

**TOWN OF JEROME, ARIZONA**

Annual Financial Statements  
and Independent Auditors' Report

June 30, 2024



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## **INDEPENDENT AUDITORS' REPORT**

To the Town Council  
Town of Jerome, Arizona

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Jerome, Arizona, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Jerome, Arizona, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Jerome, Arizona, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Jerome, Arizona's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Jerome, Arizona's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Jerome, Arizona's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

The Town of Jerome, Arizona has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements. Such missing 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.

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules and net pension liability and other post-employment benefit plan information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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.

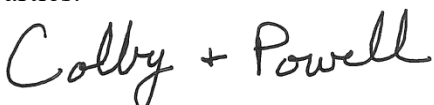
### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2024, on our consideration of the Town of Jerome, Arizona'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 solely 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 the Town of Jerome, Arizona's internal control over financial reporting and compliance.

### **Other Reporting Required by Arizona Revised Statutes**

In connection with our audit, nothing came to our attention that caused us to believe that the Town failed comply with the authorized transportation purposes, insofar as they relate to accounting matters, for Highway User Revenue Fund monies it received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2 and any other dedicated state transportation revenues it received. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures; other matters may have come to our attention regarding the Town's noncompliance with authorized transportation purposes referred to above, insofar as they relate to accounting matters.

The communication related to compliance over the use of Highway User Revenue Fund and other dedicated State transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the Auditor General of the State of Arizona, the Town Council, management, and other responsible parties within the Town and is not intended to be and should not be used by anyone other than these specified parties.



January 10, 2025

**TOWN OF JEROME, ARIZONA**  
**Statement of Net Position**  
**June 30, 2024**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,631,692	\$ 177,578	\$ 2,809,270
Cash and cash equivalents, restricted	-	31,648	31,648
Accounts receivable-net	-	43,658	43,658
Taxes receivable	5,275	-	5,275
Due from other governments	263,354	-	263,354
Leases receivable	181,939	-	181,939
Inventories	13,193	-	13,193
Net pension/OPEB asset	1,727	-	1,727
Capital assets, not being depreciated	362,468	707,781	1,070,249
Capital assets, being depreciated, net	1,690,236	2,276,230	3,966,466
<b>Total assets</b>	<u>5,149,884</u>	<u>3,236,895</u>	<u>8,386,779</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions and other postemployment benefits	148,780	-	148,780
<b>LIABILITIES</b>			
Accounts payable	65,015	16,753	81,768
Accrued expenses	83,155	72,000	155,155
Deposits held for others	6,849	31,648	38,497
Unearned revenue	790,814	-	790,814
Noncurrent liabilities			
Due within 1 year	27,710	904,563	932,273
Due in more than 1 year	214,711	1,521	216,232
<b>Total liabilities</b>	<u>1,188,254</u>	<u>1,026,485</u>	<u>2,214,739</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to leases	181,939	-	181,939
Deferred inflows related to pensions and other postemployment benefits	7,533	-	7,533
Total deferred inflows of resources	<u>189,472</u>	<u>-</u>	<u>189,472</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,052,704	2,084,011	4,136,715
Restricted for:			
Court enhancement fund	24,783	-	24,783
Public works and streets	72,166	-	72,166
Community development	249,828	-	249,828
Unrestricted	1,521,457	126,399	1,647,856
<b>Total net position</b>	<u>\$ 3,920,938</u>	<u>\$ 2,210,410</u>	<u>\$ 6,131,348</u>

*See accompanying notes to financial statements.*

**TOWN OF JEROME, ARIZONA**  
**Statement of Activities**  
**June 30, 2024**

Functions / Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities							
General government	\$ 601,260	\$ 19,168	\$ -	\$ 57,555	\$ (524,537)	\$ -	\$ (524,537)
Public safety	1,529,337	257,302	34,352	1,593	(1,236,090)	-	(1,236,090)
Public works and streets	160,264	-	48,503	26,187	(85,574)	-	(85,574)
Community development	278,098	86,267	-	-	(191,831)	-	(191,831)
Parking	97,309	377,291	-	-	279,982	-	279,982
Culture and recreation	134,738	-	22,577	-	(112,161)	-	(112,161)
Interest on long-term debt	2,603	-	-	-	(2,603)	-	(2,603)
<b>Total governmental activities</b>	<b>2,803,609</b>	<b>740,028</b>	<b>105,432</b>	<b>85,335</b>	<b>(1,872,814)</b>	<b>-</b>	<b>(1,872,814)</b>
Business-type activities							
Utilities	734,279	514,693	-	-	-	(219,586)	(219,586)
<b>Total business-type activities</b>	<b>734,279</b>	<b>514,693</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(219,586)</b>	<b>(219,586)</b>
<b>Total primary government</b>	<b>\$ 3,537,888</b>	<b>\$ 1,254,721</b>	<b>\$ 105,432</b>	<b>\$ 85,335</b>	<b>(1,872,814)</b>	<b>(219,586)</b>	<b>(2,092,400)</b>
<b>General revenues:</b>							
Taxes:							
Property taxes					47,501	-	47,501
Town sales taxes					1,429,591	-	1,429,591
Franchise taxes					19,090	-	19,090
Shared revenue-State sales tax					70,072	-	70,072
Shared revenue-Urban revenue					397,487	-	397,487
Shared revenue-State vehicle license tax					39,408	-	39,408
Investment earnings					27,365	-	27,365
Miscellaneous					18,385	-	18,385
<b>Transfers</b>					<b>(206,907)</b>	<b>206,907</b>	<b>-</b>
Total general revenues and transfers					1,841,992	206,907	2,048,899
Change in net position					(30,822)	(12,679)	(43,501)
Net position, beginning of year					3,951,760	2,223,089	6,174,849
Net position, end of year					<b>\$ 3,920,938</b>	<b>\$ 2,210,410</b>	<b>\$ 6,131,348</b>

*See accompanying notes to financial statements.*



**TOWN OF JEROME, ARIZONA**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2024**

	General Fund	HURF Fund	Grants Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,597,187	\$ 68,093	\$ 966,412	\$ 2,631,692
Taxes receivable	5,275	-	-	5,275
Due from other governments	196,889	4,978	61,487	263,354
Leases receivable	181,939	-	-	181,939
Inventories	-	-	13,193	13,193
<b>Total assets</b>	<b>\$ 1,981,290</b>	<b>\$ 73,071</b>	<b>\$ 1,041,092</b>	<b>\$ 3,095,453</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 63,660	\$ 905	\$ 450	\$ 65,015
Accrued expenses	83,155	-	-	83,155
Deposits held for others	6,849	-	-	6,849
Unearned revenue	-	-	790,814	790,814
<b>Total liabilities</b>	<b>153,664</b>	<b>905</b>	<b>791,264</b>	<b>945,833</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to leases	181,939	-	-	181,939
<b>FUND BALANCES</b>				
Restricted for:				
Court enhancement	24,783	-	-	24,783
Public works and streets	-	72,166	-	72,166
Community development	-	-	249,828	249,828
Unassigned	1,620,904	-	-	1,620,904
<b>Total fund balances</b>	<b>1,645,687</b>	<b>72,166</b>	<b>249,828</b>	<b>1,967,681</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,981,290</b>	<b>\$ 73,071</b>	<b>\$ 1,041,092</b>	<b>\$ 3,095,453</b>

*See accompanying notes to financial statements.*

**TOWN OF JEROME, ARIZONA**  
**Governmental Funds**  
**Reconciliation of the Governmental Balance Sheet**  
**to the Government-wide Statement of Net Position**  
**June 30, 2024**

Fund balances-total governmental funds	\$	1,967,681
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		2,052,704
Long-term liabilities, such as net pension/OPEB liabilities and leases payable, are not due and payable in the current period and, therefore, are not reported as a liability in the funds.		(242,421)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.		141,247
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>3,920,938</u></b>

*See accompanying notes to financial statements.*

**TOWN OF JEROME, ARIZONA**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended June 30, 2024**

	General Fund	HURF Fund	Grants Fund	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 1,477,092	\$ -	\$ -	\$ 1,477,092
Intergovernmental	598,230	48,503	60,540	707,273
Charges for services	175,255	-	-	175,255
Parking	377,454	-	-	377,454
Fines and forfeits	94,689	-	-	94,689
Licenses and permits	35,173	-	-	35,173
Miscellaneous	25,176	-	-	25,176
Investment earnings	23,655	3,710	-	27,365
Donations and grants	2,662	-	57,555	60,217
<b>Total revenues</b>	<u>2,809,386</u>	<u>52,213</u>	<u>118,095</u>	<u>2,979,694</u>
<b>Expenditures</b>				
Current				
General government	535,918	-	-	535,918
Public safety	1,348,481	-	35,187	1,383,668
Public works and streets	-	140,447	-	140,447
Community development	269,516	-	7,957	277,473
Parking	97,309	-	-	97,309
Culture and recreation	134,005	-	-	134,005
Debt service				
Principal	10,226	108	-	10,334
Interest	2,603	-	-	2,603
Capital outlay	11,869	50,874	74,549	137,292
<b>Total expenditures</b>	<u>2,409,927</u>	<u>191,429</u>	<u>117,693</u>	<u>2,719,049</u>
Excess (deficiency) of revenues over expenditures	<u>399,459</u>	<u>(139,216)</u>	<u>402</u>	<u>260,645</u>
<b>Other financing sources (uses)</b>				
Transfers	<u>(398,640)</u>	<u>191,733</u>	<u>-</u>	<u>(206,907)</u>
<b>Total other financing sources (uses)</b>	<u>(398,640)</u>	<u>191,733</u>	<u>-</u>	<u>(206,907)</u>
<b>Net change in fund balances</b>	819	52,517	402	53,738
Fund balances, beginning of year	<u>1,644,868</u>	<u>19,649</u>	<u>249,426</u>	<u>1,913,943</u>
<b>Fund balances, end of year</b>	<u>\$ 1,645,687</u>	<u>\$ 72,166</u>	<u>\$ 249,828</u>	<u>\$ 1,967,681</u>

*See accompanying notes to financial statements.*

**TOWN OF JEROME, ARIZONA**  
**Governmental Funds**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances to the Government-wide Statement of Activities**  
**Year Ended June 30, 2024**

Net change in fund balances-total governmental funds \$ 53,738

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense

Capital outlay	137,292	
Depreciation expense	<u>(176,247)</u>	(38,955)

Town pension/OPEB contributions are reported as expenditures in the governmental funds when made. However they are reported as deferred outflows of resources in the statement of net position because the reported net pension/OPEB liability is measured a year before the Town's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changed in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the statement of activities.

Town pension/OPEB contributions	35,779	
Pension/OPEB expense	<u>(93,823)</u>	(58,044)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of position.

Debt principal repaid		10,334
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.

Decrease in compensated absences		<u>2,105</u>
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**Change in net position of governmental activities \$ (30,822)**

*See accompanying notes to financial statements.*

**TOWN OF JEROME, ARIZONA**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2024**

	Utilities Fund
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 177,578
Cash and cash equivalents, restricted	31,648
Accounts receivable-net	43,658
<b>Total current assets</b>	<b>252,884</b>
Noncurrent assets	
Capital assets, not being depreciated	707,781
Capital assets, being depreciated, net	2,276,230
<b>Total noncurrent assets</b>	<b>2,984,011</b>
<b>Total assets</b>	<b>3,236,895</b>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable	16,753
Accrued expenses	72,000
Deposits held for customers	31,648
Compensated absences payable, current portion	4,563
Note payable, current portion	900,000
<b>Total current liabilities</b>	<b>1,024,964</b>
<b>Noncurrent liabilities</b>	
Compensated absences payable	1,521
<b>Total liabilities</b>	<b>1,026,485</b>
<b>NET POSITION</b>	
Net investment in capital assets	2,084,011
Unrestricted	126,399
<b>Total net position</b>	<b>\$ 2,210,410</b>

*See accompanying notes to financial statements.*

**TOWN OF JEROME, ARIZONA**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Year Ended June 30, 2024**

	Utilities Fund
<b>Operating revenues</b>	
Charges for services	
Sanitation user fees	\$ 175,756
Water user fees	171,263
Sewer user fees	166,828
Miscellaneous	846
<b>Total operating revenues</b>	<b>514,693</b>
<b>Operating expenses</b>	
Personnel	304,488
Depreciation	97,424
Contract services	54,000
Repairs and maintenance	111,616
Office	35,347
Fees and permits	23,105
Insurance	49,683
Fuel	11,942
Miscellaneous	5,057
Legal and professional	1,961
Tools and equipment	766
Utilities	2,878
<b>Total operating expenses</b>	<b>698,267</b>
<b>Operating income (loss)</b>	<b>(183,574)</b>
<b>Nonoperating revenues (expenses)</b>	
Interest expense	(36,012)
<b>Income (loss) before contributions and transfers</b>	<b>(219,586)</b>
Transfers	206,907
<b>Increase (decrease) in net position</b>	<b>(12,679)</b>
Net position, beginning of year	2,223,089
<b>Net position, end of year</b>	<b>\$ 2,210,410</b>

*See accompanying notes to financial statements.*

**TOWN OF JEROME, ARIZONA**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**Year Ended June 30, 2024**

	Utilities Fund
<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 505,011
Payments to suppliers and providers of goods and services	(406,964)
Payments to employee wages and benefits	(304,156)
<b>Net cash provided by (used for) operating activities</b>	<u>(206,109)</u>
<b>Cash flows from noncapital financing activities</b>	
Transfers to other funds	<u>206,907</u>
<b>Cash flows from capital and related financing activities</b>	
Principal paid on capital lease	(746)
Interest paid	(12)
Purchase of capital assets	(632,508)
<b>Net cash provided by (used for) capital and related financing activities</b>	<u>(633,266)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(632,468)
Cash and cash equivalents, beginning of year	<u>841,694</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 209,226</u>
Cash and cash equivalents	\$ 177,578
Cash and cash equivalents, restricted	<u>31,648</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 209,226</u>

*See accompanying notes to financial statements.*

**TOWN OF JEROME, ARIZONA**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**Year Ended June 30, 2024**  
*(Continued)*

	Utilities Fund
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ (183,574)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	97,424
Changes in assets and liabilities:	
Account receivable	(11,441)
Accounts payable	(103,203)
Accrued expenses	(7,406)
Deposits held for customers	1,759
Compensated absences	332
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (206,109)</b>

*See accompanying notes to financial statements.*



**TOWN OF JEROME, ARIZONA**  
**Fiduciary Fund**  
**Statement of Fiduciary Net Position**  
**June 30, 2024**

	Pension Trust Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 18,162
Investments, at fair value	189,886
Due from Town	19,538
<b>Total assets</b>	<b>227,586</b>
 <b>NET POSITION</b>	
Held in trust for investment trust participants	\$ 227,586

*See accompanying notes to financial statements.*

**TOWN OF JEROME, ARIZONA**  
**Fiduciary Fund**  
**Statement of Changes in Fiduciary Net Position**  
**Year Ended June 30, 2024**

	Pension Trust Fund
<b>Additions:</b>	
Contributions	\$ 19,236
Investment earnings:	
Interest and dividends	5,529
Net increase (decrease) in fair value of investments	24,741
<b>Total additions</b>	49,506
 <b>Deductions:</b>	
Distributions to participants	31,636
Administrative fees	4,983
<b>Total deductions</b>	36,619
Change in net position	12,887
Net position, beginning of year	214,699
<b>Net position, end of year</b>	\$ 227,586

*See accompanying notes to financial statements.*

**TOWN OF JEROME, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2024**

***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The Town of Jerome, Arizona’s accounting policies conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

**A. Reporting Entity**

The Town is a general-purpose local government that is governed by a separately elected Town Council. The accompanying financial statements present the activities of the Town (the primary government).

**B. Basis of Presentation**

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the Town as a whole, while the fund statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information’s usefulness.

Government-wide statements—Provide information about the primary government (the Town). The statements include a statement of net position and a statement of activities. These statements report the overall government’s financial activities, except for fiduciary activities. They also distinguish between the Town’s governmental and business-type activities. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the Town’s governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Town does not allocate indirect expenses to programs or functions. Program revenues include:

- charges to customers or applicants for goods, services, or privileges provided;
- operating grants and contributions; and
- capital grants and contributions, including special assessments.

**TOWN OF JEROME, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2024**

***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued***

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes the Town levies or imposes, are reported as general revenues.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Fund financial statements—Provide information about the Town’s funds, including fiduciary funds. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Fiduciary funds are aggregated and reported by fund type.

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund’s principal activity. Accordingly, revenues, such as user charges and insurance premiums, in which each party receives and gives up essentially equal values are operating revenues. Other revenues, such as subsidies, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues along with investment earnings and revenues ancillary activities generate. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

The Town reports the following major governmental funds:

The ***General Fund*** is the Town’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The ***HURF Fund*** accounts for specific revenue received from the State of Arizona Highway User Revenue Fund which is legally restricted to expenditures for specified purposes.

The ***Grants Fund*** accounts for financial resources received from various entities. Restrictions on the use of these resources are derived from the agreements from which the resources were provided.

The Town reports the following major enterprise fund:

The ***Utilities Fund*** accounts for operations of the Town-owned water, sewer, and sanitation, that are financed and operated in a manner similar to private business enterprises, in which the intent of the Town Council is that the costs (expenses, including depreciation) of providing goods or

**TOWN OF JEROME, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2024**

***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued***

services to the general public on a continuing basis be financed or recovered primarily through user charges; or for which the Town Council has decided that periodic determination of revenue earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Town reports the following fund types:

The ***Pension Trust Fund*** accounts for the Town’s Volunteer Firefighter’s Relief and Pension Fund, a defined contribution plan for which the assets are held by the Town in a trustee capacity.

**C. Basis of Accounting**

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Under the terms of grant agreements, the Town funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. The Town applies grant resources to such programs before using general revenues.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The Town’s major revenue sources that are susceptible to accrual are property taxes, special assessments, intergovernmental, charges for services, and investment earnings. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, landfill closure and post closure care costs, and pollution remediation obligations, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

**D. Cash and Investments**

For the statement of cash flows, the Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, investments in the State Treasurer’s local government investment

**TOWN OF JEROME, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2024**

***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued***

pool, and only those highly liquid investments with a maturity of three months or less when purchased.

Cash and investments are pooled, except for investments that are restricted under provisions of bond indentures or other restrictions that are required to be reported in the individual funds.

Arizona Revised Statutes authorize the Town to invest public monies in the State Treasurer's local government investment pools, the County Treasurer's investment pool, obligations of the U.S. Government and its agencies, obligations of the state and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. Investments are stated at fair value.

Arizona statute requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer's Office. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable deposit insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

**E. Allowance for Uncollectible Accounts**

Allowances for uncollectible accounts receivable are estimated by the Town. The amount recorded as uncollectible at June 30, 2024 in the Utilities Fund was \$21,000.

**F. Inventories**

The Town accounts for its inventories in the governmental funds using the consumption method. Inventories of the governmental funds consist of expendable supplies held for consumption and are recorded as expenditures at the time of consumption.

These inventories are stated at cost using the first-in, first-out (FIFO) method of valuation.

**G. Property Tax Calendar**

Property taxes are recognized as revenue in the fiscal year they are levied and collected or if they are collected within 60 days subsequent to fiscal year-end. Property taxes not collected within 60 days subsequent to fiscal year-end are reported as unavailable revenue. Property taxes collected in advance of the fiscal year for which they are levied are reported as unearned revenue.

**TOWN OF JEROME, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2024**

***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued***

The Town levies real property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

**H. Capital Assets**

Capital assets are reported at actual cost (or estimated historical cost if historical records are not available). Donated assets are reported at acquisition value.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life (years)
Land	\$ 5,000	N/A	N/A
Buildings and improvements	5,000	Straight-line	5-30
Machinery and equipment	5,000	Straight-line	3-20
Vehicles	5,000	Straight-line	5-10
Water system and improvements	5,000	Straight-line	15-50
Wastewater plant	5,000	Straight-line	15-50

**I. Deferred Outflows and Inflows of Resources**

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

**J. Postemployment Benefits**

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including

**TOWN OF JEROME, ARIZONA**  
**Notes to Financial Statements**  
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***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued***

refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**K. Investment Earnings**

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

**L. Compensated Absences**

Compensated absences consist of PTO leave earned by employees based on services already rendered.

There is no limit as to the number of hours employees may accumulate; however, any hours earned and unused in excess of 480 at the end of the calendar year is paid out to the employees at 60%. Upon termination of employment, only 60% of accrued PTO, up to a maximum of 180 hours, is paid to employees.

Accordingly, an estimate for PTO benefits has been accrued as a liability in the financial statements.

**M. Fund Balance Reporting**

The governmental funds' fund balances are reported separately within classifications based on a hierarchy of the constraints placed on those resources' use. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources.

Committed fund balances are self-imposed limitations that the Town Council has approved, which is the highest level of decision-making authority within the Town. Only the Town Council can remove or change the constraints placed on committed fund balances.



**TOWN OF JEROME, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2024**

***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued***

Assigned fund balances are resources constrained by the Town’s intent to be used for specific purposes, but that are neither restricted nor committed. The Town Council has authorized the Town manager to assign resources for a specific purpose.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the Town’s policy to use (the Town will use) restricted fund balance first. It is the Town’s policy to use (the Town will use) committed amounts first when disbursing unrestricted fund balances, followed by assigned amounts, and lastly unassigned amounts.

**L. Leases**

As lessee, the town recognizes lease liabilities with an initial, individual value of \$20,000 or more. The Town uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The Town’s estimated incremental borrowing rate is based on the Town’s borrowing rate for unsecured debt for a comparable amount and time period, and then decreased the based on full collateral.

As lessor, the Town recognizes lease receivables with an initial, individual value of \$20,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the Town charges the lessee) and the implicit rate cannot be determined, the Town uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The Town’s estimated incremental borrowing rate is calculated as described above.

***NOTE 2 – DEPOSITS AND INVESTMENTS***

Arizona Revised Statutes (A.R.S.) authorize the Town to invest public monies in the State Treasurer’s investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the Town Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

**TOWN OF JEROME, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2024**

***NOTE 2 – DEPOSITS AND INVESTMENTS – Continued***

*Credit risk*

Statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars must be rated “A” or better at the time of purchase by at least two nationally recognized rating agencies.
3. Fixed income securities must carry one of the two highest ratings by Moody’s investor’s service and Standard and Poor’s rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

*Custodial credit risk*

Statutes require collateral for deposits at 102 percent of all deposits federal depository insurance does not cover.

*Concentration of credit risk*

Statutes do not include any requirements for concentration of credit risk

*Interest rate risk*

Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. The maximum maturity for investments in repurchase agreements is 180 days.

*Foreign currency risk*

Statutes do not allow foreign investments unless the investment is denominated in United States dollars.

The Town’s investment policy states that the Town will conform with Arizona Revised Statutes. The Town does not have a formal investment policy with respect to custodial credit risk, concentration of credit risk, or foreign currency risk.

*Deposits*—At June 30, 2024, the carrying amount of the Town’s total cash in bank was \$2,838,469 and the bank balances were \$3,012,172. Of the bank balances, \$356,305 was covered by federal depository insurance or similar insurance. The remainder was covered by collateral held by the pledging financial institution in the Town’s name.

*Restricted cash* – Restricted cash in the Utilities Fund consists of monies restricted for refundable customer deposits in the amount of \$31,648.

*Investments*—The Town reported investments in the State Treasurer’s Investment Pool 5 with a reported amount of \$1,874. The Standard and Poor’s credit quality rating of the pool is AAA.

**TOWN OF JEROME, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2024**

***NOTE 2 – DEPOSITS AND INVESTMENTS – Continued***

The State Board of Investment provides oversight for the State Treasurer’s pools. The fair value of a participant’s position in the pool approximates the value of that participant’s pool shares and the participant’s shares are not identified with specific investments.

The Town’s Pension Trust Fund had investments in mutual funds of \$189,886 at June 30, 2024, categorized within the fair value hierarchy established by generally accepted accounting principles as Level 1. Investments categorized as Level 1 are valued using prices quoted in active markets for those investments.

A reconciliation of cash, deposits, and investments to amounts shown on the statements of net position follows:

	Governmental activities	Business-type activities	Pension Trust Fund	Total
Statement of net position:				
Cash on hand	\$ 575	\$ -	\$ -	\$ 575
State Treasurer's investment pool 5	1,874	-	-	1,874
Mutual funds	-	-	189,886	189,886
Cash and cash equivalents	2,629,243	209,226	18,162	2,856,631
Total	\$ 2,631,692	\$ 209,226	\$ 208,048	\$ 3,048,966

***NOTE 3 – DUE FROM OTHER GOVERNMENTS***

Amounts due from other governments in the General Fund at June 30, 2024 consisted of \$2,168 in state-shared revenue from sales taxes, \$1,476 in state-shared revenue from auto lieu taxes, and \$193,245 in local sales taxes collected by the State.

Amounts due from other governments in the HURF Fund at June 30, 2024 consisted of \$4,978 in state-shared revenue from Highway User Revenue Fund (HURF) taxes.

Amounts due from other governments in the Grants Fund at June 30, 2024 consisted of \$61,487 in various grants revenues from the State of Arizona.

**TOWN OF JEROME, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2024**

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance July, 1, 2023	Increases	Decreases	Balance June 30, 2024
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 295,751	\$ -	\$ -	\$ 295,751
Construction in process	49,966	16,751	-	66,717
<b>Total capital assets not being depreciated</b>	<u>345,717</u>	<u>16,751</u>	<u>-</u>	<u>362,468</u>
Capital assets being depreciated:				
Buildings and improvements	1,664,480	-	-	1,664,480
Vehicles and equipment	1,909,896	57,551	-	1,967,447
Infrastructure	653,771	62,990	-	716,761
<b>Total</b>	<u>4,228,147</u>	<u>120,541</u>	<u>-</u>	<u>4,348,688</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,157,747)	(41,370)	-	(1,199,117)
Vehicles and equipment	(1,276,362)	(120,681)	-	(1,397,043)
Infrastructure	(48,096)	(14,196)	-	(62,292)
<b>Total</b>	<u>(2,482,205)</u>	<u>(176,247)</u>	<u>-</u>	<u>(2,658,452)</u>
<b>Total capital assets being depreciated, net</b>	<u>1,745,942</u>	<u>(55,706)</u>	<u>-</u>	<u>1,690,236</u>
Governmental activities capital assets, net	<u>\$ 2,091,659</u>	<u>\$ (38,955)</u>	<u>\$ -</u>	<u>\$ 2,052,704</u>
	Balance July, 1, 2023	Increases	Decreases	Balance June 30, 2024
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 22,080	\$ -	\$ -	\$ 22,080
Construction in progress	53,193	632,508	-	685,701
<b>Total capital assets not being depreciated</b>	<u>75,273</u>	<u>632,508</u>	<u>-</u>	<u>707,781</u>
Capital assets being depreciated:				
Buildings and infrastructure	4,076,885	-	-	4,076,885
Vehicles and equipment	235,211	-	-	235,211
<b>Total</b>	<u>4,312,096</u>	<u>-</u>	<u>-</u>	<u>4,312,096</u>
Less accumulated depreciation for:				
Buildings and infrastructure	(1,759,676)	(86,476)	-	(1,846,152)
Vehicles and equipment	(178,766)	(10,948)	-	(189,714)
<b>Total</b>	<u>(1,938,442)</u>	<u>(97,424)</u>	<u>-</u>	<u>(2,035,866)</u>
<b>Total capital assets being depreciated, net</b>	<u>2,373,654</u>	<u>(97,424)</u>	<u>-</u>	<u>2,276,230</u>
Business-type activities capital assets, net	<u>\$ 2,448,927</u>	<u>\$ 535,084</u>	<u>\$ -</u>	<u>\$ 2,984,011</u>

**TOWN OF JEROME, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2024**

**NOTE 4 – CAPITAL ASSETS – Continued**

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 65,341
Public safety	89,731
Public works and streets	19,817
Community development	625
Culture and recreation	733
Total governmental activities depreciation expense	\$ 176,247
Business-type activities:	
Water	\$ 76,451
Sewer	20,697
Sanitation and recycling	276
Total business-type activities depreciation expense	\$ 97,424

**NOTE 5 – LONG-TERM LIABILITIES**

The following schedule details the Town’s long-term liability and obligation activity for the year ended June 30, 2024.

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due within 1 year
Governmental activities:					
Finance purchase	\$ 10,334	\$ -	\$ 10,334	\$ -	\$ -
Net pension liability	142,325	63,150	-	205,475	-
Compensated absences payable	39,052	-	2,106	36,946	27,710
Total governmental activities long-term liabilities	\$ 191,711	\$ 63,150	\$ 12,440	\$ 242,421	\$ 27,710
Business-type activities:					
Finance purchase	\$ 746	\$ -	\$ 746	\$ -	\$ -
Note payable from direct borrowings and direct placement	900,000	-	-	900,000	900,000
Compensated absences payable	5,752	332	-	6,084	4,563
Total business-type activities long-term liabilities	\$ 906,498	\$ 332	\$ 746	\$ 906,084	\$ 904,563

**TOWN OF JEROME, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2024**

***NOTE 5 – LONG-TERM LIABILITIES – Continued***

Arizona Community Foundation loan issued on July 1, 2022, for \$900,000. The note bears interest at 4%. Proceeds used for activities in connection with wastewater treatment plant improvements. All principal and accrued interest are due December 2024.

***NOTE 6 – RISK MANAGEMENT***

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all such risks of loss, including workers' compensation and employees' health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**TOWN OF JEROME, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2024**

***NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS***

The Town participates in two separate retirement plans.

For nonpublic safety employees, the Town contributes eight percent of the employees’ covered payroll to a defined contribution plan. Employees may contribute to the plan; however, they are not required to make any contributions the plan. For the year ended June 30, 2024, the Town contributed a total \$84,823 on behalf of employees to the plan.

For public safety employees, the Town contributes to the Public Safety Personnel Retirement System (PSPRS). PSPRS is a component unit of the State of Arizona.

At June 30, 2024, the Town reported the following amounts related to PSPRS:

<b>Statement of Net Position and Statement of Activities</b>	<b>Governmental Activities</b>
Net pension liability	\$ 205,475
Net OPEB Asset	(1,727)
Deferred outflows of resources related to pensions and OPEB	148,780
Deferred inflows of resources related to pensions and OPEB	7,533

The Town reported \$101,232 of pension expenditures in the governmental funds related to all pension plans to which it contributes.

**Plan Description** – Town police employees participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the Town’s financial statements.

The PSPRS issue publicly available financial reports that include their financial statements and required supplementary information. The reports are available on the PSPRS Web site at [www.psprs.com](http://www.psprs.com).

**Benefits Provided** – The PSPRS provide retirement, health insurance premium supplement, disability, and survivor benefits.

**TOWN OF JEROME, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2024**

**NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued**

State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

<b>PSPRS</b>	Initial Membership Date:	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
<b>Retirement and Disability</b>		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 36 consecutive months of last 20 years
<b>Benefit percentage</b>		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited services over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
<b>Survivor Benefit</b>		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents.



**TOWN OF JEROME, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2024**

**NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued**

**Employees Covered by Benefit Terms** – At June 30, 2024, the following employees were covered by the agent pension plans’ benefit terms:

	<b>PSPRS Police</b>	
	<b>Pension</b>	<b>Health</b>
Inactive employees entitled to but not yet receiving benefits	2	1
Active employees	3	3
Total	5	4

**Contributions** – State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2024, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	<b>Active Member- Pension</b>	<b>Town-Pension</b>	<b>Town-Health Insurance</b>
PSPRS Police	7.65 - 8.81%	13.54%	0.71%

The Town’s contributions to the plans for the year ended June 30, 2024, were:

	<b>Pension</b>	<b>Health Insurance Premium Benefit</b>
PSPRS Police	\$ 34,120	\$ 1,659

During fiscal year 2024, the Town paid for 100 percent of PSPRS pension and OPEB contributions from the General Fund.

**Liability** – At June 30, 2024, the Town reported the following assets and liabilities:

	<b>Net Pension Liability</b>	<b>Net OPEB (Asset) Liability</b>
PSPRS Police	\$ 205,475	\$ (1,727)

The net assets and net liabilities were measured as of June 30, 2023, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

**TOWN OF JEROME, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2024**

**NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued**

**Actuarial Assumptions** – The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.0 - 6.25% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.85% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.2 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Geometric Real Rate of Return</u>
U.S Public Equity	24%	3.49%
International Public Equity	16%	4.47%
Global Private Equity	20%	7.18%
Other Assets (Captial Appreciation)	7%	4.83%
Core Bonds	6%	0.45%
Private credit	20%	5.10%
Diversifying Strategies	5%	2.68%
Cash - Mellon	2%	(0.35)%
Total	<u>100%</u>	

**TOWN OF JEROME, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2024**

**NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued**

**Discount Rate** – At June 30, 2024, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

**Changes in the Net Pension/OPEB Liability (Asset)**

<b>PSPRS - Police</b>	<b>Pension</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
Balances at June 30, 2023	\$ 1,260,379	\$ 1,118,054	\$ 142,325
Changes for the year			
Service Cost	30,437	-	30,437
Interest on the total liability	92,939	-	92,939
Differences between expected and actual experience in the measurement of the liability	56,502	-	56,502
Changes of assumptions	-	-	-
Contributions-employer	-	31,532	(31,532)
Contributions-employee	-	16,126	(16,126)
Net investment income	-	87,082	(87,082)
Administrative expense	-	(820)	820
Tiers 1 & 2 Adjustment	-	(18,692)	18,692
Other changes	-	1,500	(1,500)
Net changes	179,878	116,728	63,150
Balances at June 30, 2024	\$ 1,440,257	\$ 1,234,782	\$ 205,475

**TOWN OF JEROME, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2024**

**NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued**

<b>PSPRS - Police</b>	<b>Health Insurance Premium Benefit</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability (Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
Balances at June 30, 2022	\$ 39,038	\$ 41,268	\$ (2,230)
Changes for the year			
Service Cost	1,429	-	1,429
Interest on the total liability	2,914	-	2,914
Differences between expected and actual experience in the measurement of the liability	655	-	655
Changes of assumptions	-	-	-
Contributions-employer	-	1,353	(1,353)
Net investment income	-	3,174	(3,174)
Administrative expense	-	(32)	32
Net changes	4,998	4,495	503
Balances at June 30, 2023	\$ 44,036	\$ 45,763	\$ (1,727)

**Sensitivity of the Town’s Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate** – The following table presents the Town’s net pension/OPEB (assets) liabilities calculated using the discount rate of 7.2 percent, as well as what the Town’s net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate:

	<b>Current Discount</b>		
	<b>1% Decrease (6.2%)</b>	<b>Rate (7.2%)</b>	<b>1% Increase (8.2%)</b>
PSPRS Police			
Net pension (asset) liability	\$ 395,951	\$ 205,475	\$ 47,047
Net OPEB (asset) liability	3,680	(1,727)	(6,300)

**Plan Fiduciary Net Position** – Detailed information about the plans’ fiduciary net position is available in the separately issued PSPRS financial reports.

**Expense** – For the year ended June 30, 2024, the Town recognized the following pension and OPEB expense:

	<b>Pension Expense</b>	<b>OPEB Expense</b>
PSPRS Police	\$ 99,551	\$ 1,681

**TOWN OF JEROME, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2024**

**NOTE 7 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued**

**Deferred Outflows/Inflows of Resources** – At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	<b>Pension</b>		<b>Health Insurance Premium Benefit</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	Differences between expected actual experience	\$ 94,285	\$ 4,157	\$ 2,859
Changes of assumptions	2,513	-	552	136
Net difference between projected and actual earnings on plan investments	12,240	-	552	-
Town contributions subsequent to the measurement date	34,120	-	1,659	-
<b>Total</b>	<b>\$ 143,158</b>	<b>\$ 4,157</b>	<b>\$ 5,622</b>	<b>\$ 3,376</b>

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from Town contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

	<b>PSPRS Police</b>	
	<b>Pension</b>	<b>Health</b>
Year ended June 30,		
2025	\$ 53,628	\$ 244
2026	27,421	(1,023)
2027	24,811	1,397
2028	(979)	(31)
2029	-	-
Thereafter	-	-

**TOWN OF JEROME, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2024**

***NOTE 8 – INTERFUND BALANCES AND ACTIVITY***

Interfund transfers – Interfund transfers for the year ended June 30, 2024, were as follows:

Transfer To	<u>Transfer From</u> General Fund
HURF Fund	\$ 191,733
Utilities Fund	206,907
	<u>\$ 398,640</u>

The purpose of the transfers shown above to the Utilities Fund and HURF from the General Fund was to cover budgeted expenses.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF JEROME, ARIZONA**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,477,092	\$ 77,092
Intergovernmental	472,309	472,309	598,230	125,921
Charges for services	264,750	264,750	175,255	(89,495)
Parking	347,000	347,000	377,454	30,454
Fines and forfeits	74,000	74,000	94,689	20,689
Licenses and permits	32,550	32,550	35,173	2,623
Miscellaneous	197,541	197,541	25,176	(172,365)
Investment earnings	6,000	6,000	23,655	17,655
Donations and grants	2,846,000	2,846,000	2,662	(2,843,338)
<b>Total revenues</b>	<u>5,640,150</u>	<u>5,640,150</u>	<u>2,809,386</u>	<u>(2,830,764)</u>
<b>Expenditures</b>				
General government	589,037	589,037	533,899	55,138
Magistrate court	110,550	110,550	114,056	(3,506)
Police	733,705	733,705	730,416	3,289
Fire	543,360	543,360	505,811	37,549
Library	123,960	123,960	114,063	9,897
Planning and zoning	114,265	114,265	108,627	5,638
Parks	23,020	23,020	20,050	2,970
Properties	217,058	217,058	173,827	43,231
Parking	124,000	124,000	97,309	26,691
Capital	2,000,700	2,000,700	11,869	1,988,831
<b>Total expenditures</b>	<u>4,579,655</u>	<u>4,579,655</u>	<u>2,409,927</u>	<u>2,169,728</u>
Excess (deficiency) of revenues over expenditures	<u>1,060,495</u>	<u>1,060,495</u>	<u>399,459</u>	<u>(661,036)</u>
<b>Other financing sources (uses)</b>				
Sale of capital assets	12,500	12,500	-	(12,500)
Transfers	(482,584)	(482,584)	(398,640)	83,944
<b>Total other financing sources (uses)</b>	<u>(470,084)</u>	<u>(470,084)</u>	<u>(398,640)</u>	<u>71,444</u>
<b>Net change in fund balances</b>	590,411	590,411	819	(589,592)
Fund balances, beginning of year	<u>1,644,868</u>	<u>1,644,868</u>	<u>1,644,868</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 2,235,279</u>	<u>\$ 2,235,279</u>	<u>\$ 1,645,687</u>	<u>\$ (589,592)</u>

*See accompanying notes to budgetary comparison schedule.*



**TOWN OF JEROME, ARIZONA**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**HURF Fund**  
**Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 48,500	\$ 48,500	\$ 48,503	\$ 3
Investment earnings	1,000	1,000	3,710	2,710
<b>Total revenues</b>	<u>49,500</u>	<u>49,500</u>	<u>52,213</u>	<u>2,713</u>
<b>Expenditures</b>				
Current				
Public works and streets	249,645	249,645	140,447	109,198
Debt service				
Principal	-	-	108	(108)
Interest	-	-	-	-
Capital outlay	-	-	50,874	(50,874)
<b>Total expenditures</b>	<u>249,645</u>	<u>249,645</u>	<u>191,429</u>	<u>58,216</u>
Excess (deficiency) of revenues over expenditures	<u>(200,145)</u>	<u>(200,145)</u>	<u>(139,216)</u>	<u>60,929</u>
<b>Other financing sources (uses)</b>				
Transfers	<u>200,145</u>	<u>200,145</u>	<u>191,733</u>	<u>(8,412)</u>
<b>Net change in fund balances</b>	-	-	52,517	52,517
Fund balances, beginning of year	<u>19,649</u>	<u>19,649</u>	<u>19,649</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 19,649</u>	<u>\$ 19,649</u>	<u>\$ 72,166</u>	<u>\$ 52,517</u>

*See accompanying notes to budgetary comparison schedule.*

**TOWN OF JEROME, ARIZONA**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Grants Fund**  
**Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 4,648,200	\$ 4,648,200	\$ 60,540	\$ (4,587,660)
Donations and grants	-	-	57,555	57,555
<b>Total revenue</b>	<u>4,648,200</u>	<u>4,648,200</u>	<u>118,095</u>	<u>(4,530,105)</u>
<b>Expenditures</b>				
Current				
General government	535,000	535,000	-	535,000
Public safety	-	-	35,187	(35,187)
Community development	-	-	7,957	(7,957)
Capital outlay	<u>2,309,000</u>	<u>2,309,000</u>	<u>74,549</u>	<u>2,234,451</u>
<b>Total expenditures</b>	<u>2,844,000</u>	<u>2,844,000</u>	<u>117,693</u>	<u>2,726,307</u>
Excess (deficiency) of revenues over expenditures	1,804,200	1,804,200	402	(1,803,798)
Fund balances, beginning of year	<u>249,426</u>	<u>249,426</u>	<u>249,426</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 2,053,626</u></u>	<u><u>\$ 2,053,626</u></u>	<u><u>\$ 249,828</u></u>	<u><u>\$ (1,803,798)</u></u>

*See accompanying notes to budgetary comparison schedule.*

**TOWN OF JEROME, ARIZONA**  
**Required Supplementary Information**  
**Notes to Budgetary Comparison Schedules**  
**June 30, 2024**

***NOTE 1 – BUDGETING AND BUDGETARY CONTROL***

Arizona Revised Statutes (A.R.S.) requires the Town to prepare and adopt a balanced budget annually for each governmental fund. The Town Council must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amounts budgeted.

Expenditures may not legally exceed appropriations at the department level. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon the Town Council's approval. With the exception of the General Fund, each fund includes only one department.

***NOTE 2 – BUDGETARY BASIS OF ACCOUNTING***

The Town's budget is prepared on a basis consistent with generally accepted accounting principles.

**TOWN OF JEROME, ARIZONA**  
**Required Supplementary Information**  
**Schedule of Changes in Town's**  
**Net Pension/OPEB Liability (Asset) and Related Ratios**  
**Agent Plans**  
**June 30, 2024**

	Reporting Fiscal Year (Measurement Date)									
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
<b>PS PRS - Pension</b>										
Total pension liability										
Service cost	\$ 30,437	\$ 31,783	\$ 36,551	\$ 40,225	\$ 43,190	\$ 43,075	\$ 43,451	\$ 28,796	\$ 33,397	\$ 32,631
Interest on the total pension liability	92,939	80,513	74,004	60,487	53,067	32,409	27,384	22,890	19,718	18,410
Changes of benefit terms	-	-	-	-	-	-	(3,199)	31,147	-	(1,024)
Differences between expected and actual experience in the measurement of the pension liability	56,502	74,635	(16,628)	88,130	10,039	182,031	(5,961)	(30,273)	(10,398)	(36,345)
Changes of assumptions or other inputs	-	2,315	-	-	8,131	-	11,358	13,630	-	2,606
Net change in total pension liability	179,878	189,246	93,927	188,842	114,427	257,515	73,033	66,190	42,717	16,278
Total pension liability - beginning	1,260,379	1,071,133	977,206	788,364	673,937	416,422	343,389	277,199	234,482	218,204
Total pension liability - ending (a)	<u>\$ 1,440,257</u>	<u>\$ 1,260,379</u>	<u>\$ 1,071,133</u>	<u>\$ 977,206</u>	<u>\$ 788,364</u>	<u>\$ 673,937</u>	<u>\$ 416,422</u>	<u>\$ 343,389</u>	<u>\$ 277,199</u>	<u>\$ 234,482</u>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 31,532	\$ 23,520	\$ 27,158	\$ 28,278	\$ 30,279	\$ 33,078	\$ 20,572	\$ 20,660	\$ 18,279	\$ 13,997
Contributions - employee	16,126	17,383	18,025	18,655	17,455	16,778	17,348	19,027	18,421	15,379
Net investment income	87,082	(45,477)	240,179	10,277	39,141	43,209	51,823	2,358	13,372	40,722
Hall/Parker Settlement	-	-	-	-	-	(19,614)	-	-	-	-
Administrative expense	(820)	(820)	(1,114)	(838)	(1,680)	(1,358)	(859)	(739)	(707)	-
Tiers 1 & 2 Adjustment	(18,692)									
Other changes	1,500	-	-	-	-	112,027	6	(13,001)	(269)	(26,233)
Net change in plan fiduciary net position	116,728	(5,394)	284,248	56,372	85,195	184,120	88,890	28,305	49,096	43,865
Plan fiduciary net position - beginning	1,118,054	1,123,448	839,200	782,828	697,633	513,513	424,623	396,318	347,222	303,357
Plan fiduciary net position - ending (b)	<u>\$ 1,234,782</u>	<u>\$ 1,118,054</u>	<u>\$ 1,123,448</u>	<u>\$ 839,200</u>	<u>\$ 782,828</u>	<u>\$ 697,633</u>	<u>\$ 513,513</u>	<u>\$ 424,623</u>	<u>\$ 396,318</u>	<u>\$ 347,222</u>
Town's net pension liability (asset) - ending (a) - (b)	<u>\$ 205,475</u>	<u>\$ 142,325</u>	<u>\$ (52,315)</u>	<u>\$ 138,006</u>	<u>\$ 5,536</u>	<u>\$ (23,696)</u>	<u>\$ (97,091)</u>	<u>\$ (81,234)</u>	<u>\$(119,119)</u>	<u>\$(112,740)</u>
Plan fiduciary net position as a percentage of the total pension liability	85.73%	88.71%	104.88%	85.88%	99.30%	103.52%	123.32%	123.66%	142.97%	148.08%
Covered payroll	\$ 210,802	\$ 189,753	\$ 165,725	\$ 224,974	\$ 203,480	\$ 195,265	\$ 176,917	\$ 136,151	\$ 134,655	\$ 167,936
Town's net pension (asset) liability as a percentage of covered payroll	97.47%	75.01%	-31.57%	61.34%	2.72%	-12.14%	-54.88%	-59.66%	-88.46%	-67.13%

*See accompanying notes to pension/OPEB plan schedules.*

**TOWN OF JEROME, ARIZONA**  
**Required Supplementary Information**  
**Schedule of Changes in Town's**  
**Net Pension/OPEB Liability (Asset) and Related Ratios**  
**Agent Plans**  
**June 30, 2024**

**PSPRS - Health Insurance Premium Benefit**

	Reporting Fiscal Year (Measurement Date)							2017 through 2015
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	
Total OPEB liability								
Service cost	\$ 1,429	\$ 1,484	\$ 1,687	\$ 1,924	\$ 1,269	\$ 1,601	\$ 1,521	Information
Interest on the total OPEB liability	2,914	2,583	2,597	2,285	2,337	1,289	1,216	not available
Differences between expected and actual experience in the measurement of the pension liability	655	273	(4,261)	724	(5,243)	10,803	(353)	
Changes of assumptions or other inputs	-	792	-	-	275	-	(1,214)	
Net change in total OPEB liability	4,998	5,132	23	4,933	(1,362)	13,693	1,170	
Total OPEB liability - beginning	39,038	33,906	33,883	28,950	30,312	16,619	15,449	
Total OPEB liability - ending (a)	<u>\$ 44,036</u>	<u>\$ 39,038</u>	<u>\$ 33,906</u>	<u>\$ 33,883</u>	<u>\$ 28,950</u>	<u>\$ 30,312</u>	<u>\$ 16,619</u>	
Plan fiduciary net position								
Contributions - employer	\$ 1,353	\$ 1,328	\$ 1,805	\$ 1,695	\$ 982	\$ 957	\$ 651	
Net investment income	3,174	(1,655)	8,671	371	1,475	1,703	2,500	
Administrative expense	(32)	(29)	(36)	(30)	(25)	(26)	(23)	
Other changes	-	-	-	-	-	(1)	-	
Net change in plan fiduciary net position	4,495	(356)	10,440	2,036	2,432	2,633	3,128	
Plan fiduciary net position - beginning	41,268	41,624	31,184	29,148	26,716	24,083	20,955	
Plan fiduciary net position - ending (b)	<u>\$ 45,763</u>	<u>\$ 41,268</u>	<u>\$ 41,624</u>	<u>\$ 31,184</u>	<u>\$ 29,148</u>	<u>\$ 26,716</u>	<u>\$ 24,083</u>	
Town's net OPEB (asset) liability - ending (a) - (b)	<u>\$ (1,727)</u>	<u>\$ (2,230)</u>	<u>\$ (7,718)</u>	<u>\$ 2,699</u>	<u>\$ (198)</u>	<u>\$ 3,596</u>	<u>\$ (7,464)</u>	
Plan fiduciary net position as a percentage of the total OPEB liability	103.92%	105.71%	122.76%	92.03%	100.68%	88.14%	144.91%	
Covered payroll	\$ 249,266	\$ 189,753	\$ 165,725	\$ 224,974	\$ 203,480	\$ 195,265	\$ 176,917	
Town's net OPEB (asset) liability as a percentage of covered payroll	-0.69%	-1.18%	-4.66%	1.20%	-0.10%	1.84%	-4.22%	

*See accompanying notes to pension/OPEB plan schedules.*

**TOWN OF JEROME, ARIZONA**  
**Required Supplementary Information**  
**Schedule of Town Pension/OPEB Contributions**  
**June 30, 2024**

	<b>PSPRS - Pension</b>									
	<b>Reporting Fiscal Year</b>									
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 34,120	\$ 24,456	\$ 24,323	\$ 27,158	\$ 28,276	\$ 30,279	\$ 33,078	\$ 20,572	\$ 20,660	\$ 18,279
Town's contributions in relation to the actuarially determined contribution	(34,120)	(24,456)	(24,323)	(27,158)	(28,276)	(30,279)	(33,078)	(20,572)	(20,660)	(18,279)
Town's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 249,266	\$ 189,753	\$ 165,725	\$ 235,033	\$ 214,538	\$ 203,480	\$ 195,265	\$ 176,917	\$ 136,151	\$ 134,655
Town's contributions as a percentage of covered payroll	13.69%	12.89%	14.68%	11.55%	13.18%	14.88%	16.94%	11.63%	15.17%	13.57%

	<b>PSPRS - Health Insurance Premium Benefit</b>									<b>2016 through 2015</b>
	<b>Reporting Fiscal Year</b>									
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>		
Actuarially determined contribution	\$ 1,659	\$ 1,030	\$ 1,693	\$ 1,805	\$ 1,695	\$ 982	\$ 957	\$ 651	Information not available	
Town's contributions in relation to the actuarially determined contribution	(1,659)	(1,030)	(1,693)	(1,805)	(1,695)	(982)	(957)	(651)		
Town's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Town's covered payroll	\$ 249,266	\$ 189,753	\$ 165,725	\$ 235,033	\$ 214,538	\$ 203,480	\$ 195,265	\$ 176,917		
Town's contributions as a percentage of covered payroll	0.67%	0.54%	1.02%	0.77%	0.79%	0.48%	0.49%	0.37%		

*See accompanying notes to pension/OPEB plan schedules.*

**TOWN OF JEROME, ARIZONA**  
**Required Supplementary Information**  
**Notes to Pension/OPEB Plan Schedules**  
**June 30, 2024**

***NOTE 1 – ACTUARIALLY DETERMINED CONTRIBUTION RATES***

Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2022 actuarial valuation	15 years
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2022 actuarial valuation, the investment rate of return was decreased from 7.3% to 7.2%. In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%–8.0% to 3.5%–7.5% for PSPRS. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS.
Wage growth	In the 2022 actuarial valuation, wage growth was changed from 3.5% to a range of 3.0% - 6.25%. In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	In the 2019 actuarial valuation, changed to PubS-2010 tables. In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

**TOWN OF JEROME, ARIZONA**  
**Required Supplementary Information**  
**Notes to Pension/OPEB Plan Schedules**  
**June 30, 2024**

***NOTE 2 – FACTORS THAT AFFECT TRENDS***

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date.

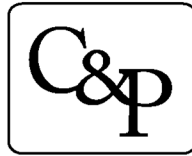
These changes also increased the PSPRS-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. Also, the Town refunded excess employee contributions to PSPRS members. PSPRS allowed the Town to reduce its actual employer contributions for the refund amounts. As a result, the Town's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.



**OTHER SUPPLEMENTARY INFORMATION**

**TOWN OF JEROME, ARIZONA**  
**Other Supplementary Information**  
**Segmented Statement of Revenue, Expenses, and Changes**  
**in Fund Net Position**  
**Utilities Fund**  
**Year Ended June 30, 2024**

	Water Utility	Sewer Utility	Sanitation Utility	Total Utilities Fund
<b>Operating revenues</b>				
Charges for services	\$ 171,263	\$ 166,828	\$ 175,756	\$ 513,847
Miscellaneous	846	-	-	846
<b>Total operating revenues</b>	<u>172,109</u>	<u>166,828</u>	<u>175,756</u>	<u>514,693</u>
<b>Operating expenses</b>				
Personnel	125,938	68,222	110,328	304,488
Depreciation	76,451	20,697	276	97,424
Contract services	12,300	39,900	1,800	54,000
Repairs and maintenance	51,504	50,254	9,858	111,616
Office	16,868	14,431	4,048	35,347
Fees and permits	420	2,913	19,772	23,105
Insurance	16,561	16,561	16,561	49,683
Fuel	3,529	1,708	6,705	11,942
Miscellaneous	1,505	1,879	1,673	5,057
Legal and professional	728	1,233	-	1,961
Tools and equipment	516	250	-	766
Utilities	452	2,426	-	2,878
<b>Total operating expenses</b>	<u>306,772</u>	<u>220,474</u>	<u>171,021</u>	<u>698,267</u>
<b>Operating income</b>	(134,663)	(53,646)	4,735	(183,574)
<b>Nonoperating revenues (expenses)</b>				
Interest expense	(6)	(36,006)	-	(36,012)
<b>Income (loss) before transfers</b>	(134,669)	(89,652)	4,735	(219,586)
Transfer out	(57,012)	(57,012)	(67,012)	(181,036)
Transfer in	76,206	248,044	63,693	387,943
<b>Increase (decrease) in net position</b>	(115,475)	101,380	1,416	(12,679)
Net position, beginning of year	<u>1,691,630</u>	<u>708,837</u>	<u>(177,378)</u>	<u>2,223,089</u>
<b>Net position, end of year</b>	<u>\$1,576,155</u>	<u>\$ 810,217</u>	<u>\$ (175,962)</u>	<u>\$2,210,410</u>



COLBY &  
POWELL, PLC

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

To the Town Council  
Town of Jerome, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Jerome, Arizona, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Jerome, Arizona's basic financial statements and have issued our report thereon dated April 8, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Jerome, Arizona's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Jerome, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Jerome, Arizona's internal control.

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

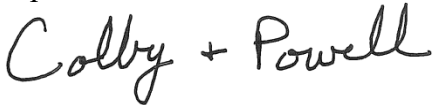
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Colby + Powell".

January 10, 2024