

**VILLAGE OF JEROME, ILLINOIS**  
**GENERAL PURPOSE ANNUAL FINANCIAL REPORT**  
**For the Year Ended April 30, 2020**

VILLAGE OF JEROME, ILLINOIS

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VILLAGE OF JEROME, ILLINOIS

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# *Pehlman & Dold, P.C.*

**CERTIFIED PUBLIC ACCOUNTANTS**

Joseph E. Pehlman, C.P.A. (1941-1984)  
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July 15, 2020

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, 2020, 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, 2020, 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, 2020

	Governmental Activities (Modified Cash Basis)	Business-Type Activities (Accrual)	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash	\$ 350,140	\$ 248,584	\$ 598,724
Investments	348,912	164,885	513,797
Accounts receivables		54,849	54,849
<b>Total Current Assets</b>	<u>699,052</u>	<u>468,318</u>	<u>1,167,370</u>
<b>Non-Current Assets:</b>			
Capital assets, net of accumulated depreciation	<u>1,296,078</u>	<u>257,301</u>	<u>1,553,379</u>
<b>Total Non-Current Assets</b>	<u>1,296,078</u>	<u>257,301</u>	<u>1,553,379</u>
<b>TOTAL ASSETS</b>	<u>1,995,130</u>	<u>725,619</u>	<u>2,720,749</u>
<b>Deferred Outflow of Resources</b>			
Deferred Outflow - IMRF		7,994	7,994
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable		39,415	39,415
Customer deposits	900	27,225	28,125
Payroll related liabilities	12,490	346	12,836
Current portion – long-term debt		37,437	37,437
<b>Total Current Liabilities</b>	<u>13,390</u>	<u>104,423</u>	<u>117,813</u>
<b>Non-Current Liabilities:</b>			
Net Pension liability - IMRF		15,506	15,506
Long-term debt-less current portion		120,345	120,345
<b>TOTAL LIABILITIES</b>	<u>13,390</u>	<u>240,274</u>	<u>253,664</u>
<b>Deferred Inflow of Resources</b>			
Deferred Inflows - IMRF		13,466	13,466
<b>NET POSITION</b>			
Net investment in capital assets	1,296,078	99,519	1,395,597
Restricted	21,268		21,268
Unrestricted	<u>664,394</u>	<u>380,354</u>	<u>1,044,748</u>
<b>TOTAL NET POSITION</b>	<u>\$ 1,981,740</u>	<u>\$ 479,873</u>	<u>\$ 2,461,613</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, 2020

	<u>Program Revenues</u>		<u>Net (Expense) Revenue &amp; Changes in Net Position</u>		
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<b><u>Functions/Programs:</u></b>					
<b><u>Governmental Activities – Modified Cash Basis:</u></b>					
General government	\$ 166,042	\$	\$( 97,144)	\$	\$( 97,144)
Public safety	367,116	321	( 366,795)		( 366,795)
Cultural and recreation	40,000		( 40,000)		( 40,000)
Public works and transportation	184,110		( 184,110)		( 184,110)
<b>Total Governmental Activities</b>	<u>757,268</u>	<u>321</u>	<u>( 688,049)</u>		<u>( 688,049)</u>
<b><u>Business-Type Activities - Accrual:</u></b>					
Water and sewer utility	548,220			( 49,310)	( 49,310)
<b>Total Business-Type Activities</b>	<u>548,220</u>			<u>( 49,310)</u>	<u>( 49,310)</u>
<b>TOTAL</b>	<u>\$1,305,488</u>	<u>\$ 321</u>	<u>( 688,049)</u>	<u>( 49,310)</u>	<u>( 737,359)</u>
<b><u>General Revenues:</u></b>					
<u>Taxes:</u>					
Real estate taxes			40,641		40,641
Corporate replacement tax			3,124		3,124
Income, local use, sales taxes			670,268		670,268
Utility excise tax			38,035		38,035
Video gaming tax			103,908		103,908
Cannabis tax			271		271
Motor fuel tax allotments restricted for public works and transportation			59,863		59,863
Fines			8,331		8,331
Interest income			6,606	3,796	10,402
Miscellaneous			6,395	2,935	9,330
Gain on sale/trade-in of fixed assets			7,764		7,764
<b>Total</b>			<u>945,206</u>	<u>6,731</u>	<u>951,937</u>
<b>Change in Net Position</b>			257,157	( 42,579)	214,578
<b>Net Position – Beginning of year</b>			<u>1,724,583</u>	<u>522,452</u>	<u>2,247,035</u>
<b>Net Position – End of year</b>			<u>\$1,981,740</u>	<u>\$ 479,873</u>	<u>\$2,461,613</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, 2020

	General Fund	Special Revenue Fund - Motor Fuel Tax Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash in bank	\$350,140	\$	\$ 350,140
Investments	<u>345,829</u>	<u>3,083</u>	<u>348,912</u>
<b>TOTAL ASSETS</b>	<u>\$695,969</u>	<u>\$ 3,083</u>	<u>\$ 699,052</u>
<b>LIABILITIES</b>			
Customer deposits	\$ 900	\$	\$ 900
Payroll withholding liabilities	<u>12,490</u>		<u>12,490</u>
<b>Total Liabilities</b>	<u>13,390</u>		<u>13,390</u>
<b>FUND BALANCE</b>			
Restricted	18,185	3,083	21,268
Unassigned	<u>664,394</u>		<u>664,394</u>
<b>Total Fund Balance</b>	<u>682,579</u>	<u>3,083</u>	<u>685,662</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$695,969</u>	<u>\$ 3,083</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	<u>1,296,078</u>
Net position of governmental activities	<u>\$1,981,740</u>

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, 2020

	General Fund	Special Revenue Fund - Motor Fuel Tax Fund	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 40,641	\$	\$ 40,641
Intergovernmental	816,674	59,863	876,537
Charges for services	10,242		10,242
Licenses and permits	58,656		58,656
Fines	7,584		7,584
Local sources	12,631	370	13,001
<b>Total Revenues</b>	<u>946,428</u>	<u>60,233</u>	<u>1,006,661</u>
<b>Expenditures:</b>			
<i>Current:</i>			
General government	166,042		166,042
Public safety	354,484		354,484
Cultural and recreation	17,744		17,744
Public works and transportation	133,643	1,400	135,043
Capital outlay	195,792	87,839	283,631
<b>Total Expenditures</b>	<u>867,705</u>	<u>89,239</u>	<u>956,944</u>
<i>Excess (deficit) of revenues over (under) expenditures</i>	78,723	( 29,006)	49,717
<b>Other Financing Sources</b>			
Proceeds from the sale of fixed assets	<u>6,125</u>	<u>          </u>	<u>6,125</u>
<b>Net Change in Fund Balance</b>	84,848	( 29,006)	55,842
<b>Fund Balance – Beginning of year</b>	<u>597,731</u>	<u>32,089</u>	<u>629,820</u>
<b>Fund Balance – End of year</b>	<u>\$ 682,579</u>	<u>\$ 3,083</u>	<u>\$ 685,662</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, 2020

*Reconciliation to the Statement of Activities*

Net change in fund balances – total government funds \$ 55,842

Amounts reported for governmental activities in the Statement  
of Activities are different because:

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	\$ 283,631	
Depreciation expense	( 73,955)	209,676

Governmental funds report gross proceeds from the disposition  
of fixed assets as other financing sources, but proceeds less net  
book value of the fixed asset sold is recorded as either an  
increase or decrease in the Statement of Activities

Proceeds from the sale of fixed assets	( 6,125)	
Gain on sale of fixed assets		6,125
Trade allowance used to offset operating lease expense	( 10,000)	
Gain on traded fixed asset		<u>1,639</u>

Change in Net Position of Governmental Activities \$257,157

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

VILLAGE OF JEROME, ILLINOIS  
STATEMENT OF NET POSITION  
PROPRIETARY FUND TYPES

April 30, 2020

Water and Sewer  
Utility Fund

**ASSETS**

***Current Assets:***

Cash in bank	\$248,584
Investments	164,885
Accounts receivables	<u>54,849</u>
<b><i>Total Current Assets</i></b>	<b><u>468,318</u></b>

***Capital Assets (net of accumulated depreciation):***

Land (not being depreciated)	2,500
Water systems	235,642
Village hall	3,236
Equipment	<u>15,923</u>
<b><i>Total Capital Assets</i></b>	<b><u>257,301</u></b>

**TOTAL ASSETS**

725,619

***Deferred Outflow of Resources:***

Deferred Outflows - IMRF	<u>7,994</u>
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**LIABILITIES**

***Current Liabilities:***

Accounts payable	39,415
Water deposits payable	27,225
Payroll related liabilities	346
Current portion – long-term debt	<u>37,437</u>
<b><i>Total Current Liabilities</i></b>	<b><u>104,423</u></b>

***Long-Term Liabilities:***

Net pension liability – IMRF	15,506
Long-term debt - less current portion	<u>120,345</u>

**TOTAL LIABILITIES**

240,274

***Deferred Inflow of Resources:***

Deferred inflows - IMRF	<u>13,466</u>
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**NET POSITION**

Net investment in capital assets	99,519
Unrestricted	<u>350,354</u>

**TOTAL NET POSITION**

\$479,873

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

VILLAGE OF JEROME, ILLINOIS  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
  
PROPRIETARY FUND  
  
For the Year Ended April 30, 2020

	Water and Sewer Utility Fund
<b>Income:</b>	
Water and sewer charges	\$497,410
IMRF retirement benefit	2,935
Miscellaneous income	<u>1,500</u>
<b>Total income</b>	<u>501,845</u>
 <b>Operating Expenses:</b>	
Water purchase	155,535
Sewer system charges	242,240
Salaries	41,778
Payroll taxes/benefits	822
General insurance	24,633
Office supplies and expense	4,561
General supplies	7,465
Repairs and maintenance	31,525
Professional/contractual services	3,232
Telecommunications	4,594
Utilities	427
Julie/EPA fees	501
Depreciation	<u>24,148</u>
<b>Total Operating Expense</b>	<u>541,461</u>
 Operating Loss	 ( 39,616)
 <b>Non-Operating Income (Expense):</b>	
Interest income	3,796
Interest expense	<u>( 6,759)</u>
<b>Total Non-Operating Income (Expense)</b>	<u>( 2,963)</u>
 Change in Net Position	 ( 42,579)
 <b>Net Position</b> -- Beginning of year	 <u>522,452</u>
 <b>Net Position</b> -- End of year	 <u>\$479,873</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, 2020

Water and Sewer  
Utility Fund

**Net Cash Flows from Operating Activities:**

Receipts from customers	\$502,793
Payments to customers	( 3,450)
Payments to suppliers	(467,998)
Payments to employees	( 41,778)

**Net Cash Used by Operating Activities** ( 10,433)

**Net Cash Flows from Investing Activities:**

Interest income	1,600
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**Net Cash Provided by Investing Activities** 1,600

**Net Cash Flows from Non-Capital and Related  
Financing Activities:**

Purchase of capital assets	(250,720)
Interest expense on long-term debt	( 6,759)
Net increase in long-term debt	157,782

**Net Cash Used by Non-Capital and Related  
Financing Activities** ( 99,697)

**Net decrease in cash** (108,530)

**Cash -- Beginning of year** 357,114

**Cash -- End of year** \$248,584

**Reconciliation of Operating Income to Net Cash Provided  
by Operating Activities:**

Operating loss	\$( 39,616)
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**Adjustments to Reconcile Operating Income to Net Cash  
Provided by Operating Activities:**

Depreciation expense	24,148
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**Change in Assets, Deferred Outflows, Liabilities and Deferred Inflows:**

Increase in accounts receivable	( 1,442)
Decrease in deferred outflows	6,719
Decrease in payroll related liabilities	( 433)
Increase in accounts payable	7,971
Increase in meter deposits payable	1,875
Decrease in IMRF net pension liability	( 7,967)
Decrease in deferred inflows	( 1,688)

**Net Cash Used by Operating Activities** \$( 10,433)

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

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## NOTES TO FINANCIAL STATEMENTS

VILLAGE OF JEROME, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2020

**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, 2020

**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.

*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.

VILLAGE OF JEROME, ILLINOIS

NOTES TO FINANCIAL STATEMENTS - continued

April 30, 2020

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Government-Wide Statements - continued*

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, 2020, the Village expensed \$6,759 as interest on long-term debt for business-type 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:*

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 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. Additionally, the Village elects to recognize rent income when the event occurs rather than when advanced rent payments are received. 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.

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.

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.

VILLAGE OF JEROME, ILLINOIS

NOTES TO FINANCIAL STATEMENTS - continued

April 30, 2020

Note 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Accounting/Measurement Focus – continued*

Restricted – Restricted net position consists 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".

*Deferred Outflows and Deferred Inflows of Resources – Proprietary Funds:*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that period. The Village currently only has one item that qualifies for reporting in this category and it relates to the calculation of the Village's net pension asset or liability. Any adjustments to this category are due to differences between contributions and proportionate share of contributions, differences between estimated and actual investment earnings used to determine the net pension asset or liability, and contributions made after the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that period. The Village currently only has one item that qualifies for reporting in this category and it relates to the calculation of the Village's pension asset or liability. Any adjustments to this category are due to differences between expected and actual experience, changes in assumptions, changes or differences between contributions and proportionate share of contribution, differences between estimated and actual investment earnings used to determine the net pension asset or liability.

*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-pays, 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.

VILLAGE OF JEROME, ILLINOIS

NOTES TO FINANCIAL STATEMENTS - continued

April 30, 2020

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Order of Fund Balance Spending Policy - continued*

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, 2020, the Village has not formally addressed a minimum fund balance policy.

*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.

VILLAGE OF JEROME, ILLINOIS

NOTES TO FINANCIAL STATEMENTS - continued

April 30, 2020

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Cash and Investments - continued*

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.

**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, 2020.

- a.) The total amount of FDIC coverage as of April 30, 2020 was \$500,000.
- b.) Dedicated Method: As of April 30, 2020, the market value of pledged securities was \$424,160.
- c.) Pooling Method: Deposits in external investment pools are fully collateralized.

*(a) Cash and Cash Equivalents*

At April 30, 2020, the carrying amount of the Village's cash and cash equivalent, less petty cash of \$79 was \$598,645 and the bank balance was \$599,053. A reconciliation of the cash and cash equivalents on the financial statements is as follows:

Business checking	<u>\$598,645</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 \$513,797.

The Village's investments are detailed as follows:

Investment Type	Fair Value	Investment Maturities			Rating
		Less than 6 Months	6 Months to 1 Year	1 Year to 5 Years	
Illinois National Bank -- certificates of deposit	\$164,885	\$	\$164,885	\$	Unrated
Illinois Funds -- Money Market Fund	<u>348,912</u>	<u>348,912</u>			AAAm
	<u>\$513,797</u>	<u>\$348,912</u>	<u>\$164,885</u>	<u>\$</u>	

VILLAGE OF JEROME, ILLINOIS

NOTES TO FINANCIAL STATEMENTS - continued

April 30, 2020

**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, none were 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 \$25,690. The Illinois National Bank certificate of deposit represents 32.1 percent and the Illinois Funds – Money Market Fund represents 67.9 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 2019 levy was passed by the board on December 5, 2019 and property taxes attached as an enforceable lien on property as of January 1<sup>st</sup>. Taxes are payable in two installments, on June 1<sup>st</sup> and September 1<sup>st</sup>. 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 2018 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, 2020

**Note 4. CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2020 was as follows:

	Balance May 1, 2019	Additions	Deletions	Balance April 30, 2020
<b>Governmental Activities – Modified Cash Basis:</b>				
Land (not being depreciated)	\$ 144,498	\$	\$	\$ 144,498
Construction in progress (not being depreciated)	10,197		10,197	
Infrastructure	848,870	293,828		1,142,698
Buildings and improvements	849,426			849,426
Machinery and equipment	253,407		54,453	198,954
Playground	92,673			92,673
<b>Total Capital Assets</b>	<b>2,199,071</b>	<b>293,828</b>	<b>64,650</b>	<b>2,428,249</b>
<b>Less Accumulated Depreciation for:</b>				
Infrastructure	307,602	43,667		351,269
Buildings and improvements	243,565	20,185		263,750
Machinery and equipment	482,377	8,032	46,092	444,317
Playground	70,764	2,071		72,835
<b>Total Accumulated Depreciation</b>	<b>1,104,308</b>	<b>73,955</b>	<b>46,092</b>	<b>1,132,171</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$1,094,763</b>	<b>\$219,873</b>	<b>\$ 18,558</b>	<b>\$1,296,078</b>
<b>Business-Type Activities – Accrual Basis:</b>				
Land (not being depreciated)	\$ 2,500	\$	\$	\$ 2,500
Buildings and improvements	10,392			10,392
Water system	172,918	248,620	984	420,554
Equipment	74,382	2,100	4,219	72,263
<b>Total Capital Assets</b>	<b>260,192</b>	<b>250,720</b>	<b>5,203</b>	<b>505,709</b>
<b>Less accumulated Depreciation for:</b>				
Buildings and improvements	7,051	105		7,156
Water system	166,192	19,704	984	184,912
Machinery and equipment	56,220	4,339	4,219	56,340
<b>Total Accumulated Depreciation</b>	<b>229,463</b>	<b>24,148</b>	<b>5,203</b>	<b>248,408</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 30,729</b>	<b>\$226,572</b>	<b>\$</b>	<b>\$ 257,301</b>

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

<b>Governmental Activities:</b>	
Public Safety	\$ 2,632
Cultural and Recreation	22,256
Public Works and Transportation	49,067
<b>Total Depreciation Expense for Governmental Activities</b>	<b>\$ 73,955</b>
<b>Business-Type Activities:</b>	
Water and Sewer Utility	\$ 24,148
<b>Total Depreciation Expense for Business-Type Activities</b>	<b>\$ 24,148</b>

VILLAGE OF JEROME, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS - continued  
April 30, 2020

**Note 5. DEFINED BENEFIT PENSION PLAN**

**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](http://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 vested 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 entitled 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, 2019, the following employees were covered by the benefit terms:

	<b>IMRF</b>
Retirees and Beneficiaries currently receiving benefits	12
Inactive Plan Members entitled to but not yet receiving benefits	8
Active Plan Members	5
<b>Total</b>	<u><b>25</b></u>



VILLAGE OF JEROME, ILLINOIS

NOTES TO FINANCIAL STATEMENTS - continued

April 30, 2020

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

• **Contributions.**

As set by statute, The Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute 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 2019 was 14.37%. The Village's annual contribution rate for calendar year 2020 was 20.00%. For the year ended April 30, 2020, the Village contributed \$45,073 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, 2019. 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, 2019:

- 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 2.50%.
- **Salary Increases** were expected to be 3.35% to 14.25%, including inflation.
- The **Investment rate of Return** was assumed to be 7.25%.
- **Projected retirement Age** was from the experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For non-disabled retirees, an IMRF specific **mortality** table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates 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-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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 as of December 31, 2019:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	5.75%
International Equity	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternative Investments	7%	3.60-7.60%
Cash Equivalents	1%	1.85%
<b>Total</b>	<b>100%</b>	

- There were no benefit changes during the year.

VILLAGE OF JEROME, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS - continued  
April 30, 2020

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

• **Single Discount Rate.**

A Single Discount Rate of 7.25% 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 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

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

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset) Liability (A) - (B)
<b>Balance December 31, 2018</b>	\$ 2,371,779	\$ 1,699,201	\$ 672,578
<b>Changes for the year:</b>			
Service Cost	34,922		34,922
Interest on Total Pension Liability	168,375		168,375
Difference between Expected and Actual Experience of Total Pension Liability	( 33,062)		( 33,062)
Contributions – Employer		43,305	( 43,305)
Contributions – Employees		13,561	( 13,561)
Net Investment Inc.		326,763	( 326,763)
Benefit Payments including Refunds	( 133,647)	( 133,647)	
Other (net transfer)		14,877	( 14,877)
Net Changes in NPL(A)	<u>36,588</u>	<u>264,859</u>	<u>( 228,271)</u>
<b>Balance December 31, 2019</b>	<u>\$ 2,408,367</u>	<u>\$ 1,964,060</u>	<u>\$ 444,307</u>

• **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 7.25%, 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 (6.25%)	Current Discount (7.25%)	1% Higher (8.25%)
<b>Net Pension (Asset) Liability</b>	\$714,586	\$444,307	\$217,073

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

For the year ended April 30, 2020, the Village recognized pension expense of \$41,834. At April 30, 2020, the Village has deferred outflows of resources and deferred inflows of resources related to pensions, both reported and unreported, from the following sources:

VILLAGE OF JEROME, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS - continued  
April 30, 2020

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

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b><i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i></b>		
Differences between expected and actual experience	\$ 25,672	\$138,715
Changes of assumptions	15,901	10,761
Net difference between projected and actual actual earning on pension plan investments	<u>187,474</u>	<u>236,369</u>
<b><i>Total Deferred Amounts to be Recognized in Pension Expense in Future Periods</i></b>	229,047	385,845
Pension contributions made subsequent to the measurement date	<u>22,209</u>	<u>          </u>
<b><i>Total Deferred amounts Related to Pensions</i></b>	<b><u>\$251,256</u></b>	<b><u>\$385,845</u></b>

If all of the Village's funds were 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:

<u>Year Ending December 31</u>	<u>Net Deferred Outflow of Resources</u>
2020	\$(114,090)
2021	( 22,378)
2022	20,833
2023	( 41,163)
<b>Total</b>	<b><u>\$(156,798)</u></b>

Currently, only the Village's business type activities are on the accrual basis of accounting.

**Note 6. LONG-TERM DEBT**

During the year ending April 30, 2020, the Village had one outstanding long-term note payable.

(a) *Lease-Purchase Agreement:*

On May 16, 2019, the Village entered into an Illinois Municipal Lease-Purchase agreement with Government Capital Corporation for the lease-purchase of new water meters for the Village. The initial proceeds were \$193,973, carries a 3.494% interest rate, with five annual principal and interest payments of \$42,950. The agreement's maturity date is June 5, 2024. The debt is being paid out of Business-Type Activities, Water Sewer and Utility Fund. As of April 30, 2020, the balance of the lease-purchase agreement is \$157,782.

Future cash requirements for the lease-purchase are:

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 37,437	\$ 5,513	\$ 42,950
2022	38,746	4,204	42,950
2023	40,099	2,851	42,950
2024	<u>41,500</u>	<u>1,450</u>	<u>42,950</u>
	<b><u>\$157,782</u></b>	<b><u>\$ 14,018</u></b>	<b><u>\$171,800</u></b>

**VILLAGE OF JEROME, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**April 30, 2020**

**Note 6. LONG-TERM DEBT**

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

Business-Type Activities:

	Balance 5/1/2019	Proceeds	Payments	Balance 4/30/2020
Lease-Purchase Agreement	\$ <u>          </u>	\$ <u>193,973</u>	\$ <u>36,191</u>	\$ <u>157,782</u>

**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. 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 9. LEGAL DEBT MARGIN**

Assessed Valuation – 2019 levy	\$ <u>29,705,588</u>
Statutory debt limitation – 8.625% of assessed valuation	\$ 2,562,107
Debt encumbrance	<u>157,782</u>
Legal Debt Margin	\$ <u>2,404,325</u>

**Note 10. NET POSITION/FUND BALANCE CLASSIFICATION**

(a) *Net Position:*

Net position of the Village's governmental funds at April 30, 2020 are comprised of the following:

	General	Major Special Revenue Fund Motor Fuel Tax Fund	Total
Net investment in capital assets	\$ 815,276	\$ 480,802	\$1,296,078
<i>Restricted:</i>			
Public Works and Transportation	17,964	3,083	21,047
Public Safety	221		221
<i>Unrestricted:</i>			
General Government & Administration	<u>664,394</u>		<u>664,394</u>
	\$ <u>1,497,855</u>	\$ <u>483,885</u>	\$ <u>1,981,740</u>

**VILLAGE OF JEROME, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**April 30, 2020**

**Note 10. NET POSITION/FUND BALANCE CLASSIFICATION**

*(b) Fund Balances:*

Fund balances of the Village's governmental funds at April 30, 2020 are comprised of the following:

	General	Major Special Revenue Fund Motor Fuel Tax Fund	Total
<i>Restricted:</i>			
Public Works & Transportation	\$ 17,964	\$ 3,083	\$ 21,047
Public Safety	221		221
<i>Unassigned:</i>			
General Government & Administration	664,394		664,394
	<u>\$682,579</u>	<u>\$ 3,083</u>	<u>\$685,662</u>

**Note 11. RESTRICTED NET POSITION**

*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, 2020, there was excess cumulative revenue over expenditure of \$17,964.

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 cumulative revenue over cumulative expenditures is considered restricted. As of April 30, 2020, there was excess cumulative revenue over expenditures of \$3,083.

*Public Safety:*

The Village receives money from vehicle and DUI related fines that are specifically designated by the funding source to be used for law enforcement purposes. This restricted revenue is accounted for in the Law Enforcement Seizure Fund. Any excess of cumulative revenue over cumulative expenditures is considered restricted. As of April 30, 2020. There was excess cumulative revenue over expenditures of \$221.

**Note 12. OPERATING LEASES**

- a) During the year ended April 30, 2020, the Village had two operating leases with Green Toyota for two police department vehicles. Both leases have a three-year term with ending dates of June 2020 and February 2021.

The lease ending June 2020, has monthly lease payments of \$534, with half of the lease payment being donated back to the Village by Green Toyota. The lease ending February 2021 has a monthly lease payment of \$277. Total lease expense for the year ending April 30, 2020 on both vehicle leases was \$9,739.

VILLAGE OF JEROME, ILLINOIS

NOTES TO FINANCIAL STATEMENTS - continued

April 30, 2020

**Note 12. OPERATING LEASES – continued**

The required lease payments of the vehicle leases are as follows:

<u>April 30</u>	<u>Lease Payment</u>
2020	\$ 9,739
2021	3,843

- b) On January 31, 2020, the Village entered into an operating lease with Green Toyota for one police department vehicle. The lease has a three-year term ending on December 2022. The lease has monthly lease payments of \$244, with an initial payment due at signing of \$10,000. Total lease expense for the year ended April 30, 2020 on the vehicle lease was \$10,732.

The required lease payments of the vehicle lease are as follows:

<u>April 30</u>	<u>Lease Payment</u>
2021	\$ 2,928
2022	2,928
2023	2,196

- c) During the year ended April 30, 2020, the Village had an operating lease with Watts Copy Systems, Inc. for three office copiers. The lease has a five-year term, with a month to month option at the end of the term. The lease has monthly lease payments of \$141. Additionally, the monthly lease payment will include an allowable annual image allowance and additional fuel surcharge. Images in excess of the allowable allowance are billed in addition to the monthly lease payment. Total lease expense for the year ending April 30, 2020 on the copier leases was \$1,698.

The required lease payments of the copier leases are as follows:

<u>April 30</u>	<u>Lease Payment</u>
2021	\$ 1,698
2022	1,698
2023	1,556

**Note 13. SUBSEQUENT EVENT**

Management and the Village Board has evaluated subsequent event through September 10, 2020 which is the date the financial statements were available to be issued. As of September 10, 2020, one subsequent event required recognition or disclosure in the financial statements;

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**SUPPLEMENTAL INFORMATION RELATIVE TO  
ILLINOIS MUNICIPAL RETIREMENT FUND**

VILLAGE OF JEROME, ILLINOIS  
SUPPLEMENTARY INFORMATION  
RELATIVE TO ILLINOIS MUNICIPAL RETIREMENT FUND - ECO

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

Calendar Year Ended December 31	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>					
Service Cost	\$ 34,922	\$ 34,062	\$ 51,486	\$ 49,653	\$ 45,189
Interest on the Total Pension Liability	168,375	195,665	178,646	175,755	172,747
Differences between Expected and Actual Experience of the Total Pension Liability	( 33,062)	( 454,416)	205,870	( 74,943)	( 26,975)
Changes of Assumptions		60,973	( 86,292)	( 31,595)	
Benefit Payments, including Refunds of					
Employee Contributions	( 133,647)	( 112,672)	( 115,500)	( 116,745)	( 188,222)
<b>Net Change in Total Pension Liability</b>	<b>36,588</b>	<b>( 276,388)</b>	<b>234,210</b>	<b>2,125</b>	<b>2,739</b>
<b>Total Pension Liability - Beginning</b>	<b>2,371,779</b>	<b>2,648,167</b>	<b>2,413,957</b>	<b>2,411,832</b>	<b>2,409,093</b>
<b>Total Pension Liability - Ending (A)</b>	<b><u>2,408,367</u></b>	<b><u>\$2,371,779</u></b>	<b><u>\$2,648,167</u></b>	<b><u>\$2,413,957</u></b>	<b><u>\$2,411,832</u></b>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 43,305	\$ 42,168	\$ 53,273	\$ 76,318	\$ 60,599
Contributions - Employees	13,561	13,831	16,375	20,202	17,976
Net Investment Income	326,763	( 149,634)	330,882	130,970	9,180
Benefit Payments, including Refunds of					
Employee Contributions	( 133,647)	( 112,672)	( 115,500)	( 116,745)	( 188,222)
Other (Net Transfer)	14,877	( 521,439)	195,628	( 40,296)	85,480
<b>Net Change in Plan Fiduciary Net Position</b>	<b>264,859</b>	<b>( 727,746)</b>	<b>480,658</b>	<b>70,449</b>	<b>( 14,987)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>1,699,201</b>	<b>2,426,947</b>	<b>1,946,289</b>	<b>1,875,840</b>	<b>1,890,827</b>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<b><u>1,964,060</u></b>	<b><u>1,699,201</u></b>	<b><u>2,426,947</u></b>	<b><u>1,946,289</u></b>	<b><u>1,875,840</u></b>
<b>Net Position (Asset) Liability - Ending (A)-(B)</b>	<b><u>\$ 444,307</u></b>	<b><u>\$ 672,578</u></b>	<b><u>\$ 221,220</u></b>	<b><u>\$ 467,668</u></b>	<b><u>\$ 535,992</u></b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	81.55%	71.64%	91.65%	80.63%	77.78%
<b>Covered Valuation Payroll</b>	\$ 301,360	\$ 307,346	\$ 363,890	\$ 448,934	\$ 399,472
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	147.43%	218.83%	60.79%	104.17%	134.18%

**Note to Schedule:**

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 - REGULAR

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
MOST RECENT CALENDAR YEARS

<u>Calendar Year Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a Percentage of Covered Valuation of Payroll</u>
2015	\$60,600	\$60,599	\$1	\$399,472	15.17%
2016	76,319	76,318	1	448,934	17.00%
2017	53,273	52,273		363,890	14.64%
2018	42,168	42,168		307,346	13.72%
2019	43,305	43,305		301,360	14.37%

**Notes to Schedule:**

Summary of Actuarial Methods and Assumptions used in the Calculation of the 2019 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 2019 Contribution Rates:**

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP, and ECO groups): 24-year closed 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 19 years for most employers (two employers were financed over 28 years and four others were financed over 29 years).
<i>Asset Valuation Method:</i>	5 year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.25%
<i>Price Inflation:</i>	2.50%
<i>Salary Increases:</i>	3.35% to 14.25%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.
<i>Mortality:</i>	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, and IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**Other Information:**

Notes: There were no benefit changes during the year.

\*Based on Valuation Assumptions used in the December 31, 2017, actuarial valuation.

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.

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## **SUPPLEMENTAL INFORMATION**

VILLAGE OF JEROME, ILLINOIS

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

GENERAL FUND TYPES

April 30, 2020 and 2019

	General Fund	Law Enforcement Seizure Fund	Total 2020	2019
<b>ASSETS</b>				
Cash in bank	\$349,919	\$ 221	\$350,140	\$334,386
Investments	<u>345,829</u>	<u>          </u>	<u>345,829</u>	<u>269,090</u>
<b>TOTAL ASSETS</b>	<b><u>\$695,748</u></b>	<b><u>\$ 221</u></b>	<b><u>\$695,969</u></b>	<b><u>\$603,476</u></b>
<b>LIABILITIES</b>				
Customer deposits	\$ 900	\$	\$ 900	\$ 1,400
Payroll withholding liability	<u>12,490</u>	<u>          </u>	<u>12,490</u>	<u>4,345</u>
<b>Total Liabilities</b>	<b><u>13,390</u></b>	<b><u>          </u></b>	<b><u>13,390</u></b>	<b><u>5,745</u></b>
<b>FUND BALANCE</b>				
Restricted	17,964	221	18,185	15
Unassigned	<u>664,394</u>	<u>          </u>	<u>664,394</u>	<u>597,716</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$695,748</u></b>	<b><u>\$ 221</u></b>	<b><u>\$695,969</u></b>	<b><u>\$603,476</u></b>

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, 2020 and 2019

	General Fund	Law Enforcement Seizure Fund	Total 2020	2019
<b>Revenues:</b>				
<i>Local taxes -</i>				
Real estate taxes	\$ 40,641	\$	\$ 40,641	\$ 39,586
<i>Intergovernmental -</i>				
State income tax	179,485		179,485	160,780
State sales tax	433,642		433,642	526,752
State use tax	57,141		57,141	48,963
Replacement taxes	3,124		3,124	2,373
Utility excise tax	38,035		38,035	42,209
Video gaming tax	103,908		103,908	101,872
Cannabis tax	271		271	
Other intergovernmental sources	321	747	1,068	4,922
<i>Charges for services -</i>				
Rental income	5,585		5,585	6,700
Towing	4,000		4,000	2,250
Other fees and services	657		657	656
<i>Licenses and Permits -</i>				
Liquor licenses	13,845		13,845	13,200
Franchise licenses	27,864		27,864	33,192
Building/contractor permits	6,475		6,475	
Video gaming licenses	1,350		1,350	1,300
Contractor and building permits	9,122		9,122	19,425
Fines	7,584		7,584	10,736
<i>Other local sources -</i>				
Interest	6,233	3	6,236	5,730
Miscellaneous income	735		735	940
Donations/memorials	5,660		5,660	3,265
<b>Total Revenues</b>	<u>945,678</u>	<u>750</u>	<u>946,428</u>	<u>1,024,851</u>
<b>Expenditures:</b>				
<i>Current:</i>				
<i>General Government -</i>				
Board of Trustees	165,500	77	165,577	185,487
Building and zoning	18		18	169
Public health	447		447	1,651
<i>Public Safety -</i>				
Police	351,937	2,547	354,484	371,558
<i>Cultural and Recreation -</i>				
Public property	17,744		17,744	33,083
<i>Public Works and Transportation -</i>				
Streets	133,643		133,643	151,089

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, 2020 and 2019

	General Fund	Law Enforcement Seizure Fund	Total 2020	2019
<b>Expenditures:</b>				
Capital Outlay -				
Public Works &				
Transportation – Streets	\$ 195,792	\$	\$ 195,792	\$ 151,466
Debt Service -				
Principal				1,744
Interest				8
<b>Total Expenditures</b>	<u>865,081</u>	<u>2,624</u>	<u>867,705</u>	<u>896,255</u>
Excess (deficit) of revenues over (under) expenditures	80,597	( 1,874)	78,723	128,596
<b>Other Financing Sources:</b>				
Proceeds from the sale of fixed assets	<u>6,125</u>		<u>6,125</u>	<u>225</u>
Net Change in Fund Balance	86,722	( 1,874)	84,848	128,821
<b>Fund Balance</b> – Beginning of year	<u>595,636</u>	<u>2,095</u>	<u>597,731</u>	<u>468,910</u>
<b>Fund Balance</b> -- End of year	<u>\$ 682,358</u>	<u>\$ 221</u>	<u>\$ 682,579</u>	<u>\$ 597,731</u>

VILLAGE OF JEROME, ILLINOIS

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

GENERAL FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
<i>Local taxes -</i>			
Real estate taxes	\$ 38,000	\$ 38,000	\$ 40,641
	<u>38,000</u>	<u>38,000</u>	<u>40,641</u>
<i>Intergovernmental -</i>			
State income tax	148,000	148,000	179,485
State sales tax	390,529	390,529	433,642
State use tax	42,000	42,000	57,141
Replacement taxes	2,000	2,000	3,124
Utility excise tax	35,500	35,500	38,035
Video gaming tax	95,000	95,000	103,908
Cannabis tax			271
State sources			321
<i>Total Intergovernmental</i>	<u>713,029</u>	<u>713,029</u>	<u>815,927</u>
<i>Charges for services -</i>			
Rental income	5,000	5,000	5,585
Towing	500	500	4,000
Other fees and services	650	650	657
<i>Total Charges for Services</i>	<u>6,150</u>	<u>6,150</u>	<u>10,242</u>
<i>Licenses and Permits -</i>			
Liquor licenses	10,000	10,000	13,845
Franchise licenses	22,000	22,000	27,864
Video gaming licenses	750	750	1,350
Building/contractor permits	5,000	5,000	6,475
Miscellaneous licenses and permits	5,500	5,500	9,122
<i>Total Licenses and Permits</i>	<u>43,250</u>	<u>43,250</u>	<u>58,656</u>
Fines	8,000	8,000	7,584
<i>Other local sources -</i>			
Interest			6,233
Miscellaneous	6,300	6,300	735
Donations/memorials			5,660
<i>Total Other Local Sources</i>	<u>6,300</u>	<u>6,300</u>	<u>12,628</u>
<b>Total Revenues</b>	<b>\$ 814,729</b>	<b>\$ 814,729</b>	<b>945,678</b>
<b>Expenditures:</b>			
<i>General Government -</i>			
<i>Board of Trustees -</i>			
Salaries and employee benefits	\$ 59,475	\$ 59,475	59,544
Professional services	44,000	44,000	54,083
Office supplies and expenditures	4,725	4,725	5,469
Charges for outside services	2,000	2,000	774
Dues and permits	500	500	705
Advertising	200	200	
Insurance	48,000	48,000	44,814
Civic events	325	325	111
Other expenditures	150	150	
<i>Total Board of Trustees</i>	<u>159,375</u>	<u>159,375</u>	<u>165,500</u>

VILLAGE OF JEROME, ILLINOIS

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

GENERAL FUND - continued

For the Year Ended April 30, 2020

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>
<b>Expenditures: - continued</b>			
<i>Building and Zoning -</i>			
Professional services	5,150	5,150	
Office supplies and expenditures	1,650	1,650	
Other expenditures	200	200	18
<i>Total Building and Zoning</i>	<u>7,000</u>	<u>7,000</u>	<u>18</u>
<i>Public Health -</i>			
Animal control fees	2,140	2,140	330
Office supplies and expenditures	50	50	117
<i>Total Public Health</i>	<u>2,190</u>	<u>2,190</u>	<u>447</u>
<i>Total General Government</i>	<u>168,565</u>	<u>168,565</u>	<u>165,965</u>
<i>Public Safety – Police -</i>			
Salaries and employee benefits	296,350	296,350	313,203
Contractual services	9,000	9,000	9,396
Office supplies and expenditures	3,500	3,500	7,178
Professional development/training	500	500	790
Communications/telephone	3,000	3,000	2,444
General supplies	3,100	3,100	3,946
Repairs and maintenance	1,500	1,500	6,588
Automotive fuel and oil	9,000	9,000	7,840
Capital outlay	2,000	2,000	
Other expenditures	500	3,700	552
<i>Total Public Safety – Police</i>	<u>328,450</u>	<u>331,650</u>	<u>351,937</u>
<i>Cultural and Recreation - Public Property -</i>			
Repairs and maintenance	13,000	13,000	
Charges for outside services	500	500	6,982
Utilities	8,455	8,455	7,282
Communications/telephone	5,000	5,000	
Office supplies and expenditures	1,200	1,200	3,470
Capital outlay	1,400	1,400	
Park memorial expenditures	200	200	
Other expenditures	100	100	10
<i>Total Cultural and Recreation – Public Property</i>	<u>29,855</u>	<u>29,855</u>	<u>17,744</u>
<i>Public Works and Transportation - Streets -</i>			
Salaries and employee benefits	88,107	88,107	87,384
Professional/contractual services	23,450	23,450	4,694
Communications/telephone	300	300	378
Street light/traffic signals	10,750	10,750	9,435
Office supplies and expenditures			1,130
Professional development/training	100	100	
Yard waste cleanup	800	800	1,265
General supplies	12,800	12,800	5,289
Automotive fuel and oil	10,000	10,000	6,168
Repairs and maintenance - streets	25,000	25,000	9,015
Repairs and maintenance – equipment	7,000	7,000	8,865
Storm sewer	1,300	1,300	
Capital outlay	285,900	285,900	195,792
Other expenditures	1,000	1,000	20
<i>Total Public Works and Transportation - Streets</i>	<u>466,507</u>	<u>466,507</u>	<u>329,435</u>

VILLAGE OF JEROME, ILLINOIS

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

GENERAL FUND - continued

For the Year Ended April 30, 2020

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>
<i>Expenditures: - continued</i>			
<b>Total Expenditures</b>	<u>\$993,377</u>	<u>\$ 996,577</u>	<u>865,081</u>
<i>Excess of revenues over expenditures</i>			80,597
<b>Other Financing Sources</b>			
Proceeds from the sale of fixed assets			<u>6,125</u>
<i>Net Change in Fund Balance</i>			86,722
<b>Fund Balance -- Beginning of year</b>			<u>595,636</u>
<b>Fund Balance -- End of year</b>			<u>\$ 682,358</u>



VILLAGE OF JEROME, ILLINOIS

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

LAW ENFORCEMENT SEIZURE FUND

For the Year Ended April 30, 2020

	Original/Final Budget	Actual
<b>Revenues:</b>		
Intergovernmental -		
DUI Fines/Drug Seizure -		
Other local governments	\$ 700	\$ 747
Total Intergovernmental	700	747
Other local sources --		
Interest		3
Total Other Local Sources		3
<b>Total Revenues</b>	<b>\$ 700</b>	<b>750</b>
<b>Expenditures:</b>		
General Government – Board of Trustees -		
Office supplies and expenditures	\$	77
Total General Government - Board of Trustees		77
Public Safety - Police -		
Contract services	2,000	1,089
Office supplies and expenditures	1,300	
Communications/telephone		803
Repairs and maintenance - vehicles	2,000	154
Automotive fuel and oil	2,000	
Other expenditures	1,000	501
Total Public Safety - Police	8,300	2,547
<b>Total Expenditures</b>	<b>\$ 8,300</b>	<b>2,624</b>
Deficit of revenues under expenditures		( 1,874)
<b>Other Financing Sources</b>		
Net Change in Fund Balance		( 1,874)
<b>Fund Balance – Beginning of year</b>		<b>2,095</b>
<b>Fund Balance – End of year</b>		<b>\$ 221</b>

VILLAGE OF JEROME, ILLINOIS

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

SPECIAL REVENUE FUND TYPES

MOTOR FUEL TAX FUND

April 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Investments	\$ <u>3,083</u>	\$ <u>32,089</u>
<b>TOTAL ASSETS</b>	\$ <u>3,083</u>	\$ <u>32,089</u>
<b>LIABILITIES</b>	\$ _____	\$ _____
<b>FUND BALANCE</b>		
Restricted	<u>3,083</u>	<u>32,089</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	\$ <u>3,083</u>	\$ <u>32,089</u>

VILLAGE OF JEROME, ILLINOIS

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

SPECIAL REVENUE FUND TYPES

MOTOR FUEL TAX FUND

For the Years April 30, 2020 and 2019

	Original/Final Budget	Actual 2020	Actual 2019
<b>Revenues:</b>			
<i>Intergovernmental -</i>			
Motor fuel tax	\$ 42,000	\$ 59,863	\$ 42,162
<i>Other local sources -</i>			
Interest	_____	370	564
<b>Total Revenues</b>	<u>\$ 42,000</u>	<u>60,233</u>	<u>42,726</u>
<b>Expenditures:</b>			
<i>Public Works and Transportation --</i>			
Street maintenance	\$ 20,000		
Charges for outside services	500	1,400	1,743
Capital outlay	65,000	87,839	18,459
Automotive fuel and oil	4,000		
Other expenditures	500	_____	_____
<b>Total Expenditures</b>	<u>\$ 90,000</u>	<u>89,239</u>	<u>20,202</u>
<i>Excess (deficit) of revenues over (under)</i>			
<i>expenditures</i>		( 29,006)	22,524
<b>Other Financing Sources</b>		_____	_____
<b>Fund Balance – Beginning of year</b>		<u>32,089</u>	<u>9,565</u>
<b>Fund Balance – End of year</b>		<u>\$ 3,083</u>	<u>\$ 32,089</u>

VILLAGE OF JEROME, ILLINOIS  
STATEMENT OF NET POSITION

PROPRIETARY FUND TYPES  
WATER AND SEWER UTILITY FUND

April 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash in bank	\$248,584	\$357,114
Investments	164,885	162,689
Accounts receivable	<u>54,849</u>	<u>53,407</u>
<b>Total Current Assets</b>	<b><u>468,318</u></b>	<b><u>573,210</u></b>
<b>Capital Assets (net of accumulated depreciation):</b>		
Land (not being depreciated)	2,500	2,500
Water system	235,642	6,726
Village Hall	3,236	3,341
Equipment	<u>15,923</u>	<u>18,162</u>
<b>Total Capital Assets</b>	<b><u>257,301</u></b>	<b><u>30,729</u></b>
<b>TOTAL ASSETS</b>	<b><u>725,619</u></b>	<b><u>603,939</u></b>
<b>Deferred Outflow of Resources:</b>		
Deferred outflows - IMRF	<u>7,994</u>	<u>14,713</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current Liabilities:</b>		
Accounts payable	39,415	31,444
Water deposits payable	27,225	25,350
Payroll related liabilities	346	779
Current portion - long-term debt	<u>37,437</u>	<u>      </u>
<b>Total Current Liabilities</b>	<b><u>104,423</u></b>	<b><u>57,573</u></b>
<b>Long-Term Liabilities:</b>		
Net pension liability - IMRF	15,506	23,473
Long-term debt - less current portion	<u>120,345</u>	<u>      </u>
<b>Total Liabilities</b>	<b><u>240,274</u></b>	<b><u>81,046</u></b>
<b>Deferred Inflow of Resources:</b>		
Deferred inflows - IMRF	<u>13,466</u>	<u>15,154</u>
<b>Net Position:</b>		
Net investment in capital assets	99,519	30,729
Unrestricted	<u>380,354</u>	<u>491,723</u>
<b>Total Net Position</b>	<b><u>\$479,873</u></b>	<b><u>\$522,452</u></b>

VILLAGE OF JEROME, ILLINOIS

SUPPLEMENTAL COMPARATIVE STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION

PROPRIETARY FUND TYPES

WATER AND SEWER UTILITY FUND

For the Years Ended April 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Income:</b>		
Water and sewer charges	\$497,410	\$483,528
IMRF retirement benefit	2,935	
Miscellaneous income	<u>1,500</u>	<u>611</u>
<b>Total Income</b>	<u>501,845</u>	<u>484,139</u>
<b>Operating Expense:</b>		
Water purchase	155,535	155,445
Sewer system charges	242,240	223,898
Salaries	41,778	25,486
Payroll taxes/benefits	822	17,481
General insurance	24,633	22,079
Office supplies and expense	4,561	4,830
General supplies		1,059
Repairs and maintenance	7,465	15,544
Professional/contractual services	31,525	49,333
Telecommunications	3,232	1,522
Utilities	4,594	5,138
Julie/EPA fees	427	634
Yard waste cleanup	501	396
Miscellaneous expense		833
Depreciation	<u>24,148</u>	<u>2,614</u>
<b>Total Operating Expenses</b>	<u>541,461</u>	<u>526,292</u>
<b>Operating loss</b>	( 39,616)	( 42,153)
<b>Non-Operating Income (Expense):</b>		
Interest income	3,796	3,365
Interest expense	( 6,759)	
<b>Total Non-Operating Income (Expense)</b>	<u>( 2,963)</u>	<u>3,365</u>
<b>Change in Net Position</b>	( 42,579)	( 38,788)
<b>Net Position – Beginning of year</b>	<u>522,452</u>	<u>561,240</u>
<b>Net Position – End of year</b>	<u>\$479,873</u>	<u>\$522,452</u>

VILLAGE OF JEROME, ILLINOIS

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL

WATER AND SEWER UTILITY FUND

For the Year Ended April 30, 2020

	Original/Final Budget	Actual
<b>Income:</b>		
Water and sewer charges	\$500,000	\$497,410
IMRF retirement benefit		2,935
Miscellaneous income		1,500
<b>Total Income</b>	<b>\$500,000</b>	<b>501,845</b>
<b>Operating Expense:</b>		
Water purchase	\$165,000	155,535
Sewer system charges	234,000	242,240
Salaries	50,000	41,778
Payroll taxes/benefits	1,147	822
General insurance	26,000	24,633
Office supplies and expense	5,000	4,561
General supplies	50,000	
Repairs and maintenance	5,000	7,465
Professional/contractual services	109,500	31,525
Telecommunications	9,000	3,232
Utilities	5,955	4,594
Julie/EPA fees	1,825	427
Yard waste cleanup		501
Miscellaneous expense	100	
Depreciation		24,148
<b>Total Operating Expenses</b>	<b>\$662,527</b>	<b>541,461</b>
Operating Loss		( 39,616)
<b>Non-Operating Income (Expense):</b>		
Interest income		3,796
Interest expense		( 6,759)
<b>Total Non-Operating Income (Expense)</b>		<b>( 2,963)</b>
Change in Net Position		( 42,579)
<b>Net Position – Beginning of year</b>		<b>522,452</b>
<b>Net Position – End of year</b>		<b>\$479,873</b>

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 was passed on June 6, 2019 and amended on February 6, 2020.
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, 2020, the Village's General Fund and Major Special Revenue Funds had no excess actual expenditures over budget.

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**OTHER SUPPLEMENTAL DATA (UNAUDITED)**



VILLAGE OF JEROME, ILLINOIS

SCHEDULE OF TAXES LEVIED AND COLLECTED  
(Unaudited)

	2019 Taxes <u>Payable in 2020</u>	2018 Taxes <u>Payable in 2019</u>
<b><i>Assessed Valuation</i></b>	<b><u>\$29,705,588</u></b>	<b><u>\$29,635,526</u></b>
<b><i>Tax Rates:</i></b>		
Street	.0300	.0294
Police protection	.0479	.0471
<b><i>Total</i></b>	<b><u>.0779</u></b>	<b><u>.0765</u></b>
Village share road and bridge		\$ 17,964
Current taxes extended		<u>22,671</u>
<b><i>Total for Distribution</i></b>		40,635
Errors and adjustments		( 11)
Interest		<u>17</u>
<b><i>Total Real Estate Taxes</i></b>		<b><u>\$ 40,641</u></b>