VILLAGE OF JEROME, ILLINOIS

GENERAL PURPOSE ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2016

VILLAGE OF JEROME, ILLINOIS

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CERTIFIED PUBLIC ACCOUNTANTS

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June 21, 2016

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, 2016, 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, 2016, 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, PC

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

FINANCIAL STATEMENTS

VILLAGE OF JEROME, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2016

	Governmental Activities (Modified Cash Basis)	Business-Type Activities (Accrual)	Total
ASSETS			
Current Assets:			
Cash	$ 87,868	$ 300,463	$ 388,331
Investments	294,994	160,193	455,187
Accounts receivables		51,182	51,182
Prepaid expenses	165		165
Interfund receivables/payables	(17,440)	17,440	
Total Current Assets	365,587	529,278	894,865
Non-Current Assets:			
Capital assets, net of accumulated depreciation	747,727	20,479	768,206
Total Non-Current Assets	747,727	20,479	768,206
TOTAL ASSETS	$1,113,314	$ 549,757	$1,663,071
LIABILITIES			
Current Liabilities:			
Accounts payable	$	$ 30,740	$ 30,740
Customer deposits	1,100	22,200	23,300
Total Current Liabilities	1,100	52,940	54,040
Non-Current Liabilities:			
Contractual obligations - due within one year	5,711		5,711
Contractual obligations - due in more than one year	7,602		7,602
TOTAL LIABILITIES	$ 14,413	$ 52,940	$ 67,353
NET POSITION			
Net investment in capital assets	$ 734,414	$ 20,479	$ 754,893
Restricted	270,291		270,291
Unrestricted	94,196	476,338	570,534
TOTAL NET POSITION	$ 1,098,901	$ 496,817	$1,595,718

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, 2016

		Program Revenues		Net (Expense) Revenue & Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental Activities – Modified Cash Basis:						
General government	$ 162,623	$ 62,432	$	$(100,191)	$	$(100,191)
Public safety	582,396		6,930	(575,466)		(575,466)
Cultural and recreation	125,663			(125,663)		(125,663)
Public works and transportation	216,744		1,489	(215,255)		(215,255)
Interest on long-term debt	455			(455)		(455)
Total Governmental Activities	1,087,881	62,432	8,419	(1,017,030)		(1,017,030)
Business-Type Activities - Accrual:						
Water and sewer utility	411,859	497,412			85,553	85,553
Total Business-Type Activities	411,859	497,412			85,553	85,553
TOTAL	$1,499,740	$ 559,844	$ 8,419	(1,017,030)	85,553	(931,477)
General Revenues:						
Taxes:						
Real estate taxes				38,290		38,290
Corporate replacement tax				2,686		2,686
Income, photo, local use, sales taxes				846,512		846,512
Utility excise tax				31,732		31,732
Video gaming tax				94,006		94,006
Motor fuel tax allotments				42,441		42,441
Fines				25,029		25,029
Interest income				765	11,494	12,259
Miscellaneous				4,238		4,238
Total				1,085,699	11,494	1,097,193
Change in Net Position				68,669	97,047	165,716
Net Position – Beginning of year				1,030,232	399,770	1,430,002
Net Position – End of year				$1,098,901	$ 496,817	$1,595,718

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, 2016

	General Fund	Special Revenue Fund - Motor Fuel Tax Fund	Total Governmental Funds
ASSETS			
Cash in bank	$ 87,868	$	$ 87,868
Investments	10,091	284,903	294,994
Due from Motor Fuel Tax Fund	26,493	(26,493)	
Prepaid payroll withholdings	165		165
TOTAL ASSETS	$124,617	$258,410	$ 383,027
LIABILITIES			
Customer deposits	$ 1,100	$	$ 1,100
Due to Water and Sewer Utility Fund	17,440		17,440
Total Liabilities	18,540		18,540
FUND BALANCE			
Nonspendable	165		165
Restricted	11,881	258,410	270,291
Unassigned	94,031		94,031
Total Fund Balance	106,077	258,410	364,487
TOTAL LIABILITIES AND FUND BALANCE	$124,617	$258,410	

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	747,727
Some liabilities, including capital debt obligations payable, are not due and payable in the current period and therefore are not reported in the funds	(13,313)
Net position of governmental activities	$1,098,901

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, 2016

	General Fund	Special Revenue Fund - Motor Fuel Tax Fund	Total Governmental Funds
Revenues:			
Taxes	$ 38,290	$	$ 38,290
Intergovernmental	983,355	42,441	1,025,796
Charges for services	15,082		15,082
Licenses and permits	47,350		47,350
Fines	25,029		25,029
Local sources	4,686	317	5,003
Total Revenues	1,113,792	42,758	1,156,550
Expenditures:			
Current:			
General government	162,623		162,623
Public safety	568,335		568,335
Cultural and recreation	102,964		102,964
Public works and transportation	190,641	5,518	196,159
Debt service	7,500		7,500
Capital outlay	38,012		38,012
Total Expenditures	1,070,075	5,518	1,075,593
Excess of revenues over expenditures	43,717	37,240	80,957
Other Financing Sources			
Net Change in Fund Balance	43,717	37,240	80,957
Fund Balance – Beginning of year	62,360	221,170	283,530
Fund Balance – End of year	$ 106,077	$258,410	$ 364,487

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, 2016

Reconciliation to the Statement of Activities

Net change in fund balances – total government funds		$ 80,957
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		7,045
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	$ 38,012	
Depreciation expense	(57,345)	(19,333)
Change in Net Position of Governmental Activities		$ 68,669

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

VILLAGE OF JEROME, ILLINOIS

BALANCE SHEET

PROPRIETARY FUND TYPES

April 30, 2016

	Water and Sewer Utility Fund
ASSETS	
Current Assets:	
Cash in bank	$300,463
Investments	160,193
Accounts receivables	51,182
Due from General Fund	17,440
Total Current Assets	529,278
Capital Assets (net of accumulated depreciation):	
Land (not being depreciated)	2,500
Water systems	11,215
Village hall	3,654
Equipment	3,110
Total Capital Assets	20,479
TOTAL ASSETS	$549,757
LIABILITIES	
Current Liabilities:	
Accounts payable	$ 30,740
Water deposits payable	22,200
TOTAL LIABILITIES	52,940
NET POSITION	
Net investment in capital assets	20,479
Unrestricted	476,338
TOTAL NET POSITION	496,817
TOTAL LIABILITIES AND NET POSITION	$549,757

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, 2016

	Water and Sewer Utility Fund
Income:	
Water and sewer charges	$497,412
Total income	497,412
Operating Expenses:	
Water purchase	151,152
Sewer system charges	213,961
Salaries	10,780
Payroll taxes/benefits	1,785
Office supplies and expense	3,677
Repairs and maintenance	15,448
Professional/contractual services	9,603
Dues and permits	2,104
Miscellaneous expense	331
Depreciation	3,018
Total Operating Expense	411,859
Operating Income	85,553
Non-Operating Income:	
Interest income	11,494
Change in Net Position	97,047
Net Position – Beginning of year	399,770
Net Position – End of year	$496,817

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, 2016

	Water and Sewer Utility Fund
Net Cash Flows from Operating Activities:	
Receipts from customers	$504,129
Payments to customers	(4,050)
Payments to suppliers	(398,632)
Payments to employees	(10,780)
Net Cash Provided by Operating Activities	90,667
Net Cash Flows from Investing Activities:	
Interest income	1,302
Net Cash Provided by Investing Activities	1,302
Net Cash Flows from Non-Capital and Related Financing Activities:	
Receipts (payments) – net interfund accounts	(7,657)
Net Cash Used by Non-Capital and Related Financing Activities	(7,657)
Net increase in cash	84,312
Cash – Beginning of year	216,151
Cash – End of year	$300,463
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	$ 85,553
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation expense	3,018
Change in Assets and Liabilities:	
Decrease in accounts receivable	1,542
Decrease in accounts payable/payroll liability	(571)
Increase in meter deposits payable	1,125
Net Cash Provided by Operating Activities	$ 90,667

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

NOTES TO FINANCIAL STATEMENTS

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.

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.

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, 2016, the Village expensed $455 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.

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, 2016, the Village has not formally addressed a minimum fund balance policy.

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 Commision, however, the funds are managed by the State of Illinois Treasurer's Office in accordance with state statues. The fair value of the position in the external investment pool is the same as the value of the pool shares.

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, 2016.

a.) The total amount of FDIC coverage as of April 30, 2016 was $500,000.

b.) Dedicated Method: As of April 30, 2016, the market value of pledged securities was $225,328.

c.) Pooling Method: Deposits in external investment pools are fully collateralized.

(a) Cash and Cash Equivalents

At April 30, 2016, the carrying amount of the Village's cash and cash equivalent, less petty cash of $151 was $388,180 and the bank balance was $415,313. A reconciliation of the cash and cash equivalents on the financial statements is as follows:

Business checking	$388,180

(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 $455,187.

The Village's investments are detailed as follows:

		Investment Maturities		
Investment Type	Fair Value	Less than 6 Months	6 Months to 1 Year	Rating
Illinois National Bank – certificates of deposit	$160,193	$	$160,193	Unrated
Illinois Funds – Money Market Fund	294,994	294,994		AAAm
	$455,187	$294,994	$160,193	

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 $22,759. The Illinois National Bank certificate of deposit represents 35.19 percent and the Illinois Funds – Money Market Fund represents 64.81 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 2015 levy was passed by the board on November 5, 2015 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 2014 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.

Note 4. *CAPITAL ASSETS*

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

	Balance May 1, 2015	Additions	Deletions	Balance April 30, 2016
Governmental Activities – Modified Cash Basis:				
Land (not being depreciated)	$ 144,498	$	$	$ 144,498
Building improvements in progress		14,598		14,598
Infrastructure	387,422			387,422
Buildings and improvements	770,991			770,991
Machinery and equipment	497,615	23,414	24,560	496,469
Playground	92,673			92,673
Total Capital Assets	1,893,199	38,012	24,560	1,906,651
Less Accumulated Depreciation for:				
Infrastructure	190,154	19,371		209,525
Buildings and improvements	406,742	17,942		424,684
Machinery and equipment	472,223	15,398	24,560	463,061
Playground	57,020	4,634		61,654
Total Accumulated Depreciation	1,126,139	57,345	24,560	1,158,924
Total Capital Assets, Net of Accumulated Depreciation	$ 767,060	$(19,333)	$	$ 747,727
Business-Type Activities – Accrual Basis:				
Land (not being depreciated)	$ 2,500	$	$	$ 2,500
Buildings and improvements	10,392			10,392
Water system	172,918			172,918
Equipment	70,626			70,626
Total Capital Assets	256,436			256,436
Less accumulated Depreciation for:				
Buildings and improvements	6,632	105		6,737
Water system	159,997	1,892		161,889
Machinery and equipment	66,310	1,021		67,331
Total Accumulated Depreciation	232,939	3,018		235,957
Total Capital Assets, Net of Accumulated Depreciation	$ 23,497	$(3,018)	$	$ 20,479

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

Governmental Activities:	
Public Safety	$ 14,061
Cultural and Recreation	22,699
Public Works and Transportation	20,585
Total Depreciation Expense for Governmental Activities	$ 57,345
Business-Type Activities:	
Water and Sewer Utility	$ 3,018
Total Depreciation Expense for Business-Type Activities	$ 3,018

Note 5. *DEFINED BENEFIT PENSION PLAN*

(a) Illinois Municipal Retirement Fund Pension Plan – Regular (RP):

- ***Plan Description.***

  The Village of Jerome'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 managed the Illinois Municipal Retirement Fund ("IMRF"), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

- ***Benefits Provided***

  IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

  All three IMRF benefit plans have two tiers. Employees hired ***before*** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are bested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

  Employees hired ***on or after*** January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitle to an annual retirement benefits, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any of the 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

  - 3% of the original pension amount, or
  - ½ of the increase in the Consumer Price Index of the original pension amount.

- ***Employees Covered by Benefit Terms.***

  As of December 31, 2015, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	9
Inactive Plan Members entitled to but not yet receiving benefits	3
Active Plan Members	8
Total	20

Note 5. *DEFINED BENEFIT PENSION PLAN - continued*

- ***Contributions.***

  As set by statute, The Village's Regular Plan Members are required to contribute 4.0% of their annual covered salary. The statue required employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2015 was 15.17%. For the fiscal year ended April 30, 2016, the Village contributed $86,452 to the plan. The Village also contributed 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

- ***Net Pension (Asset) Liability.***

  The Village's net pension (asset) liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension (asset) liability was determined by an actuarial valuation as of that date.

- ***Actuarial Assumptions.***

  The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

  - The **Actuarial Cost Method** used was Entry Age Normal.
  - The **Asset Valuation Method** used was Market Value of Assets.
  - The **Inflation Rate** was assumed to be 2.75%.
  - **Salary Increases** were expected to be 3.75% to 14.5%, including inflation.
  - The **Investment rate of Return** was assumed to be 7.39%.
  - **Projected retirement Age** was from the experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
  - The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
  - For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
  - For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
  - The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	1%	2.25%
Total	100%	

Note 5. ***DEFINED BENEFIT PENSION PLAN*** *- continued*

- ***Single Discount Rate.***

A Single Discount Rate of 7.39% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits, and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.39%.

- ***Changes in Net Pension (Asset) Liability.***

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset) Liability (A) – (B)
Balance December 31, 2014	$ 2,409,093	$ 1,890,827	$ 518,266
Changes for the year:			
Service Cost	45,189		45,189
Interest on Total Pension Liability	172,747		172,747
Changes in Benefit Terms			
Difference between Expected and Actual Experience of Total Pension Liability	(26,975)		(26,975)
Changes of Assumptions			
Contributions – Employer		60,599	(60,599)
Contributions – Employees		17,976	(17,976)
Net Investment Inc.		9,180	(9,180)
Benefit Payments including Refunds	(188,222)	(188,222)	
Other (net transfer)		85,480	(85,480)
Net Changes in NPL(A)	2,739	(14,987)	17,726
Balance December 31, 2015	$ 2,411,832	$ 1,875,840	$ 535,992

- ***Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate.***

The following presents the plan's net pension (asset) liability, calculated using a Single Discount Rate of 7.39%, as well as what the plan's net pension (asset) liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.39%)	*Current Discount (7.39%)*	*1% Higher (8.39%)*
Net Pension (Asset) Liability	$843,349	$535,992	$278,539

- ***Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension.***

For the year ended April 1, 2016, the Village recognized pension expense of $67,327. At April 30, 2016, the Village has unreported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 5. ***DEFINED BENEFIT PENSION PLAN*** *- continued*

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected an actual experience	$	$18,271
Changes of assumptions		
Net difference between projects and actual actual earning on pension plan investments	105,381	
Total Deferred amounts Related to Pensions	$ 105,381	$18,271

If the Village was on the accrual basis of accounting, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense in future periods as follows:

Year Ending December 31	Net Deferred Outflow of Resources
2016	$17,641
2017	17,641
2018	25,482
2019	26,346
Total	$87,110

(b) Illinois Municipal Retirement Fund Pension Plan – Sherriff's Law Enforcement Personnel (SLEP)

- ***Plan Description.***

The Village of Jerome defined benefit pension plan for SLEP employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is managed the Illinois Municipal Retirement Fund ("IMRF"), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

- ***Benefits Provided***

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired ***before*** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are bested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Note 5. ***DEFINED BENEFIT PENSION PLAN*** *- continued*

Employees hired ***on or after*** January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitle to an annual retirement benefits, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any of the 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

- ***Employees Covered by Benefit Terms.***

As of December 31, 2015, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	1
Inactive Plan Members entitled to but not yet receiving benefits	
Active Plan Members	
Total	1

- ***Contributions.***

As set by statute, The Village's SLEP Plan Members are required to contribute 7.5% of their annual covered salary. The statue required employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. Currently the Village has no plan members. The Village's annual contribution rate for calendar year 2015 was 0.00%. For the fiscal year ended April 30, 2016, the Village had no contributions to the plan.

- ***Net Pension (Asset) Liability.***

The Village's net pension (asset) liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension (asset) liability was determined by an actuarial valuation as of that date.

- ***Actuarial Assumptions.***

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.5%, including inflation.
- The **Investment rate of Return** was assumed to be 7.50%.
- **Projected retirement Age** was from the experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.

Note 5. *DEFINED BENEFIT PENSION PLAN - continued*

- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	1%	2.25%
Total	100%	

- ***Single Discount Rate.***

A Single Discount Rate of 7.5% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

3. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits, and
4. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.5%.

- ***Changes in Net Pension (Asset) Liability.***

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset) Liability (A) – (B)
Balance December 31, 2014	$ 38,743	$ 38,132	$ 611
Changes for the year:			
Interest on Total Pension Liability	2,906	191	2,715
Difference between Expected and Actual Experience of Total Pension Liability	(13,731)		(13,731)
Other (net transfer)		(10,400)	10,400
Net Changes in NPL(A)	(10,825)	(10,209)	(616)
Balance December 31, 2015	$ 27,918	$ 27,923	(5)

Note 5. ***DEFINED BENEFIT PENSION PLAN*** *- continued*

- ***Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate.***

  The following presents the plan's net pension (asset) liability, calculated using a Single Discount Rate of 7.5%, as well as what the plan's net pension (asset) liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.5%)	*Current Discount (7.5%)*	*1% Higher (8.5%)*
Net Pension (Asset) Liability	$3,341	$(5)	$(2,714)

- ***Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension.***

  For the year ended April 30, 2016, the Village recognized pension expense of $-0-. At April 30, 2016, the Village has unreported reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected an actual experience	$	$
Net difference between projects and actual actual earning on pension plan investments	1,823	
Total Deferred amounts Related to Pensions	$ 1,823	$

If the Village was on the accrual basis of accounting, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31	Net Deferred Outflow of Resources
2016	$ 456
2017	456
2018	456
2019	455
Total	$1,823

Note 6. ***LONG-TERM DEBT***

During the fiscal year ending April 30, 2016, the Village had one outstanding long-term note payable.

(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 obligations original maturity date is December 27, 2024. The Village has elected to pay $500 a month instead of the

Note 6. ***LONG-TERM DEBT*** *- continued*

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, 2016 was $13,313.

Future payment obligations are as follows:

Fiscal Year Ended April 30,	Principal	Interest	Total
2017	$ 5,711	$ 289	$ 6,000
2018	5,867	133	6,000
2019	1,735	9	1,744
	$ 13,313	$ 431	$ 13,744

(b) Changes in Long-Term Debt:

Governmental Activities:

	Balance 5/1/2015	Proceeds	Payments	Balance 4/30/2016
Notes payable- Illinois National Bank	$ 20,358	$	$ 7,045	$ 13,313

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, 2016 consisted of the following individual funds receivable and payable:

	Receivable	Payable
Governmental Funds:		
General Fund	$ 30,996	$ 17,440
Law Enforcement Seizure Fund		4,503
Motor Fuel Tax Fund		26,493
Total Governmental Funds	$ 30,996	$ 48,436
Proprietary Funds:		
Water and Sewer Utility Fund	$ 17,440	$
Total	$ 48,436	$ 48,436

(b) The Village made no interfund transfers during the fiscal year ending April 30, 2016.

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 – 2015 levy	$27,173,558
Statutory debt limitation – 8.625% of assessed valuation	$ 2,343,719
Less:	
Illinois National Bank	13,313
Legal Debt Margin	$ 2,330,406

Note 11. ***NET POSITION/FUND BALANCE CLASSIFICATION***

(a) Net Position:

Net position of the Village's governmental funds at April 30, 2016 are comprised of the following:

	General	Major Special Revenue Fund Motor Fuel Tax Fund	Total
Net investment in capital assets	$734,414	$	$ 734,414
Restricted:			
Public Safety	429		429
Public Works and Transportation	11,452	258,410	269,862
Unrestricted:			
General Government and Administration	94,196		94,196
	$840,491	$258,410	$1,098,901

(b) Fund Balances:

Fund balances of the Village's governmental funds at April 30, 2016 are comprised of the following:

	General	Major Special Revenue Fund Motor Fuel Tax Fund	Total
Nonspendable	$ 165	$	$ 165
Restricted:			
Public Safety	429		429
Public Works & Transportation	11,452	258,410	269,862
Unassigned:			
General Government & Administration	94,031		94,031
	$ 106,077	$258,410	$364,487

Note 12. *RESTRICTED NET POSITION*

(a) Public Safety:

The Village receives drug seizure revenue and DUI related fines that are 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, 2016, there was excess cumulated revenue over expenditures of $429.

(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, 2016, there was excess cumulative revenue over expenditure of $11,452.

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, 2016, there was excess cumulated revenue over expenditures of $258,410.

Note 13. *SUBSEQUENT EVENT*

Management and the Village Board has evaluated subsequent event through July 14, 2016 which is the date the financial statements were available to be issued. As of July 14, 2016, no subsequent events required recognition or disclosure in the financial statements.

Note 14. *COMMITTMENTS*

(a) On April 7, 2016, the Village entered into a contract with P.H. Broughton and Sons, Inc. for resurfacing and patching of various streets throughout the Village. The contract amount is $218,437, of which all is unpaid at April 30, 2016. The project is to be paid with Motor Fuel Tax Funds.

(b) As of April 30, 2016, the Village had a contract with Ridings Plumbing for repair work at the Jerome Civic Center. The total contact amount was $14,000, of which $10,052 was unpaid at April 30, 2016.

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF JEROME, ILLINOIS

SUPPLEMENTARY INFORMATION
RELATIVE TO ILLINOIS MUNICIPAL RETIREMENT FUND - REGULAR

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
MOST RECENT CALENDAR YEAR

Calendar Year Ended December 31,	2015
Total Pension Liability	
Service Cost	$ 45,189
Interest on the Total Pension Liability	172,747
Changes of Benefit Terms	
Differences between Expected and Actual Experience of the Total Pension Liability	(26,975)
Changes of Assumptions	
Benefit Payments, including Refunds of Employee Contributions	(188,222)
Net Change in Total Pension Liability	2,739
Total Pension Liability – Beginning	2,409,093
Total Pension Liability – Ending (A)	$ 2,411,832
Plan Fiduciary Net Position	
Contributions – Employer	$ 60,599
Contributions – Employees	17,976
Net Investment Income	9,180
Benefit Payments, including Refunds of Employee Contributions	(188,222)
Other (Net Transfer)	85,480
Net Change in Plan Fiduciary Net Position	(14,987)
Plan Fiduciary Net Position – Beginning	1,890,827
Plan Fiduciary Net Position – Ending (B)	$ 1,875,840
Net Pension (Asset) Liability – Ending (A) – (B)	$ 535,992
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.78%
Covered Valuation Payroll	399,472
Net Pension Liability as a Percentage of Covered Valuation Payroll	134.18%

Notes to Schedule:
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiles, information is presented for those years for which information is available.

VILLAGE OF JEROME, ILLINOIS

SUPPLEMENTARY INFORMATION
RELATIVE TO ILLINOIS MUNICIPAL RETIREMENT FUND - REGULAR

SCHEDULE OF EMPLOYER CONTRIBUTIONS
MOST RECENT CALENDAR YEAR

Calendar Year Ended December 31, 2015	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation of Payroll
2015	$60,600	$60,599	$1	$399,472	15.17%

Notes to Schedule:
Summary of Actuarial Methods and Assumptions used in the Calculation of the 2015 Contribution Rate*

Valuation Date:
Notes: Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2014 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP, and ECO groups): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 23 years for most employers (two employers were financed over 32 years).
Asset Valuation Method:	5 year smoothed market; 20% corridor
Wage Growth:	4%
Price Inflation:	3%, approximate; No explicit price inflation assumption is used in this valuation
Salary Increases:	4.40% to 16%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
Mortality:	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:
Notes: There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2013, actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

VILLAGE OF JEROME, ILLINOIS

SUPPLEMENTARY INFORMATION
RELATIVE TO ILLINOIS MUNICIPAL RETIREMENT FUND - SLEP

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
MOST RECENT CALENDAR YEAR

Calendar Year Ended December 31,	2015
Total Pension Liability	
Interest on the Total Pension Liability	$ 2,906
Changes of Benefit Terms	
Differences between Expected and Actual Experience of the Total Pension Liability	(13,731)
Net Change in Total Pension Liability	(10,825)
Total Pension Liability – Beginning	38,743
Total Pension Liability – Ending (A)	$ 27,918
Plan Fiduciary Net Position	
Net Investment Income	$ 191
Other (Net Transfer)	(10,400)
Net Change in Plan Fiduciary Net Position	(10,209)
Plan Fiduciary Net Position – Beginning	38,132
Plan Fiduciary Net Position – Ending (B)	$ 27,923
Net Pension (Asset) Liability – Ending (A) – (B)	$(5)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.02%
Covered Valuation Payroll	None
Net Pension Liability as a Percentage of Covered Valuation Payroll	NA

Notes to Schedule:
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiles, information is presented for those years for which information is available.

VILLAGE OF JEROME, ILLINOIS

SUPPLEMENTARY INFORMATION
RELATIVE TO ILLINOIS MUNICIPAL RETIREMENT FUND - SLEP

SCHEDULE OF EMPLOYER CONTRIBUTIONS
MOST RECENT CALENDAR YEAR

Calendar Year Ended December 31, 2015	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation of Payroll
2015	$0	$0		$0	0.00%

Notes to Schedule:
Summary of Actuarial Methods and Assumptions used in the Calculation of the 2015 Contribution Rate*

Valuation Date:

Notes:	Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2014 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP, and ECO groups): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 23 years for most employers (two employers were financed over 32 years).
Asset Valuation Method:	5 year smoothed market; 20% corridor
Wage Growth:	4%
Price Inflation:	3%, approximate; No explicit price inflation assumption is used in this valuation
Salary Increases:	4.40% to 16%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
Mortality:	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes:	There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2013, actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

SUPPLEMENTAL INFORMATION

VILLAGE OF JEROME, ILLINOIS

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

GENERAL FUND TYPES

April 30, 2016 and 2015

	General Fund	Law Enforcement Seizure Fund	Total 2016	2015
ASSETS				
Cash in bank	$ 82,936	$ 4,932	$ 87,868	$ 42,262
Investments	10,091		10,091	4,498
Prepaid payroll withholding	165		165	165
Due from (to) Law Enforcement Seizure Fund	4,503	(4,503)		
Due to Motor Fuel Tax Fund	26,493		26,493	26,793
TOTAL ASSETS	$124,188	$ 429	$124,617	$ 73,718
LIABILITIES				
Customer deposits	$ 1,100	$	$ 1,100	$ 1,575
Due to Water and Sewer Utility Fund	17,440		17,440	9,783
Total Liabilities	18,540		18,540	11,358
FUND BALANCE				
Nonspendable	165		165	165
Restricted	11,452	429	11,881	31,141
Unassigned	94,031		94,031	31,054
TOTAL LIABILITIES AND FUND BALANCE	$124,188	$ 429	$124,617	$ 73,718

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, 2016 and 2015

	General Fund	Law Enforcement Seizure Fund	Total 2016	2015
Revenues:				
Local taxes -				
Real estate taxes	$ 38,290	$	$ 38,290	$ 37,085
Intergovernmental -				
Income, photo, local use, and sales taxes	846,512		846,512	914,421
Replacement taxes	2,686		2,686	2,651
Utility excise tax	31,732		31,732	32,305
Video gaming tax	94,006		94,006	41,937
State sources	1,489		1,489	2,130
Federal sources				7,380
Other intergovernmental sources		6,930	6,930	12,986
Charges for services -				
Rental income	5,625		5,625	5,110
Towing	9,000		9,000	4,500
Other fees and services	457		457	324
Licenses and Permits -				
Liquor licenses	11,200		11,200	11,475
Franchise licenses	20,630		20,630	16,386
Video gaming licenses	875		875	900
Contractor and building permits	14,645		14,645	13,733
Fines	25,029		25,029	23,846
Other local sources -				
Interest	405	43	448	249
Miscellaneous income	3,475		3,475	5,716
Donations/memorials	763		763	1,659
Total Revenues	1,106,819	6,973	1,113,792	1,134,793
Expenditures:				
Current:				
General Government -				
Board of Trustees	162,286	337	162,623	130,662
Public Safety -				
Police	560,593	7,742	568,335	580,181
Cultural and Recreation -				
Public property	102,964		102,964	87,295
Public Works and Transportation -				
Streets	190,641		190,641	182,357

VILLAGE OF JEROME, ILLINOIS

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

GENERAL FUND TYPES - continued

For the Year Ended April 30, 2016 and 2015

	General Fund	Law Enforcement Seizure Fund	Total 2016	2015
Expenditures:				
Capital Outlay -				
General Government	$ 14,598	$	$ 14,598	$ 13,673
Public Safety – Police		23,414	23,414	
Debt Service -				
Principal	7,045		7,045	9,567
Interest	455		455	782
Total Expenditures	1,038,582	31,493	1,070,075	1,004,517
Excess (deficit) of revenues over (under) expenditures	68,237	(24,520)	43,717	130,276
Other Financing Sources:				
Net Change in Fund Balance	68,237	(24,520)	43,717	130,276
Fund Balance – Beginning of year	37,411	24,949	62,360	(67,916)
Fund Balance – End of year	$ 105,648	$ 429	$ 106,077	$ 62,360

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, 2016

	Final Appropriations	Actual
Revenues:		
Local taxes -		
Real estate taxes	$	$ 38,290
		38,290
Intergovernmental -		
Income, photo, local use, and sales taxes		846,512
Replacement taxes		2,686
Utility excise tax		31,732
Video gaming tax		94,006
State sources		1,489
Total Intergovemmental		976,425
Charges for services -		
Rental income		5,625
Towing		9,000
Other fees and services		457
Total Charges for Services		15,082
Licenses and Permits -		
Liquor licenses		11,200
Franchise licenses		20,630
Video gaming licenses		875
Contractor and building permits		14,645
Total Licenses and Permits		47,350
Fines		25,029
Other local sources -		
Interest		405
Miscellaneous		3,475
Donations/memorials		763
Total Other Local Sources		4,643
Total Revenues	$	$1,106,819
Expenditures:		
General Govemment -		
Board of Trustees -		
Salaries and employee benefits	$ 68,525	$ 73,140
Professional/contractual services	48,200	60,833
Office supplies and expenses	14,200	9,403
Charges for outside services	13,169	5,086
Repairs and maintenance	48,020	11,150
Professional development	100	490
Capital outlay	6,000	14,598
Other expenditures	9,450	2,184
Total General Govemment – Board of Trustees	207,664	176,884

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, 2016

	Final Appropriations	Actual
Expenditures: *- continued*		
Public Safety – Police -		
Salaries and employee benefits	$ 506,000	$ 522,273
Professional/contractual services	30,000	
Office supplies and expenses	2,500	4,666
Charges for outside services	24,220	11,906
Professional development	1,100	60
General supplies	23,700	13,961
Repairs and maintenance	13,000	4,961
Capital outlay	35,000	
Other expenditures	5,000	2,914
Total Public Safety - Police	640,520	560,593
Cultural and Recreation - Public Property -		
Insurance	50,000	80,005
Charges for outside services	28,780	22,959
Other expenditures	1,000	
Total Cultural and Recreation – Public Property	79,780	102,964
Public Works and Transportation - Streets -		
Salaries and employee benefits	149,500	136,517
Professional/contractual services	28,350	23,652
Office supplies and expenses	1,200	530
Professional development	100	65
Charges for outside services	15,400	8,783
General supplies	12,100	4,642
Repairs and maintenance	24,000	15,827
Capital outlay	120,100	
Other expenditures		625
Total Public Works and Transportation - Streets	350,750	190,641
Debt Service -		
Principal		7,045
Interest		455
Total Debt Service		7,500
Total Expenditures	$1,278,714	1,038,582
Excess of revenues over expenditures		68,237
Other Financing Sources		
Net Change in Fund Balance		68,237
Fund Balance – Beginning of year		37,411
Fund Balance – End of year		$ 105,648

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, 2016

	Final Appropriations	Actual
Revenues:		
Intergovernmental -		
DUI Fines/Drug Seizure -		
Other local governments	$	$ 6,930
Total Intergovernmental		6,930
Other local sources –		
Interest		43
Total Other Local Sources		43
Total Revenues	$	6,973
Expenditures:		
General Government – Board of Trustees -		
Office supplies and expenses	$	337
Total General Government - Board of Trustees		337
Public Safety - Police -		
Communications		368
Operating supplies	10,000	2,667
Vehicle expense	40,000	4,707
Capital outlay	20,000	23,414
Total Public Safety - Police	70,000	31,156
Total Expenditures	$ 70,000	31,493
Deficit of revenues under expenditures		(24,520)
Other Financing Sources		
Net Change in Fund Balance		(24,520)
Fund Balance – Beginning of year		24,949
Fund Balance – End of year		$ 429

VILLAGE OF JEROME, ILLINOIS

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

SPECIAL REVENUE FUND TYPES

MOTOR FUEL TAX FUND

April 30, 2016 and 2015

	2016	2015
ASSETS		
Investments	$284,903	$247,963
TOTAL ASSETS	$284,903	$247,963
LIABILITIES		
Due to General Fund	$ 26,493	$ 26,793
FUND BALANCE		
Restricted	258,410	221,170
TOTAL LIABILITIES AND FUND BALANCE	$284,903	$247,963

VILLAGE OF JEROME, ILLINOIS

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

SPECIAL REVENUE FUND TYPES

MOTOR FUEL TAX FUND

For the Years April 30, 2016 and 2015

	Final Appropriations 2016	Actual 2016	Actual 2015
Revenues:			
Intergovernmental -			
Motor fuel tax	$	$ 42,441	$ 39,785
State grant			12,282
Other local sources -			
Interest		317	32
Total Revenues	$	42,758	52,099
Expenditures:			
Public Works and Transportation –			
Street maintenance			14,777
Charges for outside services		5,518	12,016
Capital outlay	$250,000		
Total Expenditures	$250,000	5,518	26,793
Excess of revenues over disbursements		37,240	25,306
Other Financing Sources			
Net Change in Fund Balance		37,240	25,306
Fund Balance – Beginning of year		221,170	195,864
Fund Balance – End of year		$258,410	$221,170

VILLAGE OF JEROME, ILLINOIS

BALANCE SHEET

PROPRIETARY FUND TYPES

WATER AND SEWER UTILITY FUND

April 30, 2016 and 2015

	2016	2015
ASSETS		
Current Assets:		
Cash in bank	$300,463	$216,151
Investments	160,193	150,000
Accounts receivable	51,182	52,725
Due from General Fund	17,440	9,783
Total Current Assets	529,278	428,659
Capital Assets (net of accumulated depreciation):		
Land (not being depreciated)	2,500	2,500
Water system	11,215	12,921
Village Hall	3,654	3,759
Equipment	3,110	4,317
Total Capital Assets	20,479	23,497
TOTAL ASSETS	$549,757	$452,156
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts payable	$ 30,740	$ 31,311
Water deposits payable	22,200	21,075
Total Current Liabilities	52,940	52,386
Net Position:		
Net investment in capital assets	20,479	23,497
Unrestricted	476,338	376,273
Total Net Position	496,817	399,770
TOTAL LIABILITIES AND NET POSITION	$549,757	$452,156

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, 2016 and 2015

	2016	2015
Income:		
Water and sewer charges	$497,412	$501,654
Total Income	497,412	501,654
Operating Expense:		
Water purchase	151,152	183,992
Sewer system charges	213,961	206,492
Salaries	10,780	14,556
Payroll taxes/benefits	1,785	1,114
Office supplies and expense	3,677	4,056
Repairs and maintenance	15,448	19,829
Professional/contractual services	9,603	30,866
Dues and permits	2,104	2,104
Miscellaneous expense	331	372
Depreciation	3,018	3,672
Total Operating Expenses	411,859	467,053
Operating Income	85,553	34,601
Non-Operating Income:		
Interest income	11,494	784
Total Non-Operating Income	11,494	784
Change in Net Position	97,047	35,385
Net Position – Beginning of year	399,770	364,385
Net Position – End of year	$496,817	$399,770

VILLAGE OF JEROME, ILLINOIS

INCOME STATEMENT
APPROPRIATION AND ACTUAL

WATER AND SEWER UTILITY FUND

For the Year Ended April 30, 2016

	Final Appropriations	Actual
Income:		
Water and sewer charges	$	$497,412
Total Income	$	497,412
Operating Expense:		
Water purchase	$185,000	151,152
Sewer system charges	225,000	213,961
Salaries	17,500	10,780
Payroll taxes/benefits	1,300	1,785
Office supplies and expense	4,400	3,677
Repairs and maintenance	50,000	15,448
Professional/contractual services	40,300	9,603
Dues and permits	2,100	2,104
Miscellaneous expense	1,700	331
Capital outlay	7,000	
Depreciation		3,018
Total Operating Expenses	$534,300	411,859
Operating Income		85,553
Non-Operating Income:		
Interest income		11,494
Total Non-Operating Income		11,494
Change in Net Position		97,047
Net Position – Beginning of year		399,770
Net Position – End of year		$496,817

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 21, 2015.
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, 2016, 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)

	2015 Taxes Payable in 2016	2014 Taxes Payable in 2015
Assessed Valuation	$27,173,558	$26,973,079
Tax Rates:		
Street	.0302	.0301
Police protection	.0488	.0488
Total	.0790	.0789
Village share road and bridge		$ 17,075
Current taxes extended		21,282
Total for Distribution		38,357
Errors and adjustments		(69)
Interest		2
Total Real Estate Taxes		$ 38,290