
VILLAGE OF JEROME, ILLINOIS
GENERAL PURPOSE ANNUAL FINANCIAL REPORT
For the Year Ended April 30, 2015

VILLAGE OF JEROME, ILLINOIS

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July 16, 2015

To the President and Members
of the Board of Trustees
Village of Jerome
Jerome, Illinois

INDEPENDENT AUDITOR'S REPORT

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 Village of Jerome, Illinois, as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis – governmental activities, accrual basis – business-type activities described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the governmental activities financial statements in the circumstances. Management is also responsible for 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 error or fraud.

Auditor's 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. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, accrual basis of the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Jerome, Illinois, as of April 30, 2015, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements for the governmental activities are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

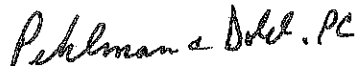
Disclaimer of Opinion on Supplemental Information and Other Supplemental Data

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Jerome, Illinois' basic financial statements. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents 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 inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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. Village of Jerome, Illinois has elected not to present the management's discussion and analysis which, the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basis financial statements.

Other Matters

Our audit was made for the purpose of forming an opinion on the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information that collectively comprise the Village of Jerome, Illinois' financial statements. The accompanying financial information listed as *Other Supplemental Data* in the table of contents has not been subjected to audit procedures and therefore, we do not express an opinion on that information.

Respectfully submitted,



PEHLMAN & DOLD, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
SPRINGFIELD, ILLINOIS

FINANCIAL STATEMENTS

VILLAGE OF JEROME, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2015

	Governmental Activities (Modified Cash Basis)	Business-Type Activities (Accrual)	Total
ASSETS			
Current Assets:			
Cash	\$ 42,262	\$ 216,151	\$ 258,413
Investments	252,461	150,000	402,461
Accounts receivables		52,725	52,725
Prepaid expenses	165		165
Interfund receivables/payables	(9,783)	9,783	
Total Current Assets	<u>285,105</u>	<u>428,659</u>	<u>713,764</u>
Non-Current Assets:			
Capital assets, net of accumulated depreciation	<u>767,060</u>	<u>23,497</u>	<u>790,557</u>
Total Non-Current Assets	<u>767,060</u>	<u>23,497</u>	<u>790,557</u>
TOTAL ASSETS	<u>\$1,052,165</u>	<u>\$ 452,156</u>	<u>\$1,504,321</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$	\$ 31,311	\$ 31,311
Customer deposits	<u>1,575</u>	<u>21,075</u>	<u>22,650</u>
Total Current Liabilities	<u>1,575</u>	<u>52,386</u>	<u>53,961</u>
Non-Current Liabilities:			
Contractual obligations - due within one year	5,446		5,446
Contractual obligations - due in more than one year	<u>14,912</u>		<u>14,912</u>
TOTAL LIABILITIES	<u>\$ 21,933</u>	<u>\$ 52,386</u>	<u>\$ 74,319</u>
NET POSITION			
Net investment in capital assets	\$ 746,702	\$ 23,497	\$ 770,199
Restricted	252,311		252,311
Unrestricted	<u>31,219</u>	<u>376,273</u>	<u>407,492</u>
TOTAL NET POSITION	<u>\$1,030,232</u>	<u>\$ 399,770</u>	<u>\$1,430,002</u>

The Notes to the Financial Statements are an integral part of this statement.

VILLAGE OF JEROME, ILLINOIS

STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2015

	<u>Program Revenues</u>		<u>Net (Expense) Revenue & Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<u>Functions/Programs:</u>						
Governmental Activities – Modified Cash Basis:						
General government	\$ 130,662	\$ 58,208	\$	\$(72,454)	\$	\$(72,454)
Public safety	592,421	23,846	15,254	(553,321)		(553,321)
Cultural and recreation	111,503		13,744	(111,503)		(111,503)
Public works and transportation	231,937			(218,193)		(218,193)
Interest on long-term debt	782			(782)		(782)
Total Governmental Activities	<u>1,067,305</u>	<u>82,054</u>	<u>28,998</u>	<u>(956,253)</u>		<u>(956,253)</u>
Business-Type Activities:						
Water and sewer utility	467,053	501,654			34,601	34,601
Total Business-Type Activities	<u>467,053</u>	<u>501,654</u>			<u>34,601</u>	<u>34,601</u>
TOTAL	<u>\$1,534,358</u>	<u>\$ 583,708</u>	<u>\$ 28,998</u>	<u>(956,253)</u>	<u>34,601</u>	<u>(921,652)</u>
General Revenues:						
Taxes:						
Real estate taxes				37,085		37,085
Corporate replacement tax				2,651		2,651
Income, photo, local use, sales taxes				914,421		914,421
Utility excise tax				32,305		32,305
Video gaming tax				41,937		41,937
Motor fuel tax allotments				39,785		39,785
Interest income				281	784	1,065
Miscellaneous				7,375		7,375
Total				<u>1,075,840</u>	<u>784</u>	<u>1,076,624</u>
Change in Net Position				119,587	35,385	154,972
Net Position – Beginning of year				910,645	364,385	1,275,030
Net Position – End of year				<u>\$1,030,232</u>	<u>\$ 399,770</u>	<u>\$1,430,002</u>

The Notes to the Financial Statements are an integral part of this statement.

VILLAGE OF JEROME, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE --
MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

April 30, 2015

	General Fund	Special Revenue Fund - Motor Fuel Tax Fund	Total Governmental Funds
ASSETS			
Cash in bank	\$ 42,262	\$	\$ 42,262
Investments	4,498	247,963	252,461
Due from Motor Fuel Tax Fund	26,793	(26,793)	
Prepaid payroll withholdings	<u>165</u>	<u> </u>	<u>165</u>
TOTAL ASSETS	<u>\$ 73,718</u>	<u>\$221,170</u>	<u>\$ 294,888</u>
LIABILITIES			
Customer deposits	\$ 1,575	\$	\$ 1,575
Due to Water and Sewer Utility Fund	<u>9,783</u>	<u> </u>	<u>9,783</u>
Total Liabilities	<u>11,358</u>	<u> </u>	<u>11,358</u>
FUND BALANCE			
Nonspendable	165		165
Restricted	31,141	221,170	252,311
Unassigned	<u>31,054</u>	<u> </u>	<u>31,054</u>
Total Fund Balance	<u>62,360</u>	<u>221,170</u>	<u>283,530</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 73,718</u>	<u>\$221,170</u>	

Reconciliation to Statement of Net Position:

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 governmental funds 767,060

Some liabilities, including capital debt obligations payable, are not due and payable in the current period and therefore are not reported in the funds (20,358)

Net position of governmental activities \$1,030,232

The Notes to the Financial Statements are an integral part of this statement.

VILLAGE OF JEROME, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

For the Year Ended April 30, 2015

	General Fund	Special Revenue Fund - Motor Fuel Tax Fund	Total Governmental Funds
Revenues:			
Taxes	\$ 37,085	\$	\$ 37,085
Intergovernmental	1,013,810	52,067	1,065,877
Charges for services	9,934		9,934
Licenses and permits	42,494		42,494
Fines	23,846		23,846
Local sources	7,624	32	7,656
Total Revenues	<u>1,134,793</u>	<u>52,099</u>	<u>1,186,892</u>
Expenditures:			
<i>Current:</i>			
General government	130,662		130,662
Public safety	580,181		580,181
Cultural and recreation	87,295		87,295
Public works and transportation	182,357	26,793	209,150
Debt service	10,349		10,349
Capital outlay	13,673		13,673
Total Expenditures	<u>1,004,517</u>	<u>26,793</u>	<u>1,031,310</u>
<i>Excess of revenues over expenditures</i>	130,276	25,306	155,582
Other Financing Sources	_____	_____	_____
<i>Net Change in Fund Balance</i>	130,276	25,306	155,582
Fund Balance – Beginning of year	(<u>67,916</u>)	<u>195,864</u>	<u>127,948</u>
Fund Balance – End of year	<u>\$ 62,360</u>	<u>\$221,170</u>	<u>\$ 283,530</u>

The Notes to the Financial Statements are an integral part of this statement.

VILLAGE OF JEROME, ILLINOIS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – MODIFIED CASH BASIS OF
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2015

Reconciliation to the Statement of Activities

Net change in fund balances – total government funds		\$ 155,582
Amounts reported for governmental activities in the Statement of Activities are different because:		
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Likewise, proceeds from long-term liabilities is another financing source in the governmental funds, but proceeds increase long-term liabilities in the Statement of Net Position:		
Contractual debt obligation principal payments		9,567
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital outlay	\$ 13,673	
Depreciation expense	(59,235)	(45,562)
Change in Net Position of Governmental Activities		<u>\$119,587</u>

The Notes to the Financial Statements are an integral part of this statement.

VILLAGE OF JEROME, ILLINOIS

BALANCE SHEET

PROPRIETARY FUND TYPES

April 30, 2015

Water and Sewer
Utility Fund

ASSETS

Current Assets:

Cash in bank	\$216,151
Investments	150,000
Accounts receivables	52,725
Due from General Fund	<u>9,783</u>
Total Current Assets	<u>428,659</u>

Capital Assets (net of accumulated depreciation):

Land (not being depreciated)	2,500
Water systems	12,921
Village hall	3,759
Equipment	<u>4,317</u>
Total Capital Assets	<u>23,497</u>

TOTAL ASSETS **\$452,156**

LIABILITIES

Current Liabilities:

Accounts payable	\$ 31,311
Water deposits payable	<u>21,075</u>
Total Current Liabilities	<u>52,386</u>

TOTAL LIABILITIES **52,386**

NET POSITION

Net investment in capital assets	23,497
Unrestricted	<u>376,273</u>
TOTAL NET POSITION	<u>399,770</u>

TOTAL LIABILITIES AND NET POSITION **\$452,156**

The Notes to the Financial Statements are an integral part of this statement.

VILLAGE OF JEROME, ILLINOIS
 STATEMENT OF INCOME, EXPENSES
 AND CHANGES IN NET POSITION

PROPRIETARY FUND

For the Year Ended April 30, 2015

	Water and Sewer <u>Utility Fund</u>
Income:	
Water and sewer charges	\$501,654
Total income	<u>501,654</u>
Operating Expenses:	
Water purchase	183,992
Sewer system charges	206,492
Salaries	14,556
Payroll taxes/benefits	1,114
Office supplies and expense	4,056
Repairs and maintenance	19,829
Professional/contractual services	30,866
Dues and permits	2,104
Miscellaneous expense	372
Depreciation	<u>3,672</u>
Total Operating Expense	<u>467,053</u>
Operating Income	34,601
Non-Operating Income:	
Interest income	<u>784</u>
Change in Net Position	35,385
Net Position – Beginning of year	<u>364,385</u>
Net Position – End of year	<u>\$399,770</u>

The Notes to the Financial Statements are an integral part of this statement.

VILLAGE OF JEROME, ILLINOIS

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended April 30, 2015

	Water and Sewer Utility Fund
Net Cash Flows from Operating Activities:	
Receipts from customers	\$502,002
Payments to customers	(2,550)
Payments to suppliers	(456,365)
Payments to employees	<u>(14,556)</u>
Net Cash Provided by Operating Activities	<u>28,531</u>
Net Cash Flows from Investing Activities:	
Interest income	<u>784</u>
Net Cash Provided by Investing Activities	<u>784</u>
Net Cash Flows from Non-Capital and Related Financing Activities:	
Purchase of capital assets	(10,303)
Receipts (payments) – net interfund accounts	<u>96,956</u>
Net Cash Provided by Non-Capital and Related Financing Activities	<u>86,653</u>
Net increase in cash	115,968
Cash – Beginning of year	<u>100,183</u>
Cash – End of year	<u>\$216,151</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$34,601
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation expense	3,672
Change in Assets and Liabilities:	
Increase in accounts receivable	(3,177)
Decrease in accounts payable/payroll liability	(7,540)
Increase in meter deposits payable	<u>975</u>
Net Cash Provided by Operating Activities	<u>\$ 28,531</u>

The Notes to the Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF JEROME, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Jerome, Illinois (the Village), operates under a board form of government and provides the following services as authorized by state statute: public safety, streets, health and social services, public improvements, planning and zoning, and general administrative services.

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 that do not conflict with or contradict GASB pronouncements. The Village has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, but the Village has chosen not to do so. The following is a summary of the more significant policies:

Reporting Entity:

The Village, for financial purposes, includes all of the funds relevant to the operation of the Village of Jerome. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Village of Jerome.

The financial statements of the Village include those of separate administered organizations that are controlled by or dependent on the Village. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of respective governing board.

Government-Wide and Fund Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-charged revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Village currently has no Fiduciary Type Funds.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues, operating grants or capital grants. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from services provided by a given function. Operating grants include those grants that are operating specifically or the use is at the discretion of the Village. Capital grants are specifically designated for capital expenditures.

Taxes and other items not included in program revenue, operating or capital grants are reported as general revenues. The Village currently does not allocate indirect costs.

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The Village presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

VILLAGE OF JEROME, ILLINOIS

NOTES TO FINANCIAL STATEMENTS - continued

April 30, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements: – continued

The Village reports all of its funds as major funds:

Governmental Funds: General Fund
 Special Revenue Fund - Motor Fuel Tax Fund

Proprietary Funds: Water and Sewer Utility Fund

Governmental Funds:

General Fund – The General Fund, which is comprised of two separate funds, the General Fund and Law Enforcement Seizure Fund, is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund. The Law Enforcement Seizure Fund accounts for all DUI fines and drug seizure revenues from the federal government or other governmental agencies. This money is specifically designated for law enforcement purposes. The Village will first apply restricted resources when an expenditure is incurred for purposes for which restricted and unrestricted resources are available. Any cumulative excess of revenue over expenditures is considered restricted. The General Fund accounts for all other general operating activities of the Village.

Special Revenue Fund – The Motor Fuel Tax Fund is used to account for the proceeds of specific revenue sources, primarily motor fuel tax allotments from the Illinois Department of Transportation, that are legally restricted to expenditures for specified purposes. The Village will first apply restricted resources when an expenditure is incurred for purposes for which restricted and unrestricted resources are available. Any cumulative excess of revenues over expenditures is considered restricted.

Proprietary Fund:

Proprietary Funds (Enterprise Funds) are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. These Funds account for operations that are organized to be self-supporting through user charges.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's proprietary fund are charges to customers for water and sewer usage. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Village reports the following Proprietary Fund as a major fund:

Water and Sewer Utility Fund – This Fund accounts for revenue and expenses relating to operating and maintaining the water and sanitary sewer system.

VILLAGE OF JEROME, ILLINOIS

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide Statements:

In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated fixed assets are valued at their estimated fair value on the donated date.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' useful lives using the straight-line method of depreciation. A capitalization threshold of \$2,000 for office equipment, computers and supplies and \$10,000 for all other Village-owned property, equipment and vehicles is used to report capital assets. The estimated useful lives by type of asset is as follows:

Buildings and grounds	20 years
Vehicles	5-7 years
Furniture and office equipment	7 years

Interest paid on long-term debt associated with the acquisition of capital assets is not capitalized. During the year ended April 30, 2015, the Village expensed \$782 as interest on long-term debt for governmental activities on the Statement of Activities.

Fund Financial Statements:

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary operations are accounted for the same as in the government-wide statements.

Basis of Accounting/Measurement Focus:

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund balance, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. The Village utilizes a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on the balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

In the government-wide Statement of Net Position and Statement of Activities and fund financial statements, business-type activities are presented using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

VILLAGE OF JEROME, ILLINOIS
NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting/Measurement Focus: - continued

Equity is classified as net position and displayed in three components:

Investment in capital assets, net of related debt – Investment in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – Restricted net position consist of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

Unrestricted – Unrestricted net position are all other assets that do not meet the definition of "restricted" or "investment in capital assets, net of related debt".

Governmental Fund Statements – Fund Balances:

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54)*. This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

1. Nonspendable, such as fund balance associated with inventories, pre-paids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Trustees at the highest level of decision-making authority, (ordinance or resolution). A similar action is needed to modify or remove any previously committed amounts.
4. Assigned fund balance classification includes amounts that are constrained by the Village Board to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy:

The Village first applies expenditures against nonspendable fund balance, restricted, committed, assigned and then unassigned fund balance when an expense is incurred for purposes of which all fund balance resources are available.

First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts are classified as committed, assigned or unassigned fund balance.

As of April 30, 2015, the Village has not formally addressed a minimum fund balance policy.

VILLAGE OF JEROME, ILLINOIS

NOTES TO FINANCIAL STATEMENTS - continued

April 30, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital Assets:

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. The governmental funds modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment depends on whether the capital assets are reported in the government-wide or fund financial statements. The proprietary funds report capital assets on the accrual basis of accounting.

Interfund Activity:

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These transactions that have not cleared as of the balance sheet date are classified as "due from other funds" and "due to other funds" on the balance sheet. All interfund receivables and payables are considered short-term. Short-term interfund loans are also included in these categories.

Transactions which constitute the transfer of resources from the fund receiving revenues to the fund to which the revenues are expected to be expended, are considered permanent operating transfers and are separately reported in the operating statements. Operating transfers are the result of Board approval and will not be repaid.

Vacation and Sick Leave:

Employees accumulate vacation leave which must be taken in the 12 months following the anniversary date of their employment. Sick leave accumulates at a rate of 8 hours per month to a maximum of 720 hours. Sick leave is not paid out upon employee termination. Employees may also elect to take compensatory time off instead of pay at a rate of one and one-half hour for each overtime hour worked. Compensatory hours may not accumulate more than 120 hours for Police Department employees and 80 hours for all other employees. The portion of these accumulations expected to be paid from current resources available is accounted for as a liability on the financial statements.

Cash and Cash Equivalents:

For the purposes of the statement of cash flows, the Village considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Non-negotiable certificates of deposit with a maturity of three months or less are also included as a cash equivalent on the statement of cash flows.

Cash and Investments:

Statutes allow the Village to invest in obligations of the U.S. Treasury or any U.S. Agency whose obligations are guaranteed by the full faith and credit of the United States of America as to principal and interest; interest bearing accounts of banks insured by the Bank Insurance Fund; commercial paper of U.S. Corporations with assets exceeding \$500,000,000 provided the obligations are rated in the 3 highest classifications by at least 2 rating services and mature no later than 180 days from purchase; money market mutual funds registered under the Investment Company Act of 1940; repurchase agreements, interest bearing accounts of savings and loan associations insured by the Savings Association Insurance Fund; dividend bearing accounts of Illinois or Federally chartered credit unions provided such accounts are insured; and the Public Treasurers Investment Pool.

Except where otherwise required, the Village maintains all deposits in a bank account in the name of the Village. These deposits are invested on a short-term basis with interest income being allocated to the funds based on their respective balance. Investments consist primarily of deposits in the Illinois Funds Money Market Fund and certificates of deposit, which are reported at fair value, if applicable.

The Village has deposits in the Illinois Funds Money Market Fund. The Illinois Funds are not subject to direct regulatory oversight of the Security and Exchange Commission, however, the funds are managed by the State of Illinois Treasurer's Office in accordance with state statutes. The fair value of the position in the external investment pool is the same as the value of the pool shares.

VILLAGE OF JEROME, ILLINOIS

NOTES TO FINANCIAL STATEMENTS - continued

April 30, 2015

Note 2. CASH AND INVESTMENTS

Permitted deposits and investments – Illinois Compiled Statutes (ILCS) authorize the Village to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

All funds of the Village must be deposited and invested according to these statutes. Depository banks use the Dedicated Method of collateralization, placing approved pledged securities for safekeeping and trust with the Village's agent bank in an amount sufficient to protect Village funds. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) Insurance. External investment pools use the Pooling Method of collateralization. Due to the nature of external investment pools, participants maintain separate investment accounts representing a proportionate share of the pool assets and its respective collateral. Collateral is maintained in the name of the investment pool.

The Village also has deposits in the Illinois Funds Money Market Fund, which is regulated by the State Treasurer's Office. The fair value of the position in the external investment pool is the same as the value of the pool shares.

The following is disclosed regarding coverage as of April 30, 2015.

- a) The total amount of FDIC coverage as of April 30, 2015 was \$500,000.
- b) Dedicated Method: As of April 30, 2015, the market value of pledged securities was \$638,960.
- c) Pooling Method: Deposits in external investment pools are fully collateralized.

(a) *Cash and Cash Equivalents*

At April 30, 2015, the carrying amount of the Village's cash and cash equivalent, less petty cash of \$151 and undeposited cash of \$16,215, was \$242,047 and the bank balance was \$255,590. A reconciliation of the cash and cash equivalents on the financial statements is as follows:

Business checking	<u>\$242,047</u>
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(b) *Investments*

Statutes authorize the Village to invest in, but not limited to, interest-bearing time accounts at financial institutions and external investment pools. The carrying value, which approximates market, of investments at year-end was \$402,461.

The Village's investments are detailed as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		<u>Rating</u>
		<u>Less than 6 Months</u>	<u>6 Months to 1 Year</u>	
Illinois National Bank – certificates of deposit	\$150,000	\$	\$150,000	Unrated
Illinois Funds – Money Market Fund	<u>252,461</u>	<u>252,461</u>		AAAm
	<u>\$402,461</u>	<u>\$252,461</u>	<u>\$150,000</u>	

VILLAGE OF JEROME, ILLINOIS

NOTES TO FINANCIAL STATEMENTS - continued

April 30, 2015

Note 2. CASH AND INVESTMENTS

(c) *Investments Policies*

Interest rate risk: The Village has no formal policy on interest rate risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Village can manage its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Custodial credit risk: The Village has no formal policy on custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Of the Village's total cash and cash equivalents, \$-0- was subject to custodial credit risk.

The Village's investments in the Illinois Funds Money Market Fund are fully collateralized, but not in the Village's name, therefore no collateral is identified with the Village.

Credit risk: The Village has no formal policy on credit risk. Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentration risk: The Board places no limit on the amount that can be invested with any single issuer. All the Village's investments exceed 5 percent of total investments, or \$20,123. The Illinois National Bank certificate of deposit represents 37.27 percent and the Illinois Funds – Money Market Fund represents 62.73 percent of total investments.

Note 3. PROPERTY TAXES – REVENUE RECOGNITION

The Village's property tax is levied each year on all real property located in the Village on or before the last Tuesday in December. The 2014 levy was passed by the board on December 4, 2014 and property taxes attached as an enforceable lien on property as of January 1st. Taxes are payable in two installments, on June 1st and September 1st. The Village receives its first distributions of tax receipts approximately one month after the collection dates. Taxes recorded on these financial statements are from the 2013 and prior tax levies.

Property tax revenues are recognized as they are received since the Village's general fund operates on the modified cash basis of accounting. A schedule of assessed valuation, rates and extension is presented in the other supplemental data section of this report.

VILLAGE OF JEROME, ILLINOIS

NOTES TO FINANCIAL STATEMENTS - continued

April 30, 2015

Note 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended April 30, 2015 was as follows:

	Balance May 1, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance April 30, <u>2015</u>
Governmental Activities – Modified Cash Basis:				
Land (not being depreciated)	\$ 144,498	\$	\$	\$ 144,498
Infrastructure	387,422			387,422
Buildings and improvements	757,318	13,673		770,991
Machinery and equipment	497,615			497,615
Playground	<u>92,673</u>			<u>92,673</u>
Total Capital Assets	<u>1,879,526</u>	<u>13,673</u>		<u>1,893,199</u>
Less Accumulated Depreciation for:				
Infrastructure	170,783	19,371		190,154
Buildings and improvements	387,291	19,451		406,742
Machinery and equipment	456,444	15,779		472,223
Playground	<u>52,386</u>	<u>4,634</u>		<u>57,020</u>
Total Accumulated Depreciation	<u>1,066,904</u>	<u>(59,235)</u>		<u>1,126,139</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 812,622</u>	<u>\$ (45,562)</u>	<u>\$</u>	<u>\$ 767,060</u>
Business-Type Activities – Accrual Basis:				
Land (not being depreciated)	\$ 2,500	\$	\$	\$ 2,500
Buildings and improvements	10,392			10,392
Water system	162,615	10,303		172,918
Equipment	<u>70,626</u>			<u>70,626</u>
Total Capital Assets	<u>246,133</u>	<u>10,303</u>		<u>256,436</u>
Less accumulated Depreciation for:				
Buildings and improvements	6,527	105		6,632
Water system	158,706	1,291		159,997
Machinery and equipment	<u>64,034</u>	<u>2,276</u>		<u>66,310</u>
Total Accumulated Depreciation	<u>229,267</u>	<u>3,672</u>		<u>232,939</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 16,866</u>	<u>\$ 6,631</u>	<u>\$</u>	<u>\$ 23,497</u>

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental Activities:

Public Safety	\$ 12,240
Cultural and Recreation	24,208
Public Works and Transportation	<u>22,787</u>
Total Depreciation Expense for Governmental Activities	<u>\$ 59,235</u>

Business-Type Activities:

Water and Sewer Utility	\$ 3,672
Total Depreciation Expense for Business-Type Activities	<u>\$ 3,672</u>

VILLAGE OF JEROME, ILLINOIS

NOTES TO FINANCIAL STATEMENTS - continued

April 30, 2015

Note 5. DEFINED BENEFIT PENSION PLAN

Plan Description. The Village's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is affiliated with the Illinois Municipal Retirement Fund ("IMRF"), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the Village's Regular plan members are required to contribute 4.50% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2014 was 14.05%. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2014 was \$61,777.

**THREE-YEAR TREND INFORMATION
FOR THE REGULAR PLAN**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/14	\$ 61,777	100%	\$ 0
12/31/13	61,146	100%	0
12/31/12	72,804	100%	0

The required contribution for 2014 was determined as part of the December 31, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from .4 to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Village Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Village Regular plan's unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 52.92% funded. The actuarial accrued liability for benefits was \$1,238,964 and the actuarial value of assets was \$655,667, resulting in an underfunded actuarial accrued liability (UAAL) of \$583,297. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$439,693 and the ratio of the UAAL to the covered payroll was 133%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

VILLAGE OF JEROME, ILLINOIS

NOTES TO FINANCIAL STATEMENTS - continued

April 30, 2015

Note 6. LONG-TERM DEBT

During the fiscal year ending April 30, 2015, the Village had one outstanding long-term obligation.

(a) *Note Payable:*

The Village entered into a long-term note payable with the Illinois National Bank for the finance of real estate purchased at an interest rate of 3.9%. The initial proceeds were \$64,000 with monthly principal and interest payments of \$384 beginning January 27, 2005. The obligation matures on December 27, 2024. The Village has elected to pay \$500 a month instead of the required payment of \$384 and will make additional payments based upon cash flow. The debt is to be repaid from governmental activities, General Fund. The balance at April 30, 2015 was \$20,358.

Future payment obligations are as follows:

Fiscal Year Ended <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 5,446	\$ 554	\$ 6,000
2017	5,617	383	6,000
2018	5,794	206	6,000
2019	<u>3,501</u>	<u>37</u>	<u>3,538</u>
	<u>\$ 20,358</u>	<u>\$ 1,180</u>	<u>\$ 21,538</u>

(b) *Changes in Long-Term Debt:*

Governmental Activities:

	<u>Balance</u> <u>5/1/2014</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>4/30/2015</u>
Notes payable- Illinois National Bank	\$ 29,925	\$ _____	\$ 9,567	\$ 20,358
Total Governmental Activities	\$ 29,925	\$ _____	\$ 9,567	\$ 20,358

Note 7. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 8. INTERFUND ACTIVITIES

- (a) The amounts appearing as interfund receivables and payables arise from two types of transactions: One type of transaction occurs when a fund pays for a good or service that a portion of the benefit belongs to another fund. The second type of transaction occurs when one fund provides a good or service to another fund. Operating transfers may also result by board resolution. All interfund receivable and payable balances are expected to be repaid within one year.

Interfund balances at April 30, 2015 consisted of the following individual funds receivable and payable:

	<u>Receivable</u>	<u>Payable</u>
<i>Governmental Funds:</i>		
General Fund	\$ 31,788	\$ 9,783
Law Enforcement Seizure Fund		4,995
Motor Fuel Tax Fund		<u>26,793</u>
Total Governmental Funds	<u>\$ 31,788</u>	<u>\$ 41,571</u>

VILLAGE OF JEROME, ILLINOIS

NOTES TO FINANCIAL STATEMENTS - continued

April 30, 2015

Note 8. INTERFUND ACTIVITIES

Interfund balances at April 30, 2015 consisted of the following individual funds receivable and payable: - *continued*

	<u>Receivable</u>	<u>Payable</u>
<i>Proprietary Funds:</i>		
Water and Sewer Utility Fund	\$ 9,783	\$ _____
<i>Total</i>	<u>\$ 41,571</u>	<u>\$ 41,571</u>

(b) The Village made no interfund transfers during the fiscal year ending April 30, 2015.

Note 9. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health, and natural disasters. These risks are covered by a broad range of commercial insurance purchased from independent third parties including general liability, an umbrella policy, and workers compensation. Settled claims from these risks have not exceeded commercial insurance coverage in the current fiscal year or the prior three fiscal years.

Note 10. LEGAL DEBT MARGIN

Assessed Valuation – 2014 levy	<u>\$26,973,079</u>
Statutory debt limitation – 8.625% of assessed valuation	\$ 2,326,428
Less:	
Illinois National Bank	<u>20,358</u>
Legal Debt Margin	<u>\$ 2,306,070</u>

Note 11. NET POSITION/FUND BALANCE CLASSIFICATION

(a) *Net Position:*

Net position of the Village's governmental funds at April 30, 2015 are comprised of the following:

	<u>General</u>	<u>Major Special Revenue Fund Motor Fuel Tax Fund</u>	<u>Total</u>
Net investment in capital assets	\$746,702	\$ _____	\$ 746,702
<i>Restricted:</i>			
Public Safety	24,949		24,949
Public Works and Transportation	6,192	221,170	227,362
<i>Unrestricted:</i>			
General Government and Administration	<u>31,219</u>		<u>31,219</u>
	<u>\$809,062</u>	<u>\$221,170</u>	<u>\$1,030,232</u>

VILLAGE OF JEROME, ILLINOIS

NOTES TO FINANCIAL STATEMENTS - continued

April 30, 2015

Note 11. NET POSITION/FUND BALANCE CLASSIFICATION

(b) *Fund Balances:*

Fund balances of the Village's governmental funds at April 30, 2015 are comprised of the following:

	General	Major Special Revenue Fund Motor Fuel Tax Fund	Total
<i>Nonspendable</i>	\$ 165	\$	\$ 165
<i>Restricted:</i>			
Public Safety	24,949		24,949
Public Works & Transportation	6,192	221,170	227,362
<i>Unassigned:</i>			
General Government & Administration	31,054		31,054
	<u>\$ 62,360</u>	<u>\$221,170</u>	<u>\$283,530</u>

Note 12. RESTRICTED NET POSITION

(a) *Public Safety:*

The Village receives drug seizure revenue and DUI related fines that is specifically designated by the funding source to be used for law enforcement purposes. This restricted revenue source is accounted for in the Law Enforcement Seizure Fund. Any excess of cumulated revenue over cumulated expenditures is considered restricted. As of April 30, 2015, there was excess cumulated revenue over expenditures of \$24,949.

(b) *Public Works and Transportation:*

The Village receives road and bridge property taxes from the Township. This revenue source is restricted according to State statute and must be spent on the maintenance and improvement of roads, streets and bridges. The Village has one year from the date of receipt to spend the funds or any excess must be returned to the Township. This restricted revenue source is accounted for in the General Fund. Any excess of cumulative revenue over cumulative expenditures is considered restricted. As of April 30, 2015, there was excess cumulative revenue over expenditure of \$6,192.

The Village receives motor fuel tax allotments and other state revenue sources, primarily from the Illinois Department of Transportation, that are legally restricted for street related repairs and capital projects. This restricted revenue source is accounted for in the Motor Fuel Tax Fund. Any excess cumulated revenue over cumulated expenditures is considered restricted. As of April 30, 2015, there was excess cumulated revenue over expenditures of \$221,170.

Note 13. SUBSEQUENT EVENT

Management and the Village Board has evaluated subsequent event through November 10, 2015, which is the date the financial statements were available to be issued. As of November 10, 2015, no subsequent events required recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF JEROME, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS
 FOR THE REGULAR PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/14	\$655,667	\$1,238,964	\$583,297	52.92%	\$439,693	132.66%
12/31/13	536,313	996,931	460,618	53.80%	438,635	105.01%
12/31/12	664,580	1,189,849	525,269	55.85%	525,663	99.93%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$829,400. On a market basis, the funded ratio would be 66.94%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Village of Jerome. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

SUPPLEMENTAL INFORMATION

VILLAGE OF JEROME, ILLINOIS

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - MODIFIED CASH BASIS

*Cumulative
for balance*

GENERAL FUND TYPES

April 30, 2015 and 2014

	General Fund	Law Enforcement Seizure Fund	Total 2015	2014
ASSETS				
Cash in bank	\$ 12,318	\$ 29,944	\$ 42,262	\$ 33,828
Investments	4,498		4,498	5,794
Prepaid payroll withholding	165		165	
Due from (to) Law Enforcement Seizure Fund	4,995	(4,995)		
Due to Motor Fuel Tax Fund	<u>26,793</u>		<u>26,793</u>	
TOTAL ASSETS	\$ <u>48,769</u>	\$ <u>24,949</u>	\$ <u>73,718</u>	\$ <u>39,622</u>
LIABILITIES				
Customer deposits	\$ 1,575	\$	\$ 1,575	\$ 800
Due to Water and Sewer Utility Fund	<u>9,783</u>		<u>9,783</u>	<u>106,738</u>
Total Liabilities	<u>11,358</u>		<u>11,358</u>	<u>107,538</u>
FUND BALANCE				
Nonspendable	165		165	
Restricted	6,192	24,949	31,141	48,739
Unassigned	<u>31,054</u>		<u>31,054</u>	<u>(116,655)</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>48,769</u>	\$ <u>24,949</u>	\$ <u>73,718</u>	\$ <u>39,622</u>

VILLAGE OF JEROME, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – MODIFIED CASH BASIS

GENERAL FUND TYPES

For the Year Ended April 30, 2015 and 2014

	General Fund	Law Enforcement Seizure Fund	Total 2015	2014
Revenues:				
<i>Local taxes -</i>				
Real estate taxes	\$ 37,085	\$	\$ 37,085	\$ 37,286
<i>Intergovernmental -</i>				
Income, photo, local use, and sales taxes	914,421		914,421	708,604
Replacement taxes	2,651		2,651	2,717
Utility excise tax	32,305		32,305	38,314
Video gaming tax	41,937		41,937	17,592
State sources	1,462	668	2,130	2,500
Federal sources	6,740	640	7,380	32,322
Other intergovernmental sources	5,780	7,206	12,986	7,864
<i>Charges for services -</i>				
Rental income	5,110		5,110	3,725
Towing	4,500		4,500	
Other fees and services	324		324	259
<i>Licenses and Permits -</i>				
Liquor licenses	11,475		11,475	8,176
Franchise licenses	16,386		16,386	20,307
Video gaming licenses	900		900	
Contractor and building permits	13,733		13,733	11,172
Fines	23,846		23,846	25,980
<i>Other local sources -</i>				
Interest	88	161	249	355
Miscellaneous income	5,462	254	5,716	2,049
Donations/memorials	<u>1,659</u>		<u>1,659</u>	
Total Revenues	<u>1,125,864</u>	<u>8,929</u>	<u>1,134,793</u>	<u>919,222</u>
Expenditures:				
<i>Current:</i>				
<i>General Government -</i>				
Board of Trustees	126,210	4,452	130,662	129,760
<i>Public Safety -</i>				
Police	558,396	21,785	580,181	523,979
<i>Cultural and Recreation -</i>				
Public property	87,295		87,295	94,893
<i>Public Works and Transportation -</i>				
Streets	182,357		182,357	178,363

VILLAGE OF JEROME, ILLINOIS

one yr.

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS

GENERAL FUND TYPES - continued

For the Year Ended April 30, 2015 and 2014

	General Fund	Law Enforcement Seizure Fund	Total 2015	2014
Expenditures:				
<i>Capital Outlay -</i>				
General Government	\$ 13,673	\$	\$ 13,673	\$ 2,749
<i>Debt Service -</i>				
Principal	9,567		9,567	4,486
Interest	<u>782</u>	<u> </u>	<u>782</u>	<u>1,014</u>
Total Expenditures	<u>978,280</u>	<u>26,237</u>	<u>1,004,517</u>	<u>935,244</u>
<i>Excess (deficit) of revenues over (under) expenditures</i>	147,584	(17,308)	130,276	(16,022)
Other Financing Sources:				
<i>Net Change in Fund Balance</i>	147,584	(17,308)	130,276	(16,022)
Fund Balance - Beginning of year	(110,173)	<u>42,257</u>	(67,916)	(51,894)
Fund Balance - End of year	<u>\$ 37,411</u>	<u>\$ 24,949</u>	<u>\$ 62,360</u>	<u>\$ (67,916)</u>

VILLAGE OF JEROME, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
APPROPRIATION AND ACTUAL – MODIFIED CASH BASIS

GENERAL FUND

For the Year Ended April 30, 2015

	Final Appropriations	Actual
Revenues:		
<i>Local taxes -</i>		
Real estate taxes	\$	\$ 37,085
		<u>37,085</u>
<i>Intergovernmental -</i>		
Income, photo, local use, and sales taxes		914,421
Replacement taxes		2,651
Utility excise tax		32,305
Video gaming tax		41,937
State sources		1,462
Federal sources		6,740
Other intergovernmental		5,780
<i>Total Intergovernmental</i>		<u>1,005,296</u>
<i>Charges for services -</i>		
Rental income		5,110
Towing		4,500
Other fees and services		324
<i>Total Charges for Services</i>		<u>9,934</u>
<i>Licenses and Permits -</i>		
Liquor licenses		11,475
Franchise licenses		16,386
Video gaming licenses		900
Contractor and building permits		13,733
<i>Total Licenses and Permits</i>		<u>42,494</u>
Fines		<u>23,846</u>
<i>Other local sources -</i>		
Interest		88
Miscellaneous		5,462
Donations/memorials		1,659
<i>Total Other Local Sources</i>		<u>7,209</u>
Total Revenues	\$	\$1,125,864
Expenditures:		
<i>General Government -</i>		
<i>Board of Trustees -</i>		
Salaries and employee benefits	\$ 56,800	\$ 56,913
Professional/contractual services	131,800	47,995
Office supplies and expenses	5,200	7,374
Charges for outside services		9,596
Repairs and maintenance		868
Professional development	150	212
Capital outlay		13,673
Civic events and awards	750	
Other expenditures	<u>3,100</u>	<u>3,252</u>
<i>Total General Government – Board of Trustees</i>	<u>197,800</u>	<u>139,883</u>

VILLAGE OF JEROME, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
APPROPRIATION AND ACTUAL – MODIFIED CASH BASIS

GENERAL FUND - continued

For the Year Ended April 30, 2015

	Final Appropriations	Actual
Expenditures: - continued		
<i>Public Safety – Police -</i>		
Salaries and employee benefits	\$ 488,000	\$ 524,367
Electronic data processing	13,000	
Professional/contractual services	6,000	
Office supplies and expenses	1,200	2,218
Charges for outside services		13,122
Professional development	1,100	2,200
General supplies	35,700	14,853
Repairs and maintenance	13,000	616
Capital outlay	35,000	
Other expenditures	100	1,020
<i>Total Public Safety - Police</i>	<u>593,100</u>	<u>558,396</u>
<i>Cultural and Recreation - Public Property -</i>		
Insurance		56,597
Charges for outside services	44,500	30,698
Capital outlay	6,000	
Other expenditures	500	
<i>Total Cultural and Recreation -- Public Property</i>	<u>51,000</u>	<u>87,295</u>
<i>Public Works and Transportation - Streets -</i>		
Salaries and employee benefits	173,025	136,849
Professional/contractual services	20,300	22,334
Office supplies and expenses		311
Professional development	100	
Charges for outside services	800	766
General supplies	18,300	11,122
Repairs and maintenance	14,500	9,234
Capital outlay	300	
Other expenditures	750	1,741
<i>Total Public Works and Transportation - Streets</i>	<u>228,075</u>	<u>182,357</u>
<i>Debt Service -</i>		
Principal		9,567
Interest		782
<i>Total Debt Service</i>		<u>10,349</u>
Total Expenditures	<u>\$1,069,975</u>	<u>978,280</u>
<i>Excess of revenues over expenditures</i>		147,584
Other Financing Sources		_____
<i>Net Change in Fund Balance</i>		147,584
Fund Balance – Beginning of year		(110,173)
Fund Balance – End of year		<u>\$ 37,411</u>

VILLAGE OF JEROME, ILLINOIS

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE
APPROPRIATION AND ACTUAL – MODIFIED CASH BASIS

LAW ENFORCEMENT SEIZURE FUND

For the Year Ended April 30, 2015

	Final <u>Appropriations</u>	<u>Actual</u>
Revenues:		
<i>Intergovernmental -</i>		
<i>DUI Fines/Drug Seizure -</i>		
State sources	\$	\$ 668
Federal sources		640
Other local governments		<u>7,206</u>
<i>Total Intergovernmental</i>		<u>8,514</u>
 <i>Other local sources –</i>		
Interest		161
Miscellaneous income		<u>254</u>
<i>Total Other Local Sources</i>	_____	<u>415</u>
 Total Revenues	 \$ _____	 <u>8,929</u>
 Expenditures:		
<i>General Government – Board of Trustees -</i>		
Office supplies and expenses	\$	1,228
Professional services/contractual		<u>3,224</u>
<i>Total General Government - Board of Trustees</i>	_____	<u>4,452</u>
 <i>Public Safety - Police -</i>		
Salaries and employee benefits		492
Professional development		4,712
Communications		4,807
Operating supplies		2,085
Uniforms		8,934
Vehicle expense		<u>755</u>
Capital outlay	<u>100,000</u>	<u>755</u>
<i>Total Public Safety - Police</i>	<u>100,000</u>	<u>21,785</u>
 Total Expenditures	 <u>\$100,000</u>	 <u>26,237</u>
 <i>Deficit of revenues under expenditures</i>		 (17,308)
 Other Financing Sources		 _____
 <i>Net Change in Fund Balance</i>		 (17,308)
 Fund Balance – Beginning of year		 <u>42,257</u>
 Fund Balance – End of year		 <u>\$ 24,949</u>

VILLAGE OF JEROME, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE –
MODIFIED CASH BASIS

SPECIAL REVENUE FUND TYPES

MOTOR FUEL TAX FUND

April 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Investments	<u>\$247,963</u>	<u>\$195,864</u>
TOTAL ASSETS	<u>\$247,963</u>	<u>\$195,864</u>
LIABILITIES		
Due to General Fund	\$ 26,793	\$
FUND BALANCE		
Restricted	<u>221,170</u>	<u>195,864</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$247,963</u>	<u>\$195,864</u>

VILLAGE OF JEROME, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
APPROPRIATION AND ACTUAL – MODIFIED CASH BASIS

one yr.

SPECIAL REVENUE FUND TYPES

MOTOR FUEL TAX FUND

For the Years April 30, 2015 and 2014

	Final Appropriations <u>2015</u>	Actual <u>2015</u>	Actual <u>2014</u>
Revenues:			
<i>Intergovernmental -</i>			
Motor fuel tax	\$	\$ 39,785	\$ 40,678
State grant		12,282	6,141
<i>Other local sources -</i>			
Interest	_____	<u>32</u>	<u>31</u>
Total Revenues	\$ _____	<u>52,099</u>	<u>46,850</u>
Expenditures:			
<i>Public Works and Transportation –</i>			
Street maintenance		14,777	
Charges for outside services		12,016	
Capital outlay	<u>\$200,000</u>	_____	_____
Total Expenditures	<u>\$200,000</u>	<u>26,793</u>	_____
<i>Excess of revenues over disbursements</i>		25,306	46,850
Other Financing Sources		_____	_____
<i>Net Change in Fund Balance</i>		25,306	46,850
Fund Balance – Beginning of year		<u>195,864</u>	<u>149,014</u>
Fund Balance – End of year		<u>\$221,170</u>	<u>\$195,864</u>

VILLAGE OF JEROME, ILLINOIS

BALANCE SHEET

PROPRIETARY FUND TYPES

WATER AND SEWER UTILITY FUND

April 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets:		
Cash in bank	\$216,151	\$100,183
Investments	150,000	150,000
Accounts receivable	52,725	49,548
Due from General Fund	<u>9,783</u>	<u>106,738</u>
Total Current Assets	<u>428,659</u>	<u>406,469</u>
Capital Assets (net of accumulated depreciation):		
Land (not being depreciated)	2,500	2,500
Water system	12,921	3,909
Village Hall	3,759	3,864
Equipment	<u>4,317</u>	<u>6,593</u>
Total Capital Assets	<u>23,497</u>	<u>16,866</u>
TOTAL ASSETS	<u>\$452,156</u>	<u>\$423,335</u>
 LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts payable	\$ 31,311	\$ 38,850
Water deposits payable	<u>21,075</u>	<u>20,100</u>
Total Current Liabilities	<u>52,386</u>	<u>58,950</u>
Net Position:		
Net investment in capital assets	23,497	16,866
Unrestricted	<u>376,273</u>	<u>347,519</u>
Total Net Position	<u>399,770</u>	<u>364,385</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$452,156</u>	<u>\$423,335</u>

VILLAGE OF JEROME, ILLINOIS

SUPPLEMENTAL COMPARATIVE INCOME STATEMENT
AND CHANGES IN NET POSITION

PROPRIETARY FUND TYPES

WATER AND SEWER UTILITY FUND

For the Years Ended April 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<i>Income:</i>		
Water and sewer charges	\$501,654	\$459,990
Miscellaneous income		652
<i>Total Income</i>	<u>501,654</u>	<u>460,642</u>
<i>Operating Expense:</i>		
Water purchase	183,992	162,530
Sewer system charges	206,492	202,868
Salaries	14,556	2,883
Payroll taxes/benefits	1,114	241
Office supplies and expense	4,056	5,174
Repairs and maintenance	19,829	66,663
Professional/contractual services	30,866	75,298
Dues and permits	2,104	2,104
Advertising		200
Miscellaneous expense	372	35
Depreciation	<u>3,672</u>	<u>6,207</u>
<i>Total Operating Expenses</i>	<u>467,053</u>	<u>524,203</u>
 <i>Operating Income (Loss)</i>	 34,601	 (63,561)
<i>Non-Operating Income:</i>		
Interest income	<u>784</u>	<u>615</u>
<i>Total Non-Operating Income</i>	<u>784</u>	<u>615</u>
 <i>Change in Net Position</i>	 35,385	 (62,946)
<i>Net Position</i> – Beginning of year	<u>364,385</u>	<u>427,331</u>
 <i>Net Position</i> – End of year	 <u>\$399,770</u>	 <u>\$364,385</u>

VILLAGE OF JEROME, ILLINOIS

INCOME STATEMENT
APPROPRIATION AND ACTUAL

WATER AND SEWER UTILITY FUND

For the Year Ended April 30, 2015

	Final Appropriations	Actual
Income:		
Water and sewer charges	\$ _____	\$501,654
Total Income	\$ _____	<u>501,654</u>
Operating Expense:		
Water purchase	\$180,000	183,992
Sewer system charges	225,000	206,492
Salaries	19,560	14,556
Payroll taxes/benefits	1,315	1,114
Office supplies and expense	4,700	4,056
General supplies	1,000	
Repairs and maintenance	35,400	19,829
Professional/contractual services	32,700	30,866
Dues and permits		2,104
Miscellaneous expense	400	372
Capital outlay	10,000	
Depreciation		<u>3,672</u>
Total Operating Expenses	<u>\$510,075</u>	<u>467,053</u>
Operating Income		34,601
Non-Operating Income:		
Interest income		<u>784</u>
Total Non-Operating Income		<u>784</u>
Change in Net Position		35,385
Net Position – Beginning of year		<u>364,385</u>
Net Position – End of year		<u>\$399,770</u>

VILLAGE OF JEROME, ILLINOIS

NOTES TO SUPPLEMENTAL INFORMATION

Note 1. BUDGET AND BUDGETARY ACCOUNTING

The Village follows these procedures in establishing the budgetary data reflected in the accompanying financial report.

1. Prior to July 31, the Village Board prepares a proposed operating budget for the fiscal year commencing the previous May 1. The operating budget includes proposed expenditures and the means of financing them.
2. The proposed budget is placed on file for 30 days before adoption.
3. Prior to July 31, the appropriation is legally adopted through passage of an ordinance. The current fiscal year appropriation, which was not amended, was passed on May 15, 2014.
4. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
5. Budgets are prepared on the cash basis of accounting.
6. All annual appropriations lapse at fiscal year-end.

Note 2. OVER EXPENDITURE OF BUDGET

As of April 30, 2015, the Village's General Fund and Major Special Revenue Funds had no excess actual expenditures over budget.

OTHER SUPPLEMENTAL DATA (UNAUDITED)

VILLAGE OF JEROME, ILLINOIS
 SCHEDULE OF TAXES LEVIED AND COLLECTED
 (Unaudited)

	<u>2014 Taxes Payable in 2015</u>	<u>2013 Taxes Payable in 2014</u>
Assessed Valuation	<u>\$26,973,079</u>	<u>\$27,183,666</u>
Tax Rates:		
Street	.0301	.0304
Police protection	<u>.0488</u>	<u>.0465</u>
Total	<u>.0789</u>	<u>.0769</u>
Village share road and bridge		\$ 16,215
Current taxes extended		<u>20,904</u>
Total for Distribution		37,119
Errors and adjustments		(35)
Interest		<u>1</u>
Total Real Estate Taxes		<u>\$ 37,085</u>