10,150	11,479	7,166	(4,313)
New equipment - non-capital	2,000	2,000	-	(2,000)
Advertising	100	100	-	(100)
Dues and subscriptions	300	300	100	(200)
Personnel training	300	300	479	179
Telephone	500	500	2	(498)
Utilities	42,196	42,196	43,215	1,019
Gas and oil	3,500	3,500	1,859	(1,641)
Repairs and maintenance	4,950	4,950	3,478	(1,472)
Other purchased services	6,000	6,000	6,987	987
Tree maintenance	1,500	1,500	828	(672)
Habitat project	2,000	2,000	1,233	(767)
Withdrawal penalty	7,925	7,925	7,925	-
Miscellaneous	2,170	2,170	342	(1,828)
Capital outlay - equipment	31,089	32,089	274,531	242,442
Total expenditures	<u>206,835</u>	<u>209,164</u>	<u>436,404</u>	<u>227,240</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>	<u>(33,908)</u>	<u>(33,908)</u>	<u>(85,543)</u>	<u>(51,635)</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Net change in fair value of investments	-	-	(181)	(181)
Transfers in (out)	25,983	25,983	70,868	44,885
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>25,983</u>	<u>25,983</u>	<u>70,687</u>	<u>44,704</u>
<u>NET CHANGES IN FUND BALANCE</u>	<u>\$ (7,925)</u>	<u>\$ (7,925)</u>	<u>\$ (14,856)</u>	<u>\$ (6,931)</u>

CITY OF JEROME, IDAHO
BUDGETARY COMPARISON SCHEDULE
IRRIGATION FUND
YEAR ENDED SEPTEMBER 30, 2014

	<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	\$ 146,758	\$ 146,758	\$ 143,850	\$ (2,908)
Miscellaneous	<u>15,836</u>	<u>15,836</u>	<u>5,735</u>	<u>(10,101)</u>
Total revenue	<u>162,594</u>	<u>162,594</u>	<u>149,585</u>	<u>(13,009)</u>
<u>EXPENDITURES:</u>				
Salaries	60,222	60,222	54,989	(5,233)
Personnel benefits	23,198	23,198	20,909	(2,289)
Office supplies and postage	840	840	1,497	657
Operating supplies	25,115	25,115	11,285	(13,830)
Professional services	17,600	17,600	16,353	(1,247)
Advertising and publishing	200	200	213	13
Telephone	900	900	867	(33)
Utilities	500	500	260	(240)
Gas and oil	800	800	2,379	1,579
Repairs and maintenance	28,500	28,500	25,569	(2,931)
Other services	2,000	2,000	4,085	2,085
Uniforms	300	300	343	43
Medical services	165	165	-	(165)
Withdrawal penalty	10,102	10,102	10,102	-
Miscellaneous	450	450	25	(425)
Allowance for depreciation	<u>-</u>	<u>-</u>	<u>4,981</u>	<u>4,981</u>
Total expenditures	<u>170,892</u>	<u>170,892</u>	<u>153,857</u>	<u>(17,035)</u>
<u>EXCESS (DEFICIENCY) OF REVENUE</u>				
<u>OVER EXPENDITURES</u>	<u>(8,298)</u>	<u>(8,298)</u>	<u>(4,272)</u>	<u>4,026</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Interest revenue	-	-	9	9
Net change in fair value of investments	-	-	(1)	(1)
Transfers in (out)	<u>(6,909)</u>	<u>(6,909)</u>	<u>(4,390)</u>	<u>2,519</u>
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(6,909)</u>	<u>(6,909)</u>	<u>(4,382)</u>	<u>2,527</u>
<u>NET CHANGES IN FUND BALANCE</u>	<u>\$ (15,207)</u>	<u>\$ (15,207)</u>	<u>\$ (8,654)</u>	<u>\$ 6,553</u>

Reconciliation of Earnings to Budget

Earnings	\$ (15,207)	\$ (15,207)	\$ (8,654)	\$ 6,553
Allowance for depreciation	-	-	4,981	4,981
Capital outlay	<u>-</u>	<u>-</u>	<u>(257)</u>	<u>(257)</u>
	<u>\$ (15,207)</u>	<u>\$ (15,207)</u>	<u>\$ (3,930)</u>	<u>\$ 11,277</u>

CITY OF JEROME, IDAHO
BUDGETARY COMPARISON SCHEDULE
SANITATION FUND
YEAR ENDED SEPTEMBER 30, 2014

	<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	\$ 255,000	\$ 255,000	\$ 251,903	\$ (3,097)
Miscellaneous	<u>1,576</u>	<u>1,576</u>	<u>1,303</u>	<u>(273)</u>
Total revenue	<u>256,576</u>	<u>256,576</u>	<u>253,206</u>	<u>(3,370)</u>
<u>EXPENDITURES:</u>				
Salaries	58,617	58,617	59,169	552
Personnel benefits	21,076	21,076	20,562	(514)
Office supplies and postage	5,484	5,484	5,936	452
Operating supplies	2,500	2,500	1,397	(1,103)
Purchased services	143,000	143,000	160,376	17,376
Loss on uncollectible accounts	1,000	1,000	-	(1,000)
Withdrawal penalty	6,658	6,658	6,658	-
Miscellaneous	-	-	618	618
Allowance for depreciation	<u>-</u>	<u>-</u>	<u>48</u>	<u>48</u>
Total expenditures	<u>238,335</u>	<u>238,335</u>	<u>254,764</u>	<u>16,429</u>
<u>EXCESS (DEFICIENCY) OF REVENUE</u>				
<u>OVER EXPENDITURES</u>	<u>18,241</u>	<u>18,241</u>	<u>(1,558)</u>	<u>(19,799)</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Interest revenue	400	400	386	(14)
Net change in fair value of investments	-	-	(575)	(575)
Transfers in (out)	<u>(4,212)</u>	<u>(4,212)</u>	<u>(2,659)</u>	<u>1,553</u>
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(3,812)</u>	<u>(3,812)</u>	<u>(2,848)</u>	<u>964</u>
<u>NET CHANGES IN FUND BALANCE</u>	<u>\$ 14,429</u>	<u>\$ 14,429</u>	<u>\$ (4,406)</u>	<u>\$ (18,835)</u>

Reconciliation of Earnings to Budget

Earnings	\$ 14,429	\$ 14,429	\$ (4,406)	\$ (18,835)
Allowance for depreciation	-	-	48	48
Capital outlay	<u>(303)</u>	<u>(303)</u>	<u>(1,029)</u>	<u>(726)</u>
	<u>\$ 14,126</u>	<u>\$ 14,126</u>	<u>\$ (5,387)</u>	<u>\$ (19,513)</u>

CITY OF JEROME, IDAHO
BUDGETARY COMPARISON SCHEDULE
WATER FUND
YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final
	Original	Final	Amounts	Budget
<u>REVENUE:</u>			Basis	Over (Under)
Charges for services	\$ 2,431,029	\$ 2,431,029	\$ 2,373,114	\$ (57,915)
Miscellaneous	12,724	12,724	7,850	(4,874)
Total revenue	2,443,753	2,443,753	2,380,964	(62,789)
 <u>EXPENDITURES:</u>				
Salaries	654,408	654,408	605,548	(48,860)
Personnel benefits	269,213	269,213	241,868	(27,345)
Office supplies and postage	8,000	8,000	9,699	1,699
Operating supplies	128,756	128,756	119,747	(9,009)
New equipment - non-capital	8,199	8,199	1,288	(6,911)
Public relations	500	500	40	(460)
Professional services	39,000	39,000	78,468	39,468
Advertising and publishing	1,100	1,100	935	(165)
Insurance and bonds	41,045	41,045	41,045	-
Dues and subscriptions	1,910	1,910	1,581	(329)
Personnel training	6,200	6,200	7,485	1,285
Telephone	9,000	9,000	7,767	(1,233)
Utilities	221,000	221,000	222,778	1,778
Gas and oil	40,000	40,000	46,391	6,391
Repairs and maintenance	69,313	69,313	61,988	(7,325)
Other purchased services	23,000	23,000	14,448	(8,552)
Cost share with Jerome County	5,797	5,797	5,797	-
Uniforms	2,500	2,500	3,991	1,491
Medical services	1,130	1,130	-	(1,130)
Loss on uncollectible accounts	9,500	9,500	-	(9,500)
Withdrawal penalty	86,293	86,293	86,293	-
Miscellaneous	2,100	2,100	4,522	2,422
Allowance for depreciation	-	-	254,328	254,328
Total expenditures	1,627,964	1,627,964	1,816,007	188,043
<u>EXCESS (DEFICIENCY) OF REVENUE</u>				
<u>OVER EXPENDITURES</u>	815,789	815,789	564,957	(250,832)
 <u>OTHER FINANCING SOURCES (USES):</u>				
State grants	-	-	32,715	32,715
Donations	350,000	395,000	-	(395,000)
Interest revenue	6,600	6,600	4,537	(2,063)
Net change in value of investments	-	-	(6,978)	(6,978)
Amortization of bond issuance costs	-	-	(2,793)	(2,793)
Interest expense	(342,438)	(342,438)	(156,753)	185,685
Transfers in (out)	(51,247)	(51,247)	(34,833)	16,414
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	(37,085)	7,915	(164,105)	(172,020)
<u>NET CHANGES IN FUND BALANCE</u>	\$ 778,704	\$ 823,704	\$ 400,852	\$ (422,852)

Reconciliation of Earnings to Budget

Earnings	\$ 778,704	\$ 823,704	\$ 400,852	\$ (422,852)
Allowance for depreciation	-	-	254,328	254,328
Allowance for amortization	-	-	2,793	2,793
Capital outlay	(1,921,742)	(1,966,742)	(1,558,943)	407,799
Principal on bonds payable	-	-	(180,000)	(180,000)
	\$ (1,143,038)	\$ (1,143,038)	\$ (1,080,970)	\$ 62,068

CITY OF JEROME, IDAHO
 BUDGETARY COMPARISON SCHEDULE
 SEWER FUND
 YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts Amounts Basis	With Final Budget Over (Under)
<u>REVENUE:</u>				
Charges for services	\$ 7,281,100	\$ 7,281,100	\$ 5,810,192	\$ (1,470,908)
Miscellaneous	14,145	21,969	41,419	19,450
Total revenue	<u>7,295,245</u>	<u>7,303,069</u>	<u>5,851,611</u>	<u>(1,451,458)</u>
<u>EXPENDITURES:</u>				
Salaries	1,051,850	1,051,850	959,062	(92,788)
Personnel benefits	396,259	396,259	347,704	(48,555)
Office supplies and postage	6,000	6,000	9,332	3,332
Operating supplies	222,800	222,800	185,552	(37,248)
New equipment - non-capital	3,000	3,000	8,375	5,375
Professional services	93,500	93,500	58,295	(35,205)
Advertising and publishing	-	-	1,091	1,091
Insurance and bonds	47,642	47,642	68,658	21,016
Personnel training	9,500	9,500	6,605	(2,895)
Dues and subscriptions	1,900	1,900	1,495	(405)
Telephone	10,000	10,000	12,726	2,726
Utilities	437,953	437,953	426,862	(11,091)
Gas and oil	64,000	64,000	48,297	(15,703)
Repairs and maintenance	114,200	122,024	155,395	33,371
Other purchased services	260,500	260,500	159,317	(101,183)
Uniforms	7,245	7,245	3,213	(4,032)
Medical services	1,000	1,000	1,454	454
Equipment replacement	897,272	897,272	-	(897,272)
Loss on uncollectible accounts	6,500	6,500	6,475	(25)
Withdrawal penalty	112,264	112,264	112,264	-
Miscellaneous	3,200	3,200	9,874	6,674
Allowance for depreciation	-	-	728,266	728,266
Total expenditures	<u>3,746,585</u>	<u>3,754,409</u>	<u>3,310,312</u>	<u>(444,097)</u>
<u>EXCESS (DEFICIENCY) OF REVENUE</u>				
<u>OVER EXPENDITURES</u>	<u>3,548,660</u>	<u>3,548,660</u>	<u>2,541,299</u>	<u>(1,007,361)</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
State grants	-	-	-	-
Donations	-	-	-	-
Interest revenue	3,200	3,200	13,253	10,053
Net change in value of investments	-	-	(3,559)	(3,559)
Interest expense	(3,463,627)	(3,463,627)	(616,959)	2,846,668
Amortization of bond issuance costs	-	-	(3,064)	(3,064)
Transfers in (out)	(80,214)	(80,214)	(49,583)	30,631
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(3,540,641)</u>	<u>(3,540,641)</u>	<u>(659,912)</u>	<u>2,880,729</u>
<u>NET CHANGES IN FUND BALANCE</u>	<u>\$ 8,019</u>	<u>\$ 8,019</u>	<u>\$ 1,881,387</u>	<u>\$ 1,873,368</u>

Reconciliation of Earnings to Budget

Earnings	\$ 8,019	\$ 8,019	\$ 1,881,387	\$ 1,873,368
Bond proceeds	1,750,000	14,555,779	13,731,429	(824,350)
Allowance for depreciation	-	-	728,266	728,266
Allowance for amortization	-	-	3,064	3,064
Capital outlay	(2,387,724)	(15,193,503)	(2,138,737)	13,054,766
Principal on bonds payable	-	-	(385,000)	(385,000)
	<u>\$ (629,705)</u>	<u>\$ (629,705)</u>	<u>\$ 13,820,409</u>	<u>\$ 14,450,114</u>

CITY OF JEROME, IDAHO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2014

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, Library Fund, Park Fund, Irrigation Fund, Water Fund, and Sewer Fund show budgeted expenditures in excess of revenue.

CITY OF JEROME, IDAHO
COMBINING BALANCE SHEET NONMAJOR INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2014

<u>ASSETS:</u>	<u>Engineering</u>	<u>Human Resources</u>	<u>Information Technology</u>	<u>Total</u>
Current Assets:				
Pooled cash and cash equivalents	\$ 655	\$ 667	\$ 20,261	\$ 21,583
Total current assets	<u>655</u>	<u>667</u>	<u>20,261</u>	<u>21,583</u>
<u>TOTAL ASSETS</u>	<u>655</u>	<u>667</u>	<u>20,261</u>	<u>21,583</u>
 <u>LIABILITIES AND NET POSITION</u>				
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts payable - trade	<u>655</u>	<u>667</u>	<u>20,261</u>	<u>21,583</u>
Total current liabilities	<u>655</u>	<u>667</u>	<u>20,261</u>	<u>21,583</u>
<u>TOTAL LIABILITIES</u>	<u>655</u>	<u>667</u>	<u>20,261</u>	<u>21,583</u>
<u>TOTAL NET POSITON</u>	<u>\$ 655</u>	<u>\$ 667</u>	<u>\$ 20,261</u>	<u>\$ 21,583</u>

CITY OF JEROME, IDAHO
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2014

	<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	1,917	1,365	17,373	20,655
New equipment - non-capital	1,202	500	26,857	28,559
Professional services	-	1,732	113,591	115,323
Advertising and publishing	-	2,141	-	2,141
Dues and subscriptions	733	3,124	-	3,857
Personnel training	8,395	2,288	4,048	14,731
Telephone	1,717	453	9	2,179
Utilities	5,109	-	-	5,109
Gas and oil	1,349	-	-	1,349
Repairs	1,943	-	-	1,943
Medical services	-	1,735	-	1,735
	<u>22,365</u>	<u>13,338</u>	<u>161,878</u>	<u>197,581</u>
Operating earnings (loss)	(22,365)	(13,338)	(161,878)	(197,581)
Income before other revenues, expenses, gains, losses and transfers	(22,365)	(13,338)	(161,878)	(197,581)
Operating transfers in (out)	<u>22,365</u>	<u>13,338</u>	<u>161,878</u>	<u>197,581</u>
<u>INCREASE (DECREASE) IN NET POSITION</u>	-	-	-	-
<u>NET POSITION AT OCTOBER 1, 2013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET POSITION AT SEPTEMBER 30, 2014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF JEROME, IDAHO
 SCHEDULE OF EXPENDITURES BY OBJECT AND FUNCTION
 GENERAL FUND
 SEPTEMBER 30, 2014

	<u>Legislative</u>	<u>Executive</u>	<u>Finance & Administration</u>	<u>Law Enforcement</u>	<u>Fire Control</u>	<u>Building Inspections</u>	<u>Animal Control</u>	<u>Total</u>
Current:								
Salaries	\$ 24,000	\$ 12,000	\$ 127,246	\$ 982,155	\$ 720,729	107,800	\$ 51,858	\$ 2,025,788
Personnel benefits	22,699	3,981	62,970	378,407	389,817	37,288	16,902	912,064
Office supplies	-	-	2,677	1,626	755	2	7	5,067
Supplies	-	-	7,822	12,431	24,021	421	3,447	48,142
Ammunition	-	-	-	3,836	-	-	-	3,836
New equipment - non-capital	-	-	540	15,122	6,572	-	-	22,234
Public relations	-	-	50,240	-	594	-	-	50,834
Professional services	-	-	179,323	388	2,898	-	3,430	186,039
Advertising and publishing	-	-	5,311	-	60	-	-	5,371
Insurance	-	-	41,130	175	-	-	-	41,305
Travel and meetings	1,602	360	-	-	-	-	-	1,962
Dues and subscriptions	-	-	13,232	5,591	3,178	305	260	22,566
Personnel training	-	-	9,444	14,955	16,753	877	100	42,129
Telephone	-	395	8,538	22,071	8,816	2,699	712	43,231
Utilities	-	-	16,923	5,015	18,137	-	4,315	44,390
Gas and oil	-	-	495	48,495	14,878	2,985	918	67,771
Repairs	-	-	37,663	34,454	40,822	2,949	1,808	117,696
Other purchased services	-	-	4,112	1,412	6,587	2,923	-	15,034
Cost share with Jerome County	-	-	-	102,032	8,116	-	-	110,148
Uniforms	-	-	-	8,811	7,036	-	40	15,887
Medical services	-	-	-	452	10,007	-	-	10,459
Crime prevention	-	-	-	694	-	-	-	694
Drug dog expense	-	-	-	2,028	-	-	-	2,028
Withdrawal penalty	-	-	245,860	-	-	-	-	245,860
Miscellaneous	-	-	2,415	985	463	42	22	3,927
Total current	48,301	16,736	815,941	1,641,135	1,280,239	158,291	83,819	4,044,462
Capital outlay	-	-	8,487	83,806	-	-	-	92,293
Debt service	-	-	60,350	-	46,434	-	-	106,784
	<u>\$ 48,301</u>	<u>\$ 16,736</u>	<u>\$ 884,778</u>	<u>\$ 1,724,941</u>	<u>\$ 1,326,673</u>	<u>\$ 158,291</u>	<u>\$ 83,819</u>	<u>\$ 4,243,539</u>

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

<u>Fiscal Year</u> <u>Ending</u> <u>September 30,</u>	<u>Beginning</u> <u>Balance</u> <u>October 1,</u>	<u>Levy</u> <u>Charge</u>	<u>Additions</u>	<u>Deletions</u>	<u>Collections</u>	<u>Ending Balance</u> <u>September 30,</u>
2014	\$226,807	\$4,881,668	\$...	\$116,132	\$4,765,653	\$226,690
2013	284,794	4,663,533	...	116,522	4,604,998	226,807
2012	273,179	5,130,454	...	7,530	5,111,309	284,794
2011	229,921	4,828,291	...	9,524	4,775,509	273,179
2010	178,472	5,107,660	...	10,596	5,045,615	229,921
2009	138,874	3,316,273	...	5,375	3,271,300	178,472
2008	105,812	2,860,952	...	3,343	2,824,547	138,874
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

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

GOVERNMENTAL FUNDS:	Year Ended September 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Legislative	\$ 48,301	\$ 48,438	\$ 43,620	\$ 47,302	\$ 47,663	\$ 47,663	\$ 45,084	\$ 39,906	\$ 38,910	\$ 37,278
Executive	16,736	27,095	21,123	22,887	21,568	20,825	20,169	20,456	17,231	14,055
Finance and administration	884,778	645,889	491,427	751,777	741,821	1,035,458	730,381	436,539	416,715	417,120
Law enforcement	1,724,941	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
Fire control	1,326,673	1,457,636	1,333,267	1,235,893	1,210,833	1,280,372	791,393	809,153	678,926	651,221
Building inspection	158,291	143,897	128,337	124,640	180,410	138,157	117,551	109,714	83,936	59,910
Animal control	83,819	80,075	73,038	73,791	71,392	73,949	59,322	54,224	49,357	48,839
Street	1,617,322	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
Library	394,328	366,226	328,037	307,603	322,316	288,919	244,929	232,562	1,106,791	357,041
Park	436,404	180,552	148,003	147,204	179,751	115,593	107,043	122,451	113,475	110,070
PROPRIETARY FUNDS:										
Irrigation	153,857	150,314	136,209	174,658	223,096	113,563	113,395	103,425	106,894	100,768
Sanitation	254,764	243,873	240,056	249,125	256,477	233,020	221,244	200,975	188,517	188,297
Water	1,975,553	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
Waste water treatment	3,930,335	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
Engineering	22,365	26,944	21,944	26,894	23,046	...	...	...	...	...
Human Resources	13,338	13,101	19,509	15,299	10,919	...	...	...	...	...
Information technology	161,878	159,876	109,519	168,179	176,560	97,274	142,678	123,357	98,890	63,013
	<u>\$13,203,683</u>	<u>\$11,933,535</u>	<u>\$11,938,863</u>	<u>\$12,188,049</u>	<u>\$11,656,295</u>	<u>\$11,400,817</u>	<u>\$9,440,854</u>	<u>\$7,595,484</u>	<u>\$8,206,017</u>	<u>\$6,549,993</u>

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

	Year Ended September 30,									
<u>GOVERNMENTAL FUNDS:</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Property tax and penalties ...	\$4,209,120	\$ 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
Intergovernmental	1,460,915	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
Charges for services and taxable sales	13,562	13,975	10,446	11,653	15,450	6,361	7,193	6,750	6,499	6,702
Interest	4,793	5,857	3,272	5,793	7,339	33,458	113,181	62,693	34,711	21,298
Contributions	201,244	5,950	201,854	319,571	386,374	413,392	740,573	80,633	328,998	110,268
Other	656,863	1,132,156	1,690,535	710,832	661,616	503,201	1,461,614	919,440	685,333	447,534
	<u>6,546,497</u>	<u>6,666,875</u>	<u>7,068,276</u>	<u>6,037,334</u>	<u>5,898,924</u>	<u>4,780,402</u>	<u>5,860,186</u>	<u>6,667,083</u>	<u>4,417,499</u>	<u>3,642,812</u>
<u>PROPRIETARY FUNDS:</u>										
Charges for services	8,832,947	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
Interest	18,186	11,943	10,610	9,614	16,058	57,617	225,008	587,613	273,850	80,847
Other	21,601	56,941	(572)	2,585	4,211	21,159	32,556	223,388	232,880	137,065
	<u>8,872,734</u>	<u>7,593,795</u>	<u>6,244,452</u>	<u>5,646,668</u>	<u>6,322,336</u>	<u>6,113,509</u>	<u>4,907,211</u>	<u>4,633,389</u>	<u>3,706,122</u>	<u>3,182,461</u>
	<u>\$15,419,231</u>	<u>\$14,260,670</u>	<u>\$13,312,728</u>	<u>\$11,684,002</u>	<u>\$12,221,260</u>	<u>\$10,893,911</u>	<u>\$10,767,397</u>	<u>\$11,300,472</u>	<u>\$8,123,621</u>	<u>\$6,825,273</u>

Rexroat, Harberd & Assoc., P.A.

Certified Public Accountants

P.O. Box 7 - 125 North Buchanan - Jerome, Idaho 83338

Telephone 208-324-2351 Fax 208-324-8266

February 16, 2015

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, the business-type activities, each major fund, and the aggregate remaining fund information of City of Jerome, Idaho, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Jerome, Idaho, and have issued our report thereon dated February 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) of the City of Jerome, Idaho, 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 the internal control of the City of Jerome, Idaho. Accordingly, we do not express an opinion on the effectiveness of the internal control of the City of Jerome, Idaho.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the City of Jerome, Idaho, 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*.

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 entity'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.