

JEROME COUNTY
BASIC FINANCIAL STATEMENTS
AND
SELECTED OTHER FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2013

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Table of Contents

<u>Audited Financial Statements</u>	Page
Independent Auditor's Report	1-2
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit Of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Management's Discussion and Analysis	5-11
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund Types to the statement of Activities	17
Statement of Net Position – Fiduciary Funds	18
Statement of Changes in Net Position – Fiduciary Funds	19
Notes to Financial Statements	20-31
<u>Required Supplementary Information</u>	
Major Funds Budgetary Comparison Schedule	33-37
Notes to Required Supplementary Information	38
<u>Selected Other Supplementary Information</u>	
Combining Balance Sheet – Non-Major Governmental Funds	40-41
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	42-43
Non Major Fund Budget Comparison Schedules	44-56
<u>OMB Circular A-133, Supplementary Financial Report</u>	
OMB Circular A-133, Supplementary Financial Report Table of Contents	58
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	59-60
Schedule of Expenditures of Federal Awards	61
Notes to Schedule of Expenditures of Federal Awards	62
Schedule of Findings and Questioned Costs	63
Management Comment Letter	64-65



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INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Jerome County
Jerome, Idaho 83338

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

Management's Responsibility for the Financial Statements

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

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 opinions.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 11 and 33 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational,

economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

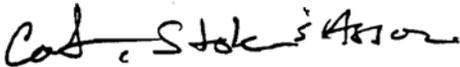
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jerome County's financial statements as a whole. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2014, on our consideration of Jerome County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jerome County's internal control over financial reporting and compliance.



Condie, Stoker & Associates
January 13, 2014



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of County Commissioners
Jerome County
Jerome, Idaho 83338

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jerome County, as of and for the year ended September 30, 2013, which collectively comprise Jerome County's basic financial statements and have issued our report thereon dated January 13, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Jerome County, Idaho, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Jerome County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jerome County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Jerome County's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

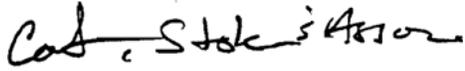
A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Jerome County, in a separate letter dated January 13, 2014.

This report is intended solely for the information and use of management, County Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Condie, Stoker & Associates". The signature is written in a cursive, somewhat stylized font.

Condie, Stoker and Associates
January 13, 2014

Michelle Emerson
 CLERK OF THE DISTRICT COURT
 EX-OFFICIO AUDITOR AND RECORDER



Jerome County
 The Forty-Third County
 of
 The Forty-Third State

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2013
 (Unaudited)

The Governmental Accounting Standards Board (GASB) was created in 1984. Its mission is to determine "generally accepted accounting principles" (GAAP) for state and local government finances or reporting.

When the County hires an outside accounting firm to audit their financial statements, they are primarily paying for the auditor's opinion as to whether their financial statements fairly present the results of operations in accordance with GAAP.

In 1999, GASB issued its Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments which makes a number of significant changes in the way we report, such as: 1) Emphasis on the government as a whole and fund information, rather than just fund type information; 2) Changes in how governments measure what they do; and 3) requiring the reporting of infrastructure and general depreciation thereof. Jerome County is required by GASB No. 34 to implement the above accounting practices beginning September 30, 2004.

As management of Jerome County, we offer readers of Jerome County's financial statements this narrative overview and analysis of the financial activities of Jerome County for the fiscal year ended September 30, 2013.

Financial Highlights of the Past Year

The assets of Jerome County exceeded its liabilities at the close of the 2012-2013 fiscal year by \$14,012,936 (Net Position). Of this amount, \$7,396,015 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

Over the past fiscal year, Jerome County's net assets increased \$682,906.

The citizens of Jerome County approved an \$11,200,000.00 bond for construction and furnishing a new jail facility in May 2013. Bonds were sold in August of 2013, and the county begun immediately to purchase land and implement the procedures to construct the new facility.

Improvements to the runway were made at the Jerome County Airport and the new residence for the airport manager was completed.

Paving of the Fairground's parking lot was completed and air conditioning was installed in the Messersmith Building at the fairgrounds.

The Jerome County Courthouse located at 300 North Lincoln was brought into ADA compliance through an ADA grant which allowed the county to install new restrooms, new doors and replace a noncompliant ramp to enter the building.

Security equipment and new software funded by a Homeland Security Grant was installed at the Jerome County Courthouse located at 300 North Lincoln.

Financial Statements Overview

Government-wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of Jerome County's finances, in a manner that closely resembles a private-sector business.

The Statement of Net Position presents information on all of Jerome County's assets and liabilities, with the differences between the two reported as net position. With this report readers for the first time will be able to determine whether Jerome County is better off at the end of the fiscal period than it was at the beginning.

In order to enhance analysis, comparative information is generally provided for assets, liabilities, net equity, revenues, and expenses.

JEROME COUNTY'S NET POSITION

Assets:	2011-12	2012-13
Current	8,251,948	8,286,169
Restricted Cash (Jail Bond)		11,203,695
Capital Assets	5,673,507	6,683,555
Construction in Progress	631,312	21,422
Deferred Bond Issuance Costs		252,744
	-----	-----
Total Assets	14,556,767	26,447,585
Liabilities:		
Current Liabilities	1,019,598	1,015,106
Non-Current Liabilities	207,140	11,419,543
	-----	-----
Total Liabilities	1,226,738	12,434,649
Net Position:		
Invested in Capital Assets	6,186,675	6,616,921
Unrestricted	7,143,354	7,396,015
	-----	-----
Total Net Position	<u>13,330,029</u>	<u>14,012,936</u>

Jerome County's net position is divided into two categories. Unrestricted net position make up 52.8% of the total amount and represents resources that are available and may be used to meet the government's ongoing obligations to citizens and creditors. The remainder 47.2% reflects Jerome County's investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. Jerome County uses these capital assets to provide services to citizens. Capital assets are not available for future spending.

The Statement of Activities shows the expenses or costs to run each department in the county and compares those expenses to the revenue received by the county. All changes in net position is reported as soon as the underlying event occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

General Governmental – The General Fund (Current Expense) is the primary operating fund for the County. Jerome County's basic governmental services are reported under this fund. Complete lists of the departments that fall under this fund are reported on the Statement of Activities. Governmental Funds are accounted for by using the modified accrual basis of accounting.

Special Services – These funds are used to account for the proceeds of specific revenue sources (other than expandable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

General Government and Special Service program cost (total cost minus revenue received) is presented below.

SUMMARY OF JEROME COUNTY'S STATEMENT OF ACTIVITIES

Revenues:

Property Taxes	\$ 6,102,572
Charges for Services & Sales	3,498,962
Miscellaneous Revenue	2,345,361
Investment Earnings	<u>25,096</u>

Total Revenue **\$11,971,991**

Program Expenses:

General Fund:

Clerk/Auditor	\$ 415,513
Assessor	130,072
Treasurer/ Tax Collector	122,092
Commissioner	97,489
Coroner	15,504
Disaster Services	80,401
County Agent	85,872
Data Processing	174,259
Elections	38,988
General	1,086,728
Planning & Zoning	226,497
Veterans Memorial	9,560

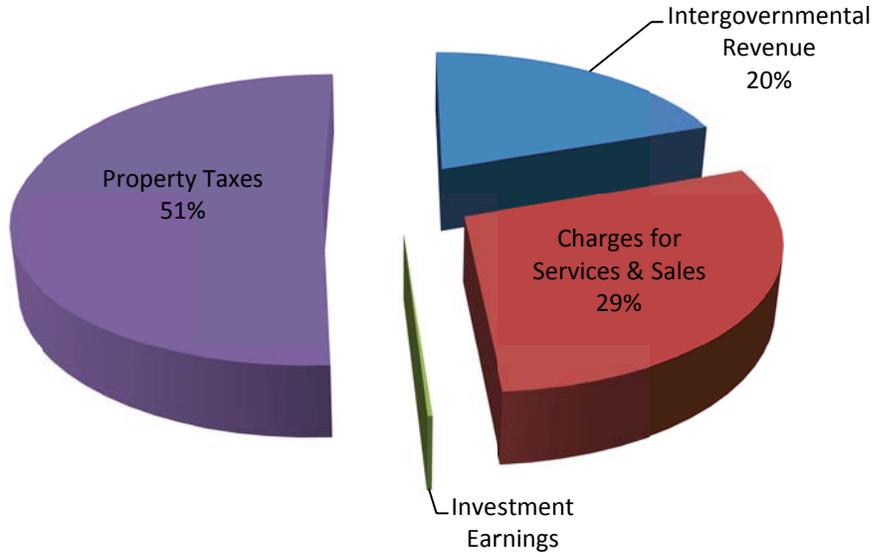
Special Revenue Funds:

Airport	888,487
District Court	606,896
County Fair	403,609
Justice:	
Sheriff	2,002,937
Adult Probation	132,832
Prosecuting Attorney	347,984
Public Defender	434,844
Juvenile	445,411
General	989,450
Capital Fair	750
Public Health	106,455
County Election	71,044
Charity and Indigent	692,246
Revaluation	312,678
Solid Waste	745,137
Tort	170,092
Noxious Weed	51,301
Ambulance	395,606
Waterways	7,379
Capital Correctional Facility	2,972
Bond Redemption	<u>0</u>

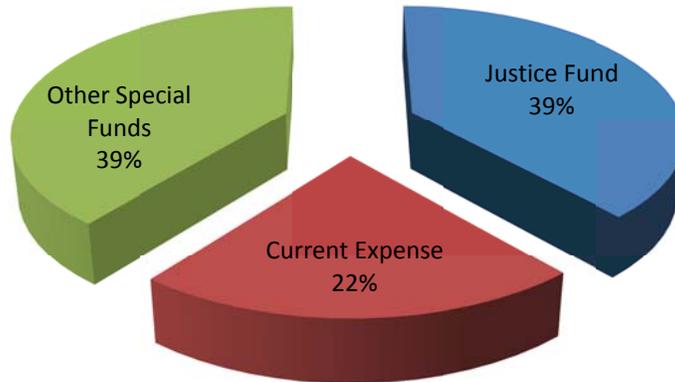
Total Expenditures **\$11,289,085**

Increase in Net Position **\$ 682,906**

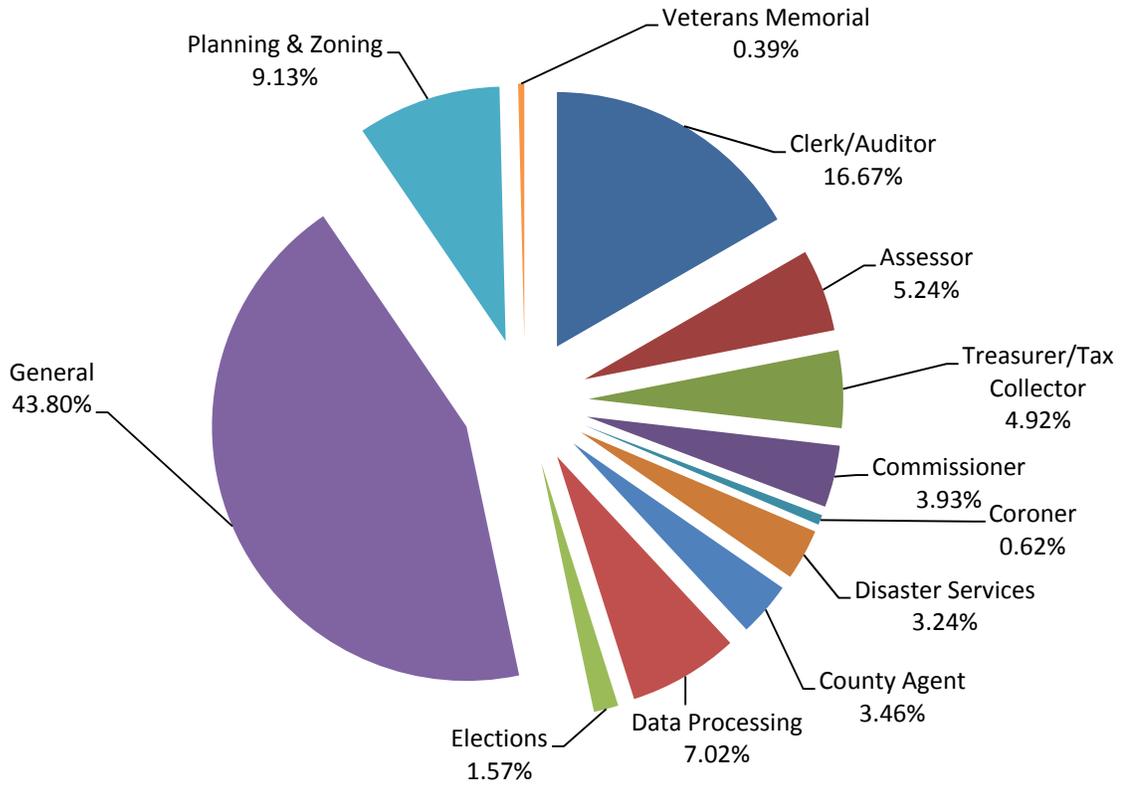
Jerome County Revenue By Source



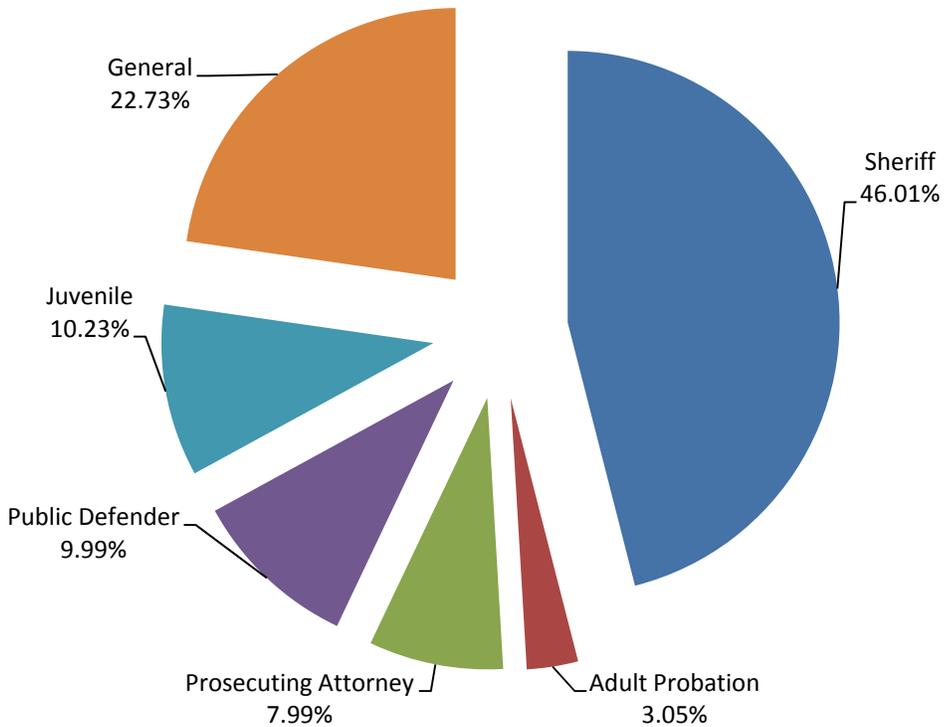
Jerome County Expenses

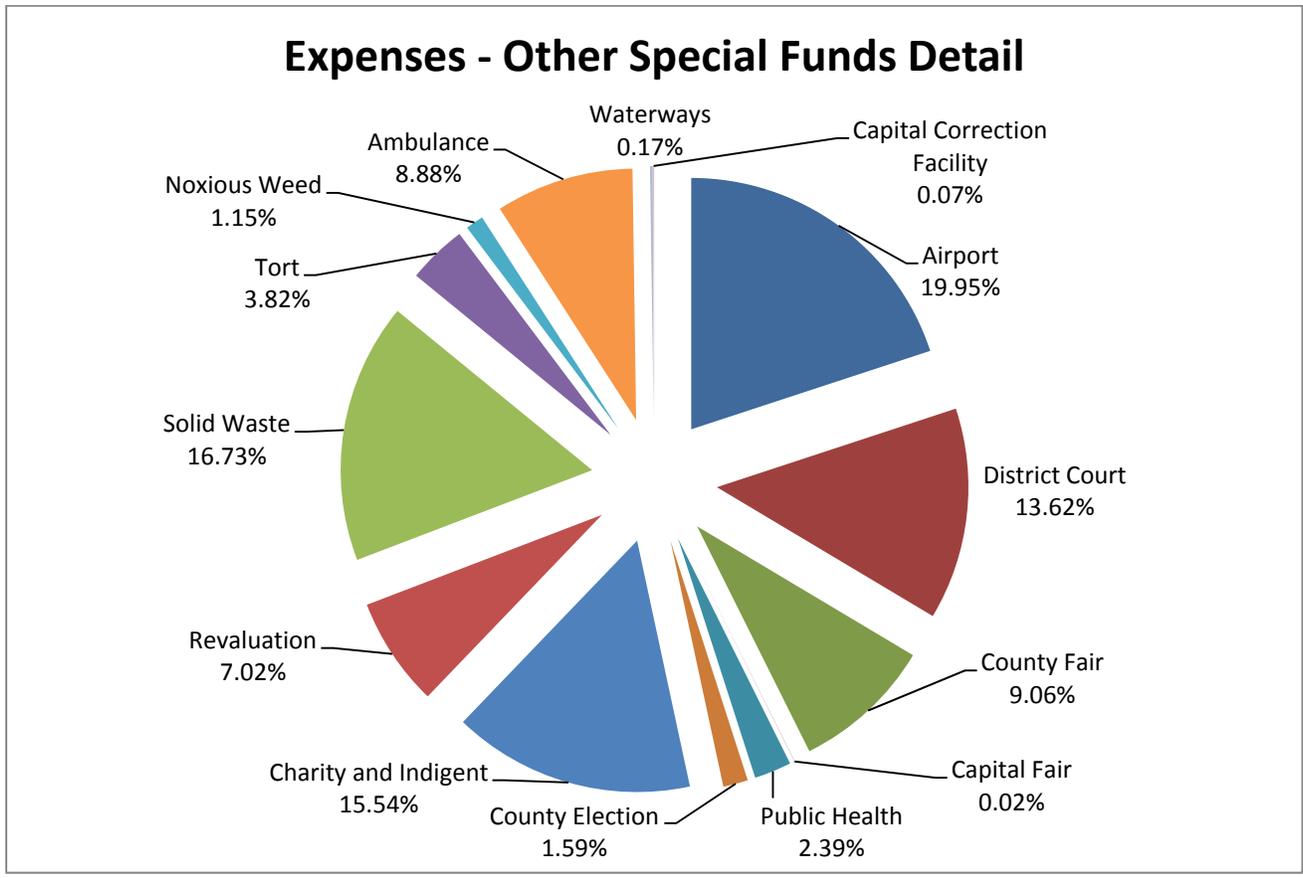


Expenses - Current Expense Detail



Expenses - Justice Fund Detail





Capital Assets

Jerome County's investments in capital assets as of September 30, 2013 amount to \$6,683,555 (net of accumulated depreciation). This capital investment includes land, buildings and improvements, machinery and equipment.

Fund Budgeting Highlights

Jerome County's budget is prepared according to Idaho Code. The County Commissioners meet on the first Tuesday in September and hold a public meeting for the purpose of considering and adopting a final budget and making appropriations for each department and fund.

During the course of fiscal year 2012-2013, the Jerome County Board of County Commissioners adjusted the county budgets by resolution during their regularly scheduled public meetings. These changes were made due to unanticipated revenues and expenses and Commissioner authorized transfers between county funds. These adjustments did not cause an increase/decrease in the anticipated property taxes. The resolutions can be reviewed and/or copied for the public in their entirety at the Auditor/Recorder's Office located at 300 North Lincoln, Room 301, Jerome, Idaho.

There were two fund to fund transfers during the fiscal year 2012-2013, specifically: Resolution No. 2013-26 and Resolution 2013-44. Resolution No. 2013-26 transferred funds from the Election Current Expense Fund into the Consolidated Election Fund in the amount of \$142.88 for personnel expenses. Resolution No. 2013-44 transferred \$4,573.28 in grant funds from the Waterways Fund into the Justice Fund for salaries, retirement and social security expenses for Waterways Patrol.

Current Financial Issues and Concerns

Jerome County is in good financial standing and strives to increase its unrestricted net position each year. The increasing cost of providing law enforcement and emergency medical service to the citizens continues to cause budgeting concerns for the County. Increased Indigent costs, unfunded mandates, decreasing revenue, decreasing property values and liability issues regarding the current jail facility cause great concern.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the county finances and to show the county accountability for the money it receives. If you have questions about this report or need additional financial information contact Michelle Emerson, Clerk/Auditor of Jerome County or the Jerome County Commissioners at Jerome County Courthouse, 300 North Lincoln, Room 300, Jerome, Idaho 83338. Report submitted by Michelle Emerson, Clerk/Auditor and Tracee McKim, Chief Deputy for Jerome County.

The County's Audit Reports for FY2010, 2011 and 2012 and the County's approved budgets for FY2010, 2011, 2012 and 2013 can be found on the county's web site jeromecountyid.us – link Auditor/Recorder.

JEROME COUNTY, IDAHO

STATEMENT OF NET POSITION SEPTEMBER 30, 2013

	Governmental Activities
<u>Assets</u>	
Current Assets:	
Cash and Investments	7,342,283
Receivables	643,594
Delinquent Taxes Receivable	300,292
Non Current Assets:	
Restricted Cash and Investments	11,203,695
Construction in Progress	21,422
Capital Assets, net of depreciation	6,683,555
Deferred Bond Issuance Costs	252,744
	<hr/>
Total Assets	26,447,585
	<hr/>
<u>Liabilities</u>	
Current Liabilities:	
Warrants Payable	10,646
Vouchers Payable	747,726
Unearned Revenue	4,213
Note Payments Due Within One Year	252,521
Non Current Liabilities:	
Note Payments Due Beyond One Year	11,291,974
Accrued Compensated Absences	127,569
	<hr/>
Total Liabilities	12,434,649
	<hr/>
<u>Net Position</u>	
Net Investment in Capital Assets	6,616,921
Unrestricted	7,396,015
	<hr/>
Total Net Position	14,012,936
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See accompanying notes to financial statements.

JEROME COUNTY, IDAHO

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities					
General Government:					
Clerk/Auditor	413,513	111,763	-	-	(301,750)
Assessor	130,072	149,638	-	-	19,566
Treasurer/Tax Collector	122,092	4,214	-	-	(117,878)
Commissioner	97,489	-	-	-	(97,489)
Coroner	15,504	-	-	-	(15,504)
Disaster Services	80,401	-	-	-	(80,401)
County Agent	85,872	-	-	-	(85,872)
Data Processing	174,259	-	-	-	(174,259)
Elections	38,988	-	-	-	(38,988)
General	1,086,728	32,482	-	-	(1,054,246)
Planning and Zoning	226,497	207,057	-	-	(19,440)
Veterans Memorial	9,560	-	-	-	(9,560)
Special Revenue:					
Airport	888,487	775,556	-	335,675	222,744
District Court	606,896	472,700	-	-	(134,196)
County Fair	403,609	204,167	-	-	(199,442)
Justice:					
Sheriff	2,002,937	334,261	-	-	(1,668,676)
Adult Probation	132,832	88,510	-	-	(44,322)
Prosecuting Attorney	347,984	-	-	-	(347,984)
Public Defender	434,844	45,684	-	-	(389,160)
Juvenile	445,411	15,576	-	-	(429,835)
General	989,450	34,164	285,950	-	(669,336)
Capital Fair	750	-	-	-	(750)
Public Health	106,455	632	-	-	(105,823)
County Election	71,044	-	62,264	-	(8,780)
Charity and Indigent	692,246	151,252	-	-	(540,994)
Revaluation	312,678	3,894	-	-	(308,784)
Solid Waste	745,137	831,027	-	-	85,890
Tort	170,092	1,871	-	-	(168,221)
Noxious Weed	51,301	24,700	-	-	(26,601)
Ambulance	395,606	9,044	-	-	(386,562)
Waterways	7,379	-	2,793	-	(4,586)
Capital Correctional Facility	2,972	-	-	-	(2,972)
Bond Redemption	-	770	-	-	770
Total Governmental Activities	<u>11,289,085</u>	<u>3,498,962</u>	<u>351,007</u>	<u>335,675</u>	(7,103,441)
General Revenues:					
Property Taxes Levied for General Fund					1,797,144
Property Taxes Levied for Special Revenue Funds					4,305,428
State Allocations					1,423,098
PILT Revenue					235,581
Investment Earnings					25,096
Total General Revenues					<u>7,786,347</u>
Change in Net Position					682,906
Net Position Beginning of Period					<u>13,330,030</u>
Net Position End of Period					<u><u>14,012,936</u></u>

See accompanying notes to financial statements.

JEROME COUNTY, IDAHO

BALANCE SHEET - GOVERNMENTAL FUNDS SEPTEMBER 30, 2013

	General	Airport	Justice	Correctional Facility Project	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Investments	3,037,716	119,209	1,910,694	11,203,695	2,274,664	18,545,978
Accounts Receivable	90,802	120,874	303,254	-	128,664	643,594
Delinquent Taxes Receivable	91,346	2,959	114,566	-	91,421	300,292
Total Assets	<u>3,219,864</u>	<u>243,042</u>	<u>2,328,514</u>	<u>11,203,695</u>	<u>2,494,749</u>	<u>19,489,864</u>
Liabilities						
Warrants Payable	6,281	-	3,980	-	385	10,646
Vouchers Payable	171,888	100,140	301,706	2,972	171,020	747,726
Deferred Revenue - Grant	-	-	2,751	-	1,462	4,213
Total Liabilities	<u>178,169</u>	<u>100,140</u>	<u>308,437</u>	<u>2,972</u>	<u>172,867</u>	<u>762,585</u>
Deferred Inflows of Resources						
Unavailable Revenue	80,387	2,604	100,821	-	132,024	315,836
Total Deferred Inflows of Resources	<u>80,387</u>	<u>2,604</u>	<u>100,821</u>	<u>-</u>	<u>132,024</u>	<u>315,836</u>
Fund Equity						
Fund Balances:						
Restricted:						
Correctional Facility Project	-	-	-	11,200,723	-	11,200,723
Committed:						
Designated for subsequent year expenditures	456,614	50,000	574,560	-	614,905	1,696,079
Assigned	-	90,298	1,344,696	-	1,574,953	3,009,947
Unassigned	2,504,694	-	-	-	-	2,504,694
Total Fund Balance	<u>2,961,308</u>	<u>140,298</u>	<u>1,919,256</u>	<u>11,200,723</u>	<u>2,189,858</u>	<u>18,411,443</u>
Total Liabilities and Fund Equity	<u>3,219,864</u>	<u>243,042</u>	<u>2,328,514</u>	<u>11,203,695</u>	<u>2,494,749</u>	<u>19,489,864</u>

See accompanying notes to financial statements.

JEROME COUNTY, IDAHO

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION SEPTEMBER 30, 2013

Total Governmental Fund Balance		18,411,443
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Property taxes collected beyond 60 days after year end are not recorded as assets in the Governmental Funds balance sheet.		315,836
Governmental fund capital assets are not financial resources and therefore are not reported in the funds. These assets consist of:		
Capital Assets	6,683,555	
Construction in Progress	<u>21,422</u>	
Total Capital Assets		6,704,977
Accrued payroll, sick and personal leave liabilities are not reported in Governmental Funds.		(127,569)
Capital leases and bonds payable are not payable in the current period and thus not reported in the funds.		(11,544,495)
Bond issuance costs are treated as expenditures in the governmental funds, but are deferred to future periods in the Statement of Net Position.		<u>252,744</u>
Net Position of Governmental Activities		<u><u>14,012,936</u></u>

See accompanying notes to financial statements.

JEROME COUNTY, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>General</u>	<u>Airport</u>	<u>Justice</u>	<u>Correctional Facility Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>						
Property Taxes	1,805,873	73,771	2,373,416	-	1,876,567	6,129,627
Licenses and Permits	207,057	-	-	-	-	207,057
Intergovernmental	491,267	344,246	1,285,276	-	457,394	2,578,183
Charges for Services	265,615	774,251	471,066	-	875,441	2,386,373
Fines and Forfeitures	-	-	-	-	178,633	178,633
Interest from Investments	25,096	-	-	-	-	25,096
Miscellaneous	32,785	1,305	47,129	-	412,517	493,736
Total Revenues	2,827,693	1,193,573	4,176,887	-	3,800,552	11,998,705
<u>Expenditures</u>						
Salaries and Wages	1,134,405	51,411	2,015,280	-	706,280	3,907,376
Payroll Expenses and Benefits	538,109	16,393	730,783	-	242,676	1,527,961
General and Administrative	535,826	730,127	235,071	255,716	53,479	1,810,219
Health Care	-	-	-	-	720,865	720,865
Contracted Services	128,868	-	-	-	1,609,391	1,738,259
Law Enforcement	7,968	-	1,258,224	-	156,798	1,422,990
Capital Expenditures	232,320	388,060	95,260	-	82,750	798,390
Capital Leases:						
Principal	2,645	-	-	-	27,443	30,088
Interest	347	-	-	-	7,397	7,744
Total Expenditures	2,580,488	1,185,991	4,334,618	255,716	3,607,079	11,963,892
Excess Revenues Over Expenditures	247,205	7,582	(157,731)	(255,716)	193,473	34,813
<u>Other Financing Sources (Uses):</u>						
Fund Transfers In (Out)	(143)	-	4,573	-	(4,430)	-
Proceeds From Issuance of Bonds-Par Value	-	-	-	10,700,000	-	10,700,000
Proceeds From Issuance of Bonds-Premium	-	-	-	756,439	-	756,439
Excess (Deficit) Revenues and Other Sources Over Expenditures	247,062	7,582	(153,158)	11,200,723	189,043	11,491,252
Fund Balance at Beginning of Year	2,714,246	132,716	2,072,414	-	2,000,815	6,920,191
Fund Balance at End of Year	<u>2,961,308</u>	<u>140,298</u>	<u>1,919,256</u>	<u>11,200,723</u>	<u>2,189,858</u>	<u>18,411,443</u>

See accompanying notes to financial statements.

JEROME COUNTY, IDAHO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2013

Excess (Deficit) Revenue over Expenditures - Total Governmental Funds 11,491,252

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

Property tax revenues that are not received within sixty days after year end do not provide current financial resources and thus are not recorded as revenue in the Governmental Funds. This is the change in deferred revenue. (26,412)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

This is the amount of current year bond issuance costs. 252,744
This is the amount of current year debt proceeds. (10,700,000)
This is the amount of current year premium on new debt. (756,439)

Governmental funds report capital outlays as current expenditures. In the Statement of activities, the cost of assets over \$5,000 is allocated over their estimated useful lives as depreciation expense.

This is the amount of current year capital asset expenditures. 1,389,132
This is the change in construction in progress. (609,890)
This is the amount of current year depreciation. (378,784)
This is the net book value of assets disposed of during the year. (303)

Repayment of long-term debt is reported as an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of capital lease principal payments. 30,088

Liability for accrued vacation pay is not recorded in the Governmental Funds. This is the decrease in leave during the year. (8,482)

Change in Net Position of Governmental Activities 682,906

See accompanying notes to financial statements.

JEROME COUNTY, IDAHO

STATEMENT OF NET POSITION - FIDUCIARY FUNDS SEPTEMBER 30, 2013

	<u>Payroll Cafeteria</u> <u>Trust</u>	<u>Private Purpose</u> <u>Trust</u>	<u>Agency</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	115,852	272	592,197
Delinquent Property Taxes	-	-	656,892
Total Assets	<u>115,852</u>	<u>272</u>	<u>1,249,088</u>
<u>Liabilities</u>			
Warrants Payable	75.56	-	12,086
Vouchers Payable	-	-	11,660
Due to Taxing Districts	-	-	681,268
Due to Others	-	-	544,074
Total Liabilities	<u>76</u>	<u>-</u>	<u>1,249,088</u>
Net Position			
Held in Trust	<u>115,776</u>	<u>272</u>	<u>-</u>

See accompanying notes to financial statements.

JEROME COUNTY, IDAHO

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Payroll	Private
	<u>Cafeteria Trust</u>	<u>Purpose Trust</u>
<u>Additions</u>		
Trust Amounts Received	69,690	406
<u>Deletions</u>		
Trust Amounts Remitted	<u>49,088</u>	<u>403</u>
Change in Net Position	20,602	3
Net Position Beginning of Year	<u>95,174</u>	<u>269</u>
Net Position End of Year	<u>115,776</u>	<u>272</u>

See accompanying notes to financial statements.

JEROME COUNTY, IDAHO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Jerome County is governed by the statute for Idaho counties and is located in the South Central portion of Idaho. The County provides various general services as authorized and the various special revenue funds: charities and indigent, weed control, ambulance, landfill, preventive health, airport, and disaster relief. The County acts as a collecting agent for taxing districts which are separate from this report.

The accounting policies of the County are to conform to generally accepted accounting principles. The following is a summary of the more significant policies:

1. The Financial Reporting Entity

For financial reporting purposes, management has considered potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in generally accepted accounting principles. The basic criterion for including a potential component unit within the reporting entity is the governing body's responsibility for financial accountability. Financial accountability is defined as the level of accountability that exists if a primary government appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

Blended Component Units - The County Fair Fund is legally separate from Jerome County and is governed by a board appointed by the Commissioners of Jerome County. For financial reporting purposes, this entity is reported as if it were part of the County's operations because its purpose is to provide the citizenry with special services.

2. Basis of Accounting/Measurement Focus

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operation of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

a. Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities.

b. Fund Financial Statements:

Governmental Funds Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the Government-Wide Financial Statements.

Governmental funds are accounted for using the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. Under modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Available for purposes of revenue recognition is defined as sixty days. Revenue sources susceptible to accrual include property taxes and intergovernmental revenues. Expenditures are recognized when the related fund liability is incurred. Exceptions to this general rule include the accrual of payroll, vacation and sick pay and the related payroll liabilities associated with these items.

The following is a description of the activities accounted for as major funds and fiduciary fund types used by the County:

General Fund - The County's primary operating fund. It accounts for all activities of the general government, except those required to be accounted for in another fund.

Airport Fund - This fund provides for the operation of the County airport. This includes the collection of revenues for landing fees, rentals, property taxes and fuel sales. Also, this fund accounts for the related airport operating and development expenses.

Justice Fund - This fund provides the functions of administering, delivering and accounting for law enforcement services provided to the County.

Correctional Facility Project - This fund provides the functions of administering, delivering and accounting for the construction of the correctional facility.

c. Fund Equity Classification

GASB Statement No. 54 provided new categories for reporting fund balances in governmental funds. The categories and descriptions are as follows:

Non-spendable Fund Balance - Amounts which are considered non-spendable because they are not available for current use (such as fund balance associated with inventories, long-term receivables, and prepaid expenditures).

Restricted Fund Balance - Amounts which are constrained by externally imposed legal restrictions, or by law through constitutional provisions or enabling legislation.

Committed Fund Balance - Amounts, which are constrained for specific purposes, imposed by formal action of the County Commissioners by ordinance, or resolution. Committed fund balances cannot be used for other purposes unless the government uses that same action to modify or rescind a fund balance commitment.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Assigned Fund Balance – Amounts which have been established by County Commissioners' as intended for a specific purpose, usually through the appropriation process of approving the County's budget. Additionally, funds in special revenue, debt service and capital project funds are by their nature assigned to the purpose of those respective funds.

Unassigned Fund Balance – Amounts in the General Fund which are neither restricted, committed or assigned. They may be used for any governmental purpose.

The County Commissioners are the entity's highest level of decision-making authority. When an expenditure is incurred for purposes for which there is fund balance available in more than one fund balance classification, the general rule is that budgeted amounts shall be expended first, followed by contingent amounts.

d. Fiduciary Fund Financial Statements:

Fiduciary Fund Financial Statements include a Statement of Net Position. The County's fiduciary funds are comprised of the following:

Agency Funds – These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-Purpose Trust Funds – These funds report trust arrangements under which the principal will benefit individuals, private organizations or other governments.

Pension Trust Funds – These funds report resources that are required to be held in trust for the members and beneficiaries of employee benefit plans (e.g. cafeteria).

3. Budgeting

The budgets are set based on resources available and/or appropriations necessary for each fiscal year by program and fund.

The County Commissioners meet the second Monday of September in the courthouse for the purpose of considering and fixing a final budget and making appropriations for each department, and fund.

Budgetary data is prepared on the basis of accounting used by a particular fund. A copy of the budget shall be available for public inspection and a summary statement of the budget for the ensuing year shall be published, including amounts budgeted for the prior year, which shall be included for purposes of comparison. Taxpayers are invited to attend a public hearing to express their views concerning the proposed budget. After this public meeting, the budget is approved and is legally enacted through the passage of an ordinance.

The ordinance is subject to amendment by the Board of Commissioners throughout the year. The amounts reported as original budget reflect the initial budget adopted and the final budget represents the final amounts passed by the Commissioners during the year.

4. Encumbrances

Encumbrances are not liabilities and they are not recorded as expenditures until receipt of material or services. For budgetary purposes, appropriations lapse at year end and are re-budgeted the following year. The County does not reserve fund balance for outstanding encumbrances at year end.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

5. Capital Assets

The County's assets are capitalized at historic cost or estimated historic cost. Gifts or contributions of assets are recorded at fair market value when received. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets as follows: Buildings 30-50 years, Equipment 5-10 years, Infrastructure 30- 40 years.

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure, buildings and land in local government's basic financial statements. The County has elected to use the basic approach as defined by Statement No. 34 for asset reporting. Historical cost records do not exist for all of the County's assets dating back to 1930. For those assets where actual cost records could not be located, the County estimated cost using standard unit costs appropriate for the acquisition date. Accumulated depreciation was computed based on the life of the assets. Book value is computed by deducting the accumulated depreciation from the original cost.

6. General Long-Term Debt

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Cash and Cash Equivalents

Cash equivalents consist primarily of cash on deposit and certificates of deposit. All are stated at cost that is not materially different from market.

8. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

9. Inventory

Inventory is expensed when purchased. The County has no significant inventories.

10. Deferred Outflows / Inflows of Resources

The County has implemented GASB No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and No. 65, Items Previously Reported as Assets and Liabilities, as of October 1, 2012. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The County does not have any items that qualify for reporting in this category.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has item, which arises only under a modified accrual basis of account that qualifies for reporting under this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

NOTE B - CASH AND INVESTMENTS

The County is authorized to invest funds in accordance with Idaho Code §67-1210. The County maintains a cash and investment pool that is available for use by all funds within the County.

Interest Rate Risk – The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The County has no investment policy which would further limit its investment choices beyond those stated in the Idaho Code. The maturity dates of investments are listed below.

Concentration of Credit Risk – The County places no limit on the amount the Treasurer may invest in any one issuer.

Custodial Credit Risk, Deposits – Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. The County's pooled deposits are categorized to give an indication of the level of risk assumed by the County at fiscal year-end. The cash is recorded in terms of United States currency.

Cash and investments at year end are summarized as follows:

	Market Value/Bank Balance	Collateralized Or FDIC Insured and Held in County's Name	Book Balance		Total	Average Maturity	Credit Rating
			Uncollateralized, uninsured, or Unregistered and Held in County's Name				
Cash:							
Petty Cash	300	300	-		300	N/A	N/A
Checking Accounts:							
DL Evans	25,704	25,710	-		25,710	N/A	N/A
Savings and Investments:							
Banner Bank	251,748	250,000			250,000 (2)	N/A	N/A
Magic Valley Bank	250,759	250,000			250,000 (2)	N/A	N/A
Idaho Central Credit Union	252,282	250,000	25		250,025 (2)	N/A	N/A
Zions Bank	250,138	250,000			250,000 (2)	N/A	N/A
DL Evans Repo	6,772,184	6,770,681	-		6,770,681 (1)	Daily	AAA
DL Evans Jail Bond	11,207,695	11,204,465			11,204,465 (1)	Daily	AAA
Multi Bank /Securities	145,887	147,944	2,057		150,000	May, 2015	AAA
Component Unit - Fair	-	103,118			103,118	N/A	N/A
Total	19,156,697	19,252,217	2,082		19,254,299		

Summary:	
Governmental Activities	7,342,283
Governmental Activities - Restricted	11,203,695
Fiduciary Activities	708,321
Total	19,254,299

(1) Investments are held by and are in the name of a third party

(2) Over the FDIC limit.

NOTE B - CASH AND INVESTMENTS (Cont.)

Time Certificates and repurchase agreements are stated at cost, which approximate market. The County has no restrictions in depositing public funds with State depositories except that the total aggregate deposit should not exceed the total capital and surplus reserves of such depository. The State of Idaho does not require collateralization of public funds.

Restricted cash and investments are related to the bond issuance and are restricted for construction and furnishing of a jail facility. A portion of the restricted cash is related to the remaining cash from the bond premium of \$503,695. This amount can be used for either construction of jail or debt service.

NOTE C – INTERGOVERNMENTAL AND ASSESSMENTS RECEIVABLE

Intergovernmental receivables are primarily comprised of amounts due from other governments for the quarter ended September 30, as well as grant amounts due from the federal government or a pass-through agency. Special assessments of the Landfill (Refuse) Fund consist of charges assessed each household for costs associated with the landfill. These charges are billed with the property tax notices. These receivables are as follows:

	General Fund	Airport	Justice	Other Funds	Total
State Liquor	-	-	15,442	-	15,442
State Cigarette Tax	-	-	12,879	-	12,879
State Sales Tax	54,629	-	218,515	2,425	275,569
State Ag Replacement	19,313	2,142	20,623	10,064	52,142
State Grants	-	-	16,304	-	16,304
Federal Grants	6,559	114,832	13,526	2,355	137,272
County Office Remittances	10,301	3,900	5,964	23,386	43,552
Reimbursements	-	-	-	23,484	23,484
Regional Landfill	-	-	-	8,350	8,350
Solid Waste Assessments	-	-	-	58,601	58,601
	<u>90,802</u>	<u>120,874</u>	<u>303,254</u>	<u>128,664</u>	<u>643,594</u>
Total Receivables	<u>90,802</u>	<u>120,874</u>	<u>303,254</u>	<u>128,664</u>	<u>643,594</u>

NOTE D - DELINQUENT TAXES RECEIVABLE

Property taxes are levied in November of each year and recognized as revenue when the tax notices are printed. Taxes are due in two equal installments at December 20 and June 20 following the levy date. If payment is not received upon the due dates, a 2% penalty is charged and taxes are classified as past due subject to 12% interest.

Taxes receivable are stated at taxes levied less amounts collected and canceled. Individual taxpayer records are maintained by the County. Although small amounts of delinquent taxes are collected within 60 days following the close of the County's fiscal year (September 30), the County feels secure in the right to take tax deeds on property for the collection of real property taxes and the County's ability to take tax anticipation notes if needed to finance liabilities of the current period. Therefore, deferred revenue has been recorded as recommended by NCGA Interpretation #3 - "Revenue Recognition", but an allowance for uncollectible taxes receivable has not been established.

	Levy Year					Total
	2012	2011	2010	2009	Prior	
Total Taxes Receivable	164,938	84,880	50,247	174	53	300,292

NOTE E – CONSTRUCTION IN PROGRESS

The County has started an apron project at the airport that was not completed as of September 30, 2013. The construction in progress amount represents the construction cost for this project. Once the project is complete these costs along with subsequent costs will be added to the County's capital assets.

NOTE F – CAPITAL ASSETS

Summary of capital asset activity for the year ended is as follows:

	Balance 9/30/2012	Additions	Disposals	Balance 9/30/2013
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	662,792	-	-	662,792
Capital Assets, Being Depreciated:				
Buildings and Improvements	5,213,394	1,173,754	-	6,387,148
Furniture and Equipment	2,439,099	130,418	(5,908)	2,563,609
Trucks and Vehicles	1,070,045	84,960	(35,925)	1,119,080
Total Depreciated Capital Assets	9,385,330	1,389,132	(41,833)	10,732,629
Less Accumulated Depreciation				
Building and Improvements	(1,531,564)	(138,408)	-	(1,669,972)
Furniture and Equipment	(1,450,249)	(152,242)	5,805	(1,596,686)
Trucks and Vehicles	(730,007)	(88,134)	35,725	(782,416)
Total Accumulated Depreciation	(3,711,820)	(378,784)	41,530	(4,049,074)
Capital Assets Net of Depreciation	<u>5,673,510</u>			<u>6,683,555</u>

Depreciation expense was charged to functions as follows:

General Fund:	
Clerk	1,190
Treasurer	1,316
Disaster Services	11,595
County Agent	4,218
Data Processing	10,135
Planning and Zoning	1,980
General	107,957
Airport	83,626
District Court	21,421
Fair	13,170
Justice Fund:	
Sheriff	87,023
Adult Probation	3,320
Prosecuting Attorney	1,380
Juvenile	7,486
General	1,700
Revaluation	1,572
Ambulance	12,814
	83
Election	6,252
Waterways	546
Total Depreciation	<u>378,784</u>

NOTE G - WARRANTS PAYABLE

Warrants payable represent outstanding and unpaid orders authorized by the County Commissioners to have the Treasurer pay the bearer thereof the amount specified on the warrant. The County maintains a detailed listing of all unpaid warrants.

NOTE H - VOUCHERS PAYABLE

This account represents liabilities for goods and services evidenced by claims and dated prior to year end. All have been approved for payment by the Commissioners during October 2013.

NOTE I - COMPENSATED ABSENCES

The County accrues vacation and sick pay for its employees based upon length of service. Vacation days are payable upon termination of employment and will not exceed 15 days per year. Sick leave accrues at the rate of up to 10 days per year to a maximum of 40 days and is not payable upon termination. Vacation pay earned and unpaid as of September 30, 2013 has been accrued; however, sick pay is not considered a vested benefit and is not accrued. In addition, employees are encouraged to accept compensatory time off in lieu of monetary compensation for overtime hours worked and such time earned and unpaid as of September 30, 2013 has been accrued.

NOTE J- EMPLOYEE RETIREMENT PLAN

Public Employee Retirement System of Idaho - The Public Employee Retirement System of Idaho (PERSI), a cost-sharing, multiple-employer public retirement system was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Designated as a mandatory system for eligible state and school district employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. Financial reports for the plan are available from PERSI upon request.

After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

The contribution requirements of Jerome County and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended September 30, 2013, the required contribution rate as a percentage of covered payroll for members was 6.79% for general members and 8.36% for police/firefighters members. The employer rate as a percentage of covered payroll was 11.32% for general members and 11.66% for police/firefighter members. Jerome County employer contributions required and paid were \$394,073, \$368,393, and \$351,885, for the three years ended September 30, 2013, 2012, and 2011, respectively.

NOTE K – REGIONAL E-911

Jerome County has entered into a Joint Powers Agreement with Gooding, Lincoln, and Twin Falls Counties to establish and operate an Enhanced 911 Emergency Dispatch System (E-911) to meet the needs of the citizens of the participating counties. Financing for the system is through the collection of a telephone fee. Any County may withdraw from the agreement following a 2 year written notice period. However, if a debt financing agreement is outstanding, a County may only withdraw upon payment of its pro-rata share of the financing obligation remaining, based upon their share of the total surcharge collected from the four Counties. Jerome County's percentage of participation for the year ending September 30, 2012 was 10.4 %.

NOTE K – REGIONAL E-911 (Cont.)

Separate financial statements of the joint venture are available from the South Central Region E-911 upon request. The following information was taken from the financial statements for fiscal year ended September 30, 2012:

Beginning Net Assets	3,727,121
Change in Net Assets	<u>787,034</u>
Ending Net Assets	<u><u>4,514,155</u></u>

NOTE L - SOLID WASTE DISTRICT

Jerome County has entered into a Joint Powers Agreement with Blaine, Cassia, Lincoln, Gooding and Minidoka Counties. Through their joint power they have established the Southern Idaho Regional Solid Waste District with each County appointing one member to the District's Board.

Under this agreement each County will pay a fee per ton of waste it deposits in the landfill. Along with the fee, each participating County has agreed not to dump solid waste in any other location. For the year ending September 30, 2013, the County paid fees to the Solid Waste District totaling \$744,925 or approximately 8.9% of the total operating revenue. These fees cover both fee usage cost and anticipated closure costs.

Separate September 30, 2013 year-end financial statements of the Solid Waste District are available direct from the district upon request – these are the latest available audited financial statements. They contain the following information on the total equity of the District:

Beginning Net Assets	15,127,871
Change in Net Assets	<u>(2,376,681)</u>
Ending Net Assets	<u><u>12,751,190</u></u>

NOTE M - OPERATING LEASES

The County is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the County's capital assets. The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining lease terms in excess of one year as of September 30, 2013:

Governmental Activities:**Year Ended**

2013	13,802
2014	11,734
2015	10,646
2016	10,466
2017	6,433
Thereafter	<u>1,161</u>
Total	<u><u>54,242</u></u>

NOTE N – BONDS PAYABLE/CAPITAL LEASES/LONG-TERM LIABILITIESLong-Term Liabilities

Long-Term Liabilities of the County include capital leases and bonds payable. During the year ending September 30, 2013, the following changes occurred in long term liabilities:

Description	Initial Rate	Fund	Maturity Date	Amount Outstanding 9/30/2012	Additions	Deductions	Amount Outstanding 9/30/2013	Amount Due In One Year
Bobcat Lease	5.34%	Fair	1/22/2014	5,835	-	4,340	1,495	1,495
Ambulance Lease	5.56%	Ambulance	5/15/2014	35,786	-	21,074	14,712	14,713
Sharp MX-M260	6.50%	General	4/1/2015	3,546	-	1,367	2,179	1,459
Toshiba e-Studio 355	6.50%	General	12/1/2014	2,997	-	1,278	1,719	1,364
Fair Building	8.30%	Fair	11/1/2029	69,980	-	2,029	67,951	2,204
Total-Capital Lease				<u>118,144</u>	<u>-</u>	<u>30,088</u>	<u>88,056</u>	<u>21,235</u>
Bond			9/15/2038	-	10,700,000	-	10,700,000	215,000
Bond-Premium			9/15/2038	-	756,439	-	756,439	16,286
Total-Bonds				<u>-</u>	<u>11,456,439</u>	<u>-</u>	<u>11,456,439</u>	<u>231,286</u>
Total Debt				<u>118,144</u>	<u>11,456,439</u>	<u>30,088</u>	<u>11,544,495</u>	<u>252,521</u>

Bonds Payable

In August of 2013, the County issued general obligation bonds in the amount of \$10,700,000 for the purpose of the construction and furnishing of a jail facility. Interest on the bonds computed at various rates from 2.0% to 5.0% is payable March 15 and September 15. Principal on the bonds are payable September 15.

Bond service requirements at the balance sheet date were as follows:

<u>Year Ended</u>	<u>Principle</u>	<u>Interest</u>
2014	215,000	523,861
2015	250,000	485,544
2016	260,000	475,544
2017	270,000	465,144
2018	285,000	451,644
Thereafter	<u>9,420,000</u>	<u>5,328,243</u>
Total	<u>10,700,000</u>	<u>7,729,980</u>

Capital Leases

Leases that in substance are purchases are classified as capital lease. At September 30, 2013, the historical cost and accumulated depreciation of equipment acquired under capital lease were \$233,239 and \$49,021, respectively.

Interest expense related to capital leases for the year was charged to the following departments and funds on the Statement of Activities:

County Fair	5,939
Ambulance	1,458
Treasurer/Tax Collector	190
County Agent	<u>157</u>
Total	<u>7,744</u>

NOTE N – BONDS PAYABLE/CAPITAL LEASES/LONG-TERM LIABILITIES (Cont.)

Future minimum capital lease payments are as follows:

<u>Year Ended</u>	<u>Principle</u>	<u>Interest</u>
2014	21,235	6,053
2015	3,469	5,384
2016	2,600	5,161
2017	2,825	4,937
2018	3,068	4,693
Thereafter	54,860	42,835
Total	<u>88,057</u>	<u>69,063</u>

NOTE O - RISK MANAGEMENT

The County carries commercial insurance to cover employee health care, worker's compensation, liability and property. There has been no significant reduction in insurance coverage in the current year. Settlement amounts have not exceeded insurance coverage for the current year or the four prior years.

Part of the health insurance program is a deductible buy down program. This program places the County's insurance cost savings from having a higher deductible in trust, along with employee contributed amounts for covered family members, and self administers the employee reimbursement to a \$300 deductible.

The County belongs to the risk management pool, ICRMP. This is an association of Public entities who insure together to reduce cost while limiting liability.

NOTE P - DEFERRED INFLOWS OF RESOURCES

Deferred inflow of resources, as of September 30, 2013, consists of property taxes, solid waste district dividends not collected within sixty days of year-end, and grant funds received but not yet used. The funds with deferred revenue are as follows:

<u>Fund</u>	<u>Property Taxes</u>	<u>Fees & Services</u>	<u>Total</u>
General	80,387		80,387
Airport	2,604		2,604
Justice	100,821		100,821
Other Governmental	80,456	51,568	132,024
	<u>264,267</u>	<u>51,568</u>	<u>315,836</u>

NOTE Q – UNEARNED REVENUE

Unearned Revenue, as of September 30, 2013, consists of grant funds received but not yet used. The funds with deferred revenue are as follows:

<u>Fund</u>	<u>Deferred Revenue</u>
Justice	2,751
Other Governmental	1,462
	<u>4,213</u>

NOTE R – INTERFUND TRANSFERS

<u>Transfer From Fund</u>	<u>Purpose</u>	<u>Transfer To Fund</u>	<u>Amount</u>
General Fund	Election Fund Wages	County Election Fund	143
Waterways Fund	Waterways Patrol	Justice Fund	4,573

NOTE S – SUBSEQUENT EVENTS

As of January 13, 2014 the County did not have any significant subsequent events that need to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION

JEROME COUNTY, IDAHO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>				
Property Taxes	1,987,878	2,037,119	1,805,873	(231,246)
PILT	-	-	85,581	85,581
Other	625,000	625,000	936,239	311,239
Total Revenues	2,612,878.00	2,662,119.00	2,827,693	165,574
<u>Expenditures</u>				
Salaries and Wages	1,198,592	1,198,568	1,134,405	64,163
Payroll Expenses and Benefits	583,200	583,200	538,109	45,091
General and Administrative	773,545	821,137	535,826	285,311
Contracted Services	132,300	133,973	128,868	5,105
Law Enforcement	7,600	7,600	7,968	(368)
Capital Expenditures	296,000	296,000	235,312	60,688
Total Expenditures	2,991,237	3,040,478	2,580,488	459,990
Excess (Deficit) Revenues Over Expenditures	(378,359)	(378,359)	247,205	625,564
Transfers In (Out)	-	-	(143)	143
Excess (Deficit) Revenues and Other Sources Over Expenditures	(378,359)	(378,359)	247,062	625,707
Fund Balance at Beginning of Year	378,359	378,359	2,714,246	2,335,887
Fund Balance at End of Year	-	-	2,961,308	2,961,594

See independent auditor's report on other financial information.

JEROME COUNTY, IDAHO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL BY OFFICE - GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>				
Property Taxes	1,987,878	2,037,119	1,805,873	(231,246)
Payment in Lieu of Taxes	-	-	85,581	85,581
Other	625,000	625,000	936,239	311,239
Total Revenues	2,612,878	2,662,119	2,827,693	165,574
<u>Expenditures</u>				
Clerk, Auditor, Recorder Salaries	454,337	454,337	407,507	46,830
Clerk, Auditor, Recorder Other	6,300	6,300	5,433	867
Assessor Salaries	127,596	127,596	127,335	261
Assessor Other	5,048	5,048	2,615	2,433
Treasurer Salaries	115,066	115,066	112,304	2,762
Treasurer Other	8,274	8,500	8,500	-
Commissioners Salaries	84,456	84,456	84,456	-
Commissioners Other	25,300	25,300	13,033	12,267
Coroner Salaries	7,536	7,536	7,536	-
Coroner Other	8,500	8,500	7,968	532
Disaster Services Salaries	35,132	35,132	34,756	376
Disaster Services Other	16,098	16,656	96,290	(79,634)
County Agent Salaries	59,270	59,270	56,713	2,557
County Agent Other	31,800	33,473	25,360	8,113
Data Processing Salaries	27,228	27,228	26,096	1,132
Data Processing Other	176,800	176,800	156,123	20,677
Election Salaries	4,218	4,075	2,542	1,533
Elections	63,100	63,100	34,466	28,634
General Accounts (Salaries)	68,796	68,796	60,433	8,363
General Accounts (Other)	1,410,700	1,457,508	1,075,165	382,343
Planning and Zoning Salaries	206,470	206,470	206,121	349
Planning and Zoning Other	33,200	33,200	20,176	13,024
Reserve	5,000	5,000	-	5,000
Veterans' Memorial Salaries	8,487	8,606	8,606	-
Veterans' Memorial Other	2,525	2,525	954	1,571
Total Expenditures	2,991,237	3,040,478	2,580,488	459,990
Excess (Deficit) Revenues Over Expenditures	(378,359)	(378,359)	247,205	625,564
<u>Other Financing Sources (Uses):</u>				
Transfers In (Out)	-	-	(143)	143
Excess (Deficit) Revenues and Other Sources Over Expenditures	(378,359)	(378,359)	247,062	625,707
Fund Balance at Beginning of Year	378,359	378,359	2,714,246	2,335,887
Fund Balance at End of Year	-	-	2,961,308	2,961,594

See independent auditor's report on other financial information.

JEROME COUNTY, IDAHO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - AIRPORT FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>				
Property Taxes	73,844	73,844	73,771	(73)
Other	350,000	1,536,399	1,119,802	(416,597)
Total Revenues	423,844.00	1,610,243	1,193,573	(416,670)
<u>Expenditures</u>				
Salaries and Wages	55,284	55,284	51,411	3,873
Payroll Expense and Benefits	24,550	24,550	16,393	8,157
Utilities	15,500	15,500	12,598	2,902
Maintenance	66,866	66,866	41,370	25,496
Miscellaneous	10,344	10,344	14,874	(4,530)
Petroleum	216,300	661,285	661,285	-
Capital Outlay	35,000	776,414	388,060	388,354
Total Expenditures	423,844	1,610,243	1,185,991	424,252
Excess (Deficit) Revenues Over Expenditures	-	-	7,582	7,582
<u>Other Financing Sources (Uses):</u>				
Excess (Deficit) Revenues and Other Sources Over Expenditures	-	-	7,582	7,582
Fund Balance at Beginning of Year	-	-	132,716	132,716
Fund Balance at End of Year	-	-	140,298	140,298

See accompanying notes to financial statements.

JEROME COUNTY, IDAHO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - JUSTICE FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>				
Property Taxes	2,339,717	2,510,063	2,373,416	(136,647)
Payment in Lieu of Taxes	-	-	150,000	150,000
Other	1,585,000	1,585,000	1,653,471	68,471
Total Revenues	3,924,717	4,095,063	4,176,887	81,824
<u>Expenditures</u>				
Sheriff Department Salaries	1,318,612	1,413,863	1,371,491	42,372
Sheriff Department Other	607,473	638,410	543,373	95,037
Prosecuting Attorney Salaries	349,768	349,768	338,469	11,299
Prosecuting Attorney Other	22,200	22,200	13,190	9,010
Public Defender	406,628	438,887	434,844	4,043
Juvenile Salaries	188,664	189,250	189,238	12
Juvenile Other	294,549	408,670	327,716	80,954
Adult Probation Salaries	138,780	138,780	116,082	22,698
Adult Probation Other	20,607	20,607	12,465	8,142
General	1,177,436	1,074,628	987,750	86,878
Total Expenditures	4,524,717	4,695,063	4,334,618	360,445
Excess (Deficit) Revenues and Other Sources Over Expenditures	(600,000)	(600,000)	(157,731)	442,269
<u>Other Financing Sources (Uses):</u>				
Transfers In (Out)	-	-	4,573	(4,573)
Excess (Deficit) Revenues and Other Sources Over Expenditures	(600,000)	(600,000)	(153,158)	437,696
Fund Balance at Beginning of Year	600,000	600,000	2,072,414	1,472,414
Fund Balance at End of Year	-	-	1,919,256	1,910,110

See independent auditor's report on other financial information.

JEROME COUNTY, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - CORRECTIONAL FACILITY FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>				
Other	-	11,203,695	11,456,439	252,744
Total Revenues	-	11,203,695	11,456,439	252,744
<u>Expenditures</u>				
Miscellaneous	-	11,203,695	255,716	10,947,979
Total Expenditures	-	11,203,695	255,716	10,947,979
Excess (Deficit) Revenues Over Expenditures	-	-	11,200,723	11,200,723
Excess (Deficit) Revenues and Other Sources Over Expenditures	-	-	11,200,723	11,200,723
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	<u>-</u>	<u>-</u>	<u>11,200,723</u>	<u>11,200,723</u>

See accompanying notes to financial statements.

Jerome County
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

Basis of Presentation

The Schedules of Revenues, Expenditures and Changes in Fund Balance have been prepared on the modified accrual basis of accounting.

Budgetary Legal Requirements

Idaho codified law prescribes the budgetary procedures to be followed by Counties as follows:

- A. On or before the first Monday in May of each year the county budget officer shall notify, in writing, each county official, elective or appointive, in charge of any office, department, service, agency or institution of the county, to file with such budget officer, on or before the third Monday in May thereafter, an itemized estimate showing both the probable revenues from sources other than taxation that will accrue to his office.
- B. The county budget officer (Clerk) then submits to the board of county commissioners on or before the first Monday in August of each year; county commissioners shall convene to consider the proposed budget in detail and make any alterations allowable by law and which they deem necessary.
- C. When the commissioners have agreed on such tentative appropriations, the county budget officer, not later than the third week in August, shall cause notice to be published setting forth the amount of anticipated revenue from property taxes and the total of revenues anticipated from sources other than property taxes and the amount proposed to be appropriated to each office.
- D. On or before the Tuesday following the first Monday in September of each year the board of county commissioners shall meet at the time and place designated in said notice. Any taxpayer may appear and be heard upon any part or parts of said tentative budget. Such hearing may be continued from day to day but must be concluded by the second Monday in September.
- E. During the year the county commissioners may proceed to adjust the budget as adopted to reflect the receipt of unscheduled revenue, grants, or donations from federal, state or local governments or private sources, provided that there shall be no increase in anticipated property taxes.

OTHER SUPPLEMENTARY INFORMATION

JEROME COUNTY, IDAHO

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2013

	<u>District Court</u>	<u>Ambulance</u>	<u>Fair</u>	<u>Fair Capital</u>	<u>Charity and Indigent</u>	<u>Public Health</u>
<u>Assets</u>						
Cash and Investments	311,445	488,675	107,148	77,555	446,058	72,431
Accounts Receivable	38,157	2,425	9,933	238	2,502	1,343
Delinquent Taxes Receivable	-	22,302	9,873	1,759	27,577	4,532
Total Assets	<u>349,602</u>	<u>513,402</u>	<u>126,954</u>	<u>79,552</u>	<u>476,137</u>	<u>78,306</u>
<u>Liabilities</u>						
Warrants Payable	385	-	-	-	-	-
Vouchers Payable	39,669	1,993	4,029	35,088	41,732	-
Unearned Revenue	-	-	-	-	-	-
Total Liabilities	<u>40,054</u>	<u>1,993</u>	<u>4,029</u>	<u>35,088</u>	<u>41,732</u>	<u>-</u>
<u>Deferred Inflows of Resources</u>						
Unavailable Revenue	-	19,625	8,687	1,549	24,269	3,989
Total Deferred Inflows of Resources	<u>-</u>	<u>19,625</u>	<u>8,687</u>	<u>1,549</u>	<u>24,269</u>	<u>3,989</u>
<u>Fund Balances</u>						
Committed:						
Designated for subsequent year expenditures	150,000	22,405	30,000	35,000	100,000	34,000
Assigned	159,548	469,379	84,238	7,915	310,136	40,317
Total Fund Balances	<u>309,548</u>	<u>491,784</u>	<u>114,238</u>	<u>42,915</u>	<u>410,136</u>	<u>74,317</u>
Total Liabilities and Fund Balances	<u>349,602</u>	<u>513,402</u>	<u>126,954</u>	<u>79,552</u>	<u>476,137</u>	<u>78,306</u>

<u>Revaluation</u>	<u>Solid Waste</u>	<u>Tort</u>	<u>Noxious Weed</u>	<u>County Election</u>	<u>Waterway</u>	<u>Bond Redemption</u>	<u>Totals</u>
335,851	174,295	122,358	58,931	56,478	22,669	770	2,274,664
3,247	66,949	1,351	164	2,355	-	-	128,664
17,615	-	6,378	1,385	-	-	-	91,421
<u>356,713</u>	<u>241,244</u>	<u>130,087</u>	<u>60,480</u>	<u>58,833</u>	<u>22,669</u>	<u>770</u>	<u>2,494,749</u>
-	-	-	-	-	-	-	385
15,549	-	-	28,167	3,391	1,402	-	171,020
-	-	-	-	-	1,462	-	1,462
15,549	-	-	28,167	3,391	2,864	-	172,867
15,503	51,568	5,614	1,220	-	-	-	132,024
15,503	51,568	5,614	1,220	-	-	-	132,024
80,000	138,500	-	20,000	-	5,000	-	614,905
245,661	51,176	124,473	11,093	55,442	14,805	770	1,574,953
325,661	189,676	124,473	31,093	55,442	19,805	770	2,189,858
<u>356,713</u>	<u>241,244</u>	<u>130,087</u>	<u>60,480</u>	<u>58,833</u>	<u>22,669</u>	<u>770</u>	<u>2,494,749</u>

JEROME COUNTY, IDAHO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>District Court</u>	<u>Ambulance</u>	<u>Fair</u>	<u>Fair Capital</u>	<u>Charity and Indigent</u>	<u>Public Health</u>
Revenues						
Property Taxes	-	455,984	214,189	30,368	561,719	88,166
Intergovernmental	232,822	9,290	4,875	954	10,007	5,374
Charges for Services	-	-	50,396	-	-	-
Fines and Forfeitures	178,633	-	-	-	-	-
Miscellaneous	61,245	9,044	153,771	253	151,252	632
Total Revenues	472,700	474,318	423,231	31,575	722,978	94,172
Expenditures						
Salaries and Wages	323,119	-	86,351	-	54,360	-
Payroll Expenses and Benefits	98,174	-	27,697	-	23,745	-
General and Administrative	-	1,302	10,093	-	-	-
Health Care	-	-	-	-	614,410	106,455
Contracted Services	-	380,032	259,603	-	-	-
Law Enforcement	156,565	-	-	-	-	-
Capital Expenditures	35,801	-	-	45,466	-	-
Capital - Principal Payments	-	21,074	6,369	-	-	-
Capital - Interest Payments	-	1,458	5,939	-	-	-
Total Expenditures	613,659	403,866	396,052	45,466	692,515	106,455
Excess (Deficit) Revenues	(140,959)	70,452	27,179	(13,891)	30,463	(12,283)
Other Financing Sources						
Fund Transfer In (Out)	-	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-	-
Excess (Deficit) Revenues and Other Financing Sources						
(Under) Expenditures	(140,959)	70,452	27,179	(13,891)	30,463	(12,283)
Fund Balance at Beginning of Year	450,507	421,332	87,059	56,806	379,673	86,600
Fund Balance at Year End	309,548	491,784	114,238	42,915	410,136	74,317

<u>Revaluation</u>	<u>Solid Waste</u>	<u>Tort</u>	<u>Noxious Weed</u>	<u>County Election</u>	<u>Waterway</u>	<u>Bond Redemption</u>	<u>Totals</u>
361,696	-	135,682	28,763	-	-	-	1,876,567
12,987	-	105,406	656	62,264	12,759	-	457,394
-	825,045	-	-	-	-	-	875,441
-	-	-	-	-	-	-	178,633
3,894	5,085	1,871	24,700	-	-	770	412,517
378,577	830,130	242,959	54,119	62,264	12,759	770	3,800,552
209,331	-	-	-	33,119	-	-	706,280
80,079	-	-	-	12,981	-	-	242,676
19,862	-	-	-	16,222	6,000	-	53,479
-	-	-	-	-	-	-	720,865
-	745,137	170,092	51,301	2,393	833	-	1,609,391
-	-	-	-	233	-	-	156,798
1,483	-	-	-	-	-	-	82,750
-	-	-	-	-	-	-	27,443
-	-	-	-	-	-	-	7,397
310,755	745,137	170,092	51,301	64,948	6,833	-	3,607,079
67,822	84,993	72,867	2,818	(2,684)	5,926	770	193,473
-	-	-	-	143	(4,573)	-	(4,430)
-	-	-	-	143	(4,573)	-	(4,430)
67,822	84,993	72,867	2,818	(2,541)	1,353	770	189,043
257,839	104,683	51,606	28,275	57,983	18,452	-	2,000,815
325,661	189,676	124,473	31,093	55,442	19,805	770	2,189,858

JEROME COUNTY, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - DISTRICT COURT FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>				
Other	475,998	499,598	472,700	(26,898)
Total Revenues	475,998	499,598	472,700	(26,898)
<u>Expenditures</u>				
Salaries and Wages	295,994	325,022	323,119	1,903
Payroll Expense and Benefits	106,640	106,640	98,174	8,466
Supplies	29,750	29,750	26,399	3,351
Postage	20,000	20,000	11,262	8,738
Telephone and Utilities	52,900	52,900	44,401	8,499
Jury and Witness Fees and Expense	15,000	15,000	8,354	6,646
Travel	600	600	423	177
Lodging, Meals and Mileage for Jurors	2,000	2,000	788	1,212
Judicial Education	2,500	2,500	984	1,516
Contracts	122,792	117,364	57,150	60,214
Contingency	9,000	9,000	6,804	2,196
Capital Outlay	15,000	15,000	35,801	(20,801)
Total Expenditures	672,176	695,776	613,659	82,117
Excess (Deficit) Revenues Over Expenditures	(196,178)	(196,178)	(140,959)	55,219
Fund Balance at Beginning of Year	196,178	196,178	450,507	254,329
Fund Balance at End of Year	-	-	309,548	309,548

See Independent auditor's report

JEROME COUNTY, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - AMBULANCE DISTRICT FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>				
Property Taxes	449,494	449,494	455,984	6,490
Other	10,000	10,000	18,334	8,334
Total Revenues	459,494.00	459,494.00	474,318	14,824
<u>Expenditures</u>				
Contingency	28,000	28,000	-	28,000
Maintenance and Repair	47,000	47,000	1,302	45,698
Ambulance Contracts	380,032	380,032	380,032	-
Capital Outlay	27,428	27,428	22,532	4,896
Total Expenditures	482,460	482,460	403,866	78,594
Excess (Deficit) Revenues Over Expenditures	(22,966)	(22,966)	70,452	93,418
Fund Balance at Beginning of Year	22,966	22,966	421,332	398,366
Fund Balance at End of Year	-	-	491,784	491,784

See Independent auditor's report

JEROME COUNTY, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - COUNTY FAIR FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>				
Property Taxes	211,468	214,475	214,189	(286)
Other	125,000	125,000	209,042	84,042
Total Revenues	336,468	339,475	423,231	83,756
<u>Expenditures</u>				
Salaries and Wages	83,344	86,351	86,351	-
Employee Benefits	28,380	28,380	27,697	683
Supplies	2,460	2,460	3,111	(651)
Utilities	24,853	24,853	28,213	(3,360)
Contracted Services	5,946	5,946	5,355	591
Repairs and Maintenance	47,050	47,050	41,688	5,362
Miscellaneous	148,935	148,935	191,329	(42,394)
Capital Outlay	15,500	15,500	12,308	3,192
Total Expenditures	356,468	359,475	396,052	(36,577)
Excess (Deficit) Revenues Over Expenditures	(20,000)	(20,000)	27,179	47,179
Fund Balance at Beginning of Year	20,000	20,000	87,059	67,059
Fund Balance at End of Year	-	-	114,238	114,238

JEROME COUNTY, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - COUNTY FAIR CAPITAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>				
Property Taxes	29,500	29,500	30,368	868
Other	-	-	1,207	1,207
Total Revenues	29,500	29,500	31,575	2,075
<u>Expenditures</u>				
Capital Outlay	49,500	49,500	45,466	4,034
Total Expenditures	49,500	49,500	45,466	4,034
Excess (Deficit) Revenues Over Expenditures	(20,000)	(20,000)	(13,891)	6,109
Fund Balance at Beginning of Year	20,000	20,000	56,806	36,806
Fund Balance at End of Year	-	-	42,915	42,915

See Independent auditor's report

JEROME COUNTY, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - CHARITY AND INDIGENT FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>				
Property Taxes	551,940	551,940	561,719	9,779
Other	95,000	95,000	161,259	66,259
Total Revenues	646,940	646,940	722,978	76,038
<u>Expenditures</u>				
Salaries	54,360	54,360	54,360	-
Payroll Expenses and Benefits	24,730	24,730	23,745	985
Travel	1,000	1,000	993	7
Medical - Hospitals	345,000	345,000	226,511	118,489
Medical - Jail	60,000	60,000	58,037	1,963
Medical - Professional Services	294,250	294,250	305,608	(11,358)
Medical - Medications	800	800	536	264
Medical - Transportation	9,500	9,500	3,050	6,450
Non-Medical Care	5,300	5,300	2,726	2,574
Insurance	25,000	25,000	16,729	8,271
Miscellaneous	2,000	2,000	220	1,780
Total Expenditures	821,940	821,940	692,515	129,425
Excess (Deficit) Revenues Over Expenditures	(175,000)	(175,000)	30,463	205,463
Fund Balance at Beginning of Year	175,000	175,000	379,673	204,673
Fund Balance at End of Year	-	-	410,136	410,136

See Independent auditor's report

JEROME COUNTY, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - PUBLIC HEALTH FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>				
Property Taxes	86,455	86,455	88,166	1,711
Other	-	-	6,006	6,006
Total Revenues	86,455	86,455	94,172	7,717
<u>Expenditures</u>				
Health Care Contracts	106,455	106,455	106,455	-
Total Expenditures	106,455	106,455	106,455	-
Excess (Deficit) Revenues	(20,000)	(20,000)	(12,283)	7,717
Fund Balance at Beginning of Year	20,000	20,000	86,600	66,600
Fund Balance at End of Year	-	-	74,317	74,317

JEROME COUNTY, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - REVALUATION FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>				
Property Taxes	356,570	356,570	361,696	5,126
Other	15,000	15,000	16,881	1,881
Total Revenues	371,570	371,570	378,577	7,007
<u>Expenditures</u>				
Salaries and Wages	269,990	269,990	209,331	60,659
Payroll Expenses and Benefits	108,320	108,320	80,079	28,241
Contracted Services	6,000	6,000	4,748	1,252
Miscellaneous	11,160	11,160	9,754	1,406
Education	6,100	6,100	5,360	740
Capital Outlay	10,000	10,000	1,483	8,517
Total Expenditures	411,570	411,570	310,755	100,815
Excess (Deficit) Revenues Over Expenditures	(40,000)	(40,000)	67,822	107,822
Fund Balance at Beginning of Year	40,000	40,000	257,839	217,839
Fund Balance at End of Year	-	-	325,661	325,661

JEROME COUNTY, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - SOLID WASTE FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>				
Other	725,000	725,000	830,130	105,130
Total Revenues	725,000	725,000	830,130	105,130
<u>Expenditures</u>				
Solid Waste Contract	833,555	833,555	744,925	88,630
Contingency	30,000	30,000	212	29,788
Total Expenditures	863,555	863,555	745,137	118,418
Excess (Deficit) Revenues Over Expenditures	(138,555)	(138,555)	84,993	223,548
Fund Balance at Beginning of Year	138,555	138,555	104,683	(33,872)
Fund Balance at End of Year	-	-	189,676	189,676

JEROME COUNTY, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - TORT FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>				
Property Taxes	134,000	134,750	135,682	932
Other	-	-	107,277	107,277
Total Revenues	134,000	134,750	242,959	108,209
<u>Expenditures</u>				
Insurance Liability Coverage	174,000	174,750	170,092	4,658
Total Expenditures	174,000	174,750	170,092	4,658
Excess (Deficit) Revenues Over Expenditures	(40,000)	(40,000)	72,867	112,867
Fund Balance at Beginning of Year	40,000	40,000	51,606	11,606
Fund Balance at End of Year	-	-	124,473	124,473

JEROME COUNTY, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - NOXIOUS WEED FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>				
Property Taxes	28,551	28,551	28,763	212
Other	10,000	10,000	25,356	15,356
Total Revenues	38,551	38,551	54,119	15,568
<u>Expenditures</u>				
Contracts	53,551	53,551	51,301	2,250
Total Expenditures	53,551	53,551	51,301	2,250
Excess (Deficit) Revenues Over Expenditures	(15,000)	(15,000)	2,818	17,818
Fund Balance at Beginning of Year	15,000	15,000	28,275	13,275
Fund Balance at End of Year	-	-	31,093	31,093

JEROME COUNTY, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - COUNTY ELECTION FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>				
Other	77,118	77,261	62,264	(14,997)
Total Revenues	77,118	77,261	62,264	(14,997)
<u>Expenditures</u>				
Salaries and Wages	32,976	33,119	33,119	-
Payroll Expenses and Benefits	13,590	13,590	12,981	609
Miscellaneous	31,511	31,511	18,848	12,663
Total Expenditures	78,077	78,220	64,948	13,272
Excess (Deficit) Revenues Over Expenditures	(959)	(959)	(2,684)	(1,725)
<u>Other Financing Sources (Uses):</u>				
Transfers In (Out)	-	-	143	143
Excess (Deficit) Revenues and Other Sources Over Expenditures	(959)	(959)	(2,541)	(1,582)
Fund Balance at Beginning of Year	959	959	57,983	57,024
Fund Balance at End of Year	<u>-</u>	<u>-</u>	<u>55,442</u>	<u>55,442</u>

JEROME COUNTY, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - WATERWAYS FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>				
Other	8,000	7,682	12,759	5,077
Total Revenues	8,000	7,682	12,759	5,077
<u>Expenditures</u>				
Repairs and Maintenance	10,000	8,476	6,833	1,643
Miscellaneous	-	1,206	-	1,206
Total Expenditures	10,000	9,682	6,833	2,849
Excess (Deficit) Revenues Over Expenditures	(2,000)	(2,000)	5,926	7,926
<u>Other Financing Sources (Uses):</u>				
Transfers In (Out)	-	-	(4,573)	(4,573)
Excess (Deficit) Revenues and Other Sources Over Expenditures	(2,000)	(2,000)	1,353	3,353
Fund Balance at Beginning of Year	2,000	2,000	18,452	16,452
Fund Balance at End of Year	-	-	19,805	19,805

JEROME COUNTY, IDAHO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - CORRECTIONAL FACILITY FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>				
Other	-	-	770	770
Total Revenues	-	-	770	770
<u>Expenditures</u>				
Miscellaneous	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficit) Revenues Over Expenditures	-	-	770	770
Excess (Deficit) Revenues and Other Sources Over Expenditures	-	-	770	770
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	-	-	770	770

JEROME COUNTY

**OMB CIRCULAR A-133
SUPPLEMENTARY FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

**OMB CIRCULAR A-133
SUPPLEMENTARY FINANCIAL REPORT**

TABLE OF CONTENTS

Independent Auditor's Report on Compliance with Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	59-60
Schedule of Expenditures of Federal Awards	61
Notes to Schedule of Expenditures of Federal Awards	62
Schedule of Findings and Questioned Costs	63



REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of County Commissioners
Jerome County
Jerome, Idaho 83338

Report on Compliance for Each Major Federal Program

We have audited the Jerome County's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2013. Jerome County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Jerome County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jerome County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Jerome County's compliance.

Opinion on Each Major Federal Program

In our opinion, Jerome County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

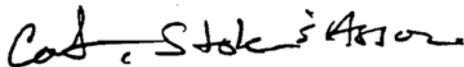
Report on Internal Control Over Compliance

Management of Jerome County, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Jerome County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jerome County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Condie, Stoker & Associates

January 13, 2014

JEROME COUNTY, IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2013

Description	Federal CFDA Number	Accrued (Deferred) Grant Revenue 9/30/2012	Cash/ Commodities Received 10/01/2012 thru 9/30/2013	Expenditures	Accrued (Deferred) Grant Revenue 9/30/2013
Pass-Through State of Idaho:					
Department of Commerce					
Senior Citizen Block Grant	14.228	-	40,601	46,000	5,399
A.D.A. Compliance Grant	14.228	-	50,499	50,499	-
Total Department of Commerce Pass-Through		-	91,100	96,499	5,399
Department of Justice:					
State of Idaho-Juvenile Accountability Block Grant	16.523	(3)	6,322	6,325	-
State of Idaho-Project Safe Neighborhood	16.609	1,185	1,185	-	-
State of Idaho-Recovery Act - Edward Byrne	16.803	34	1,514	1,480	-
Total Department of Justice Pass-Through		1,216	9,021	7,805	-
Department of Transportation:					
State of Idaho Highway Planning and Construction	20.205	(134)	4,985	6,133	1,014
State of Idaho State and Community Highway Safety	20.600	11,424	16,420	17,508	12,512
State of Idaho Alcohol Impaired Driving Countermeasures Grant I	20.601	1,863	6,991	5,128	-
Total Department of Transportation Pass-Through		13,153	28,396	28,769	13,526
Department of Parks and Recreation					
Boating Safety Grant	97.012	(256)	4,255	3,049	(1,462)
Secretary of State:					
HAVA Grant Fund	39.011	-	-	3,515	3,515
Department of Homeland Security:					
State of Idaho Emergency Management Performance Grants	97.042	-	20,720	20,720	-
State of Idaho Homeland Security Grant Program	97.067	-	85,010	85,010	-
Total Department of Homeland Security Pass-Through		-	105,730	105,730	-
Department of Transportation Direct Programs:					
Airport Improvement Program*	20.106	354,803	575,646	335,675	114,832
Department of Justice Direct Programs					
State Criminal Alien Assistance Program	16.606	(11,758)	17,299	26,306	(2,751)
Total Federal Financial Assistance		357,158	831,447	607,348	133,059

* Major Programs

JEROME COUNTY**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the County's federal award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operation of the County, it is not intended to and does not present the financial position, changes in net assets of Jerome County.

**JEROME COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2013**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Jerome County.
2. No reportable deficiencies were disclosed during the audit of the financial statements reported in the report of internal control dated January 13, 2014.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No material reportable conditions were discovered during the audit of the Major Federal Award Programs.
5. The auditor's report on compliance for the Major Federal Award Programs for Jerome County expresses an unqualified opinion.
6. The audit did not disclose any audit findings.
7. The programs tested as major programs include: Airport Improvement Program 20.106.
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. Jerome County was determined to be a low-risk Auditee.

B. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

<u>Finding</u>	<u>Reportable Condition</u>	<u>Questioned Cost</u>
None	None	None

C. FINDINGS - FINANCIAL STATEMENTS AUDIT

None



Management Letter Comments

To the County Commissioners
Jerome County
Jerome, Idaho 83338

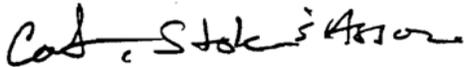
In planning and performing our audit of the general purpose financial statements of Jerome County for the year ended September 30, 2013, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. However, we noted certain matters involving the internal control structure and its operation that are not considered to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect Jerome County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

- **Airport Hanger Rental Billing** – As part of our audit procedures we reviewed the Airport QuickBooks that the County is using for billings at the Airport. During review it was noted that there are accounts that are not correct and have been carrying forward for several years. We recommend that the accounts be corrected and reconciled, which will leave a better accounting of the hanger and space rent that is turned over to the county.
- **Credit Limits** – In our testing of liabilities we discovered that the County has several credit cards that the department heads can use in special circumstances. It was discovered that the risk of abuse is controlled by limiting who can have a card as well as credit limits. A maximum credit limit of \$2,000 is used by the County on the credit cards. However, we discovered a Costco credit card the Sheriff's department has with a credit limit of \$15,000. We recommend decreasing the credit limit on this card to be consistent with the County's controls.
- **Related Party Expenditures** – In our review of expenditures we discovered an expenditure paid to a County employee for a police dog. Upon further review it was noted that the county returned the dog to the employee without a refund provided by the employee. Costs incurred as the result of a related party transaction are generally considered allowable if the cost meets applicable allow ability criteria and the provider follows procurement and sub-contracting policies and practices which meet minimum County guidelines. However, we recommend special attention be applied when purchasing from a related party such as documented cost comparisons and return policies.
- **Auditors Trust Accounts** – While testing the Auditor Trust Accounts fund 9101 it was noted that the account has not been reconciled on a regular basis. To ensure these amounts are accurate we recommend they be reconciled each quarter and the documentation be kept on file.
- **Jail Commissary** - Currently the county has a commissary trust account that is used to hold prisoner money which can be used by the prisoner to purchase incidental items. In September of 2013 the account was separated from the Jail checking account. The commissary trust bank account has not been reconciled. In addition it could not be reconciled to the commissary funds tracking software reports. We recommend monthly bank reconciliations along with a monthly reconciliation to the commissary funds tracking software reports. This account has not been reconciled on monthly basis for some time.
- **Jail Checking Account** – In September of 2013 jail funds were separated into a separate checking account. We recommend monthly bank reconciliations.

- **Fair Fund** - The fair is currently maintaining their accounting system. As we audited the fair books we found that rather than using credit memos approved by the fair board if an amount billed was changed the entry was deleted. This even happened for entries that pertained to the prior year. We recommend amounts billed and later changed should have an approval by someone other than the person keeping the books. Further, a credit memo would provide a better audit trail and documentation.
- **Fair Fund Horse Racing** - In our review of the Horse Racing books it was discovered that there is a savings account that is not reconciled regularly. We recommend all bank accounts be reconciled.

This report is intended solely for the information and use of the Jerome County Commissioners and management, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Condie Stoker" with a stylized flourish at the end.

Condie Stoker & Associates

January 13, 2014